

Annual Report 2021



SABANCI

**We unite Turkey and the World,
for a sustainable life
with leading enterprises**



Scan the QR Code to access our Online Annual Report.

Strategy House



Sabancı Group reinforces its role as a global player with its contribution for a sustainable future and creates enduring value for its stakeholders and Turkish economy.

By combining its solid financial structure, dynamic portfolio management and robust sense of corporate governance with its innovation and technology-oriented business approach, Sabancı Group is not only delivering a strong growth from its core businesses but also gaining significant opportunities in new growth platforms.

Acknowledging sustainability as fundamental principle, and setting strong growth and stakeholders returns as key drivers in its investment decisions, Sabancı Group unites **Turkey and the World for a sustainable life with leading enterprises.**

Rising from a foundation of global experience, high-performance culture and value-focused ecosystem built in the course of 94 years, the Sabancı Group advances towards its second century with a high confidence and enhanced strategic focus to accelerate its growth and transformation.

Strong growth

Combining a global-player identity, strong governance model, and a dynamically balanced portfolio structure with an innovative and technology-oriented approach, **we accelerated our growth to all-time-high levels.**

46%



61%



152%

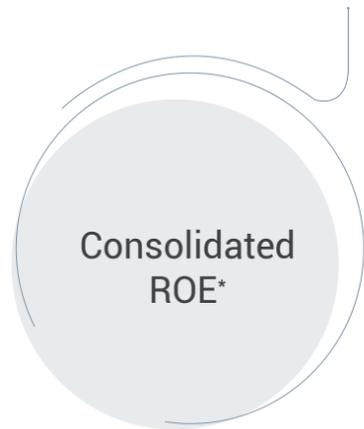


* Excludes non-operational and non-recurring one-off items and IFRS16 impact in retail

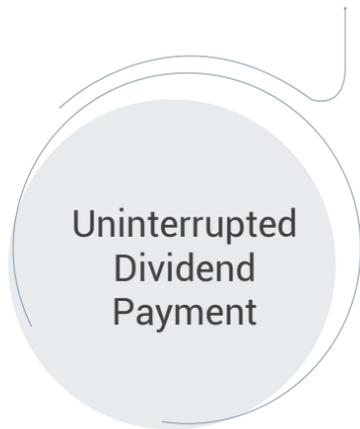
Consistent returns

The leading initiatives and successful investment strategies with which we create enduring value for our stakeholders and Turkish economy enable us to generate consistent returns while continuing to unite Turkey and the World and to shape the future.

22.6%



19-Year



TL1.75BN



** Excludes non-operational and non-recurring one-off items



Sustainable future

Through corporate values and culture that prioritize people and a forward outlook, we further strengthen our contributions for a sustainable future.

By acknowledging sustainability as fundamental principle of our investment decisions, we achieve strong results.

First and Only Turkish Conglomerate



BBB



Management Level (B)



** Gender Equality Index



2021 at a Glance

Sabancı Group achieved a record high growth in key financial metrics in 2021. **Delivering a solid performance, Sabancı Group reached 23% consolidated ROE in 2021 while deleveraging improved further to 1.2x.**

Summary Key Financials (TL Bn)

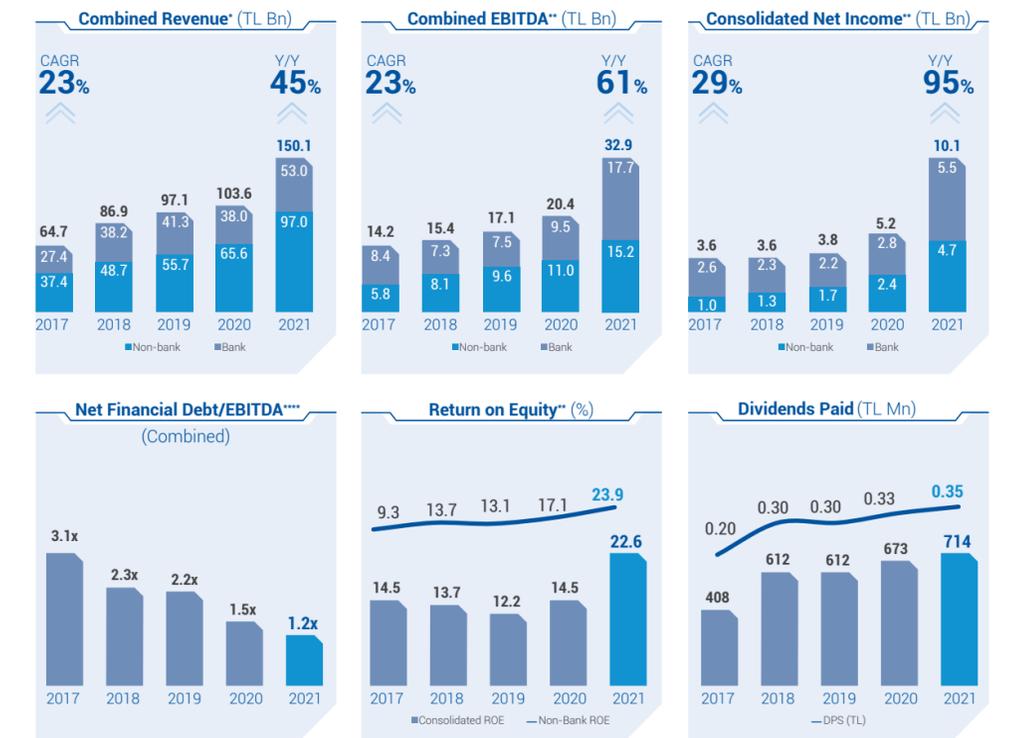
	2017	2018	2019	2020	2021	CAGR (%)
Combined Revenue	65.6	88.1	97.6	104.0	151.6	23.3
Combined Revenue*	64.7	86.9	97.1	103.6	150.1	23.4
Combined EBITDA**	14.2	15.4	17.1	20.4	32.9	23.4
Consolidated Net Income (Share of Parent Company)	3.5	3.8	3.8	4.8	12.0	36.1
Consolidated Net Income** (Share of Parent Company)	3.6	3.6	3.8	5.2	10.1	29.4
Combined Operational Cash Flow ***	4.6	5.6	9.5	10.8	12.4	28.1
Holding Solo Net Cash	1.7	2.6	1.7	1.1	2.5	10.1
Combined Net Financial Debt/EBITDA****	3.1x	2.3x	2.2x	1.5x	1.2x	

* Excludes holding dividend income

** Excludes non-operational and non-recurring one off items and IFRS16 impact in retail

*** Excludes Financial Services, Banking & Other segment

**** Non-bank, excludes Banking, net cash position of Financial Services, non-operational and non-recurring one-off items and IFRS16 impact in retail



Sabancı Group's solid global footprint expands with **its wide customer base and strong global partnerships.**

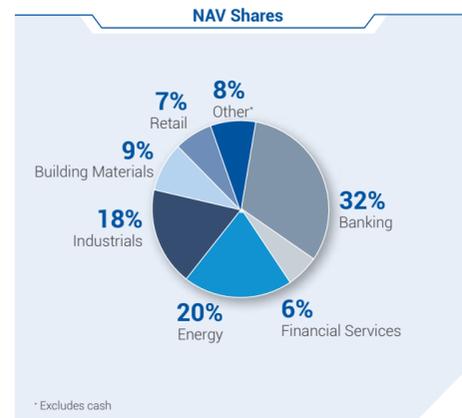
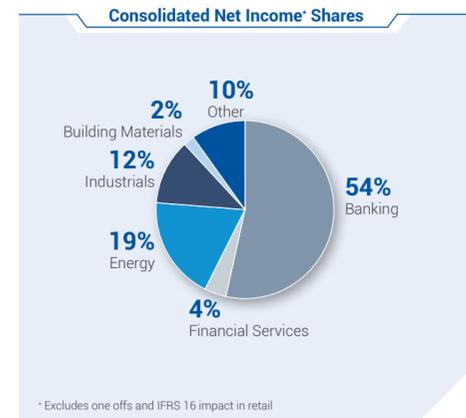
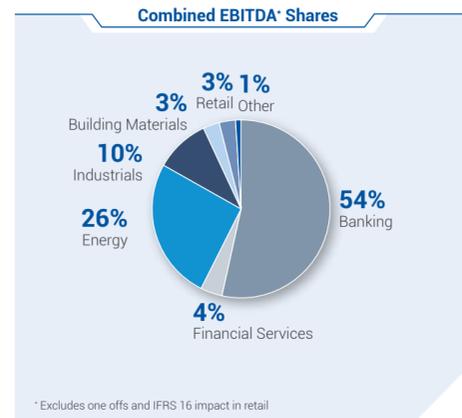
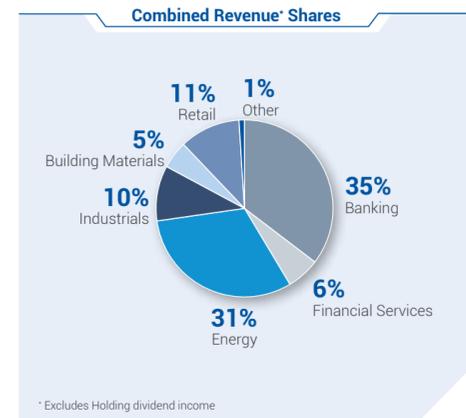


40 Million+ Customers*
7 Partnerships
13 Countries
60 Thousand+ Employment

*Including Enerjisa Enerji, Akbank, Teknosa and Carrefoursa customers, excluding intra-group common customers.

2021 at a Glance

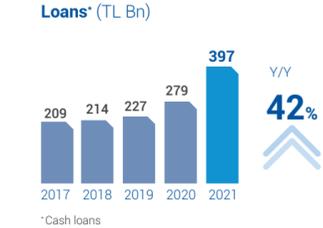
2021 was exceptionally strong for Sabancı Group, underlining the **benefits of having diversified business model which is a significant source of strength.**



Banking

AKBANK

Customers	19.6 mn	Digital Customers	6.6 mn
Capital Adequacy Ratio	21.1	ATMs	5,300+
Branches	711	POS Terminals	+680K



Financial Services

AKSigorta

Market Share	8.5%	Customers	3.9 mn
Agencies	3,500+	Premium Production Growth	33%
Assets Under Management Growth	23%	Return on Equity	30%

AGE SA

Pension Market Share*	18.5%**	Life&Personal Accident Market Share	11%
Customers	2.4 mn	Premium Production Growth	52%
Assets Under Management Growth*	43%	Return on Equity	44%

* Excluding auto-enrollment ** Market Leader

Industrials

KORD SA

Production Facilities	12	R&D Patents	491
R&D Center	2	International Revenue Share	100%

BRI SA

Capacity	13.5 mn	Total Sales Points	7,300
Countries	87	Export Ratio	37%

TEMSA

Authorized Dealers	23	Authorized Services	31
Market Share	34%		

TEMSA

Bus Sales Volume	651	Export Ratio	78%
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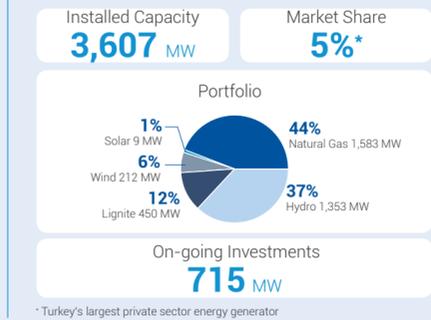
Energy

ENERJISA

Market Share	22%*	Regulated Asset Base	TL 11.2 bn
Distribution Network	21.6 mn people	Distribution Area	109,663 km ²
Customers	10.3 mn	Distribution Cities	14

* Market Leader

ENERJISA ÜRETİM



Building Materials

AKÇAN SA

Capacity	9.2 mn tons	Export Ratio	41%
Production Facilities	3 integrated plants 4 domestic terminals 2 ports		

ÇİMSA

Capacity	6.9 mn tons	Export Ratio	54%
Production Facilities	5 integrated plants 1 grinding plants 2 international terminals		

CİMSA SABANCI CEMENT BV

Capacity	850K tons	International Revenue Share	100%
Production Facilities	1 plant in Spain 1 grinding station in the USA 4 international terminals		

Retail

Carrefour SA

Market Share	4%	Online Sales Growth	130%
Sales Area	508K m ²	Stores	754
Visitors	137 mn		

TEKNOSA

Market* Share	7%	Increase in Turnover per m ²	41%
Sales Area	102K m ²	Stores	198
Visitors	145 mn		

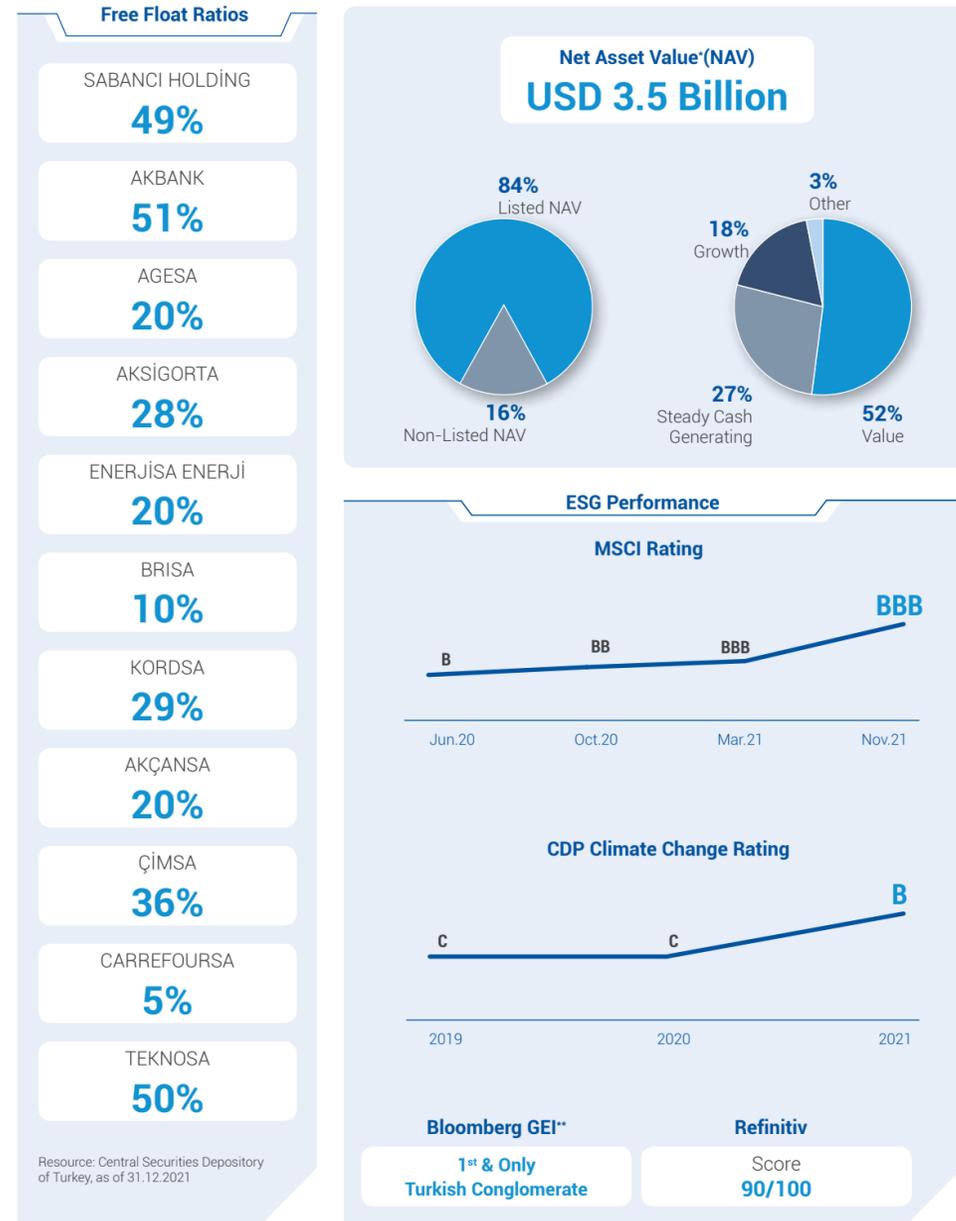
* Panelmarket

Digital

SABANCI DİJİTAL

Export to	20 Countries	Third Party Revenue Share	50%
Growth in Third Party Revenue Share	100%		

A well-balanced portfolio and accelerated strategic initiatives including sustainability were **the enablers of Sabancı Group's financial and non-financial success in 2021.**



* As of 31.12.2021 and excluding cash
** Gender Equality Index

Sabancı Culture

Putting the needs and expectations of customers & all stakeholders at focus,
 Valuing different perspectives and making decisions by considering comprehensive inclusion,
 Being the pioneer of innovation,
 Being courageous to make mistakes and seeing it as a learning & development opportunity,
 Focusing on long-term and sustainable value creation.

Values

Sincerity



We place authenticity, respect and trust at the heart of our relations with all stakeholders, thus appearing as we are and being as we appear.

Courage



We express our thoughts freely and take risks. We are not afraid to make mistakes. We take the initiative and assume responsibility. We take action.

Inclusion



We build environments that encourage the inclusion of all stakeholders, value different ideas, and deliver the highest benefit through multiple partnerships.

Passion



We approach all tasks with enthusiasm, excitement and perseverance. We mobilize our community with our energy.

Continuous Development



We question ourselves and our work with a positive curiosity based on excitement about innovation. To get better and better, we learn from our past experiences, develop in line with our vision for the future, and become the pioneer of change.

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Hacı Ömer Sabancı Holding A.Ş. General Assembly Meeting Agenda

HACI ÖMER SABANCI HOLDİNG A.Ş. AGENDA FOR THE 2021 ORDINARY GENERAL ASSEMBLY MEETING TO BE HELD ON 30 MARCH 2022, AT 2.00 P.M.

1. Opening and formation of the Meeting Council,
2. Reading and discussion of the 2021 Annual Report of the Board of Directors,
3. Reading the 2021 Auditor's Reports,
4. Reading, discussion and approval of the 2021 Financial Statements,
5. Release of the members of the Board of Directors with regard to the 2021 activities,
6. Determining the use of the 2021 profit and rate of dividend to be distributed,
7. Election of the members of the Board of Directors, and determination of their terms of office,
8. Determination of monthly gross salaries payable to the members of the Board of Directors,
9. Election of the Auditor and Group Auditor,
10. Informing the General Assembly regarding the donations and grants made by the Company in 2021,
11. Determination of the upper limit for donations to be made in 2022,
12. Submitting the share buy-back transaction initiated with the Board of Directors' resolution dated 09.11.2021 to the information and approval of the General Assembly,
13. Granting permission to the Chairperson and the Members of the Board of Directors for the activities under the Articles 395 and 396 of the Turkish Commercial Code.

Sabancı Group in Brief

Sabancı Group unites Turkey and the World, for a sustainable life with leading enterprises through **its performance culture, dynamic capital allocation and data driven ecosystem.**

Hacı Ömer Sabancı Holding A.Ş. (Sabancı Holding), Turkey's leading conglomerate, is a holding company engaged in a wide variety of business activities through its subsidiaries and affiliates, mainly in the banking, financial services, energy, industrials, building materials and retail sectors. Sabancı Holding is domiciled in the Republic of Turkey, with its headquarters in İstanbul, Turkey.

The objective of Sabancı Holding is to coordinate and support the finance, strategy, business development, legal, human capital and sustainability functions of Group companies in order to ensure that they operate in a manner which is profitable and sustainable with favorable competitive conditions, and to set and monitor the corporate governance practices which apply across Sabancı Group.

Sabancı Holding is managed by an Executive Committee, a team of top-level executives which include the Chief Executive Officer, Chief Financial Officer, Strategic Business Unit Presidents and functional Group Presidents. The Executive Committee is mainly responsible for major capital allocation decisions and reports to the Board of Directors, which is the ultimate decision-maker.

The Board of Directors has four sub-committees; the Audit Committee, the Corporate Governance, Nomination and Remuneration Committee, the Early Detection of Risk Committee and the Sustainability Committee, each of which directly reports to the Board of Directors in regard to their areas of function. The Sustainability Committee was formed in 2021 to assist the Board of Directors in comprehensively fulfilling their duties and responsibilities regarding environmental and social issues.

Sabancı Holding defines its Holding value-add in 3 pillars; performance culture, dynamic capital allocation and value creation via data driven ecosystem. In regards to performance culture, a short-term and long-term management incentive system is adopted across the organization. Performance evaluation is conducted on an annual basis, involving a number of performance criteria including revenue, EBITDA, free cash flow and the relative total shareholder return (rTSR) for listed companies in terms of financial key performance indicators (KPIs), the improvement in their MSCI score and the actions to tackle the climate crisis in non-financial KPIs. The rTSR and Net Asset Value (NAV) growth are among the KPIs used in determining long term incentives.*

Having a value-focused, data driven ecosystem, Sabancı Group companies were operating in 13 countries as of 2021 year-end and were supplying their products to regions throughout Europe, the Middle East, Asia, North Africa and North and South America. Sabancı Holding's multinational business partners include prominent global companies such as Ageas, Bridgestone, Carrefour, E.ON, Heidelberg Cement, Marubeni and Skoda.

In dynamic capital allocation, the Group focuses on growth and strengthening market leading positions in core businesses and investing in new platforms, while maintaining a healthy balance sheet structure and maximizing shareholder returns.

Sabancı Holding is registered with the Capital Markets Board and its shares have been listed on the Borsa İstanbul since 1997. The Sabancı Family is collectively Sabancı Holding's majority shareholder, while 49.11% of the Holding's shares are publicly traded. Sabancı Holding's own shares as well as the shares of its listed 11 subsidiaries constitute 6% of the total market capitalization of the Turkish equity market as of the end of 2021.

In 2021, Sabancı Group posted combined revenue of TL 152 billion and consolidated net income of TL 12 billion.

Value Creation

- Geographic/sector-specific value creation: $IRR > WACC + (1\% \text{ to } 3\%)$
- Sector growth potential > Real GDP growth

Ecosystem

- Projects in emerging stage of life-cycle
- Transferability of current competencies

Sustainability

- Consistency with Sabancı Group's sustainability policies

Short-Term Financial KPIs*

- Revenue, EBITDA, rTSR, free cash flow, net financial debt, working capital, market share

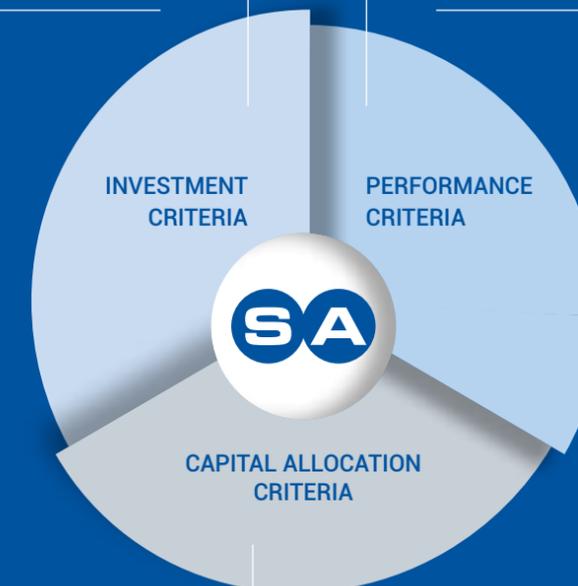
Short-Term Non-Financial KPIs*

- Actions taken to tackle climate crisis, reduction in plastic usage, improvement in MSCI score, executions on diversity and inclusion, future of work, operational excellence

Long-Term KPIs*

- rTSR, NAV growth, free cash flow, equity growth

* Performance criteria are not limited to the examples included here.



Grow and Protect the Core

- Strengthen our market leading positions
- Profitable growth driven by customer centricity

Invest in New Platforms

- Increasing share of new economy: from 6% in 2021 to ~13% in midterm
- 75% of non-bank capex for transformation & adjacencies focusing on:
 - FX generation
 - Digital
 - Sustainability

Maintain a Healthy Balance Sheet

- Net debt to EBITDA of $\leq 2x$
- Healthy use of capital & debt
- Managing the balance sheet as if an investment grade company

Maximize Shareholder Return

- Dividend Policy: 5%-20% of net income
- DPS (2017-2021): up by 1.8 times
- Share Buyback Program
 - Up to 5% of paid-in capital: 102 million shares
 - Total funds allocated: TL 1.75 billion
- Long-term Incentive Plan: NAV Growth & rTSR

* KPIs are not limited to the examples included here.

Letter from the Chair



Foreseeing the future

The main factor underlying the Sabancı Group's success today is **its ability to foresee the future and to act in accordance with it.**

Dear investors, business partners and employees,

The COVID-19 pandemic has impacted the whole world over the past two years, demonstrating once again that science, technology and reason should serve as the guiding compass for humanity.

We have now started to see the light at the end of the tunnel with vaccination rollout and we are returning into a new normal.

However, we can by no means claim that we are entirely free of risks, despite all these encouraging developments.

We know that COVID-19 is more than a health crisis. For this reason, limiting our efforts to tackle the pandemic, to medical solutions alone will not give us the results we desire.

What we need, is to foresee risks with a holistic perspective, to implement measures inclusively and transform the new normal into a value chain for all stakeholders.

Today, populist approaches towards the pandemic and the inequalities in terms of access to science and technology, stand as the key factors that threaten the sustainability of our world and the future of humanity.

On the other hand, the world economy once again faces inability to recover, which it has been experiencing since 2008, but this time with stronger headwinds and inflation taking up the leading role. The effects of the expansionary fiscal policies implemented by developed countries in particular, in order to tackle the impact of the pandemic will continue to affect the global economy in the medium to long term.

Of course, all of these encounters have changed the way companies do business and perhaps, most importantly, their success criteria.

A company's balance sheet was the primary success criteria for shareholders and investors up until 10-15 years ago. Today, the value put forward for nature, humanity, business stakeholders and employees in its entirety constitutes the success criteria for companies in this new world.

It makes me proud to note that Sabancı is among the first groups to have most rapidly embraced this transformation in its values.

Our Purpose, "We unite Turkey and the World for a sustainable life with leading enterprises", is a projection of the values Sabancı Group embraces in this new world.

Sabancı Group had already initiated its digital transformation and put sustainability in its focus long before the pandemic and had invested significantly in these fields. The main factor underlying the Group's success today is its ability to foresee the future and to act in accordance with it.

Our Holding and Group companies have clearly demonstrated the priority they have placed on speed, flexibility, adaptability, resilience, digital thinking and global success in their work culture through the successful financial results and the visionary investments they undertook during this challenging period.

We continued to grow in energy business, which is our largest non-bank business, despite increasing impact of drought, while we have unwaveringly pressed ahead with our investments in

renewables. In this business, with our future investments, we will continue to maintain our position of being an electricity generator with the largest renewable energy installed capacity in Turkey.

In 2021, we expanded our partnership with Ageas to include pension and life insurance in our financial services strategic business unit.

Our industrial companies, Kordsa and Brisa, demonstrated a strong performance with their high export volumes, fully in line with our strategy. With the strategic vision of its partners, Bridgestone and Sabancı Holding, Brisa initiated the acquisition for 88.89% stake in Arvento Mobile Systems.

Our Group successfully maintained its leadership in building materials in 2021. Buñol white cement plant, acquired in Spain, became operational this year

and brought Çimsa to global leadership position in white cement.

On the other hand, we transferred all our shares in PHILSA and PMSA to Philip Morris, our business partner for 30 years, and ended our operations in tobacco business.

In addition to successful business results, contributing positively to humanity and society has always been an indispensable part of Sabancı's values.

In line with our principle of "sharing what we have obtained from this land with its people", which we have embraced for nearly 100 years, we are happy to undertake exemplary projects in our country during this period.

I would like to express my pride in Sabancı Volunteers who worked for our future through "Tomorrow is Ours", a project aiming to support healthcare professionals' children and siblings during the pandemic, and "Sabancı Republic Day Campaign", including various environmental activities between 29 October Republic Day and 10 November Atatürk Commemoration Day.

In 2022 and beyond, while strengthening our role as game maker with pioneering and exemplary initiatives, we will continue to lead sustainability in Turkey, in our region and in the world.

In an effort to develop our employees that have brought us so far, with new competencies for the future we will reskill, upskill and experience together.

I would like to take this opportunity to thank our employees, business partners, customers and shareholders for their contributions to 2021 achievements.

Güler Sabancı
Chair

Interview with the CEO



In 2021, under the guidance of our 5 priorities and strategic goals, which we defined in the 5-year strategic plan, **we moved forward with strong and clear strides to realize our Group's Purpose.**

We improved our position in our core businesses globally and locally and continued to implement our projects and investments in new growth platforms.

Q

How would you sum up the 2021 performance of Sabancı Group in a headline?

Even though the COVID-19 pandemic, which affected the whole world in 2020, was partly brought under control through the accelerating global vaccination programs in 2021, the effects of the pandemic on economies and our lives were felt throughout the year.

The pandemic-related economic contraction gave way to recovery in 2021. On the other hand, the stimulative fiscal policies introduced by many governments during the pandemic in order to protect households and economic players precipitated a rapid

rise in inflation. With the added effects of supply chain bottlenecks, increases in raw material prices and worsening impacts of climate emergency on a global scale, it is clear that the global outlook will be marked by volatility and fragilities.

In this environment of diminished predictability and increased uncertainty, we achieved strong results at Sabancı Group. In this period, we did not focus only on managing today. While we were able to operate our main businesses successfully thanks to the digital transformation investments we had implemented before the pandemic, we conveyed our short- and mid-term road map created with the contributions of Group employees, to all our stakeholders. We set out what

we expect from our employees and managers. We guided them on how to adapt our companies to the realities of the new normal.

In 2021, under the guidance of our 5 priorities and strategic goals, which we defined in the 5-year strategic plan, we moved forward with strong and clear strides to realize our Group's Purpose. We improved our position in our core businesses globally and locally and continued to implement our projects and investments in new growth platforms. While we undertook exciting initiatives in the field of digital transformation, we placed sustainability at the heart of all our Group activities.

Financial results for 2021, which is set out in detail in our report, clearly demonstrate the success of our Group.

Accordingly, our combined revenue, combined EBITDA and consolidated net income growth accelerated in 2021. Our combined revenues reached TL 152 billion, while our combined EBITDA increased to TL 33 billion. Our consolidated net income more than doubled in 2021 compared to 2020, reaching TL 12 billion.

Q

Evaluating results of the Group by strategic business units, what would you share?

As the late Sakıp Sabancı said, running without any limits is a very important part of Sabancı Group's vision. Sabancı Group's sphere of influence extends well beyond Turkey's borders through

its strong partnerships and pioneering initiatives abroad. We strive to strengthen our influence each passing day. In this context, 2021 was a year when the global footprint of Sabancı Group became more recognized, felt more deeply and was reinforced around the world.

Kordsa, Brisa and Çimsa demonstrated impressive export performances. Çimsa became a global leader in white cement sector with Buñol Plant in Spain, that we officially completed the acquisition process. The successful performance of our cement investment in the USA played a role in this leadership. The acquisition of Arvento shares, by Brisa marked an important step in transforming our tire manufacturing business into a mobility player. At

the same time, this step served as an example for our other companies in terms of transforming one of our core businesses into a new generation business, as we outlined in our Strategy House.

We added new initiatives to our energy business, which has the highest share in our non-banking revenues. In line with our sustainability approach, renewable energy will continue to be our main growth driver in this business where we will reach our growth targets with ongoing investments in wind farms with a total capacity of 565 MW. We will reinforce Turkey's largest renewable energy portfolio with further new capacity. On distribution, while pressing ahead with grid investments, we took pioneering steps in customer solutions,

Interview with the CEO

In financial services, following the transfer of Aviva shares to our partner, Ageas, our operations are fully consolidated and run with stronger synergy.

an area where we see great future. Galatasaray Stadium, which will be the world's largest on-stadium solar panels, and the installation and applications of solar panels at the Brisa plant have attracted a great deal of interest. We have been delighted and encouraged by the intense demand in this area from domestic and international markets.

Another important area where we have obtained significant results has been the Eşarj - Charging Station. As the world rapidly transits into electric mobility, our Group has taken its place among the leaders in this field. The stake held by Enerjisa Müşteri Çözümleri (Enerjisa Customer Solutions), which was an affiliate of Enerjisa Enerji, in Eşarj rose to 94%. We provided our tangible contribution to the drafting of legislation in this field (electric mobility) as a stakeholder by working in close cooperation with public institutions and organizations.

In financial services, following the transfer of Aviva shares to our partner, Ageas, our operations are fully consolidated and run with stronger synergy.

One of Turkey's leading private banks, Akbank continued to be a flag bearer of digitalization in its sector. Having invested in digital transformation for many years, Akbank expanded its ecosystem with the contribution of innovative projects in the same field with its affiliates, Akportföy and Akyatırım, in the recent period, thus successfully expanding its sphere of influence.

At the same time, we took several steps towards structuring our portfolio in 2021. Transfer of Sabancı Holding's stake in Philsa and PMSA to Philip Morris International was completed on 5 January 2022, thereby ending our operations in tobacco business.

Q

Sabancı Group attaches special importance to 'Adaptation to the Future of Work'. What would you like to say about the most comprehensive work life transformation project conducted by private sector, and its current realizations?

'Adapting to the Future of Work' is one of the five priorities of our Group's strategy. As one of the game makers of the new normal, we undertake this subject in a holistic manner. Our main goal here is to make sure our companies have the best and most comprehensive applications of FoW in the world, not only in their sectors.

To this end, we have set out a 3-year road map. We have already completed important milestones of this road map in the past year. We unwaveringly press ahead in this area.

Here, the most important subject for companies is to be able to create value for people, to use technology to generate this value preparing our employees for the world of the future.

The activities under the 'Adaptation to the Future of Work', which are successfully coordinated by the Human Capital and Sustainability Group Presidency, are of course very important. I think the biggest success that Sabancı Group demonstrated

in this field has been the sincerity it showed to its employees time and time again. The fact that this subject was often complimented on in feedback interviews conducted with employees is a great source of pride for me. Regardless of how much the world changes and technology advances, what does not change for us are the values of Sabancı Group; and sincerity is at the foundation of these values.

At the beginning of the pandemic, we declared that "we would not leave any of our employees behind," and we kept our promise until the end. We took all kinds of measures to protect the health of our employees and their families, and we still do. Today, Sabancı Group is one of the best examples in the world in terms of employee health with a vaccination ratio of 99%. This is especially a source of pride and pleasure for me.

Q

Sustainability is one of your main strategies, and your Group has set very clear goals regarding climate emergency. What would you like to say about this subject?

Above all, sustainability is much more than a target, a word for us. Sustainability is the foundation of our Group's Purpose. This means that it is not a tool for us, but a goal. We implemented a number of important projects in this context in 2021. In line with our aim, we are delighted to lead this field in Turkey and in the world.

The goal of Sabancı Group is to reach Net Zero Emissions and Zero Waste

in all of our operations by 2050 at the latest. We are the first group in Turkey to have announced this goal.

We are also delighted to note that we raised our ranking in the MSCI ESG and the CDP Carbon Disclosure ratings by two notches during the year with the Group also being included in the Bloomberg Gender Equality Index. We view all of these developments as valuable achievements for our Group in the field of sustainability and they are a source of pride for us.

Sustainability is also at the top of the agenda for our business lines and affiliates. For example, our renewable energy investments in the energy business and our advantageous geographic position in this business, along with our work on innovative material technologies in industrials, our environmentally friendly product development activities in the field of building materials, our work in developing sustainable chemicals and the digital transformation, which is the backbone of each of our activities, are the tangible results of our focus on sustainability.

In addition to the above activities, our energy and industrial companies not only use technologies that serve sustainability, but they also produce these technologies. We see this as a particularly valuable advantage in terms of creating added value for the Group, and we are determined to maximize this potential.

Sustainability is the foundation of our Group's Purpose. This means that it is not a tool for us, but a goal. We implemented a number of important projects in this context in 2021. In line with our aim, we are delighted to lead this field in Turkey and in the world.

Interview with the CEO

We continued to maintain our strong balance sheet structure and even continued to strengthen this structure further in the face of such a challenging operational environment, a time when many companies faltered.



Digitalization

Sabancı Group set digitalization at the heart of its culture, which is one of the main factors behind Group's ability to achieve continuous development to create sustainable value for all its stakeholders.

Digitalization will be our most important driving force that will strengthen our position in the new normal and will feed Sabancı Group's entire growth strategy. We aim to step up our investments in this field rapidly and decisively.

Q

One of the most important headings of the future vision is digitalization. What is your approach to this subject? What awaits Sabancı Group in terms of digitalization in the coming years?

One of the main factors behind Sabancı Group's ability to achieve continuous development to create sustainable value for all its stakeholders is that the Group has placed digitalization at the heart of the company's culture from the beginning.

We have seen the importance of this approach more clearly during the pandemic, which has been a part of our lives for nearly two years. We achieved significant success in two areas thanks to the investments which we have undertaken in this field to date. Firstly, while ensuring the continuity

of our existing businesses, we did not halt activities with the exception of short-term adjustments. Secondly, we continued to maintain our strong balance sheet structure and even continued to strengthen this structure further in the face of such a challenging operational environment, a time when many companies faltered.

In the coming period, digitalization will be our most important driving force, which will strengthen our position as a game maker in the new normal, and which feeds Sabancı Group's entire growth strategy. We aim to step up our investments in this field rapidly and resolutely.

Leadership in digital and material technologies is one of the five main priorities of Sabancı Group's future strategy. The strongest tool which we will use to achieve leadership in this

field is our extensive know-how and experience, which we have built up over the years with our vision regarding technology and innovation.

SabancıDx has undertaken key tasks mainly in the solution of Group's digitalization needs to date. We transformed SabancıDx into the focus of our new growth area. On the one hand, SabancıDx accelerates the digital and analytical transformation within the Group; on the other, it leads the creation of 'Sabancı Big Data Lake' and creates value with the Sabancı ecosystem. This field, where we plan to expand abroad with creative products, will develop as the fourth pillar of our Group, with advanced data analytics and cyber security to be its main focal area.

On the other hand, we view digital transformation, which is taking place in light of new generation technologies, as an important part of our companies' strategies, and we support work in this area. Significant efficiency gains achieved in Kordsa's quality improvement program, Brisa's Industry 4.0 journey and the Arvento investment, and the transformation of Teknosa into an online marketplace are some of the processes which spring to mind in this area. Moreover, we created the new generation insurance platform with the AksigortaNext app, which adds value to the insurance sector.

Q

Sabancı Republic Day Campaign was at the forefront of the social responsibility projects, which attracted the most attention in our country in 2021. In this context, could you talk about Sabancı Group's perspective on corporate social responsibility, and what you are doing in this respect?

"Sharing what we have obtained from this land with its people" has been the main principle of Sabancı Group for nearly 100 years. This is the biggest legacy that was passed on to us by Hacı Ömer Sabancı. Contributing positively to society and humanity is our greatest priority.

Interview with the CEO

Sabancı Group launched Sabancı Republic Day Campaign to ensure a better future for the new generation as well as the environment and for all living things, and of course, to defend the legacy of Atatürk.

This is the approach that has conceived Sabancı Republic Day Campaign...

Our country has experienced numerous natural disasters in 2021, starting with floods and continuing with devastating forest fires which ravaged for days. These disasters saddened us all and left us feeling desolate. Right from day one, Sabancı Group stood by the crews tackling these disasters in the field and helping our citizens who suffered damage. Our Group companies mobilized all their means and provided vehicle and equipment support. We transferred these means immediately to the Muğla, Antalya, Denizli and Isparta regions. We provided both material and moral support to our citizens in the disaster areas. We placed great priority on extinguishing the fires as soon as possible, and did not stop there; we pledged to plant 1 million saplings over the next 5 years.

In the light of these developments, we initiated a historic campaign on the 98th anniversary of the foundation of the Turkish Republic. Sabancı Group launched Sabancı Republic Day Campaign to ensure a better future for the new generation as well as the environment and for all living things, and of course, to defend the legacy of Atatürk.

For 13 days between 29 October and 10 November, all participating Sabancı Volunteers not only celebrated the proclamation of the Republic, but they also kept the spirit of the Republic alive with their own significant volunteering efforts. On 10 November, we presented all our volunteer work to Great Leader Atatürk and commemorated him by working.

With this massive campaign involving more than 60,000 employees and stakeholders, which started in Adana and subsequently traveled to 11 other Turkish cities including Aydın, Aksaray, Ankara, Antalya, Balıkesir, Bursa, Çanakkale, İstanbul, Kocaeli and Mersin, Sabancı Group was able to truly embody the great spirit of the Republic.

This campaign, which involved extensive soil revitalization, large scale tree-planting schemes, the renovation of schools and a wide array of environmental activities from cleaning to supporting biodiversity, was carried out on an entirely voluntary basis.

Q

Finally, would you be able to share some information on the share buyback program which you initiated in November? Where do you see short- and mid-term gains in this program?

Maximizing stakeholders' return is our priority in every aspect of our businesses. We deem the relative total shareholder return (rTSR) performance and the net asset value (NAV) growth among our most important criteria while taking investment decisions on a Group scale as well as allocating our capital among our business units.

Our board of directors decided to launch a share buyback program of up to 102 million shares, representing up to 5% of our paid-in capital, on 9 November 2021. Within the scope of this program, which was well received by our investors, we had re-purchased a total of 8 million shares as of the end of 2021.

With share buyback program, our purpose is supporting price performance of Sabancı Holding shares trading on the Borsa İstanbul and hence reducing the NAV discount by bringing the shares closer to its fair value and providing shareholders with a more attractive long-term investment opportunity. I believe this program will enhance the positive impact of our determined execution in dynamic portfolio management and our business performance on value of our shares.

Q

Before we round off our conversation, could you summarize your opinion and expectations regarding 2022?

As I emphasized at the beginning of our conversation, we are passing through a conjuncture characterized by very low predictability. We can be sure that the world economy will experience some volatility in terms of adapting to the new normal and a rebalancing in the next few years.

As a Group, we view our portfolio diversity, carefully designed strategy, management competencies and our big, united family as the most valuable guarantee and instrument in overcoming these challenges. On the other hand, our competencies and assets, which we have built up throughout our history that go back nearly a whole century will allow us to navigate choppy waters, resolutely make headway against harsh headwinds and successfully climb to every greater height with tenacity.

This is because we know that our presence in Turkey will strengthen and improve as long as our country's economic and social conditions improve. Our goal is to be a successful, competitive game maker globally, as well as being successful in Turkey.

2022 will be a period when Sabancı Group will raise the bar to higher levels and continue to produce and grow. While progressing to a future which is being shaped around the concepts of austerity, efficiency and agility, we are on the verge of entering a period in which we will continue to develop projects that will provide more benefit to society.

Our investors will see a Sabancı Group that takes faster strategic steps with its solid balance sheet and coherent strategic roadmap. We are progressing with our management teams and employees, especially our Board of Directors, in unity around the same goal.

Those who set the goal beforehand win in a foggy and misty global environment. Our goal is clear and simple: "to create the Sabancı of the World".

Cenk Alper
Member of the Board of Directors
and CEO

Maximizing stakeholders' return is our priority in every aspect of our businesses. I believe share buyback program will enhance the positive impact of our determined execution in dynamic portfolio management and our business performance on value of our shares.

Board of Directors

GÜLER SABANCI Chair

Güler Sabancı was born in Istanbul. After finishing high school education at TED Ankara College and Sabancı graduated from Boğaziçi University, Department of Business Administration. She has held various executive roles in the Group and currently serves as Chair of Sabancı Holding. She is also the Founding President of Sabancı University, Chair of the Board of Trustees of Sabancı Foundation and Chair of Sakıp Sabancı Museum.

Güler Sabancı has been the first female member in many organizations such as the European Round Table for Industry. She also sits on the External Advisory Board of MIT Energy Initiative and Board of Overseers of Columbia Business School and she is also a member of The Trilateral Commission. Güler Sabancı also served as a Member of the UN Global Compact Board of Directors between 2012 and 2018.

EROL SABANCI Vice Chairman

Erol Sabancı served as a member of the Akbank Board of Directors between 1967 and March 2018. For a decade beginning from March 1998 Erol Sabancı was the Chairman of the Board of Directors. He has been a Consultant to the Board of Directors since 26 March 2018. Erol Sabancı also serves as Vice Chairman of the Board of Directors of Sabancı Holding.

SUZAN SABANCI DİNÇER CBE Board Member

Suzan Sabancı Dinçer is the Chairman of Akbank. Mrs. Sabancı Dinçer is also a board member of Sabancı Holding and a member of the Board of Trustees of Sabancı University and the Sabancı Foundation. In 2009, Mrs. Sabancı Dinçer founded the Akbank International Advisory Board and currently serves as its chairman.

Mrs. Sabancı Dinçer is a member of the Institute of International Finance Board of Directors and Emerging Markets Advisory Board, as well as Harvard University's Global Advisory Council. Suzan Sabancı Dinçer is also co-chair of the New York-based American-Turkish Society, as well as a member of the Global Board of Advisors at the Council on Foreign Relations (CFR), and

the Board of Managing Directors of Venetian Heritage, Inc.

From 2010 to 2014, Suzan Sabancı Dinçer served as the chairman of the Turkish-British Business Council. From 2009 to 2016, Mrs. Sabancı Dinçer sat on the Global Board of Advisors of Chatham House. Between 2014 and 2018, Sabancı Dinçer acted as the Advisory Board President of the Women on Board Association Turkey. She is a founding member of Endeavor Turkey, a founding and honorary member of the Women Entrepreneurs Association of Turkey, and chairman of the Executive Advisory Board and a patron of the Contemporary Istanbul Art Fair.

SAİME GONCA ARTUNKAL (On behalf of Sakıp Sabancı Holding A.Ş.) Board Member

Saime Gonca Artunkal received her undergraduate degree in economics from Oglethorpe University and her master's degrees from the London School of Economics and Boğaziçi University. She started her career in 1991 at Andersen Consulting and worked in investment banking and corporate finance at The Chase Manhattan, Morgan Stanley, Citi, Societe Generale and UBS in both London and Istanbul. She was the CEO and Chairperson of UBS in Turkey until the end of 2018. Saime Gonca Artunkal has extensive risk management experience ranging from credit and market risks to reputational and compliance risks. During her banking career, Gonca has held managerial roles covering various regions including the Middle East, Greece, Israel, Turkey, Central Asia and the Caucasus. She has also worked on transactions in the UK, Europe and the US. She currently advises Turkish and international companies and families on mergers and acquisitions, corporate finance and corporate governance. She is a member of Advisory Board of FODER - Financial Literacy and Inclusion Association, Member of Audit Committee of KİHP – YC – Women for Women's Human Rights – New Ways and a founding member of 65+ Elderly Rights Association.

SERRA SABANCI Board Member

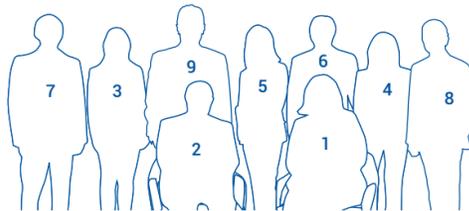
Serra Sabancı was born in Adana in 1975 and graduated from the University of Portsmouth, and Istanbul Bilgi University, Department of Economics, where she graduated as the top student in her class. Having served at Temsa, Serra Sabancı participated in the Institute of Directors (IOD) seminars and courses on Board Membership, Mergers and Acquisitions in London after becoming a Board Member of Sabancı Holding. Serra Sabancı currently serves as Board Member at Sabancı Holding. She is also a Member of the Board of the Sabancı Foundation.

CENK ALPER Board Member and CEO

Cenk Alper received his Bachelor's degree in Mechanical Engineering from the Middle East Technical University in 1991. He has a Master's degree in Mechanical Engineering from the same university as well as an MBA from Sabancı University.

Mr. Alper joined the Sabancı Group in 1996 at Beksa, later taking on managing positions in Belgium and the US at Bekaert between 2002 and 2007. In 2007, Mr. Alper returned to Turkey as the Global Technology Director at Kordsa and completed the establishment of its R&D center and Innovation division. After serving as COO, he led Kordsa's transformation and secondary public offering as CEO between 2013 and 2017. In 2017, he took on a new role as Sabancı Holding Industry Group President. As of August 2019, Cenk Alper is the CEO and Board Member of Sabancı Holding. Mr. Alper is also a Board Member of Enerjisa Enerji and Enerjisa Üretim.

He is a member of the Turkish Industry and Business Association (TÜSİAD), the World Economic Forum (WEF), the World Business Council for Sustainable Development (WBCSD), the International Corporate Governance Network (ICGN), the CNBC ESG Council and the WSJ CEO Council.



1 GÜLER SABANCI
Chair

2 EROL SABANCI
Vice Chairman

3 SERRA SABANCI
Board Member

4 SUZAN SABANCI DİNÇER
Board Member

5 SAİME GONCA ARTUNKAL
Board Member

6 CENK ALPER
Board Member and CEO

7 AHMET ERDEM
Independent Board Member

8 MEHMET KAHYA
Independent Board Member

9 HAYRİ ÇULHACI
Independent Board Member

Executive Committee

AHMET ERDEM Independent Board Member

Ahmet Erdem graduated from Istanbul Technical University as a Civil Engineer and also studied Engineering Management at Istanbul University.

Erdem joined Shell in 1990. He worked in top executive roles in Turkey, Middle East and Europe. After serving as the Investment Manager of Greece and Turkey and as the Retail Sales Manager in Turkey, in 2006, he performed a major role in the formation of the Shell & Turcas joint venture where he is still the Chairman of the Board. After his duties as Retail General Manager and Executive Committee Member during the integration of the Joint Venture, he served as the Country Chair Shell Kenya and as the Chairman of Shell Kenya that is the operational center of Shell in East Africa. He participated in Royal Dutch Shell's risk management trainings in finance and reputation and has experience of 20 years in risk management.

In addition to his role as the Country Chair Shell Turkey Erdem also serves as the Chairman of Shell & Turcas and as an Independent Member of the Board of Directors at Sabancı Holding.

Mr. Erdem served as Chairman of the International Investors Association (YASED) for two terms. He also serves as the Petroleum and Petroleum Products Industry Council President at the Union of Chambers and Commodity Exchanges of Turkey (TOBB); as the Vice Chairman at Oil Industry Association (PETDER); as a Board Member at the World Business Council for Sustainable Development (WBCSD Turkey), United Nations Global Compact Turkey and Energy Efficiency Association (ENVER) and as an Advisory Board Member at British Chamber of Commerce.

HAYRİ ÇULHACI Independent Board Member

Having graduated from Ankara University Faculty of Political Sciences in 1978, Çulhacı obtained his MBA degree from Northeastern University, USA in 1986.

Between 1979 and 1990, he assumed various audit and management positions at the Ministry of Finance.

Having joined Akbank as Executive Vice President in 1990, Çulhacı became an Executive Director in 2009 and also served as the Vice President of the Executive Board, Chairman of Audit Committee, Corporate Management Committee and High Level Risk Committee from 2010 on. He was retired in 2020.

Hayri Çulhacı was also a member of the Board of Aksigorta A.Ş. and Avivasda and Chairman of Ak Yatırım Menkul Değerler A.Ş. and Ak Portföy Yönetimi A.Ş. He is still the Vice Chairman and a member of the Board of Trustees of Sabancı Foundation.

MEHMET KAHYA Independent Board Member

Mehmet Kahya received his double major BS degree in Chemical Engineering and Economics from Yale University and his MBA with majors in Finance, Marketing and Quantitative Methods from Kellogg School of Management.

He started his career as Management Services Manager at Sasa (1975-80) and later was Founder and Managing Director of MKM BV (Holland, 1980-84) and of Sibernetik Sistemler (1984-86). Mehmet rejoined Sabancı Group in 1986 as Automotive Group Vice President and was EVP/President of Temsa (1986-90) and Member of the Presidency of Toyota (1990-94) while serving as Member of the Management and Planning Council of Sabancı Holding and as Member of the Boards of Temsa, Toyota, Susa and Sapexsa.

In the period 1994-2006, various positions held by Mehmet was Managing Director and Vice Chairman of the Board of CarnaudMetalbox, President of Uzel Makina and Member of the Executive Committee of Uzel Holding, General manager and Group Vice President of DYO, Member of the Executive Committee of Sarten Ambalaj, Shareholder and Vice-Chairman of the Board of Gierlings Velpor (Portugal, 2002-2005), President of Assan Alüminyum.

Since 2006, he is advising boards/ shareholders as the Founder and Principal of Kronus. Currently he serves as an independent member on the Board of Directors at Brisa; member of the board at Temsa and Electrosalus Biyomedikal, as shareholder advisor at Dağbaşı Yatırım, Audio, Enerjeo Gediz and Enerjeo Kemaliye.

CENK ALPER Board Member and CEO

Cenk Alper received his Bachelor's degree in Mechanical Engineering from the Middle East Technical University in 1991. He has a Master's degree in Mechanical Engineering from the same university as well as an MBA from Sabancı University.

Mr. Alper joined the Sabancı Group in 1996 at Beksa, later taking on managing positions in Belgium and the US at Beksaert between 2002 and 2007. In 2007, Mr. Alper returned to Turkey as the Global Technology Director at Kordsa and completed the establishment of its R&D center and Innovation division. After serving as COO, he led Kordsa's transformation and secondary public offering as CEO between 2013 and 2017. In 2017, he took on a new role as Sabancı Holding Industry Group President. As of August 2019, Cenk Alper is the CEO and Board Member of Sabancı Holding. Mr. Alper is also a Board Member of Enerjisa Enerji and Enerjisa Üretim.

He is a member of the Turkish Industry and Business Association (TÜSİAD), the World Economic Forum (WEF), the World Business Council for Sustainable Development (WBCSD), the International Corporate Governance Network (ICGN), the CNBC ESG Council and the WJSJ CEO Council.

BURAK ORHUN Building Materials

Burak Orhun graduated from Boğaziçi University Economics Department and received his master's degree in Finance from George Washington University and MBA degree from University of Pennsylvania – Wharton School of Business.

Burak Orhun started his career at Mercedes Benz Turk as a Financial Analyst, after which he worked in United States at Thomson Corporation/Reuters, CapitalOne Financial and CadenceQuest, Inc. respectively, at various management positions such as Finance Manager, Director of Portfolio Management, Director of Corporate Development and CFO. Before joining Sabancı Group, Burak Orhun, worked at Oyak Group, responsible for all M&A and new investment activities of the Group from 2009 to 2018. He was the General Manager of Oyak Girişim Danışmanlığı A.Ş., while having executive management, board member and chairman roles at chemical and energy companies of the Group, both domestic and global. Mr. Orhun joined Sabancı Group in 2018 as Head of Strategy and Business Development. Burak Orhun is currently The Building Materials Group President of Sabancı Holding. Mr. Orhun also serves as Chairman at Afyon Çimento, Akçansa, Çimsa and Çimsa Sabancı Cement BV as well as a member of Board at Teknosa and SabancıDx.

CEVDET ALEMDAR Industrials

Cevdet Alemdar received his BS degree from Industrial Engineering Department of Boğaziçi University in 1992 and completed his MBA degree in Sabancı University in 2000.

He joined the group in 1993 and has taken various leadership positions, respectively in Beksa, Sakosa, Kordsa, Temsa İş Makinaları and Brisa. After administering wire investments serving to manufacturing and construction industries in Turkey, he has taken on general manager roles in Brazil, Thailand and China, and lead marketing and sales functions in technical textiles for Kordsa in South America and Asia Pacific regions.

Returning to Turkey, he has steered Kordsa's R&D and innovation processes as VP of Technology and Market Development. Later, he guided Temsa İş Makinaları to transform from a construction equipment company to a heavy machines and truck provider in Turkey. Next, as CEO he led Brisa, a joint venture of Bridgestone and Sabancı Holding, an important tire manufacturing venture in the world and leader of Turkey's tire and mobility solutions. From April 2020 onwards, he is Sabancı Holding Industrials Group President.

He is TÜSİAD's board member, DEİK / Turkey-U.S. Business Council (TAİK) board member, Boğaziçi University alumni, Sabancı University alumni, chairman of the board of companies; Kordsa, Brisa, Temsa Skoda Transportation, Temsa Motorlu Araçlar and member of the board of Akçansa.

DUYGU KIRCA Legal, Risk and Compliance

Duygu Kirca graduated from Dokuz Eylül University Faculty of Law and completed the mini-MBA program offered by Boston University designed for corporate lawyers while working as a legal professional.

Duygu Kirca began her professional career at Koloğlu Law Firm in 1995 and worked as a Legal Advisor at Sabancı Holding between 1998 and 2002. Later, she worked as a Senior Lawyer at Paksöy Law Firm between 2002 and 2004 and managed Regulation Relations at BP Petroleum between 2004 and 2005. She rejoined Sabancı Group in 2005, serving as the Director of Legal Affairs at Kordsa Global until 2015. She then served Mondelez International as Chief Legal Counsel from 2015 to 2017, before joining Amazon Luxembourg's team the same year to carry out the project relating to Amazon's entry into the Turkish market and amazon.com.tr's establishment. In 2019, she was appointed as the Legal Director of Pfizer in Turkey and the Adriatic regions.

Duygu Kirca has been Legal, Risk and Compliance President of Sabancı Holding since June 2020. She also serves as a Member of the Board of Directors of Ankara Enternasyonel Otellilik, Brisa, Carrefoursa, Exsa, and Tursa.

EYÜP ENGİN Banking

Eyüp Engin graduated from Middle East Technical University, Faculty of Economics and Business Administration.

Eyüp Engin joined Akbank in 1978 as an Assistant Internal Auditor. Following his auditing assignment, Eyüp Engin served as Department Head in Treasury, International Banking and Overseas Financial Institutions. He was appointed as the Executive Vice President in charge of Corporate Banking in 1996 and after 1998, Engin continued to serve as Executive Vice President in charge of International Banking and Overseas Financial Institutions Marketing.

Eyüp Engin was appointed to the position of Head of Internal Audit in 2007 and during 2007-2019 he served on Boards of Directors of Bank's subsidiaries as the President of Audit Committee. Engin was elected as Executive Board Member in March 2019 and he was elected as Vice Chairman and Executive Board Member in March 2020. Eyüp Engin also serves as Vice Chairman of Türk Telekomünikasyon A.Ş.

Additionally Eyüp Engin is Banking Unit Group President and Executive Committee Member of Sabancı Holding, Board Member of TT Mobil A.Ş. and TT Net A.Ş. and also Chairman of Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret A.Ş.

GÖKHAN EYİĞÜN Secretary General and Strategy & Business Development

Gökhan Eyiğün graduated from Management Engineering Department of Istanbul Technical University with honors degree in 1998. He had his MBA degree from Rotterdam School of Management in 2004; moreover, he attended several executive programs at Harvard Business School.

Mr. Eyiğün started his career at Arthur Andersen in 1998 where he was mainly specialized in Corporate Finance Advisory. He, then, took responsibility in the formation of Corporate Finance and M&A Advisory department at PricewaterhouseCoopers in 2004 and led the department afterwards. In 2007, Mr. Eyiğün joined Sabancı Group where he contributed to Strategy and Business Development

department at various executive roles until 2018. He served as the Secretary General of Sabancı Holding and the General Manager of Exsa, Tursa and AEO companies between 2018 and 2021; and he worked as the Executive Board Member of Temsa Motor Vehicles between 2020 and 2021, in addition. He was appointed as the Group President of Strategy and Business Development at Sabancı Holding in 2021. He continues to serve as the Secretary General of Sabancı Holding at the same time. Mr. Eyiğün also is a member of Board at Afyon Çimento, Çimsa, Kordsa, SabancıDx, Temsa Motorlu Araçlar and Temsa Ulaşım Araçları.

HAKAN TİMUR Human Capital and Sustainability

Hakan Timur has BA degree in Economics from Istanbul University and received his Masters degree in Energy and Technology Management from the Sabancı University.

He started his professional career in 1997 at Marsa-Kraft Foods International and pursued his career journey from Human Resources Specialist to Human Resources Manager level in here until 2006. After that, he held various roles in Sabancı Group containing different industries, different companies and international responsibilities. He worked as Human Resources Manager at Sabancı Food Group, Human Resources Manager at HÜ Sabancı Holding A.Ş., Global Human Resources Director at Kordsa Global, Human Resources Vice General Manager at Akçansa and Chief Officer, Human Resources and Corporate Capabilities at Enerjisa respectively. He has been working as Sabancı Group HR & Sustainability Group President since 1 February 2018.

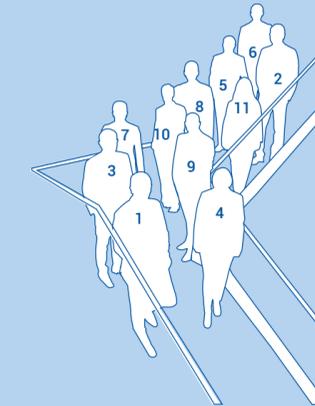
In addition to his duty of Human Capital & Sustainability Group President, Hakan Timur also serves as the Executive Committee Member at Sabancı Holding, Chairman at Teknosa and holding roles of Board Member / Vice Chairman in companies, Çimsa, Afyon Çimento, Enerjisa Enerji, Enerjisa Üretim and SabancıDx. He is also Member/ Board Member in several NGOs such as Özel Sektör Gönüllüleri Derneği-ÖSGD, Yönetim Kurulu Üyeleri Derneği-YÜD, Sürdürülebilir Kalkınma Derneği Türkiye-SDKT and the World Business Council for Sustainable Development (WBCSD). Timur also serves as the Chairman of TÜSİAD's Employment and Social Security Working Group.

HALUK DİNÇER Financial Services

Haluk Dinçer has a BSE degree in Mechanical Engineering and an MBA, both from the University of Michigan.

After starting his career at General Motors Technical Center in 1985, Dinçer joined Sabancı Group in August 1995, serving initially as Executive Board Member, and then in December 1995, as Executive Vice Chairman of Temsa. In October 2001, he assumed responsibilities within the Holding company, first as Food Group Vice President, and six months later, as Holding Executive Board Member and Food Group President. He took over as Food and Retail Group President in September 2004, and after organizational restructuring in March 2011, as Retail and Insurance Group President. In June 2015, Dinçer was named Insurance Group President and later in April 2020, Financial Services Group President. With this role, he currently serves as Chairman of the Board of Aksigorta, Agesa, Exsa, Tursa and Ankara Enternasyonel Otellilik, as well as Board Member of Brisa.

Haluk Dinçer served as President of TÜSİAD - Turkish Industry and Business Association in 2014-15, and as President of Turkey-U.S. Business Council (TAİK) in 2008-14. He has been a Board Member of the Global Relations Forum (GRF) since February 2018 and a member of the Geneva Association since June 2019.



1 CENK ALPER
Board Member and CEO

2 BURAK ORHUN
Building Materials

3 CEVDET ALEMDAR
Industrials

4 DUYGU KIRCA
Legal, Risk and Compliance

5 EYÜP ENGİN
Banking

6 GÖKHAN EYİĞÜN
Secretary General and Strategy & Business Development

7 HAKAN TİMUR
Human Capital and Sustainability

8 HALUK DİNÇER
Financial Services

9 KIVANÇ ZAIMLER
Energy

10 N. ORHUN KÖSTEM
Finance

11 PELİN ERKİRALP
Corporate Brand Management and Communications

KIVANÇ ZAIMLER Energy

Kivanç Zaimler graduated from Istanbul Technical University Industrial Engineering Department in 1991, also studied at Berlin Technical University.

He started his career in 1992 and until 2008, he worked in various executive positions in Turkish Electricity Industry, RAM Foreign Trade and Aygaz companies respectively. Kivanç Zaimler joined Enerjisa in 2008 and served as Trade Director, Distribution Companies General Manager, Sales Companies General Manager and CEO at Enerjisa respectively. As of July 2018, Zaimler was appointed President of the Energy Group at Sabancı Holding.

Taking active roles in NGOs, Zaimler serves as Chairman at ELDER, Turkish Vice President at World Energy Council, Chairman at TÜSİAD Energy Working Group, Member of the Board of Directors at Sabancı University Istanbul International Energy and Climate Center (IICEC) and Advisory Council Member at SHURA. He is also Chairman of the Board at Enerjisa Enerji and SabancıDx, serves as Deputy Chairman of the Board at Enerjisa Üretim and is a Member of the Board of Directors at Aksigorta and Agesa.

N. ORHUN KÖSTEM Finance

Orhun Köstem received his bachelor's degree from Middle East Technical University Mechanical Engineering Department in 1991 and began her career at Unilever as a Brand Manager. She managed Hair Care businesses in Unilever Africa, Middle East and Turkey between 2002-2006 leading innovation and harmonization across the region. In 2006 Erkrarp moved to Citibank as Vice President Marketing managing marketing for retail & commercial banking businesses. After joining Philip Morris Sabancı in 2009 and pursuing several leadership positions in Turkey, she undertook the management of Marlboro brand globally in Philip Morris International headquarters in Lausanne, Switzerland between 2012-2013. Following her return to Turkey, she was appointed Marketing Director in Philip Morris Sabancı for 4.5 years. Erkrarp started to work with LC Waikiki as Assistant General Manager Marketing in 2017, and managed various transformation projects that supported the company's expansion domestically and abroad. She undertook the position of Chief Marketing Officer in Kızılay Yatırım Holding between 2019-2020, and led marketing function of 8 companies within the holding.

Mr. Köstem joined Anadolu Group in 1994 and held various management positions until 2008. In 2008, he was appointed as the CFO of Efes Breweries International and in 2009 continued his career as Corporate Finance Coordinator of Anadolu Group. Mr. Orhun Köstem pursued his career in Coca-Cola İcecek where he worked from 2010 to 2016 as the CFO and from 2017 to 2018 as the Regional Director responsible for Middle East and Pakistan. Mr. Köstem served as the CFO of Anadolu Efes between 2019 and 2021. Mr. Köstem has been in charge of Group CFO of Sabancı Holding since 1 July 2021. He is also the Chairman and Member of the Board of Directors of Carrefoursa and Kordsa, respectively.

Mr. Köstem is one of the three authors of the book "A Window to Capital Markets: The A to Z of Public Offering and Investor Relations" published in 2009. In 2016, 2019, 2020 and 2021 He was listed among "Turkey's Most Influential 50 CFOs", according to a research conducted by BMI Business School in collaboration with DataExpert. He was awarded as Turkey's Best CFO in the Investor Relations Awards organized by Thomson Reuters Exel in 2011 and 2013, while he was also honored with the "Best CFOs" by Sell Side analysts in Consumer Sector in Emerging EMEA by Institutional Investor Magazine and Institutional Investor Research Group in 2020. He is also a member of CFO Network of the World Business Council for Sustainable Development (WBCSD).

PELİN ERKİRALP Corporate Brand Management and Communications

Pelin Erkrarp graduated from Boğaziçi University Economics Department in 1996 and began her career at Unilever as a Brand Manager. She managed Hair Care businesses in Unilever Africa, Middle East and Turkey between 2002-2006 leading innovation and harmonization across the region. In 2006 Erkrarp moved to Citibank as Vice President Marketing managing marketing for retail & commercial banking businesses. After joining Philip Morris Sabancı in 2009 and pursuing several leadership positions in Turkey, she undertook the management of Marlboro brand globally in Philip Morris International headquarters in Lausanne, Switzerland between 2012-2013. Following her return to Turkey, she was appointed Marketing Director in Philip Morris Sabancı for 4.5 years. Erkrarp started to work with LC Waikiki as Assistant General Manager Marketing in 2017, and managed various transformation projects that supported the company's expansion domestically and abroad. She undertook the position of Chief Marketing Officer in Kızılay Yatırım Holding between 2019-2020, and led marketing function of 8 companies within the holding.

She joined Sabancı Holding as Corporate Brand Management and Communications President in 2020. She is also vice chair of the board at Teknosa and a member of the board at Carrefoursa.

Sabancı Holding Management

Committee Members

Audit Committee

Ahmet Erdem
Hayri Çulhacı

Corporate Governance, Nomination and Remuneration Committee

Mehmet Kahya
Suzan Sabancı Dinçer
Serra Sabancı
Sakıp Sabancı Holding A.Ş.
(Represented by S. Gonca Artunkal)
Şerafettin Karakış

Early Detection of Risk Committee

Hayri Çulhacı
Suzan Sabancı Dinçer
Serra Sabancı
Sakıp Sabancı Holding A.Ş.
(Represented by S. Gonca Artunkal)

Sustainability Board Committee

Ahmet Erdem
Hayri Çulhacı
Mehmet Kahya

Senior Management

Gökhan Eyigün*
Secretary General

Fuat Öksüz
Head of Audit

Şerafettin Karakış
President of Finance, Accounting
and Investor Relations

Derya Özet Yalçı
Director - Sustainability

Erkan Şahinler
Director - Planning, Reporting
and Financing

Filiz Karagül Tüzün
Director - Corporate
Communications

İlker Yıldırım
Director - Accounting

Kerem Tezcan
Director - Investor Relations

Mustafa Aydın
Director - Financial Affairs

Mustafa Özturan
Director - Human Resources and
Labor Relations

Neslihan Döngel Özlem
Director - Planning, Reporting and
Financing

Olca Gürdal
Security Coordinator

Sarven Peştemalcıgil
Director - Strategy and Business
Development

Seval Kor
Director - Human Resources

Taner Aytaç
Director - Audit

Tuğba Gök Nam
Director - Human Resources

Utku Gülmeden
Director - Strategy and Business
Development

Yeliz Erinçkan
Director - Strategy and Business
Development

Investor Relations, Dividend Policy and Share Buyback Program



In 2021, Sabancı Holding Investor Relations undertook non-deal roadshows, conferences, teleconferences and site visits with a total of 564 institutional investors and analysts from Turkey and abroad.

As of 23 February 2021, the Investor Relations Department prepared and announced the Corporate Governance Compliance Report and updated the 2020 Corporate Governance Information Form. During 2021, as a result of its activities to improve compliance status to the Corporate Governance Principles set out by the CMB, Sabancı Holding managed to further achieve full compliance in four additional principles, details of which are provided in the Corporate Governance section of this Annual Report.

Additionally, the Investor Relations Department of Sabancı Holding effectively manages investor communication channels such as the Investor Relations website and Public Disclosure Platform so all stakeholders and potential investors access material information in an accurate, equal and timely manner. The fully renewed Sabancı Holding Investor Relations website went online in January 2021 to provide visitors with the most up-to-date information about Sabancı Holding in a faster, easier and more user-friendly way. The new investor relations website aims to facilitate access to Sabancı Holding's financial results and investor documents, corporate governance and sustainability practices, events schedule and information on strategic business units.

As part of its efforts to maintain healthy communication with the entire investor community, the Investor Relations Department undertook non-deal roadshows, conferences, teleconferences and site visits with a total of 564 institutional investors and analysts from Turkey and abroad, and responded to numerous requests from investors and equity analysts

by telephone and e-mail throughout the year. Additionally, four web conferences were held during the year to communicate the quarterly financial results with investors.

In 2021, the Sabancı Holding Investor Relations Department organized its first Sustainability Day with the participation of its Human Capital & Sustainability Group President and Group Chief Financial Officer in order to inform the investment community of the steps which have and will be taken towards achieving its goal of net zero emissions and zero waste by 2050. In addition, in the Building Materials, Industrials and Financial Services Sector Days in 2021, the Sabancı Holding Strategic Business Units Group Presidents and Group Chief Financial Officer met investment community to provide sector-based strategies in their respective industries.

International Rewards

Sabancı Holding's 2020 annual report received three awards at the ARC Awards International, regarded as the "Oscars of annual reports", in the field of interactive annual reports, traditional annual reports and written text, and two awards in LACP, one of the most prestigious platforms which sets the global standards for excellence in communication, in the annual reports and online reports categories.

Additionally, Sabancı Holding's investor relations was ranked first in the "Best IR Program, Financial Institutions, Sell Side, EMEA", "Best Investor/Analyst Event, Financial Institutions, Sell Side, EMEA", "Best ESG Metrics, Financial Institutions, Sell Side, EMEA, No.1" and "Best IR Professional, BIST30" at Institutional Investor Research, recognized as the leading provider of independent and qualitative feedback for the investment community.

Framework

Sabancı Holding defines investor relations as a two-way communication channel between the investment community and Sabancı Holding management. Hence, Sabancı Holding investor relations maintains communications to ensure a clear, comprehensive and consistent dialogue with the investment community in a timely and transparent manner in line with regulatory requirements and the corporate disclosure policy, while providing investor feedback to the management regarding the outcome of the company performance and strategic moves as well as the potential market reaction to stock price sensitive actions. Investor relations activities are designed to develop and strengthen this relationship, aiming to achieve a fair market value and to maximize shareholder return.

In line with the Communiqué on Corporate Governance issued by Capital Markets Board (CMB), Turkey's

securities regulator, Sabancı Holding has an Investor Relations Department under the Finance Group which follows the rules and requirements of the relevant legislation. In addition to the primary responsibilities of the investor relations department set out in the legislation, the Sabancı Holding Investor Relations Department performs a wide range of other functions, some of which are listed below:

- To coordinate and support the finance, investor relations and legal functions of Group companies, and to provide them with the necessary consultancy services to help them comply with the requirements set out by commercial law and the capital markets regulations.
- To establish corporate governance standards which apply throughout the Sabancı Group, and to monitor the efficiency and uniformity of the corporate governance practices of the Group companies.

- To represent Sabancı Group with institutions and organizations such as Ministry of Trade, Ministry of Treasury and Finance, Capital Markets Board, Istanbul Stock Exchange, Turkish Industry and Business Association, Turkish Investor Relations Society, and Corporate Governance Association of Turkey, and to look after the interests of Sabancı Group within such organizations.

Investor Relations 2021 Activities

Sabancı Holding's 2020 Annual General Assembly Meeting was held on 30 March 2021 in accordance with the relevant legislation, articles of association and other internal policies. The documents required to be submitted for the information and review of the shareholders regarding the Annual General Assembly Meeting were fully and completely prepared by the Investor Relations Department and were announced to the public in a timely manner.

The fully renewed Sabancı Holding Investor Relations website went online in 2021 to provide visitors with the most up-to-date information about Sabancı Holding in a faster, easier and more user-friendly way.

*Mr. Gökhan Eyigün is Group President of Strategy and Business Development and also continues to serve as the Secretary General.
** As of 31.12.2021

Investor Relations, Dividend Policy and Share Buyback Program

Sabancı Holding's own shares as well as the shares of its listed 11 subsidiaries constitute 6% of the total market capitalization of the Turkish equity market as of the end of 2021.



To support SAHOL shares in equity market, and hence reduce the net asset value discount by bringing SAHOL shares closer to their fair value and provide shareholders with a more attractive long-term investment opportunity, Sabancı Holding initiated a share buyback program in 2021.

Share Buyback Program

For the purposes of supporting price performance of SAHOL shares in the equity market, and hence reducing the net asset value discount by bringing SAHOL shares closer to their fair value and providing shareholders with a more attractive long-term investment opportunity, Sabancı Holding initiated a share buyback program in 2021.

Accordingly,

- Up to 10,200,000,000 shares with a nominal value of TL 102,000,000 representing approximately 5% of Sabancı Holding's issued share capital were to be repurchased.
- The total amount of maximum funds allocated for share buy-back transactions was determined as TL 1,750,000,000.

- The share buy-back was to be put on the agenda of the first following General Meeting and was to be presented to shareholders for their approval in the general assembly.

As of 31 December 2021, the total nominal value of repurchased shares following the transactions had reached TL 8,000,000, representing 0.3921% of the share capital.

Breakdown of Shareholders Holding More Than 5% of the Capital and Voting Rights

Shareholder	Share in Capital (TL)	Share in Capital (%)	Voting Right Ratio (%)
Sakıp Sabancı Holding Anonim Şirketi	287,100,000.56	14.07	14.07
Serra Sabancı	147,370,880.80	7.22	7.22
Suzan Sabancı Dinçer	141,566,960.87	6.94	6.94
Çiğdem Sabancı Bilen	141,566,960.87	6.94	6.94
Helikon Long Short Equity Fund Master ICAV	102,174,690.00	5.01	5.01
Other	1,220,624,437.90	59.82	59.82
Total	2,040,403,931.00	100.00	100.00

*As of 31.12.2021

Dividend Policy

Sabancı Holding's Dividend Policy is to distribute dividend up to 20%, but not less than 5% of the distributable profit of the year as calculated in accordance with the Turkish Commercial Code, Capital Markets Legislation and

its Articles of Association, in the form of cash and/or in shares. The implementation of this policy is determined by the General Assembly in accordance with Sabancı Holding's medium and long-term strategies as well as the domestic and global economic conditions.

Dividends are distributed to the holders of all shares, regardless of their date of issuance or acquisition, equally within the legally mandated timeframes on the date determined by the Board of Directors after the approval of the General Assembly of Shareholders.

Dividend Performance

(TL Million)	2017	2018	2019	2020	2021
Dividends Received	879	1,212	601	492	1,562
Dividends Paid	408	612	612	673	714
Dividends Paid/Received	46%	51%	102%	137%	46%
Consolidated Net Income	3,481	3,830	3,780	4,768	12,032
Dividends Pay Out Ratio	15%	18%	16%	18%	15%

Risk Management and Compliance



At Sabancı Group's non-bank companies, corporate risks are managed by designated risk management officers and company senior management responsible for risk management processes and activities.

At Sabancı Group's non-bank companies, corporate risks are managed by designated risk management officers and company senior management responsible for risk management processes and activities. These efforts come under the supervision of the Board of Directors and related Risk Committees which report to the Board. Group companies report potential risks and prioritized risks to the EDRC and the Board of Directors via periodic reports. The financial, strategic, operational and compliance risks of the subsidiaries are also overseen and supervised by Legal, Risk and Compliance Group, Risk Coordination Committee and the relevant Group Presidents as well as Finance Group at the Holding.

Financial Risks

This category includes risks that may arise as a result of a company's financial position and preferences. Financial risks include those caused by movements in exchange rates, interest rates, loans (credit), liquidity/cash management and access to capital and equity capital markets, which pertain to the risk of deviations in the enterprise value or shareholders' returns driven by capital market conditions. At a Group level, capital market risks are closely monitored and managed through the Holding's Finance team. Exposure to risk is managed through strong financial results and investments with the goal of sustainable growth, investor relations activities and share buy-back programs.

The Risk Management unit is responsible for managing the financial, strategic, operational and compliance risks of Sabancı Holding and providing guidance to Group companies.

Sabancı Group categorizes monitored risks under these criteria:

Compliance Risks

Compliance risks include legal penalties, reputation loss or material damage that may arise from the failure to comply with or the violation of applicable laws, rules or regulations, sanctions, codes of ethics or internal policies and directives. To support Group subsidiaries in efficiently managing compliance risks within the determined framework, instructional activities are carried out by the Holding's Legal, Risk and Compliance Group.

Strategic Risks

Strategic risks include structural risks which may prevent a company from reaching its short, medium or long-term goals. Strategic business line management risk is assessed within the scope of strategic risks such as economic, political and industrial risks, regulatory changes and changes in regulatory practices (both local and global), governance, reputation, sustainability (transition, physical and compliance aspects) and intellectual property risks.

At the Holding level, strategic risks are efficiently managed with a long-term dynamic business lines management approach. Sabancı Holding's strategic business line management approach is designed to focus on highly profitable and sustainable businesses to create a competitive advantage.

Risk Management

Sabancı Group has adopted corporate risk management principles in the interests of maximizing stakeholder value, ensuring the Group's sustainability, identifying and measuring risks and monitoring risk continuously and effectively.

Sabancı Group has adopted corporate risk management principles to maximize stakeholder value by eliminating or minimizing the risks which may threaten the existence, development and continuity of the Group and which may be encountered during the course of achieving the strategic goals set out by the Board of Directors of Sabancı Holding, and ensuring the Group's sustainability.

The Group manages risk in line with its risk appetite through a combination of both quantitative and qualitative metrics. In line with the strategic and financial targets, prioritized risks are handled in accordance

with the following risk management strategies; risk avoidance, risk transfer, risk reduction and risk acceptance. The corporate risk management framework includes subheadings such as determination and monitoring of risk mitigation activities. Group Risk operation results are evaluated periodically by the Risk Coordination Committee at the Holding's senior management level and through the Early Detection of Risk Committee (EDRC) at Board of Directors level.

Managing risk in line with risk appetite through a combination of both quantitative and qualitative measurement metrics

At Akbank, risk management is conducted in compliance with Banking Regulation and Supervision Agency regulations under the responsibility and supervision of the Bank's Board of Directors. The Board of Directors and senior management are responsible for building up a risk appetite framework

and developing risk management policies and strategies. The Board of Directors approves Akbank's general principles of risk control and risk management, its limits for all relevant risks and the procedures which Akbank applies in controlling and managing its risks. Board members periodically attend five committees; the Audit Committee, the Credit Committee, the Executive Risk Committee, the Conduct Risk Management Committee and the Information Security Committee. In addition to these Board level committees, the Risk Management Office and the Information Risk Management Office (IRMO), as well as the Internal Control, Compliance and Internal Audit departments report directly to the Board. Internal methods and risk models are continuously improved upon and developed to ensure effective risk management.

Risk Management and Compliance

Sabancı Holding's strategic business line management strategy is designed to focus on highly profitable and sustainable businesses to create a competitive advantage.

Operational Risks

Operational risks may result when companies' business activities are affected from factors such as disruption to business continuity, faults or negligence due to failures in a company's control systems, including their IT systems. The Audit Department conducts regular checks of company processes and systems to determine and eliminate these risks.

At the Holding level, strategic risks are efficiently managed under an approach which focuses on long-term dynamic strategic business line management.

Damage to information systems, cyber-attacks, deterioration of data security, data leaks and failure to ensure business continuity within the Group are critical factors in operational risks. As part of the cyber risk management efforts which take place within the Sabancı Group, risk is mitigated via cyber risk insurance.

The purpose EDRC is: (i) to evaluate the early identification, the determination of necessary measures and the management processes regarding strategic, operational, financial and compliance risks which can jeopardize Sabancı Holding's existence, development and continuity; and (ii) to inform the Board of Directors of these issues so decisions can be taken accordingly. The Committee convened on six occasions in 2021 and presented its evaluations to inform the Board of Directors. Detailed information regarding EDRC members can be found in the Sabancı Holding Management section of this report.

Steps are taken to ensure that Group companies are well prepared to tackle ESG risks. Group companies receive guidance to introduce measures in their business models to tackle the possible impact of these risks.

Sustainability Risks

Under Sabancı Holding's Enterprise Risk Management System, sustainability risks (which are evaluated as part of the Holding's strategic risks and which has a transversal impact across other risk groups) are defined as 'the risk of failure to comply with sustainability requirements' and subcategorized into the following three main topics:

Transition Risks

Transition risks refer to changes in strategies, policies or investments to address mitigation and adaptation requirements related to a lower-carbon economy. Transition risks may have diverse affect depending on the nature, speed, and focus of the changes.

1. Technology Risk
2. Market Risk

Compliance Risk

Compliance risks refer to incidences of not complying with or violating applicable laws, rules or regulations, codes of ethics or a company's internal policies and directives.

1. Emerging Regulation Risk
2. Legal Risk
3. Reputational Risk

Physical Risks

Physical risks are diverse and predominantly global. These include acute risks such as wildfires, hailstorms, hurricanes and flood, as well as chronic risks such as extreme heat, epidemics, pandemics, drought and access to water.

1. Acute & Chronic Physical Risk
2. Water Risk
3. Biodiversity Risk

Compliance

As one of Turkey's leading conglomerates, Sabancı Holding closely monitors increasingly stringent regulatory expectations, global trends, new approaches and developments in compliance.

In 2021, Sabancı Holding launched a comprehensive transformation program to achieve the highest standards of compliance. Under this program, as well as continuous adaptation of the fast-evolving needs and a risk-based approach, a set of rules and regulations is also translated into specific operational requirements. In this regard, the policies of competition compliance, sanctions, export controls and third-party due diligence were rolled out.

As part of the Legal, Risk and Compliance Group, a Compliance Manager was appointed who is responsible for the development and implementation of the compliance program, who oversees and supports the compliance activities in Sabancı Group companies.

Competition law

The Competition Compliance Policy and Dawn-Raid Procedures were launched in 2021. Competition risks have been addressed through a comprehensive compliance program which ensures the establishment of an effective training, on-the-spot inspection and preparation of an evaluation report on an annual basis. This involved a shift from a siloed approach to a centralized and sustainable process.

Sanctions and export controls

Sabancı Group companies operate in regions throughout Europe, the Middle East, Asia, North Africa, North America and South America. This requires dedicated attention to complex trade sanctions and export control laws and regulations, which basically prohibits the import, export or re-export of certain products to or from certain countries or parties.

The Sanctions and Export Control Policy and its supporting procedures provide instructions on how to deal with complex cross-border commercial transactions without impeding the continuity of business and operations in a foreign country.

Third party due diligence

Sabancı Group companies are market leaders in most of their respective sectors and engage with a broad category of third parties including suppliers, distributors, intermediaries, agents and business consultants. This increases the likelihood of Sabancı Group companies being accountable for the non-compliant activities and behaviors of business partners.

The Third-Party Due Diligence Policy has been introduced in order to identify and manage third-party risks. In this regard, Sabancı Group companies are required to perform a due diligence process for new third parties as well as for the third parties with whom we have an ongoing business relationship.

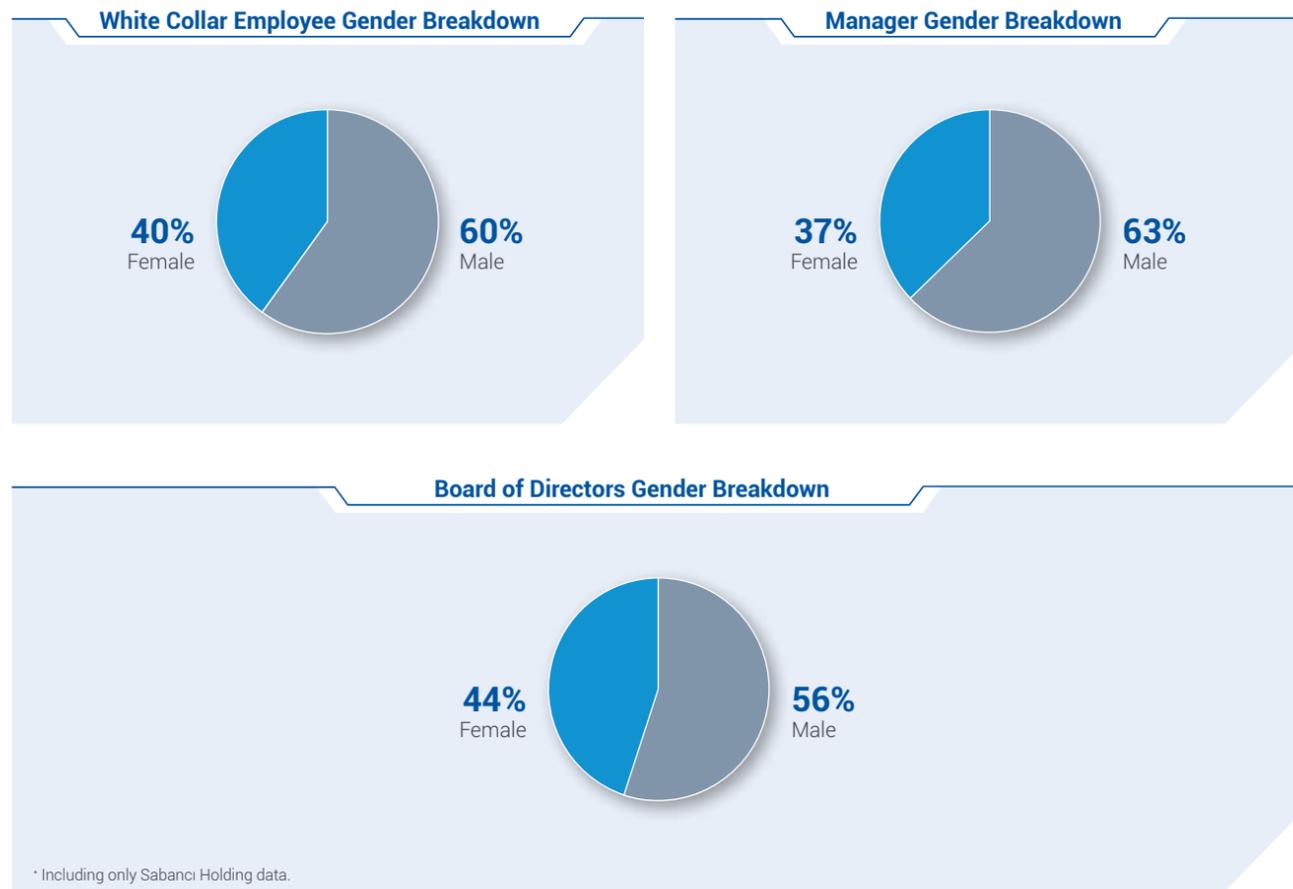
The due diligence process includes the critical steps of implementing an

effective third-party screening program, performing enhanced due diligence and taking measures and safeguards to mitigate the risks.

Data privacy

Compliance with data privacy laws and regulations is an essential part of Sabancı Holding's business operations. In this regard, the Data Protection Committee continues to follow the best practices observed in the industry to keep up with the new developments, offer company-wide guidance and implement security measures in collaboration with the cyber security team. The Data Protection Committee also successfully completed the Data Controllers' Registry Information System (VERBIS) registration in accordance with the local regulation and procured digital solutions to effectively monitor and update the data inventories.

Human Capital



Human Capital

By the end of 2021, Sabancı Group provided employment to more than 60,000 people, including subcontracted employees. Women ratio is 40% among white collar employees while 37% is among managers. 22.4% of employees are from Generation X, 76.3% are from Generation Y, and 1.3% are from Gen-Z.

Sabancı Group today is striding confidently towards the future, with the highly diverse features and capabilities of its top-caliber human resources and its Sabancı of New Generation culture and values.

Human Capital Strategy

Sabancı Group designed its human resources strategies in line with the Sabancı of New Generation vision to become an organization which is:

- Purpose and culture driven,
- Stakeholder-oriented,
- More agile, more resilient, more digital.

Adapting to the Future of Work (FoW)

Sabancı Group, one of the five main areas we focus on at Sabancı Group within the scope of our "2021-2025

strategic plan" is "Adapting to the Future of Work".

Sabancı Group embarked on Turkey's most comprehensive project of adaptation to the future of work in 2020, in the midst of the pandemic. The results and action plans were shared with the public in March 2021. The study was carried out under seven main dimensions, covering all Group companies.

Under these 7 dimensions, Sabancı Group companies defined their aspirations, charters and roadmaps and



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Strategic HR Initiatives are focused on below areas;



set out a 3-year dynamic action plan to reach and lead the ever-moving global best practices. The FoW action plan sets out more than 1,500 medium-term and long-term actions crafted to meet sector needs, global best practices and global trends. 42% of these 3-year action plans were completed in 2021. Once all actions are completed, Sabancı Group companies are expected to distinguish themselves with among the global best practices in their industries in the world in terms of "the Future of Work".

- **Smart Work:** In 2021, the Group level "Remote Working Policy" was published, which set out the working terms and conditions, health and occupational safety guidelines and implementations such as hybrid working schedules, the "no meeting Wednesday" and remote working packages. The Group boosted efficiency with an "Alternative Working Ways" model that made use of all opportunities and incentives, including flexible and alternative working models set in working directives with principles guidelines

and agreements templates. In order to support the new working models, to maintain remote and onsite collaboration as well as employee motivation and productivity, online tools such as the performance management system (Perf-X) and Sabancı Social enjoyed an increase and expansion in usage while organizational network-relational analytics started to expand among Group companies.

Human Capital

Sabancı of the New Generation make a difference

...in Turkey and around the World, by investing in business, beyond borders,

...in industry through leading enterprises and innovations,

...for our lives, by pioneering sustainability,

...for the future, through the bold steps it takes,

...for the future of work, by putting people at the heart of what it does

And you are the Sabancı of the New Generation!

Curious about the future,

With sensitivity towards building a sustainable world,

Aware of the power of the self.

Sabancı people make a difference.

- **Physical & Mental Health:** In 2021, employee assistance programs including stress-management tools, mindfulness and resilience training programs, wellbeing applications, online dietician support, coaching and expert sessions expanded in usage. We used data analytics and analysis to track the number of employees accessing the programs and address the concerns and issues raised.

- **Employer Brand Management and Talent Acquisition:** Sabancı Group aims to maintain its position as the "Employer of Choice" continuously and sustainably. We promise always to hire the best talent commensurate with the "Sabancı of New Generation" culture and values. We are committed to make all our employees feel and experience "Sabancı people make a difference" which represents employer value proposition and launched in 2021.

In 2021, agile, cross company and diverse HR teams started work on ten different innovative projects using Design Thinking methodology and finalized prototypes of the new projects to strengthen the employee experience and the Sabancı employer brand.

With its strong employer brand perception among both professionals and university students, Sabancı Group, as in previous years, maintained its commanding position as a preferred employer among students in all categories according to the "The World's Most Attractive Employers 2021" according to a study conducted by Universum, one of the world's best known research institutions in this area. Also, Sabancı Group was recognized as Word's Best Employers and became one of the best 500 companies listed on Forbes in 2021.

The following new Group wise talent acquisition initiatives were put in place; the New Generation Career Experience Program and the Seed Young Talent Program.

- The New Generation Career Experience Program offers third and fourth-year university students the opportunity to work on real projects remotely and experience the Sabancı Group ecosystem. In 2021, 60 university students graduated from the 6-month version of the Program and 60 more graduated from the short version of the Program. The participants experienced a range of extensive online development opportunities and were specifically trained on innovation tools; also they completed an Ideathon to solve sustainability related problems. Together with 2020 graduates, the New Generation Career Experience Program has approximately 150 alumni members, 48% of whom are women, and in 2021 the first Alumni-Day event was executed.
- Seed is the Young Talent Program designed and initiated in the last quarter of 2021, targeting fresh graduates with up to two years of professional experience. This program aims to hire and develop new talent, particularly in the growth areas set out in Sabancı Group's 2021-2025 strategic plan. A total of 10,000 applications, 58% of which were from women, were evaluated based on their learning agility and motivation levels, with the aim of selecting 40 new talented individuals for the program. In addition to its hands-on working experience, the program incorporates upskilling training, rotations within and across functions in an accelerated learning environment.

- **Reskilling & Upskilling:** Reskilling and Upskilling are one of the key strategic priorities in our "Adaptation to the Future of Work" model. We continue to prepare all our employees for the future by investing over TL 200 million in the first three years of our 2021-2025 strategic plan. We aim to fill the gap between talent management and skill inventory. The Program participants' position rotations, performance scores and motivational status are followed proactively in order to foresee their flight risks.

Group Level Programs	Upskilling & Reskilling Objective	Duration & 2021 Participants
In-Lead	Industry Leaders (In-Lead) was developed to provide professional and leadership development of high-potential technical managers and engineers in Sabancı Group's Industrial, Building Materials and Energy Group companies.	1 year 20 graduates
X-TEND	An interactive online academy for gaining skills needed for the future of work such as resilience, innovative thinking, climate change, diversity & inclusion and open for all employees and their families.	8 months ~ 1,000 participants
Advanced Data Analytics Academy (ADAA)	The program mainly supports the "Leadership in Digitalization" principle of our 2021-2025 strategic plan. The 4 th cohort was executed focusing on Data Science and Data Translator technical expertise.	8 months 48 graduates
X-LAB	This online and blended cutting-edge development program supports the "innovation" dimension of our 2021-2025 strategic plan and the competencies, which will change ways of business with courage. The 1 st cohort, which includes the Ideathon phase, has been finalized.	4-6 months 250 graduates

Sabancı Group also provides graduate level educational support such as sponsoring the education of employees, providing discounts and offering additional leave. In 2021 total of 96* employees were supported in their post graduate level education.

- **Leadership:** Leadership Development Programs continued to be conducted across the Group in order to strengthen the diverse leadership pipeline and to extend Sabancı Leadership Model at all levels.

Group Level Programs	Leadership Objective	Duration & 2021 Participants
TP-X	Developed to improve the leadership skills of individuals with high potential talent who are new in their business careers as well as being new to the Group	1 ½ years 20 graduates
X-POSURE	Developed to improve the leadership potential of Sabancı Group mid-level managers.	1 ½ years 20 graduates
X-CELERATE NEXT	Designed for enriching transformative/connected/inspiring/inclusive leadership styles of CXO and GM Level leaders	1 ½ years 19 participants

*Sabancı Holding companies were included in these figures.

Human Capital

Digital & Agile Development & Transformation

X-challengers was formed as a strong initiative to support the transformation culture.



General Managers of Group companies and Holding Executive Committee Members who are named as Sabancı Transformation Team (SATT) and are leading the 2021-2025 strategic plan also experienced Top Team Effectiveness initiatives to reinforce the higher purpose of the Group together and strengthen their purpose-driven leadership styles.

Leadership potential assessment, succession principles, pipeline fullness and organizational healthiness criteria have been followed across the Group through the process of the Organizational People Review and Sabancı People Review for Top Management as previous years. Intercompany succession plans and development plans for successors were created and these plans are monitored regularly. This year, starting with SATT members, critical experience requirements of each leadership position were also worked on and the development needs, the career plans

of leaders were considered in line with these requirements.

Leadership Program participants' and critical position holders' career motivations, performance scores, rotational needs are being followed proactively to foresee their flight risks.

- **Purpose Driven Organization & Culture:** In 2021, impacts of the Sabancı higher purpose on the 2021-2025 strategic plan and on all business decisions were shared in the annual management meeting and in the quarterly CEO meetings with all white and blue collar employees. The Sabancı Group higher purpose was also integrated into all Group Leadership Programs and Reskilling/Upskilling Programs.
- **Digital & Agile Development & Transformation:** Two critical group-wide initiatives supporting the agile way of doing business and transformation have been in place since 2020: X-Teams and

X-challengers. X-Teams is an agile collaboration system where cross-functional teams consisting of employees of Group companies work for potential strategic business development projects which will achieve a transformation of the Sabancı Group in line with the 2021-2025 strategic plan, applying agile practices. Since 2020, 4 cohorts of X-TEAMS have been carried out with 26 teams – consisting of 250 employees have been involved in this system and submitted 26 projects.

X-challengers was formed as a strong initiative to support the transformation culture with the program engages young talent to challenge the existing core business and contribute to the strategic plan. In 2021, X-challengers generated 84 ideas, 15 of which were considered in the current 2021-2025 strategic plan.

Gender equality

Sabancı Holding was included in the 2022 Bloomberg Gender Equality Index which recognizes the performance of companies committed to gender equality across five pillars. At Sabancı Group, women hold 37% of managerial roles and 44% of board seats.

Equal Opportunity and Diversity

Sabancı Group has long been committed to ensuring equal rights and opportunities to foster a positive and an inclusive work environment and to contribute to the socio-economic development of the community. Any type of discrimination between employees of the Group in regard to language, race, skin color, ethnicity, gender, political inclination, faith, religion, denomination, age, physical disability or other similar reasons shall not be tolerated. The Group has also agreed to the Declaration of Principles on Equality at Work. Establishing and maintaining a fair working environment for employees is a top priority at Group companies and the progress is tracked according to a clear five-pillar road-map. We continue to support the Business Against Domestic Violence initiative executed by Sabancı University Corporate Governance Forum.

In line with its sustainability strategy, Sabancı Holding was included in the 2022 Bloomberg Gender Equality Index

which recognizes the performance of companies committed to gender equality across five pillars: female leadership and talent pipeline, equal pay and gender pay equity, inclusive culture, anti-sexual harassment policies their and pro-women brand. In 2021, Sabancı Holding created a new Chief Diversity & Inclusion Officer role to manage Group's diversity and inclusion initiatives and support commitment to enhancing diversity, equity and inclusion. Human Capital and Sustainability Group President also began to serve as a Chief Diversity and Inclusion Officer. Sabancı Holding has been also acknowledged as one of the leading World's Top Female Friendly Companies by a global employee survey conducted by Forbes Media and Statista.

Remuneration

Sabancı Group operates a balanced and effectively managed remuneration system that provides competitive total remuneration opportunities to attract, retain, motivate and reward employees. Remuneration at the Sabancı Group is conducted in accordance with applicable legal and regulatory requirements, as well as market developments.

The Remuneration Model for all employees, including executive positions, is comprised of fixed remuneration consisting of the base salary, employee benefits, allowances and variable remuneration consisting of short- and long- term incentive awards.

Gender equality is one of the key criteria in our remuneration model. Men and women receive equal pay with a male to female pay ratio of 1.0.

Additionally, Sabancı Holding has no raw pay gap against women employees. Sabancı Holding is committed to carrying out an equal

Human Capital

Performance expectations are clearly defined and monitored through a structured continuous performance management system by using Objectives & Key Results (OKRs) and Key Performance Indicators (KPIs).

pay for equal work study with a raw gender pay gap analysis carried out on an annual basis, maintaining equality going forward.

Remuneration policies are reviewed and updated annually in view of macroeconomic data, regular detailed salary trend reports received from independent surveys based on peer groups and general industry, the size of each company as well as corporate long-term goals, individual workloads, and in-house and external salary patterns. To support remuneration

models with additional benefits, all Sabancı Group companies offer separate side benefits schemes with varying content and flexibility based on role status and requirements in line with employee expectations and needs.

Performance expectations are clearly defined and monitored through a structured continuous performance management system by using Objectives & Key Results (OKRs) and Key Performance Indicators (KPIs). Performance results are used to support remuneration decisions.

Short Term Incentive (STI) & Long Term Incentive (LTI) Systems

• Variable Remuneration Components;

- Short-term (one year) incentives help employees focus their performance on the achievement of key financial and non-financial objectives.
- Long Term (three-year) incentives are offered to a defined group

of the most senior executive positions within the Sabancı Group, to increase share value and help them gain a shareholder perspective, and to reward long-term performance and stability

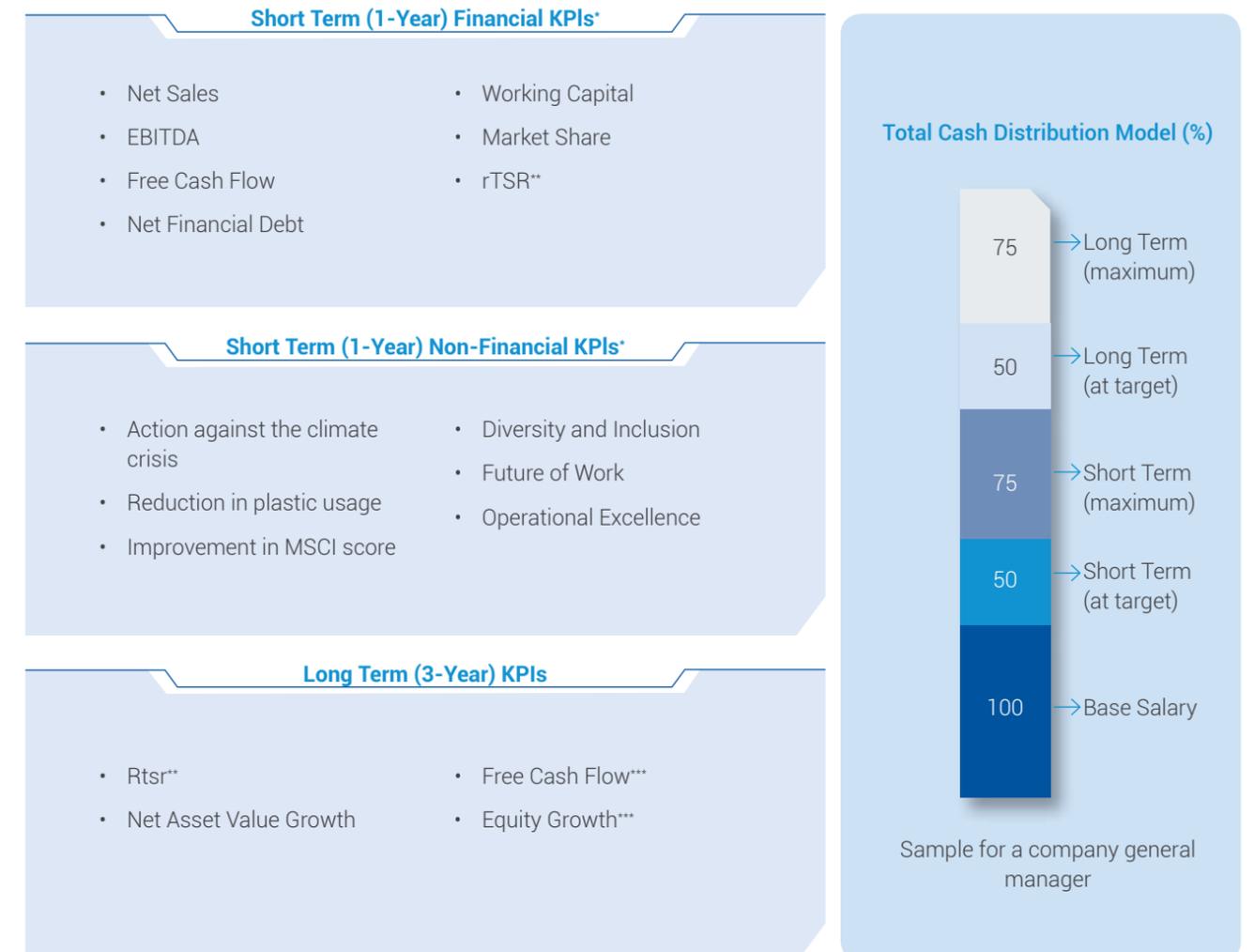
Long Term KPIs for the senior management team are reviewed and defined each year by the Board.

The Malus and clawback framework is established both for STI and LTI systems as a remuneration safeguard, and it applies to all STI and LTI Participants.

2021 KPIs for variable remuneration are set out below;

The Total Reward Model

Total Reward	Total Income Package	Recognition, Appreciation and Supportive Practices	Flexible Working Career Development Training Support Golden Collar Awards Recognition & Appreciation Programs Work Environment	Sabancı Group provides a range of benefits, recognition, appreciation and supportive practices to employees, which are designed to reflect peer group and market practices.	
		Benefit & Allowances	Private Pension Plans With Company Support Private Health Insurance Employee Transportation Support/Fuel Support/ Company Car Mobile Phone/Data Line		
	Total Cash	Variable Salary	Short-Term Incentives Long-Term Incentives		Sabancı Group's short-term incentive plan (STIP) and long-term incentive plan (LTIP) aim to align the remuneration architecture with the achievement of the Group's key financial and strategic targets, operational plans, while considering the interests of key stakeholders. Business and individual performance may result in remuneration levels above target for superior performance, and reduced levels that are below target for performance below expectations.
		Fixed Salary	Base Salary		Base salary is defined by the size, scope and complexity of the role, level of responsibility, professional experience and reviewed annually.



* Short Term KPIs are not limited to those included on this page; some of them are shown as samples.
 ** Change in market capitalization compared to peers for listed companies
 *** For non-listed companies

Human Capital

Employee Rights

Sabancı Group respects and attaches utmost importance to the rights of its employees in union organizations and collective bargaining agreements.

Labor Relations Management and Legal Compliance

Studies conducted on changes in working life in Turkey and in the World, statistical data, trends and best practices as well as legal and administrative regulations both in Turkey and the World are closely monitored and shared with all stakeholders through a range of digital tools. Sabancı Group companies are informed of proactive measures taken against the risks which may arise.

Sabancı Group respects and attaches utmost importance to the rights of its employees in union organizations and collective bargaining agreements. We take an unbiased approach in the union selection and union organization process of our employees. An effective cooperation and dialogue platform is in the process of being established to

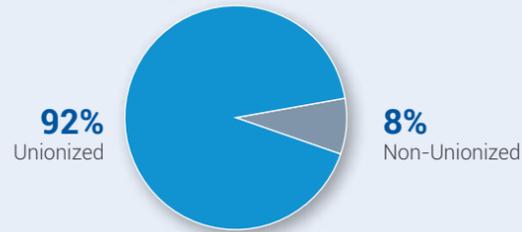
ensure improvement and continuity of workplace harmony in cooperation with employee and employer unions.

As the leader of the Turkish Industry & Business Association (TÜSİAD) Employment and Social Security Working Group, Sabancı Group supported all activities conducted by the private sector in the field of labor legislation. Sabancı Group also contributes to TÜSİAD's opinion-making process in respect to developments in Turkey and around the World regarding labor legislation.

Employee Health and Occupational Safety

Employee health and safety applications are carried out under relevant legal and regulatory requirements, obligations and standards; national and global trends and best practices in this field are constantly monitored and adapted at the same time. In all of our activities, potential risks are analyzed in advance and proactive approaches to counter such risks are adopted. Sabancı Group places the highest priority on providing accurate and timely information on pandemic-related developments, maintaining a unified approach and ensuring consistent implementation across the Group, as well as reacting immediately to urgent developments as its top priorities.

Blue Collar Unionization Breakdown



* Akbank, PMI and Holding companies are not included



Sabancı Holding has been also acknowledged as one of the leading World's Top Female Friendly Companies by a global employee survey conducted by Forbes Media and Statista.

Sabancı Holding Human Capital Awards and Achievements in 2021

- The Sabancı Group Diversity & Inclusion Policy and Initiatives won recognition with two GOLD awards ("Best Advance in Leading Diversity, Equity & Inclusion Initiatives" and "Best Governance of Diversity, Equity & Inclusion" categories) from the Brandon Hall Human Capital Management Excellence Program, and one GOLD award from the STEVIE® The International Business Awards.
- The Sabancı Group HR Initiatives on Women Empowerment was rewarded as a Silver winner in the Stevie Awards for Women in Business.
- Sabancı Holding received the GOLD award in the "Achievement in Human Resources Administration" category in The Stevie Awards, in recognition of its Great Employers Program.
- The New Generation Career Experience Program was recognized with two Silver awards (*Achievement in Succession and Career Management & Achievement in Extended Enterprise Learning Programs*) by The Stevie Awards in recognition of its Great Employers Program.
- The Program was also ranked 1st as "The Most Preferred Online Internship Program by Youth" in the Youthwards '21 by 46,238 university students from 150 different universities. X-Teams was awarded with two GOLD ("Training Programs - Problem-Solving Training" and "Best Use of Social Collaborative Learning") and one Bronze award ("Most Innovative Learning and Development Program") from The Stevie Awards in recognition of its Great Employers Program.

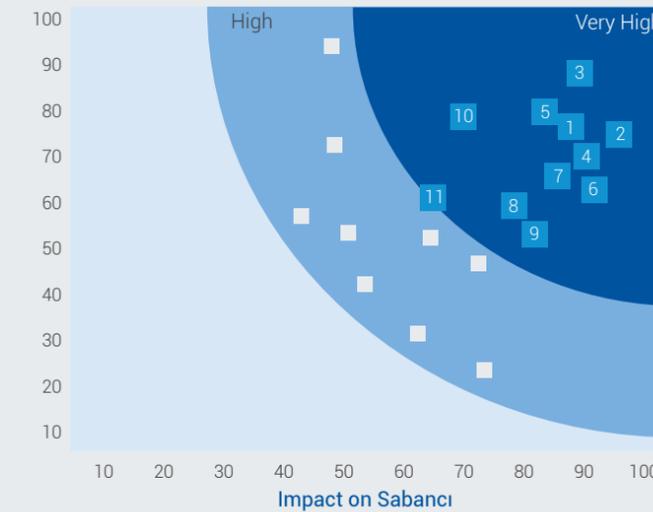
Awards

Sabancı Group Diversity & Inclusion Policy and Initiatives won 4 different global recognition in 2021.

Sustainability



Importance for Stakeholders



- 1 Technology and digitalization
- 2 Innovation
- 3 Climate emergency
- 4 Responsible investments
- 5 Economic performance
- 6 Risk management
- 7 Talent management
- 8 Partnerships and collaborations with stakeholders
- 9 Corporate governance
- 10 Circular economy
- 11 Equal opportunities and diversity

Sustainability

At Sabancı Holding, we pioneer and lead the sectors we operate in through our sustainability approach which we have spread to Group companies. With the best practices implemented in ESG, we contribute to sustainability to make it essential part of the business model in all sectors.

In our main business lines such as energy, industrials, and financial services, we focus on making our current investments more sustainable and defining our new generation growth platforms in sustainable and high-tech business areas.

By focusing on areas such as electrification, digitalization and the circular economy, we aim to ensure the highest level of efficiency within our own organization and for our customers' activities.

In line with our vision, we embarked on a large-scale program to transform our increased ambition into a roadmap in 2020. The first step was to define ownership for the execution of ESG initiatives at the Holding level. We established our Group's sustainability organizational structure with ownership and representation at Group presidency level, while enriching the structure with sustainability experts and professionals. We then consulted more than 1,000 different stakeholder representatives including our investor community and identified our material issues.

While determining the materiality of issues for stakeholders:

- We received opinions on potential sustainability priorities from both Group company employees and external stakeholders.
- In this context, we reached out to different groups ranging

from universities to suppliers, nongovernmental organizations to investors. In the stakeholder analysis, based on the international stakeholder engagement standard (AA1000SES) and reaching 1,167 people, 44% of the stakeholders contacted participated in the study. We evaluated the key trends which impact the global agenda and analyzed material issues which affect business and sustainability by reviewing the literature with external trend analysis.

By identifying our material issues, we not only engaged with a range of stakeholders but also analyzed best and next practices. We also assessed the strategic impact of each issue on our business, and this is what formed the main driver behind raising our ambition.

Sustainability Roadmap: Focus Areas, Accelerators and Foundations

When it comes to material issues, we developed our action plan and long-term ambitions for the whole Group, in agreement with Group

Presidents at the Holding level and the CEOs of all Group companies. With these steps, together with our long-term ambitions, we drew up our Sustainability Roadmap, which was published in the first quarter of 2021.

Based on our current governance model, ESG initiatives and key performance indicators are being monitored at the Board level.



Sustainability

At Sabancı Group, we set a target to achieve Net-Zero Emissions and Zero Waste in all operations by 2050 at the latest. In collaboration with our stakeholders, we are transitioning to a circular business model to ensure more effective and efficient use of scarce resources.



MSCI upgraded Sabancı Holding's ESG rating by two notches from "B" in 2020 to "BBB" in 2021.

Accordingly, our key community investment programs are managed under a comprehensive approach which is closely connected to our main strategy and business activities. It also includes a strategic review of existing programs to ensure that our community investments create the maximum possible impact.

Our third pillar, Fostering Sustainable Business Models is about

- further embedding the responsible investment approach in our business,
- going beyond the 'do no harm' principle, to develop innovative products, services and solutions which have a positive impact in line with our ambitious targets.

In addition to these three pillars, we believe that digitalization, technology and innovation will be accelerators to help us reach our goals more rapidly with Human Capital and Governance serving as the foundation of maintaining and further enhancing our performance.

In 2021, we created new ESG related KPIs such as the SDG linked revenues, and also initiated an external assurance process for all key performance indicators representing our Group performance to increase the granularity of our ESG performance.

Our Sustainability Roadmap will serve our intention of pioneering the sustainability and be among the best practices first in Turkey and in the midterm in the regions that we operate.

Being Net Zero emissions and Zero Waste at the latest by 2050 are the challenging but essential part of our

targets. This includes our Scope 1 and 2 emissions, and our intention is to include Scope 3 to the extent that is feasible and practically possible. Therefore, it includes deep decarbonization to the extent possible while taking into consideration the global and local context on issues such as energy security, and then using credible offset methods to neutralize the residual emissions and to accelerate the transition.

With Net Zero emissions target, it will require significant reduction in our emissions by 2030s in parallel with the scientific studies. Accordingly, our Group companies started to define their own targets aligned with science. In 2022, our interim targets and to roadmap to 2050 will further be clarified thanks to a comprehensive assessment study run across all our businesses.

The zero-waste goal is also challenging, but given our enduring efforts on the circular economy, we believe it is doable and we will go to every effort to reach this goal before 2050, at least in some of our sectors.

On the other hand, we will continuously increase the number of SDG-linked products and services and the share in our total net sales revenues. Our aim is to increase the share of SDG-linked products and also to reduce our waste and emissions. We also aim that 70% of our R&D and innovation expenses serve SDGs by 2025.

On the premise of leaving no one behind, we will continue to support all segments of our society inclusively. We will assess the impact of our major community investment programs and remain above the meaningful threshold which we identified for the social return on our investments.

We built our sustainability roadmap with a focus on three main pillars.

The first pillar is Acting on Climate Emergency. In this pillar, we perform the actions that will carry us to Net Zero Emissions and Zero Waste by 2050 at the latest. In line with these goals, we are investing in new technologies to increase renewable energy capacity and efficiency. In addition, we offer the transportation technologies of the future and support the transformation of the value chain with green electricity tariffs and green financing. Circular economy practices will also be a key area of priority in achieving these targets.

In line with this priority, we are transitioning to a circular business model in which waste is reused or recycled at the highest level to ensure the more effective and efficient use of scarce resources. Accordingly, we are developing products and services

which reduce resource use and carbon emissions and enable the transition to and deployment of more sustainable technologies.

Achieving these targets will require a significant transformation which also should serve for the entire economy since we embrace the principle of 'leaving no one behind', especially those who are more vulnerable and struggling to keep up with the transition.

In our second pillar, we aim to maximize our positive impact on people and society. In line with our vision of being a pioneer and setting an example, we create long-term and sustainable value for all our stakeholders with high-impact social projects and partnerships. We believe that finding permanent solutions to social problems is only possible by reducing inequalities.

Sabancı Holding enhanced its CDP Climate Change Score to B (management level) as well as taking its place in the management level category by maintaining B score in CDP Water Security Program. Kordsa was awarded as Leader in the CDP Turkey Climate Change and Global Water Security Program. Brisa was awarded as Leader of the CDP Turkey Climate program for the 6th consecutive year and leader of the CDP Water Security Program.

Sustainability

Sustainability Roadmap and Goals

Roadmap Area	Material Issue Number	Long-Term Goal	Related SDG
	CLIMATE EMERGENCY 3	Achieving Net-Zero Emissions and Zero Waste by 2050	   
	CIRCULAR ECONOMY 10	Reviewing our processes from a circular economy perspective	 
	PARTNERSHIPS AND COLLABORATIONS WITH STAKEHOLDERS 8	Implementing measurable, high-impact social programs with continuous improvement efforts (min. SROI* > 1)	   
	RESPONSIBLE INVESTMENTS 4	Developing sustainable products, services and business models	  
	ECONOMIC PERFORMANCE 5	Developing sustainable products, services and business models, TL 200 billion in sustainable financing by 2030** and a sustainable mutual fund balance of TL 15 billion by 2030	
	TECHNOLOGY AND DIGITALIZATION 1	Reaching our Sustainability Goals more quickly by utilizing digitalization for greater flexibility, quality and efficiency	 
	INNOVATION 2	Increasing our sustainable product and service potential by combining our strength in R&D and innovation with technology.	 
	TALENT MANAGEMENT 7	Providing development opportunities and experiences that will shape the Future of Work	 
	EQUAL OPPORTUNITY AND DIVERSITY 11	Being a leader in Diversity and Inclusion	 
	RISK MANAGEMENT 6	Continuously developing our corporate governance approach	
	CORPORATE GOVERNANCE 9	Adopting an effective sustainability governance model	

* Social Return on Investment. This indicator will start to be calculated from 2022 onwards.

** Sustainable investment funds and loan financing target provided by Akbank.

Sustainability Governance

We believe that our ESG Governance also includes many firsts in Turkey in terms of robustness. As a part of our participative and total leader ownership approach, we established a Sustainability Leadership committee which includes all of our Group Presidents.

Sustainability Leadership Committee



Sustainability

Furthermore, a Board Level Sustainability Committee was also established, which is formed and governed by independent Board Members of Sabancı Holding.

Sustainability Board Committee Structure

Sustainability Board Committee comprises of a Rapporteur and maximum three members including Chair who is appointed by Sabancı Holding Board of Directors.

The Chair of the Committee is selected among the independent Board Members and appointed by Sabancı Holding Board of Directors.

The Committee meets in ordinary session at least twice a year.

The meeting minutes are noted regularly by the Rapporteur. Following the approval of meeting minutes by all Committee members, it shall be submitted to Sabancı Holding Board of Directors.

Committee Structure

Committee Chair: Ahmet Erdem

Permanent Members: Ahmet Erdem, Hayri Çulhacı, Mehmet Kahya (Board of Directors Independent Members)

Participants: Sabancı Holding CEO, Human Capital and Sustainability Group President (Sustainability Leadership Committee President)

Members Participating by Invitation: General Managers of Group companies, Sustainability Leadership Committee Permanent Members, Coordinators etc.

Rapporteur: The Sustainability Director of Sabancı Holding is the Rapporteur of the Sustainability Board Committee. The Rapporteur ensures the administrative organization of the meetings and coordinates the attendance of the people whom the Chair asks to attend the meeting.

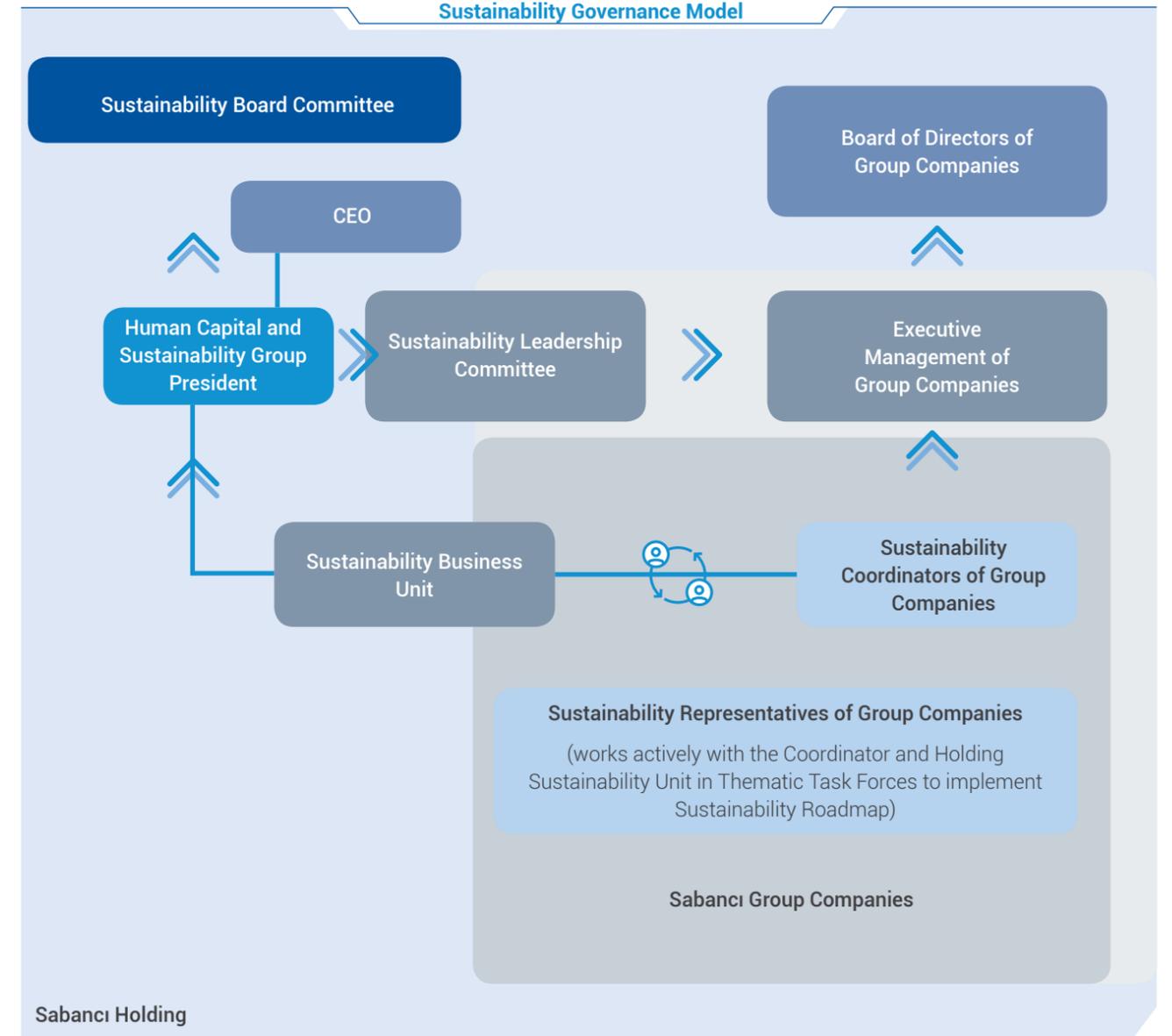
Committee Responsibilities: Sustainability Board Committee comprises of the independent board members in order to help the Board of Directors fulfill its duties and responsibilities regarding environmental and social issues in a healthy manner.

At a Group company level, sustainability organizations and ownership are also clearly defined. We ensure alignment and coordination across all our businesses through the Thematic Working Groups that include sustainability coordinators and representations from our Group companies.

One element of the governance structure which we deem to be critical is accountability and transparency. With our latest sustainability report, we were the first conglomerate in Turkey to disclose more than 30 KPIs by covering almost 100% of our Group companies while obtaining external assurance on the sustainability information at the Group Level.

As an indication of our ambition and accountability, we have integrated ESG metrics to the performance criteria of our CEOs and Group top management, at a rate of 10% for Group Presidents and 15% for CEOs.

Sustainability Governance Model



Sabancı Volunteers Program



Sabancı Volunteers Program

Sabancı Holding always emphasizes the significance of solidarity and unity when determining common priorities, constantly encourages innovation and participation while generating sustainable solutions to tackle various major social and environmental problems. Sabancı Holding also believes that unleashing the tremendous potential of employee volunteering is of crucial importance in the process of sustainable development.

The Sabancı Volunteers Program was initiated in 2015 to strengthen the bond between employees and Group companies, enhance employee social awareness and create activities beneficial to society. The Sabancı Volunteers program carried out worthwhile projects which have touched the lives of thousands of people all over Turkey throughout 2021.

The 'Tomorrow Is Ours' Project

While continuing to raise awareness of the importance of volunteering in Turkey and providing solutions to a variety of social problems, Sabancı Volunteers launched a significant social responsibility project under the banner of 'Tomorrow Is Ours', on 7 April to ensure a better future for the children and siblings of healthcare workers, who have been the key heroes of the pandemic. The 'Tomorrow Is Ours' project aims to prepare these young people for every aspect of their adult lives, with the program also providing them with the tools to achieve their career goals. Unfortunately, during the pandemic, the stressful nature of their parents' work and the difficulties of online education exacerbated the pressure on these young people while they prepared for their university entrance exams. Therefore, Sabancı Holding decided to support these young people, who represent the 'future' of

healthcare, by bringing this ambitious project to life.

The 'Tomorrow Is Ours' project was founded on two programs which represent parallel pillars which when combined provide vital support; a 'mentoring program' and a 'career development program'. The project's first step was to match the students with the most suitable 'mentors' from a pool of Sabancı Group employees. A total of 626 Sabancı Volunteers mentored 698 young people from 65 Turkish provinces in the project's first phase. It was decided that the best way for Sabancı Group employees from different sectors and opinion leader mentors to contribute to the success of these young people would be to share their broad knowledge and extensive experience in constructive online meetings while accompanied by their mentees.

Sabancı Republic Day Campaign

The Sabancı Volunteers carried out a one-of-a-kind campaign effort to mark the 98th anniversary of the Republic of Turkey.

Furthermore, an online platform including videos in various fields such as personal development, professional and skills development, career planning, social sensitivity, and sports was launched so that the mentees could benefit in their own time.

In the second phase of the project, which featured online training and webinars, the young people were provided with the knowledge and competencies to support their future careers and personal development in the healthiest, most productive ways possible. Appropriate workshops with themes such as personal awareness, motivation, emotional awareness, stress management, communication, relationships and boundaries were created to support the psychological well-being of these young people. In addition, workshops and group studies utilizing psychotherapeutic methods were held online. During this process, along with the training videos provided by the Sabancı Group companies, a career support program was implemented by the Sabancı University Career Development and Internship Office. In addition, Sabancı University faculty members and graduates provided departmental and other professional presentations.

Medicine and engineering were the leading programs selected by the young people participating in the project, followed by law and psychology. Istanbul, Boğaziçi, METU, Sabancı, Akdeniz and Ege Universities, as well as Cerrahpaşa and Hacettepe Universities, were among the most popular universities.

The second phase of the project, which commenced in September 2021 with

500 young people and 500 mentors, aims to increase self-awareness and social awareness by teaching 'Youth responsibility'.

During this part of the program, which was inspired by the virtues of responsible citizenship, the importance of volunteering was effectively conveyed to the young people in attendance, individuals will eventually be accountable for building a better future for us all. In addition, those who participated in the volunteering workshops also received training on waste management, social enterprise and digital literacy.

Sabancı Republic Day Campaign

The Sabancı Volunteers carried out a one-of-a-kind campaign effort to mark the 98th anniversary of the Republic of Turkey. As a pioneer in sustainability, Sabancı Group launched Sabancı Republic Day Campaign to ensure a better future for the new generation as well as the environment and for all living things, and of course, to defend the legacy of Atatürk.

For 13 days between 29 October and 10 November, all participating Sabancı Volunteers not only celebrated the proclamation of the Republic, but they also kept the spirit of the Republic alive with their own significant volunteering efforts. On 10 November, we presented all our volunteer work to Great Leader Atatürk and commemorated him by working.

With this massive campaign involving more than 60,000 employees and stakeholders, which started in Adana and subsequently traveled to 11 other Turkish cities including Aydın, Aksaray, Ankara, Antalya, Balıkesir, Bursa,



The 'Tomorrow Is Ours' Project

The "Tomorrow is Ours" project aims to ensure a better future for the children and siblings of healthcare workers, who have been the key heroes of the pandemic.

Sabancı Volunteers Program

A clutch of domestic and international awards

Sabancı Volunteers received a number of notable awards from the most prestigious Turkish and International organizations in recognition of their work.



Çanakkale, İstanbul, Kocaeli and Mersin, the Sabancı Group was able to truly embody the great spirit of the Republic.

The chief aim of this campaign, which was first announced at a press conference held on 27 October in the village of Kızılarsık in the Kozan district of Adana, where the first of the devastating summer fires broke out last July, was to bring relief to the widespread suffering caused by the destructive environmental disasters which hit many areas of Turkey.

This campaign, which involved extensive soil revitalization, large scale tree-planting schemes, the renovation of schools and a wide array of environmental activities from cleaning to supporting biodiversity, was carried out on an entirely voluntary basis.

Sabancı Volunteers devoted 35,000 hours of volunteering in the field over 13 days, estimated to be the equivalent of 1,458 days of work - or, in simpler terms, four years of work. More

than 5,000 trees were planted over the course of 13 days with a further 200,000 planted by the end of the year. In Adana, where the first forest fires broke out, 4,200 income-generating trees were fertilized and the soil was successfully revitalized over an area of 8.5 hectares with 8.5 tonnes of fertilizer, while 750 kg of waste was collected in Büyükkada alone, consisting of 500 kg of packaging and 250 kg of non-recyclable wastes. Meanwhile, 400 kg of plastic packaging waste and 100 kg of other varieties of packaging (glass, metal, paper, cardboard and composites) were recycled into the economy. The 500 kg of packaging waste sent for recycling prevented half a tonne of CO₂ from being emitted into the atmosphere. Nearly 100 beehives were distributed. Dozens of houses, schools and barns were renovated, and 18 new barns were built from scratch. Hundreds of tables, chairs and books were donated to schools. In addition, dozens of bicycles were assembled, tablets were widely

distributed to students and dozens of temporary homes were constructed. Thousands of aid boxes were prepared for children suffering from leukemia. Nearly two tonnes of food was distributed to street animals, and over than 200 shelters were built.

Embracing the late Hacı Ömer Sabancı's life philosophy of "Sharing what we have obtained from this land with its people", the Sabancı Group aims to further expand its campaign efforts across Turkey in 2023, which will fittingly be the 100th anniversary of the Republic.

A clutch of domestic and international awards

Sabancı Volunteers received a number of notable awards from the most prestigious Turkish and International organizations in recognition of their work.

Sabancı Group was awarded the International Corporate Social Responsibility (CSR) Excellence Award in 2020 and 2021 with its Sabancı Volunteers program at the award ceremonies held in London. The Sabancı Group was also handed an important prize in the 'Best Social Responsibility Practice' category at the Green World Awards in the UK from The Green Organization, one of the most prestigious international award organizations which was established to promote, reward, and develop the most successful environmental practices around the world.

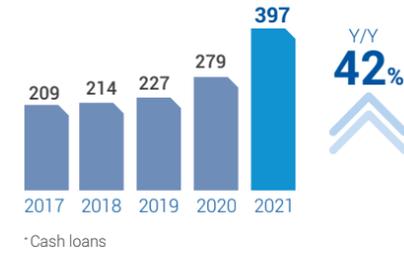
Sabancı Volunteers was handed the 'Most Successful Volunteering Project' award at the 14th Awards from the Heart this year by the Private Sector Volunteers Association (ÖSGD) in recognition of the Group's 'Tomorrow Is Ours' project. The 'Awards from

the Heart', among most sought after awards in its field, have been held since 2007 to support and extend volunteering activities in the private sector and reward volunteer groups which provide noteworthy contributions to society.

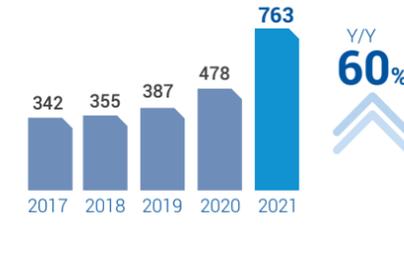
Finally, Sabancı Group was the only company invited from Turkey and the surrounding region to the meeting held by the United Nations in 2020 to support volunteering activities throughout the world, selected among the examples of 'best practice' in recognition of its Sabancı Volunteers program.

In 2021, a year when the markets were pounded by strong global headwinds, Akbank achieved strong growth in all areas of banking, **especially in loans, with its strong financial structure and impressive resilience, posting a solid core operating performance.**

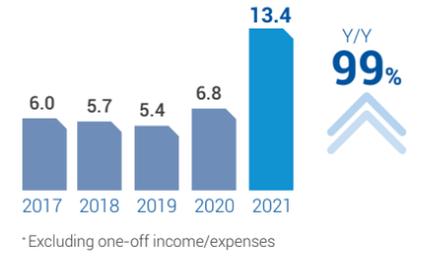
Loans* (TL Billion)



Total Assets (TL Billion)



Consolidated Net Income* (TL Billion)



AKBANK

Banking



Banking



To be the leading bank

In line with its vision to “To be the leading bank which drives Turkey into the future”, Akbank launched a major transformation initiative in 2021 to further integrate sustainability into all its operations.

Unabatedly driving sustainable long-term shareholder value

2021 was a year in which Akbank achieved successful results and at the same time, in which change continued to be internalized with a proactive approach.

A superior financial strength and operational resilience

Despite a challenging macro environment marked by high global inflation and the negative impacts of the ongoing pandemic, Akbank once again successfully navigated a volatile year maintaining its financial strength and operational resilience.

In 2021, the loan support Akbank provided to the economy increased to a total of TL 485 billion, with TL 397 billion in cash loans. Deposits reached TL 454 billion, while assets reached TL 763 billion. With the strength driven by this structure, Akbank continued

to support the development of the real sector with the loans provided to businesses. Akbank reported a consolidated net profit of TL 12 billion 127 million after provisioning TL 4 billion 513 million for taxes.

Robust TL loan growth, proactive positioning in the security portfolio and strong fee income growth across the board were all instrumental in the Bank's solid core operating performance. Meanwhile, the trends in the net Cost of Credit were considerably better than expected thanks to prudent risk discipline through the cycle. As a result, the Bank delivered a full year return on equity of 17.9% while maintaining a best-in-class capital positioning. With a robust capital adequacy ratio of 21.1%, Akbank continued to have one of the strongest capital structures in the sector. Robust capital buffers have served as a shield against unprecedented challenges and volatility and created

ammunition for sustainable profitable growth. Akbank will continue to drive sustainable long-term shareholder value with its prudent asset-liability management, solid liquidity, disciplined risk management, low-cost base and enhanced digital capabilities.

Three key priorities in adding value to the group strategy

Akbank has identified the following priorities based on important opportunities in the industry: The first is to grow while protecting the bank's core customer base. This includes designing more efficient interaction models for evolving expectations & technology, and optimizing business channels and resources to advance and deepen sales capabilities to further expand the customer base.

The second priority is innovation of the business model to take up a more meaningful part of a customer's lifecycle. Business areas such as digital

banking, payments services, integrated platforms and new commercial verticals witnessed important new initiatives in 2021 and moving into 2022 will see an increase in the pace of these efforts by Akbank.

Finally, all of the transformation initiatives will require robust foundations and enablers such as advanced analytics capabilities, state of the art technology and infrastructure, a competitive talent pool and a supportive culture for the organization and, last but not least, the brand and corporate communication efforts.

Further integration of sustainability into all operations

Another key driving force shaping the industry is sustainability. The transformation to a greener, more inclusive economy will require extensive investment and structural change across all sectors and businesses. Turkey's decision to ratify the Paris Agreement in 2021 was also an

important milestone in this respect. The banking industry has a special role in helping economies and businesses achieve this transformation.

In line with its vision to “To be the leading bank which propels Turkey into the future”, Akbank launched a major transformation initiative in 2021 to further integrate sustainability into all its operations. This initiative focused on four areas: Sustainable Finance, Ecosystems Management, People & Culture and Climate Change. The work in these four areas is supported by the bank's strong financial performance and integrated governance approach. Thanks to measurable solid targets and consistent implementation of its sustainability action plan, Akbank improved its scores in leading Sustainability Indices. Akbank's MSCI ESG rating has been upgraded two notches to BBB, while the Sustainability Index upgraded its assessment to “Low Risk”.

21.1%

With a robust capital adequacy ratio of 21.1%, Akbank continued to have one of the strongest capital structures in the sector.

Banking



Actionable targets in sustainability

In line with its 4-pillar sustainability strategy, Akbank identified and announced long-term, actionable targets in 2021, becoming the first Turkish deposit bank to announce commitments on both sides of the balance sheet.

Banking in a fast-changing world

The world's understanding and expectations of what banking looks like have been totally transformed by an unprecedented period of challenges.

It is no longer enough to make promises or pledges: responsible banks must face the climate crisis head-on and truly act on their commitments to all of their stakeholders, especially when it comes to the social impact.

Looking ahead: higher profitability but stiffer competition

As we look ahead to 2022, the global economy has been displaying signs of recovery and even though uncertainties persist with new pandemic variants and the supply crisis, the consensus view is that central banks will abandon their

expansionary fiscal policies. The Global banking industry is expected to post higher profitability but also face tougher competition for revenue generation.

An integrated digital ecosystem

For the banking industry, strategic partnerships and competition with fintechs and adjacent industries such as e-commerce and telecommunications has become more important than ever. Regulatory changes in Turkey on open banking, digital banking and service model banking help define the playing field where banks may choose several options to bring about impactful change to their business models and prepare for the future challenges of the competitive landscape. Banks may deploy some of their expertise and excess capacity in banking as a service model, or they can become a hub for

different service provides in banking as a platform model; or they can found a new, fully digital bank. Banks will be positioned as the best players to match the success of Big Tech and e-commerce companies in creating an integrated digital ecosystem and embedding themselves in customers' lives, especially due to their already trust based and established relationship. Akbank Lab will continue to be a facilitator for Akbank's partnerships with fintechs and the rest of startup ecosystem.

A bifocal strategy

Akbank has developed a bifocal strategy of "Run the Bank" and "Crafting the Future" to structure its key priorities and reach its goals. "Running the bank" is focused on the present or short-term, and even on the daily requirements of risk and return

focused sound growth, expansion and activation of the customer base, managing the capital structure to be robust even through turbulent market conditions, maintaining the standard of best-in-class efficiency and sustainable high profitability and stakeholder value creation.

"Crafting the future" goes hand in hand with running the bank, as it is crucial to create and maintain a superior customer experience, to leverage digitalization and advanced analytics and to invest in business models, the work environment and people which will ensure Akbank remains in a pioneering position.

Targeting operational carbon neutrality by 2025

In line with its 4-pillar sustainability strategy, Akbank identified and announced long-term, actionable

targets in 2021, becoming the first Turkish deposit bank to announce commitments on both sides of the balance sheet.

These targets include TL 200 billion of sustainable loans by 2030, raising sustainable investment funds to TL 15 billion by 2030 and becoming a carbon-neutral bank through eliminating operational emissions by 2025. In 2022 and beyond, the bank will continue to work towards achieving these long-term goals. In doing so, the bank aims to further mitigate its social, environmental and climate-related risks, while seizing the opportunities presented by the green transformation.

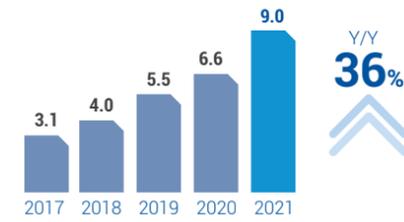
By offering customized solutions for the diverse set of needs of a low-carbon economy, Akbank will position itself as the go-to bank in sustainable finance.

Bifocal strategy

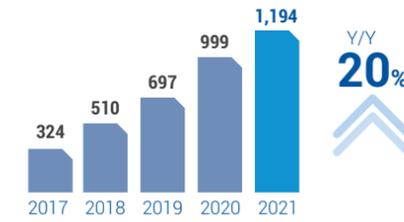
Akbank has developed a bifocal strategy of "Run the Bank" and "Crafting the Future" to structure its key priorities and reach its goals.

In the new era of market conditions experienced in 2021; "normalization in the pandemic", Sabancı Group's financial services companies continued to provide **best-in-class service experience to their customers while undertaking strategic, innovative and sustainable initiatives.**

Combined Revenue (TL Billion)

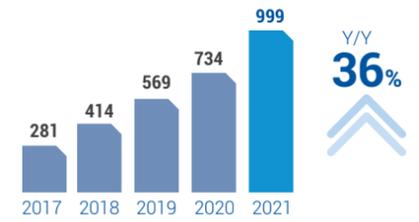


Combined EBITDA* (TL Million)



*Excluding one-off income/expenses

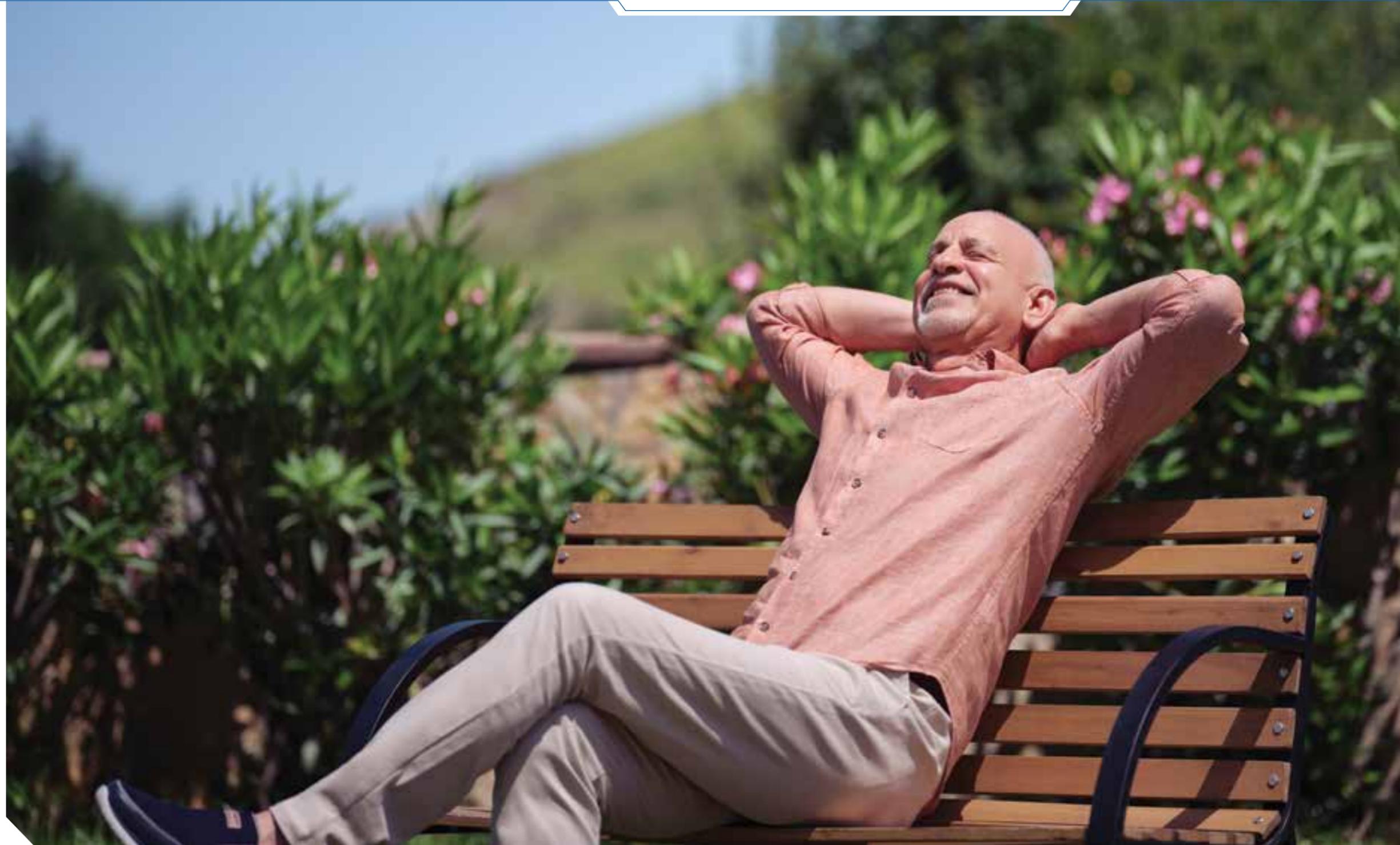
Combined Net Income* (TL Million)



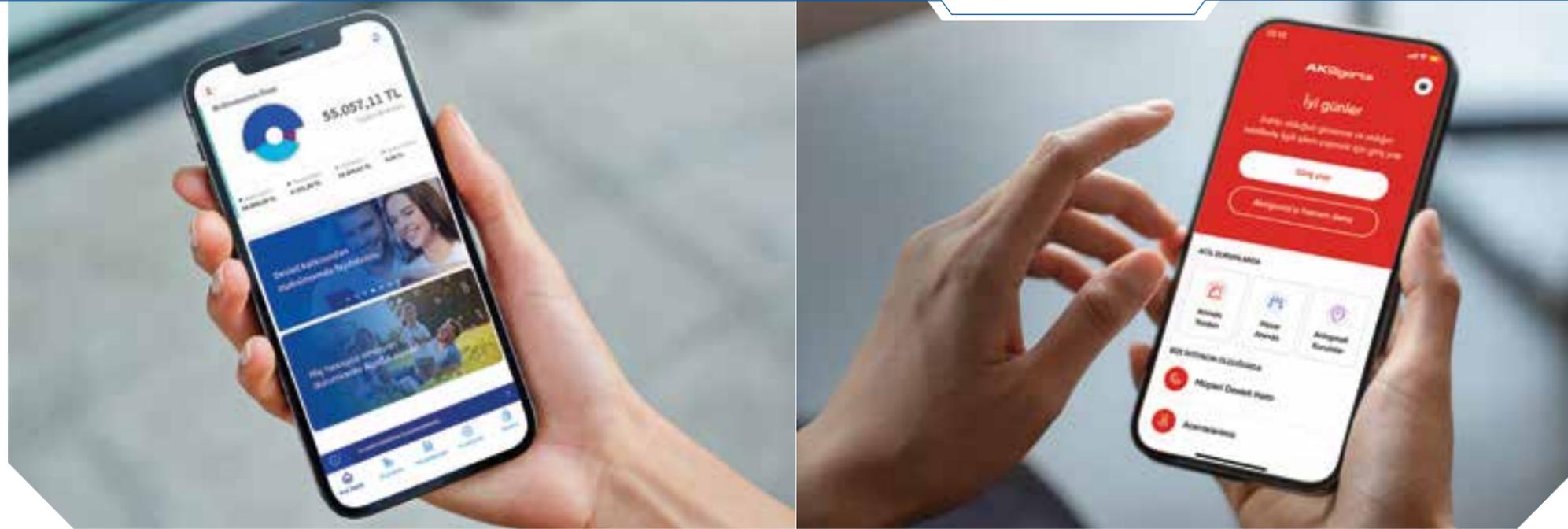
*Excluding one-off income/expenses



Financial Services



Financial Services



Successfully confronting market challenges

Strategic, innovative and sustainable initiatives supported the achievement of remarkable results in market share, transaction volumes and customer numbers.

A strategic move

The key development for the financial services strategic business unit in 2021 was the change in the life and pension business partnership. In May, Ageas - which had already been a shareholder in the non-life business since 2011 - became Sabancı Group's JV partner in the life and pension business as well, paving the way for new synergies going forward. As a result of this new partnership, Sabancı Holding started to fully consolidate its financial services companies, Aksigorta and Ageas, in its financial statements with effect from 1 July 2021.

Significant progress in the life & pension business

In 2021, our life and pension business maintained its leading market position among private sector companies in the pension market and achieved significant progress in the life insurance segment. Our life and pension financial services company, Ageas, is currently positioned as the number one pension & auto-enrollment (among private companies) player in the market with a 17.8% market share, ranking the second in the life and personal accident insurance market (among private companies) with a 11.0% market share.

Significant growth in core market thanks to credit life products

Credit life products, which generate a substantial part of insurance premium production, play a crucial role in building the core business. Perfection in the customer experience

supported by digital processes and the clear focus of the sales teams have delivered successful business outcomes, driving our market share in the credit life segment from 5.1% at the end of 2020 to 8.2% at the end of 2021. Coupled with the significant growth of our standalone and personal accident businesses, our life insurance business achieved a premium growth rate of around 52% year on year far outpacing 21% market growth.

43% growth in pension assets under management

The life and pension business maintained its upward momentum in 2021 with a 43% year on year growth in total pension assets under management (AuM). New regulatory developments, notably the availability of pension products to under age of 18s and the increase in the state contribution from 25% to 30%, also supported the long-term growth prospects.

Growth in direct sales channels

The life and pension business serves 2.4 million customers through an extensive distribution structure, comprised of a bank assurance network which it established with Akbank, the industry's largest direct sales team, an exclusive agency network, corporate projects and telesales.

In order to respond to shifting market and customer dynamics, the life and pension business continued to improve its distribution capabilities in 2021, in particular with the growth of the direct sales channel.

Our life and pension business has also continued to distinguish itself with its services and the personalized experiences offered to customers. Dedicated teams in the call center and sales channels provide valuable information and services to pension customers regarding their savings and investment alternatives while

automated fund management advisory services are provided through our mobile application.

A leading player in the non-life segment

Despite being a challenging year, our non-life financial services company, Aksigorta, succeeded in maintaining its strong position in the sector, by maintaining its number 4 position.

While providing all-inclusive support to its agencies, our non-life business also expanded its distribution network, reaching over 3,500 agencies. A total of 1,469 new agencies have joined the network over the last three years.

33% growth in gross written premiums

Thanks to the vigorous growth and exclusive partnership with Akbank, in 2021, our non-life business generated 32% of total agency Gross Written Premiums (GWP) from 1,469 new agencies included in the network in last three years.

Aksigorta performed a record level growth of 33% in 2021 GWPs on a year over year basis leading to TL 7.0 billion of GWP.

New generation financial services

Aiming to push the limits of insurance and embrace the concept of "New Generation Financial Services", our non-life business implemented new tools for business process automation and undertook significant investments in the analytics field, digitalization, and new technologies.

Aksigorta is one of the leaders in the non-life business sector with best-in-class G&A efficiency, and is currently 3pp better than the market average, which stands at a 20% equivalent Full-time equivalent (FTE) via Robotic Process Automation (RPA) technology. As the pioneer of the robotic technology, our non-life company also introduced Artificial Intelligence applications to the sector.

In line with the concept of "New Generation Financial Services", our non-life business established innovative collaborations and took significant steps towards integration into different ecosystems such as telco-insurance with Vodafone and "Fiat Connect Casco" with Tofaş / Fiat.

In life and pension business, Ageas continuously invests on digital and analytics aiming to generate financial benefit from retention and growth of the customer base.

Ageas's mobile application is the market leader with 4.6 Appstore rating and offers best-in-class user experience and proved its success with a number of international awards and customer satisfaction scores.

Financial Services

Our two financial services companies, Agesa and Aksigorta, seek new opportunities in digital platforms and ecosystems.



Digital

The Aksigorta Digital Assistant (ADA) is now three years old and successfully performing 4 million transactions per year. In addition to starting providing voice support to Aksigorta's customers in the call center, ADA handles 50% of contact center customers over the voice system.

within the scope of our corporate social responsibility project, "At All Ages", which addresses a wide range of the age-related issues faced by individuals and society.

The non-life and the life and pensions sector looking forward

In the near future positive influence of regulatory changes will be observed in the life and pension business. Changes create new opportunities to attract saving through increasing the benefits and enabling the pension system to new segments.

The problem of underinsurance is expected to come to the fore with the rise in insurance costs and the need for protection. An expansion of regulations in motor insurance will impact costs and lead to an increase in capital requirements.

The increased importance of well-being also improved insurance awareness in health branch and will likely drive health insurance premiums in the sector. The impact of climate change and increasing natural disasters on the portfolio will increase.

With strategic collaborations and digitalization becoming the primary focus for market players while producing smart efficiency solutions, infrastructures are expected to be set up to tackle any disruptive transformation. In this case, the technological workforce will become even more important.

In line with these developments, the bancassurance channel is expected to undergo a digital transformation, where currently majority of purchases are carried out from the bank branches, into a digital environment.

Innovative new generation solutions in our life and pension business, specifically digital fund management consultancy FonPro; artificial intelligence based retention engine; paperless sales with biometric digital signature differentiates us from the competition.

Driving our financial services companies to their full potential with a focus on sustainability and digitalization

Our financial services companies aim to become the leading new generation service providers by acting as multi-line insurers, working to the strategic priorities of strengthening their market leader positions with profitable growth driven by a customer-centric approach.

Prioritized synergy areas to bear fruit from 2022

Our two financial services companies, Agesa and Aksigorta, seek new

opportunities in digital platforms and ecosystems.

The new partnership with Ageas in the Sabancı Group life business in 2021 has enabled a more joined-up strategic approach in the financial services segment. In this respect, Sabancı Group financial services companies have started to work on prioritized areas of synergy, which leverage all distribution channels under a unified customer-centric approach and share talent and best practices for various functions, a strategy that will start to bear fruit from 2022 onwards.

Raising the level of good sustainability practices

Another focus area of non-life and life and pension business for the near future will be to pioneer sustainability in the Turkish insurance market. Agesa and Aksigorta aims to raise the level of "good sustainability practices" over a three-year roadmap. Aksigorta plans to

be included in the BIST Sustainability Index. Both financial services companies also have set a target of net-zero emissions by 2050.

Steps to grow and protect the core

With the aim of protecting and grow the core, the Sabancı Group's financial services companies continue to extend their coverage and grow while improving efficiency in their current distribution channels across the country. The companies are focused on the digitalization of bancassurance to increase penetration in Akbank's sales channels. To achieve commercial excellence, the companies are constantly renewing themselves to adapt to the constantly changing market conditions while building a healthy balance between market share and profitability.

Transforming for growth

Our non-life company continues to develop new products dedicated to meeting changing customer needs, such as complementary health insurance, complementary traffic insurance, damage protection for electronic equipment and insurance for pets. Consequently, the company continues to invest in IT and cyber security to accelerate the digitalization of processes, thus further increasing its efficiency. The company aims to proceed on a productive and steady process to improve customer and stakeholder experience. Our non-life company is reconfiguring the health insurance business to handle future growth.

The company is focused on developing strategic alliances and pressing ahead on open insurance investments as a part of its transformation journey. The company creates new generation insurance by cooperating with other

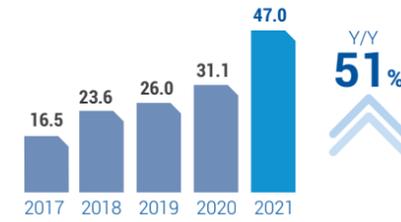
brand ecosystems and collaborating with them on many projects.

Our aim for the life and pension business segment in 2022 is to maintain our strong presence in the private pension market and expand our life insurance business even further. In order to achieve this, our life and pension business plans to enrich its product range and services through customer-oriented and innovative solutions, both for pensions and life insurance.

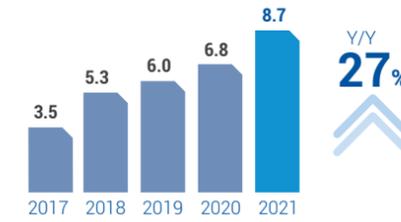
In addition to providing financial assurance to customers, our life and pension business will also develop innovative business models and projects for sustainable growth. Parallel with the changes in global demographics, Turkey's elderly population is growing rapidly with a lack of qualified services for an ageing population necessitating new initiatives, services and products. The problems faced by senior citizens also come

During the volatile and difficult market conditions of 2021, Sabancı Group energy companies focused internalizing **sustainability and technology**, to provide strong support to ensure Turkey's energy supply with an uninterrupted manner.

Combined Revenue (TL Billion)

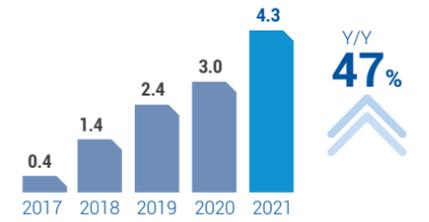


Combined EBITDA* (TL Billion)



*Excluding one-off income/expenses

Combined Net Income* (TL Billion)



*Excluding one-off income/expenses



Energy



Enerjisa Üretim Balıkesir Wind Power Plant

Energy



3,607

Our power plant portfolio structure consists of five different technologies and a total installed capacity of 3,607 MW.

Our largest non-bank business unit

In 2021, Sabancı Group's energy business unit continued to be the main contributor of Group's non-bank revenue and EBITDA growth, achieving 51% revenue and 27% EBITDA growth.

The most diversified and largest generation portfolio in Turkey

Our energy companies, which are striding towards the future by maintaining their strong market presence, delivered the energy they generated to approximately 22 million users in 2021 with a generation portfolio of 3,607 MW structured by 5 different technologies.

A strong presence in a dynamic market

We maintain our presence in the electricity sector with our energy production, energy distribution and retail companies in Turkey, which has positive demographic characteristics such as young population, rapidly

increasing urbanization and low but rapidly increasing electricity consumption per capita compared to Europe.

Despite challenging market conditions driven by lower precipitation levels and the commodity crisis in 2021, we maintained strong operating performance and profitability in both of our energy companies.

The high efficient and eco-friendly power plant portfolio structure consists of five different technologies and a total installed capacity of 3,607 MW. This unique formation positions the company as the operator of the country's most diversified and largest private generation fleet.

Our portfolio management strategy in the generation business is designed to maximize the value, which will be created by our portfolio in forward markets, the day-ahead market, the intraday market, the balancing power

market and the ancillary services market to obtain the highest economic value from the company's 3,607 MW capacity power plant portfolio. This strategy also encompasses our medium and long-term electricity sales and fuel supply strategies.

Our generation business was able to protect its profitability in 2021 by combining operational excellence with commercial capabilities. Our generation plants completed the year with an availability well above the sector average. The fleet's high rate of availability combined with its diversified make-up of generation technologies enables it to take advantage of all the opportunities in the market.

A new chapter for renewable energy investments

In line with our sustainability-focused growth strategy in the energy business, another important item on the Sabancı Group's agenda in 2021 was the

opening a new chapter in renewable investments.

Our generation company commissioned hybrid solar projects in early 2021 and started the construction of a 65 MW Wind Power Project in Kayseri. In addition to these investments, company's striking portfolio of 500 MW in Renewable Energy Resource Zone (YEKA) projects announced by the Ministry and the Company started to receive pre-licenses for these projects in 2021.

The largest player in the distribution sector

Our energy distribution and retail company is the largest player in the sector, providing electricity distribution and sales services to a population of 22 million – that is one out of every 4 people in Turkey - in three regions and 14 cities, six of which are metropolitan. This means we serve a population larger than many European countries.

2021 has been an important year for the distribution sector, as the regulatory framework for the 4th regulatory tariff period of 2021-2025 has been announced. Our electricity distribution and retail company has been instrumental in the formation of the new tariff period, which continues to support investments and encourages quality improvements in service levels and better corporate governance. The combined investment ceiling of our distribution business is highest in the sector and grid investments continued in 2021 with an aim to provide uninterrupted energy to customers and increase network quality. Our realized distribution CAPEX increased by more than 56% in 2021 when compared to the previous year.

2021 was overall shaped by the tightened oil and natural gas prices markets reflecting to electricity prices. Our retail sales business demonstrated an operational earnings growth of 13.5% year on year in 2021 despite many challenges throughout the year. In addition, the operational performance also succeeded in fulfilling its customer commitments in electricity sales.

A first in Europe: The Galatasaray Stadium

When it comes to investing in new growth platforms, the total installed capacity has tripled with a total of 10 MWP commissioned projects in the second half of 2021, including the Galatasaray Stadium reference project, a first of its kind in Europe. The stadium generates its own electricity with the solar power plant established using the Energy Performance Model. The entire investment of the facility, which was established on a total area of 40,000 m², will be carried out by our distribution and retail company, and the Galatasaray Football Club will pay over the amount of electricity generated during the contract period.

Turkey's first and fastest electric vehicle station network

As we enter the world of electrification, developments such as electric vehicles, distributed energy, hydrogen and storage need to be built on solid foundations in all countries and strategies must be created within the framework of appropriate and supportive legislation. With the aim of strengthening our innovative and pioneering position in the field of e-mobility and offering solutions that will contribute to the decarbonization of transportation, our distribution

Growth in renewables

Our generation company commissioned hybrid solar projects in early 2021, started the construction of a 65 MW wind power project in Kayseri and continues the project development processes of the 500 MW YEKA wind projects at full speed.

Eşarj

In 2021, Eşarj became the first e-mobility company to reach 150,000 recharges.



and retail company via its subsidiary, Enerjisa Müşteri Çözümleri A.Ş., increased its stake in Eşarj, Turkey's first and fastest electric vehicle station network, from 80% to 94%. Eşarj increased its number of charging points by ~60% compared to the previous year to 433, with charging points available at 200 public locations as of the end of November 2021. Also, in 2021, Eşarj became the first e-mobility company to reach 150,000 recharges.

The potential to grow with its own resources

Maintaining a healthy balance sheet is our primary focus at the Sabancı Group, and our energy strategic business unit, which boasts the strongest balance sheet and lowest debt ratio in the sector, offers a major potential to grow both with its own resources and to provide a strong and regular financial contribution.

An exemplary performance in sustainability

Our energy companies, focusing on sustainability, set an example for the sector in terms of operational quality, health and safety metrics and, in particular, in digital applications. While they have the most competent human resources in the industry, they use digital applications at a rate above the European level.

At our energy generation company, we have launched a gradual and large-scale integration of hybrid solar power capacity into the current fleet. Presciently, Enerjisa Üretim brought Turkey's first hybrid solar power plant into operation in 2020. The construction of an additional 100 MW of new hybrid solar power plants will be completed by 2025.

Our distribution and retail company continued to increase its ESG performance in ratings and CDP climate change and CDP water. The company also completed the Green Finance and signed a new "Inclusive and Green-focused" loan agreement with the EBRD in November in Turkish lira, equivalent to USD 110 million.

In accordance with the strategic roadmap determined by Sabancı Holding, the companies have continued their sustainability-oriented operations successfully. The companies have also successfully managed the long-term growth expectations in a balanced manner.

Going forward

In our energy business unit, our generation company aims to transform our generation portfolio in line with our goal of net zero emissions by 2050. In the energy distribution and retail unit, our first goal is set to press ahead with

our investments in line with the fourth tariff implementation period targets.

Contractor and supplier management is of tremendous importance in overcoming obstacles arising from the global surge in raw material costs and the COVID-related logistical problems. In order to ensure the sustainability of our business in these volatile times, reaching the right financing options is another key factor in this tariff period.

Net zero emissions goal by 2050

Around the world, the energy sector is focused on the energy transformation. On a global scale, countries and companies have set out their emission targets. Increasing solar and wind capacity and improving energy efficiency are at the forefront of the 2050 zero emission roadmap set out by the International Energy Agency. Investments in technology and strengthening and modernizing network investments to support this approach will be on the agenda going forward.

Increasing electrification, developments such as electric vehicles, distributed energy, hydrogen and storage are the other areas of focus which need to be built on solid foundations in all countries and strategies in the coming years.

In our energy business unit, our generation company will adopt the following 4-pillar approach while transforming our generation portfolio in line with our net zero emissions goal by 2050:

- Commitment to 100% renewable technologies in new power plant investments: We are committed to the growth in the wind and

solar energy segments. An early manifestation of this pledge will be the development of new wind farms, which will become operational before 2025 with a total capacity of 565 MW.

- Transforming the existing fleet into hybrid solar energy hubs. We have launched a gradual and large-scale integration of hybrid solar power capacity into our current fleet with a goal over 100 MW within the next 3 years.
- Use of Nature-based solutions & offsetting technologies: We operate an innovation hub where nature-based solutions and sustainable energy innovation programs are developed. We will continue to seek credible offsetting solutions and technologies which can be used to offset residual emissions.
- Hydrogen strategy: We are intensifying our efforts in our hydrogen generation and power storage projects, with the ultimate aim to replacing some of the natural gas with green hydrogen in combined cycle gas turbines (CCGT) moving forward.

Strong potential: energy efficiency and electric vehicles

Energy efficiency is critical for the continuity of new projects such as electrification, demand management and micro-grid solutions.

Energy efficiency, which has yet to reach the targeted levels as seen in Scandinavian countries, is a key field in Turkey, especially in the industrial sector.

The near doubling in the electric vehicles and charging station markets in the last year in Turkey will gain further pace together with the entry into the TOGG market and the Paris agreement.

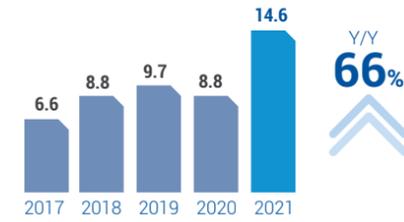
The number of electric vehicles on the roads is expected to multiply from 6,000 to 75,000 by the end of 2023, and reach 1 million by 2030, while the number of charging stations is expected to quadruple to 12,000.*

In parallel with these growth projections, the Energy Market Regulatory Authority (EMRA) plans to draft legislation on charging services in the first half of 2022 and regulate charging services accordingly. In the market, where we think that domestic production and digital infrastructure will be the key success factors, we are in close contact with all of our stakeholders to promote our company, Eşarj, in leading the sector. In parallel with these growth projections, EMRA plans to complete the legislation on charging services in the first half of 2022 and to regulate charging services accordingly.

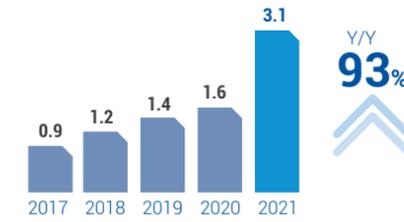
*Source: EMRA

Sabancı Group's Industrials Companies' ability to **act quickly and decisively, both in overcoming challenges and in seizing opportunities**, has been a major factor behind their perpetual success.

Combined Revenue (TL Billion)

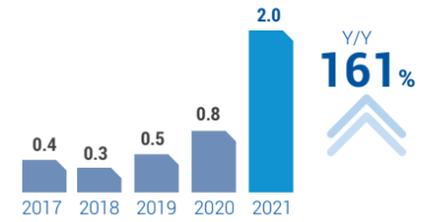


Combined EBITDA* (TL Billion)



*Excluding one-off income/expenses

Combined Net Income* (TL Billion)



*Excluding one-off income/expenses

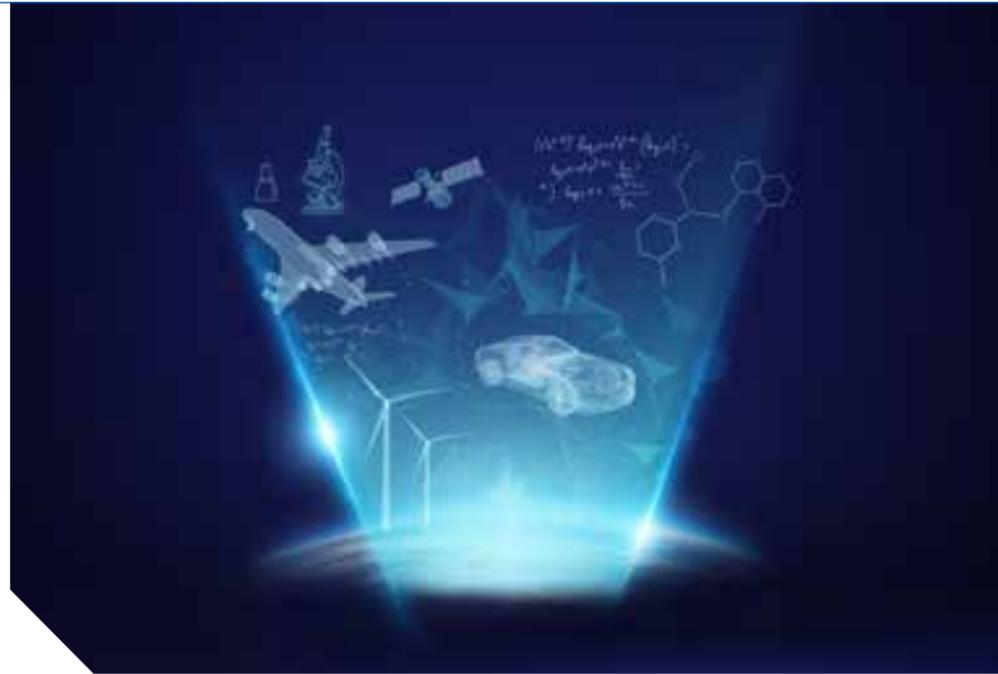


Industrials



Kordsa İzmit Plant

Industrials



Transformation through advanced materials

We continue to extend and transform our reinforcement business to composites and then further advanced materials. This paves the way for expanding wide range of areas from automotive to aerospace and energy storage.

umbrella we restructured our international network and heightened our eBus journey stronger by providing eBuses to Sweden, one of the premium showcase markets. Electric vehicles are going to be the major segment of our product line in coming years. Based on this target, half of our R&D investments are going to be allocated to electrification.

In addition to those, being a part of green transformation, we set out "Sustainable Chemicals" field as a potential mid-long term investment area in our journey of transforming our reinforcement unit to an advanced materials business. This strategy has been detailed through studies carried out by our internal agile teams.

Steering to future with wider customer experience

In Tire Reinforcement, vendor managed inventory were reshaped according to customized needs of customers. This is done through digitalization, yielding increased shipping and supply flexibilities.

In Composites, the demand for transition from traditional materials to composites increases every day. In aerospace industry, for aircraft interior cabin and seats, we offer AX180 Flame retardant epoxy resin instead of phenolic solutions which release harmful gases to human health in production process. In automotive, our KCF650 carbon fabrics provide lightening, hardness and chemical sealing in case of explosion to electric vehicle battery boxes. Besides, in green energy, we supply our Ceramic Matrix Composite (CMC) solutions resistant to 1,000°C temperature for aircraft engine parts and fuel cell technology used in electricity generation with zero emission.

Turning Challenges Into Opportunities

In an unprecedented year which came with unique post-COVID-19 era challenges, we delivered (i) solid financial performance, while overcoming volatilities and supply chain challenges, (ii) gained market share both per customer segments and per strategic mix of our product portfolio, (iii) took fundamental steps towards our strategic focus on Mobility and Advanced Materials.

2021 has been a year of harvesting the benefits of our industrials' strategic operational model, performing with executional depth towards year's challenges and laying strategic foundation towards future.

World trying to pass through COVID-19 pandemic period lived amplified challenges in forecasting demand, balancing supply chains for manufacturing, transforming workspace towards future of work. Our use of advanced analytics and

integrated planning models which have been revamped in previous years with a transformational digital approach has helped us to pass through the supply chain challenges of the year. Our international operation model consisting of manufacturing and service centers in North America, South America, Europe, Asia and Turkey, together with our sales and service centers around the world have paved us the way towards gaining market shares in our tire reinforcement, tire and commercial vehicles business lines. In par with our strategic business model, execution depth at every level has taken our results to an unmatched level.

2021 has also been the year to carry out our strategy of growing Industrials Business Unit. Deep-rooted upon three main themes; (i) sustainability, (ii) wider customer experience and (iii) changing operating models, the strategy aims to grow our industrials' in the direction of an integrated Advanced Materials and Mobility Group.

Globally acclaimed leadership in sustainability

In 2021, our Industrial Group's two companies have taken their sustainability performance to globally acclaimed Leadership-A levels in climate leadership and water management, while our four R&D centers have delivered new sustainable alternative products in their markets and currently keep more than 60% of their current project portfolios in projects addressing to sustainability goals.

The Industrials group expanded its achievements in sustainability and made it recognized in international environmental reporting platforms such as the Carbon Disclosure Project's (CDP) 2021. In this report our two companies achieved to rank among CDP Turkey Climate Change Leaders and CDP Turkey Water Leaders List. Moreover, the long-term emissions targets set were approved by the global

organization of the Science Based Targets Initiative. On top of climate leadership and water management, we are among the "Global Leaders" in the Supplier Communication Rating.

Reinforcement of 1 out of every 3 automobile tires and 2 out of every 3 aircraft tires in the world

In tire reinforcement, we offer products developed with global tire manufacturers, using green technologies which replace traditional chemicals. Aiming to share our inspiration and improve the industry standards, our Cokoon® solutions have been opened to all interested tire builders, with an open patent platform without any charge. In 2021 leading tire manufacturers in the world have become a member of this program.

Our composite products which provide weight reduction compared to metal materials and energy saving, find wide range usage area from aerospace to batteries. While carbon composites are used in structural parts of new

generation A350 and B787 aircrafts, glass and sandwich panel composites are part of interior cabins of airplanes.

In tire business, our sustainability initiatives comply with better energy efficient tire products and manufacturing processes. But, we do not consider product and process improvements enough. We consider ourselves as one of the leaders to turn mobility as a whole experience, more green and sustainable. This is why we extend our investments and offerings into mobility towards electrification and connectivity; hence comes our latest acquisition Arvento Mobile Tracking System Inc. Together with our Otopratik network Arvento will play a key role in our new offerings for fleets, for fuel saving. In the diversity front "Let the Cranes Fly Forever" project continued in 2021, which we started in 2013 with the cooperation of WWF-Turkey (World Wildlife Fund).

In commercial vehicles, under the Sabancı and Skoda Transportation



Mobility Solutions

The timely acquisition of Arvento, ranked as the number one company in "IoT and M2M" out of 500 IT companies in Turkey, added another stronghold for our group. We are going to provide holistic mobility and connectivity solutions with together with Arvento and Otopratik network.

& Brisa gained B2B Web Site Golden Reward in 2021 Marcom Awards, and website for each dealer project was started. In international markets, 3 online technical trainings were given to above 160 participants, an online launch event named "Lassa Digital Premiere" was conducted for new distributors and "Dealer Catch Project" which aims to reach new sales points expanded to 3 countries.

In Commercial Vehicles and Unique Manufacturing Solutions, Agile teams from diversified companies and functions have worked throughout the year around our comprehensive next steps in IoT and started a small entrepreneurial startup at seed level to expand into the IoT universe.

Operational excellence in internal processes is our traditional backbone throughout the group. In the last three years, significant steps have been taken with digitalization in this field. To name a few, over 200 processes within the group are managed with RPAs. These grey collar robots support employees to focus on more value-added jobs and direct innovation by taking over frequently repeated jobs. Besides, with integrating market screening and artificial intelligence, all possible scenarios are conducted quickly starting from demand to all cross function operations. In today's volatile and uncertain environment, it helps us to foresee upcoming challenges and respond quickly to changing needs.

All of our operational changes came true thanks to our human sources. Ingenuity and successes of our 8,925 employees were the main driver of our execution depth. As Industrial group, we share best practices and failure stories across the companies and reward them with the "Reveals" platform since 18 months.

In construction business, with our Kratos brand, we offer innovative solutions by focusing on market needs in concrete reinforcement. We become the solution partner of infrastructure, superstructure and mining projects with environmentally friendly solutions and high-performance products that offer labor, cost and time advantages.

In Tires, Otopratik and Propratik service points increased to 95 in 41 cities, where an extensive customer experience is provided with fast-fit maintenance and eCar charging services. The number of Otopratik and Propratik service points are planned to increase to 150 in 2022. We started to offer the best class high-end privileged services for tires and beyond in our newly opened Bridgestone Performance Center store.

Services to more than half of Turkey's vehicle fleets using telematics

The timely acquisition of Arvento, ranked as the number one company in "IoT and M2M" out of 500 IT companies

in Turkey, added another stronghold for our group in the IoT universe towards providing holistic mobility solutions to our customers.

Manufacturer of Turkey's first electrical bus

In Commercial Vehicles, while strengthening our leadership of the pick-up market with the Mitsubishi vehicles for a 4th consecutive year in Turkey, we have committed our resources to become a hub of electric mobility, including the connected services around it.

We renewed our buses according to customer needs in areas such as ease of maintenance, reliability, safe driving and accessibility. The transition of engine exhaust emission levels to the next level has been completed in line with both European and American regulations. Our first electric bus deliveries were made both in Europe and Turkey. We started to serve to not only Temsa but also other brands in our service points located in Florida,

California and New Jersey. In 2021, we managed to increase our market share to over 10% in the USA with service quality, parts availability and active field support management and aim to further strengthen our presence with new product launches in 2022.

Transformation through digitalization

In 2021, 43% of Sabancı Industrials total revenue comes from international sales from 125 different countries all over the world. With the heritage and power we gain from Turkey, Industrials' group products and services are delivered to all over the world from our facilities in North America, South America, Asia and Turkey.

In tire reinforcement, supply chain vulnerabilities from far East brings us market share in our strategic mix product portfolio.

In composites, while 30% of our business was non-aerospace three years ago, this ratio increased to 53% with diversifying into automotive

and green energy fields in 2021. We developed 9 new product groups at Composite Technologies Center of Excellence (CTCE) with Sabancı University. We applied for 38 patents and protected 11 of our projects as trade secrets at CTCE.

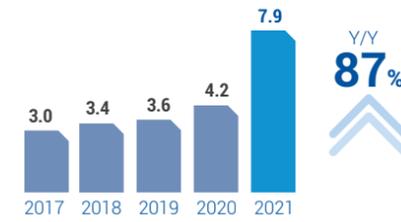
In tires, we continued to create value with 582 sales points in Turkey & 6,000 points all around the world in 87 countries. With both Lassa & Bridgestone brands, served as a powerful business partner for vehicle manufacturers, especially for their premium and electric segment vehicle manufacturing processes. While expansion of Otopratik & Propratik service network solidified the strong position in tire markets with providing wider customer experience, the Industrials also step into the growing IoT universe with the acquisition of Arvento. Digitalization focus played significant roles in strengthen the bond with dealers both in Turkey & all around world. In Turkey, Brisaliyiz.biz platform which acts as a bridge between dealers

Agile Teams

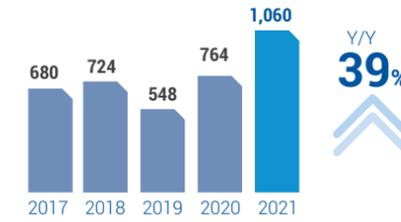
Ingenuity and successes of our human sources were the main driver of our all operational change and execution depth. We encourage all of our employees to be more innovative and entrepreneur. With practicing future of work models, our agile task forces and X-teams study on new strategic areas. We share best practices and failure stories across the companies and reward them with the "Reveals" platform since 18 months.

Within the scope of its sustainability-oriented approach, Sabancı Group Building Materials companies achieved major strides forward in its program of transformation **“from Pure Cement to Building Materials, from Local to Glocal and from Gray to Green”**.

Combined Revenue (TL Billion)

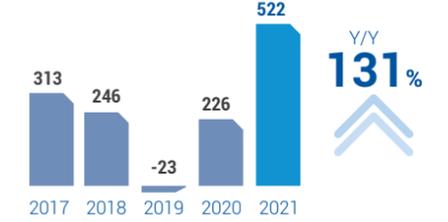


Combined EBITDA* (TL Million)



*Excluding one-off income/expenses

Combined Net Income* (TL Million)

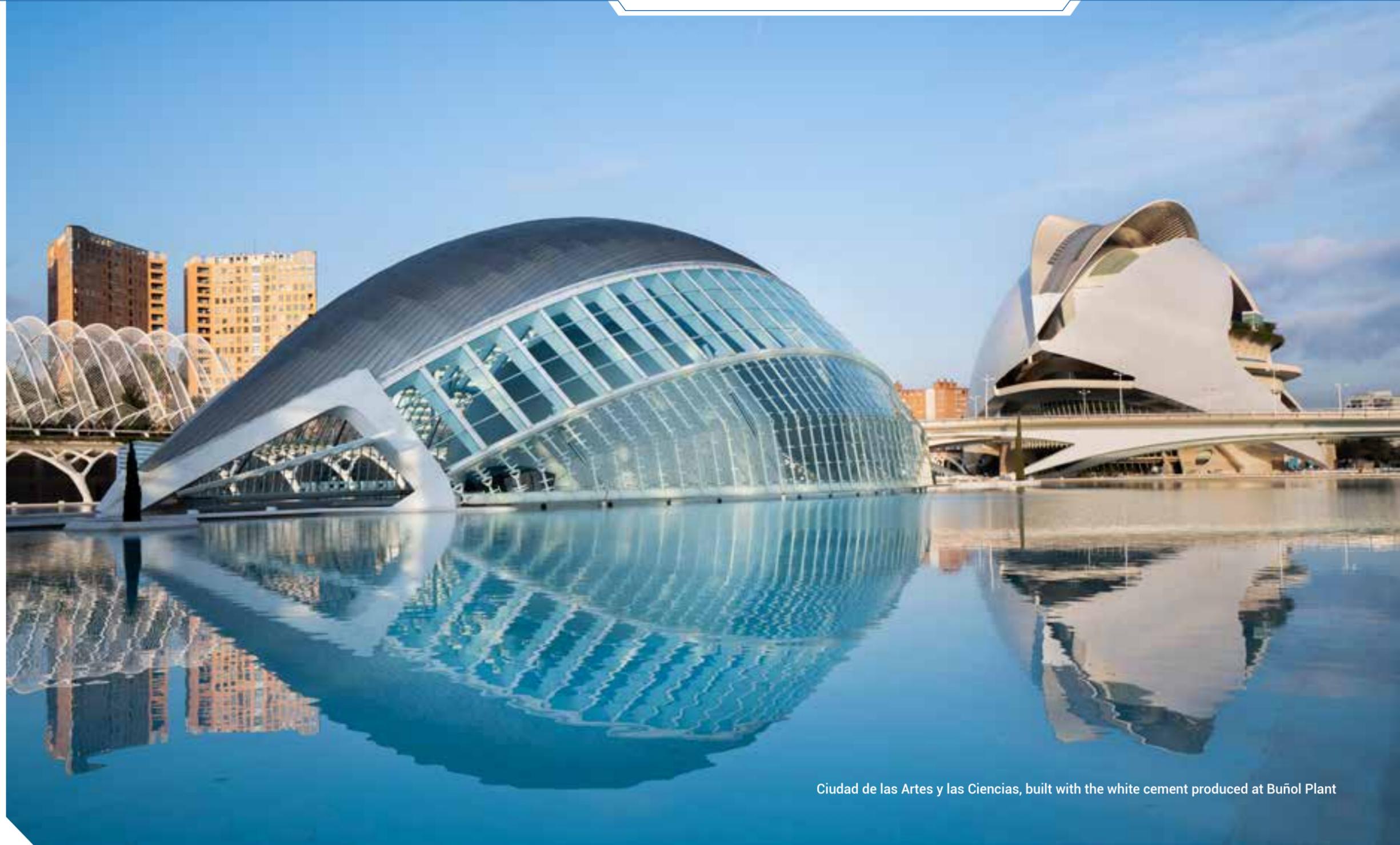


*Excluding one-off income/expenses



CİMSA SABANCI CEMENT BV

Building Materials



Ciudad de las Artes y las Ciencias, built with the white cement produced at Buñol Plant

Building Materials



Important milestone for the Group: the Buñol Plant

The Buñol plant is a key strategic acquisition for our group. It is situated in a strategic location, Spain, the largest and fast growing white cement market in the EU and one of the largest globally.

Grow the core through network expansion and optimization

Building Materials Group is the preferred solution provider to all its customers through its R&D offerings, collaborations, customer oriented approach and close proximity to all customers through our strategic network.

We aim to grow and optimize our network further to create more value for all our stakeholders, increase profitability and enhance customer satisfaction in a sustainable fashion. As part of such network optimization strategy, Karçimsa grinding plant of Akçansa was divested in the last quarter of 2021.

Addition of the Buñol Plant to the network

In line with the Sabancı Group's long-term strategy of becoming a leading global player in the white cement industry, Cimsa Sabancı Cement BV was established in 2020, combining the financial strength of Sabancı Holding with Çimsa's operational and technical competencies.

A major step forward in the globalization of the white cement business line was completed in July 2021 with completion of the acquisition of Europe's largest white cement plant, Buñol, in Spain.

The Buñol plant is a key strategic acquisition for our group. It is situated in a strategic location, Spain, the largest and fast growing white cement market in the EU and one of the largest globally.

Together with this acquisition our group became the largest white cement player in the western hemisphere in terms of capacity. We are on our way to widen our geographic footprint, getting closer to our customers and becoming the number one choice of white cement users in all the regions including in the Central, South Americas and Europe.

Strong growth in both domestic and export markets with full capacity utilization

According to figures published by the Turkish Cement Association, domestic demand grew by 8% in 2021 after the vigorous 21% growth recorded in 2020. Notably, there was a 25% surge in consumption in the domestic market in the first half of 2021 with the support of the base effect.

7.1 million tons

Our companies exported 7.1 million tons in 2021 thanks to the logistics advantages offered by their locations in Mersin, Çanakkale and Ambarlı.

Exports remained almost stable in 2021, again exceeding 30 million tons this year. However, the export breakdown shifted more from clinker to cement, boosting revenue generating in the Turkish cement sector. The US was the biggest importer of cement while West Africa was the main destination for clinker exporters.

Despite the rising energy costs due to global energy crisis and exchange rate volatility in Turkey, our building materials companies managed to set themselves apart with solid efficiency improvements and utilization of alternative options in fuel and raw material usage while taking the advantage of their logistics network.

Breaking its own record in the history of the Turkish cement industry, our companies exported 7.1 million tons in

2021 thanks to the logistics advantages offered by their locations in Mersin, Çanakkale and Ambarlı.

Operating in key export markets with its effective distribution network and port management capabilities serving a long-term customer portfolio, our building materials companies contributed to Turkey's trade balance with combined export revenues of TL 3.4 billion, up by 69% year on year in 2021. In particular, exports to the US market surged with our group well placed to reap the rewards of the growth in one of the largest and growing cement markets.

Moreover, our niche product Calcium Aluminate Cement reached 100% capacity utilization in 2021 by breaking its sales record and generated substantial FX income for our group.

Building Materials



16%

Alternative fuel usage in Sabancı Group Building Materials companies increased to 16% of total fuel usage by replacing fossil fuels.

Alternative Fuel Usage in Fuel Mix



A sustainability focused business model

Sustainability related solutions have been and will remain the focus of the Building Materials Group. In 2021, our Group companies exceeded their targets in raising their usage of alternative fuels, alternative raw materials and in decreasing their clinker usage ratio. In alternative fuel usage in particular, our group increased its usage of alternative fuels to an average of 16% of the total, consuming less fossil fuel in production. Moreover, the ongoing investments in our plants will pave the way for the ratio of alternative fuels in total fuel usage to exceed 25% in our companies in the coming years.

On the other hand, reducing our clinker ratio is a key part of our group's decarbonization strategy. The "Clinker Saving" project was initiated in our

group, saved over 200,000 tons of clinker in 2021.

Our companies increased their CDP score, upholding their leading position in Turkey in terms of water usage and climate change with a focused strategic direction on being more environmentally friendly companies.

Value added products gain higher share in revenue

Our broad product portfolio of cement products ranges from ordinary Portland cement to low alkali cement and calcium aluminate cement. This broad cement portfolio puts us in the position of being one of only two groups in the world to produce all main types of cement.

In every product manufactured at our plants, our companies aim to create the most value-add to our customers.

Accordingly, we have launched a new specialty calcium aluminate product, "DURO", which serves to the needs of the steel industry, and we exported it for the first time.

Growth in adjacencies

The Post-Merger Integration in Buñol acquisition was completed by the end of 2021. Quick wins were determined and realized immediately with the initiation of the process, paving the way for synergies with the Mersin and Eskişehir white cement plants. The full benefits of these synergies are planned to be captured in 2022 and beyond.

On the other hand, bringing together talent from various Sabancı Holding companies, our business development funnel programs, xTeams and xChallengers worked on several projects to explore adjacent areas for Building Materials in 2021. These studies focused on more sustainable

production and distribution processes and new generation sustainable building materials for the buildings of the future.

2022 and beyond: growing into a global sustainable building materials portfolio

The Building Materials SBU will be focusing on growing and transforming into a global sustainable building materials portfolio. Sustainability is the key component of the Building Materials SBU.

In alignment Sabancı Holding's 2050 sustainability targets, our cement business has set out a CO₂ roadmap which includes a variety of projects ranging from decreasing the clinker ratio by raising the use of alternative raw materials and realizing a substantial increase in the use of alternative fuels.

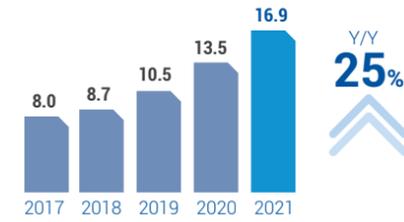
Our Building Materials Group companies will continue to prioritize high-value-added digital transformation projects to ramp up their use of alternative fuels in 2022. In this context, studies involving smart factory systems and cloud solutions have been progressing at speed to increase efficiency in energy usage.

Global and sustainable

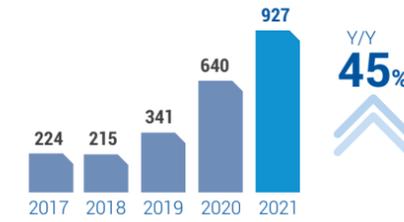
The Building Materials Strategic Business Unit will be focusing on growing and transforming into a global sustainable building materials portfolio.

In 2021, Sabancı Group Retail companies achieved strong growth in their online sales volumes thanks to **their robust digital backbone and online retail offerings, serving approximately 194 million visitors.**

Combined Revenue (TL Billion)

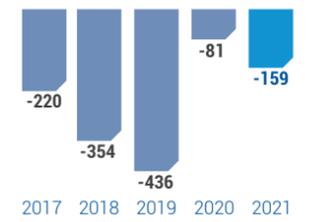


Combined EBITDA* (TL Million)



*Excluding one-off income/expenses and IFRS16 impact

Combined Net Income* (TL Million)



*Excluding one-off income/expenses and IFRS16 impact



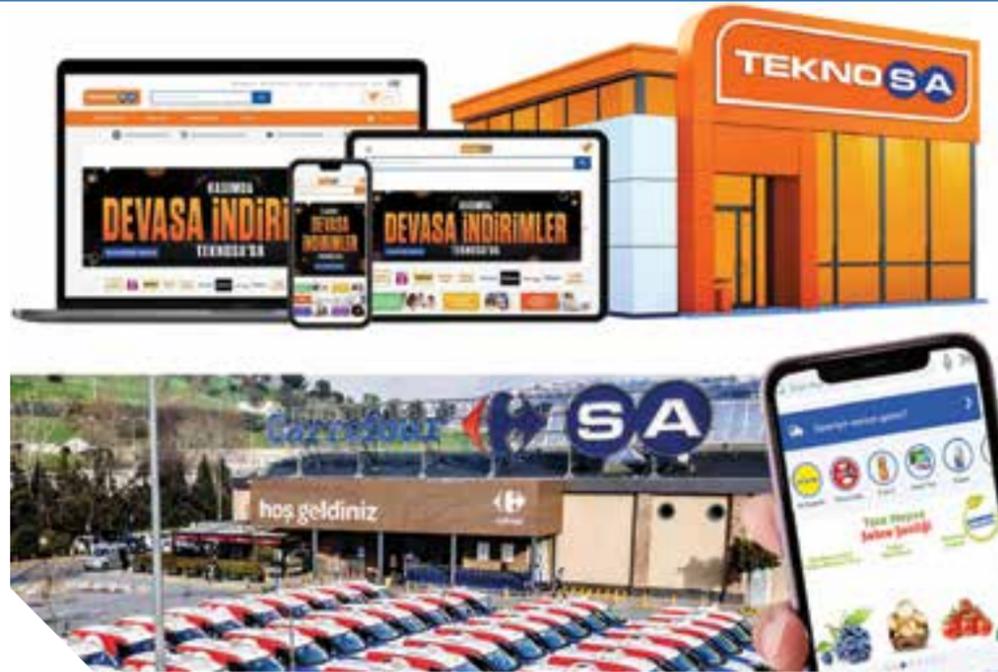
retail



Retail

A new app

A new mobile application for our food retailer was launched on the AppStore and PlayStore.



RETAIL

A surge in online business and sales volumes

In 2021, Sabancı Group Retail companies achieved strong growth in their online sales volumes thanks to their robust digital backbone and online retail offerings, serving approximately 194 million visitors.

Our food retailer recorded annual growth of 130% in online sales revenue in 2021, notching up 3.5 million orders, solid growth in the core business and expansion into new platforms and partnerships. Having achieved a record performance in e-commerce in 2020, The Group's technology retail company continued to grow in e-commerce in 2021, with 15% online sales share.

The Group's technology retail company embarked on its marketplace transformation project to establish a completely unique tech-focused marketplace in the consumer electronics retail market.

2021: Omnichannel growth, digitalization, and customer focus

The strategic initiatives taken by our food and technology retailers have prioritized omnichannel growth, digitalization, and customer focus to grow and protect the core and transform the business.

This approach manifested itself in 130% annual growth in our food retailer's total turnover from online orders in 2021, notching up 3.5 million, solid growth in the core online platforms (carrefoursa.com and the online app) and an expansion into new platforms and partnerships. With a new centralized warehouse, we have ramped up our ability to deliver goods throughout Turkey. As a mega merchant, we supply three major markets from this warehouse.

We launched grocery shopping and delivery partnerships with marketplaces and 150 independent outlets. Darkroom operations got underway within three

stores using non-operational stores as new operation points to supply our expansion initiative. We optimized our supply and delivery chain, extending from our customers to our suppliers and our inventories. Adding a drop-shipping model also enabled us to offer a vast variety of products to our customers.

A new mobile application for our food retailer was launched on the AppStore and PlayStore. As a result, our number of visitors and application downloads increased significantly. Our food retailer was also the proud winner of the jury award in the "Digital and Analytics Academy Awards" with its "Smart Mapping Project."

In addition, the number of Carrefoursa's franchise stores nearly tripled in 2021, sustaining its asset-light organic growth. The 2019-2021 period marked the first actual growth period for the franchising system. The brand reached 72 franchise stores in 17 cities in 2021.

10%

E-commerce sales increased sharply compared to pre-pandemic periods in 2019 and its share in total retail revenues tripled, reaching 10%.

E-Commerce Sales, (TL Bn) & % of Total Sales



■ E-Commerce Sales — Share in Total Revenues

Investments and developments in customer experience, digitalization, service transformation and lean processes have all yielded significant increases in Teknosa's net promoter score. The company also achieved to receive 4 major awards from CX Awards International among participants from 50 countries.

Launched in 2021, the company's new loyalty program, TeknoClub, provides its members with discounts, advantages and privileges based on their shopping habits. The 'Store Layout Renovation Project' was also rolled out at the end of 2021 to promote a seamless customer experience.

In the second half of 2021, the company embarked on its marketplace transformation project to establish a completely unique tech-focused marketplace in the consumer electronics retail market. The launch of this category specialist marketplace in early 2022 along with the 'online reface project' will be the main catalyst for Teknosa's phygital transformation.

For a more sustainable future

Sabancı Group retail companies take actions within the framework of "Net Zero Emission" and "Zero Waste" goals, in line with Group's strategic targets. At the beginning of 2021, our food retailer set up its Sustainability Committee. On the other hand the Company reduced its carbon footprint as part of our efforts towards achieving our Group target of Net Zero by 2050. Carrefoursa began to support the "Save Your Food" project, which works to minimize Food Loss and Waste, as part of the Food and Agriculture Partnership Project conducted jointly with the Food and Agriculture Organization of The United

The Group's technology retail company transforms itself from a 'traditional retailer' to a digital platform with a physical presence, otherwise referred to as a 'phygital retailer', by providing a broader tech offering and improved customer experience in both its online and offline channels. In order to achieve this vision, the company has taken some key critical strategic initiatives both to enhance the current core businesses and to transform and further expand its business model.

In early 2021, the company initiated the service transformation project which includes significant outcomes such as a dedicated organization, specific performance measurement system and new service product bundles, which enabled the company to triple its service revenue in 2021 as compared to 2020.

TeknoClub

Launched in 2021, TeknoClub, provides its members with discounts, advantages and privileges based on their shopping habits. The 'Store Layout Renovation Project' was also rolled out at the end of 2021 to promote a seamless customer experience.

Franchising System

Carrefoursa's franchise stores nearly tripled in 2021, reaching 72 stores in 17 cities.



CarrefourSA, which has been delivering the right products for its customers, is now offering small business owners the option to get in on the right kind of investment. Visit www.carrefoursa.com/bayilik to discover how to create a profitable monthly income stream as a CarrefourSA franchise.

Nations. Carrefoursa also set out its commitment to halving food losses and waste by 2030 by taking part in the World Resources Initiative -sponsored 10x20x30 Project together with our suppliers. In a pioneering step in its industry, our food retailer applied the Zero Waste management system in our stores in line with our zero-waste vision.

Our technology retail company's goals are reaching larger scales in the areas of reduction of greenhouse gas emissions, energy efficiency through automation in workplaces and stores, LED transformation in lighting and effective waste management. The company saved approximately 1.9 million KW of energy in 2021 with the automation system for heating, cooling and lighting installed in its stores and workplaces. The number of Teknosa stores that turned into LED lighting reached 171 at the end of 2021. The infrastructure for the Zero

Waste system has been established. In addition to company's Equality, Inclusion and Diversity policy and practices, Teknosa leads social projects on gender equality. Under the umbrella of Technology for Women, the company contributes to women's adaptation to the digital world.

The 2022 strategic roadmap to reinforce our robust growth

Following up on omnichannel growth, digitalization and customer focus to build and protect our core and transform our business, our retail companies' 2022 strategic roadmap will reinforce our robust growth.

The momentum for this growth will come from e-commerce enriched with product variety and the advantage of operation center locations on our platform and partnership models in food retail company. In technology retail company, the completion the projects to renew the online and offline channels

will enable it to provide a seamless and a holistic customer experience in all the steps of the customer journey. Already taken great strides forward in e-commerce in recent years including its marketplace investment in 2021, Teknosa will further leverage the growing e-commerce potential in Turkey.

In food retail, we have ambitious goals for the franchising system in the coming years. Investments in services and solutions are expected to continue to build profitability and increase the number of customers in the franchising system.

Private label product expansion as well as alternative non-Teknosa sales channels development will continue in 2022. Within the service transformation, the company will focus on revenue generation from its repair and maintenance business and

hence improve strong profitability of its service business even further.

Digital CRM integration and focus on performance marketing and data analytics in food retailing and investments in big data and analytics capabilities and TeknoClub loyalty program in technology retailing will enable our retail companies to reach omnichannel customers more efficiently and attract new customers as well as to retain existing customers.

In 2022

The launch of category specialist marketplace in early 2022 along with the 'online reface project' will be the main catalyst for Teknosa's phygital transformation.

Digital is one of the main components and the driving force of **Sabancı Group's Strategy House**.

The main goal of the Group's Digital Business is to contribute to the Holding's value creation through investments in advanced data analytics, internet of things (IoT), cyber security and digital transformation of businesses within the framework of a data driven ecosystem.

The Group's Digital Business activities are mainly carried out by SabancıDx, which aims to become "the leading digital and analytics solutions & product company in the region".

SABANCIDx

Digital



Digital



Leading on digitalization

By using our next generation technology competencies we keep on producing and growing. In 2021, SabancıDx continued to reinforce its position both in Sabancı Group and outside of the Group in many continents while leading on digitalization.

SABANCIDx

2021: A lucrative year

SabancıDx left behind a lucrative year in which it stepped up its investments in technology services, as well as gaining direct experience of the value that the technology brings to our lives. In robotic process automation, the company has realized an operational model where companies have been able to access "metal-collar" employees and hire robots on a per minute basis to use in their operations, rather than owning them.

As the number of our employees working in the field of cyber security and data analytics is increased, SabancıDx has established a better equipped structure by offering training to its human resources. It has carried

out significant investment in all rules of compliance which are required for our future plans to create value from customer analytics.

155 analytics projects

The DnA Platform of SabancıDx, which includes the employees of the companies under Sabancı Holding who work in the field of advanced data analytics, has brought together 155 analytics projects. With the contribution of the DnA Platform to the productivity, profitability and the product quality of the companies, Sabancı Group has registered a positive EBITDA impact amounting of TL 545 million since 2018, TL 248 million of which was in 2021.

Two key initiatives

As SabancıDx, we developed two key initiatives in 2021 increasing number of individuals who are qualified in next generation technologies and directing them to employment to ensure the sustainability of the industry. We will continue to offer free support to qualified training projects, starting with TÜSİAD's Digital Academy project, "My Job, My Power, My Future". In addition, in cooperation with the Women in Technology Association, we started a project at the end of 2021 where we offered 100 women online training in cyber security and analytics under the banner of "The Faces of the Future" and will complete the training activities this year.

Consultancy services in cyber security

In addition to our technology solutions, at SabancıDx, we have incorporated the "Consultancy Services" department, a field whose services are most in demand in cyber security, and began to offer consulting services in order to ensure the security of operational technologies and IT systems where they function together.

Meanwhile, we developed our digital solutions family for human resources, HrWe. This year, we added the next generation performance management application, Perfx; the next generation reward & recognition application, Thanxie; and the dialogue-based

Artificial Intelligence application, Xoi, as well as the digital human resources management and payroll application, HrWeb.

2022: Cybersecurity and data analytics

Looking forward, cybersecurity and data analytics are the avenues of growth for the Group via SabancıDx.

In addition to the products that SabancıDx has developed in the field of cyber security and data analytics in 20 different countries, the services that we have created with the competencies of our employees, and with the contribution of our new investments, we will become even more equipped for the future.

HrWe

We have developed our human resources digital solutions family HrWe and we will continue to enhance it.

The driving force

SabancıDx will be the driving force behind Turkey's digitalization in the coming period with its technology competencies, which will be strengthened with the investments in next generation technologies such as cyber security, data analytics and technology services



When it comes to our products, we will continue to build our digital solutions family for human resources, HrWe. The first product we will develop will be Boospace, a next generation solution which allows the employees to book an office, a meeting room or a desk in their preferred building or a floor for any day and any time they wish.

Through Sabancı Ventures, we will continue to undertake large-scale investments in such companies and contribute to their growth.

We are aiming to keep growing in 20 countries that we are serving as SabancıDx and increase our business volume three-fold while expanding our

presence on the continents America, Europe and Africa.

Digitalization within the Group

SabancıDx delivers 50% of its services to Sabancı Group Companies and 50% to companies outside of the Group. As a technology company, we offer our competencies in next generation technology to support companies within the Sabancı Group which need to conform to the future of business life.

With the contributions of Sabancı University, we have encouraged all our employees in data analytics, data understanding and thinking out of the box. We have supported those emerging talents in realizing their ideas.

The successful projects realized within the scope of the DnA Platform, have set the stage for significant increases productivity in Kordsa's quality development program. The developments in Brisa's Industry 4.0 journey have been our valuable gains.

With Digital Maturity and Cyber Maturity analysis which we have conducted for Group companies, we have performed rigorous situation assessments which help us plan the future. With shared objectives in our group activities, we are working to bring our security standards to international levels.

By applying our competencies for the next generation technology, we designed AksigortaNext, a mobile application which adds value to the insurance industry, and improved the digital insurance experience for Aksigorta.

We will continue our Sabancı Ventures and Akportföy investments that we realized in 2021, while expanding our portfolio and stepping up our investments in digital technologies to serve beyond our group companies.

We have successfully realized the robot adaptation in our works by explaining how robots add value to our workforce. In 2021, we were able to achieve added efficiency by using robots for over 10,000 hours within the group.

The future strategy of SabancıDx is to maintain its growth mainly in both data analytics and cyber security, while developing the technology competencies of Group companies.

Future strategy

The future strategy of SabancıDx is to maintain its growth, especially in data analytics and cyber security, while developing the technological competencies of Group companies.

As of year-end 2021, the Hiltonsa chain of hotels had a 792-room capacity in total: **309 rooms at Ankara Hiltonsa, 295 rooms at Adana Hiltonsa, and 188 rooms at Mersin Hiltonsa.**

Others

Tursa/AEO

Tursa, a Sabancı Holding subsidiary, is the owner of Adana Hiltonsa and Mersin Hiltonsa, while Ankara Enternasyonal Otelcilik owns Ankara Hiltonsa. The Group entered the tourism industry with the Adana Erciyas Hotel many years ago. The Group first gained traction in the form of a founding partnership with the inauguration of the Ankara Hiltonsa Hotel in 1988. The Group's tourism business expanded further with Mersin Hiltonsa hotel in 1990 and reached its current state with the opening of Adana Hiltonsa in early 2001. As of year-end 2021, the Hiltonsa chain of hotels had a 792-room capacity in total: 309 rooms at Ankara Hiltonsa, 295 rooms at Adana Hiltonsa, and 188 rooms at Mersin Hiltonsa. The hotels are operated by the Hilton Group.



We touch the lives of people **everywhere in Turkey.**

Our Vision: A society in which all individuals enjoy their rights equally

Our Mission: To contribute to the educational, cultural and social development of Turkey and make a difference in the lives of individuals

HIGHLIGHTS OF THE SABANCI FOUNDATION'S ACTIVITIES

INSTITUTIONS	DISTRICTS	PROJECTS	GRANT PROGRAMS IN	SCHOLARSHIPS	AWARDS
120	78	183	76 PROVINCES	51,000	1,220

Sabancı Foundation



Sabancı Foundation

- We support innovative education through Sabancı University.
- We empower non-governmental organizations by offering grants and sharing our expertise.
- We share our knowledge and experience to strengthen philanthropy.
- We inspire society by increasing the visibility of "Changemakers."
- We encourage students and artists by providing scholarships and grants.
- We pioneer new approaches and methods implemented in the field of philanthropy, especially by supporting civil society with grants.
- We contribute to the resolution of social issues by working with non-governmental organizations.
- We build institutions in the fields of education, culture, healthcare, and sports.



183

As the only foundation providing grant support to civil society in Turkey for 15 years without interruption, the Sabancı Foundation has extended support to a total of 183 projects.

Embracing the late Hacı Ömer Sabancı's life philosophy of "sharing what we have obtained from this land with its people," the Sabancı family established the Hacı Ömer Sabancı Foundation (Sabancı Foundation) in 1974 to organize all their philanthropic activities under one organization.

Sabancı Group harnesses the power of its industrial and economic advancements to support social and cultural activities through the Sabancı Foundation. As such, it has become one of the leading family foundations in Turkey.

Sabancı Foundation has built more than 120 institutions such as schools, dormitories, teachers' centers, medical facilities, sports complexes, cultural centers and social facilities in 78 districts all around Turkey in 47 years since its foundation. Since 2007, the Foundation has supported 183 projects

carried out by non-governmental organizations. In the field of culture and the arts, long-term supports have been provided, one example being State Theaters - Sabancı International Adana Theater Festival, which has been supported for 23 years.

Having provided 51,000 scholarships over the last 47 years, the Sabancı Foundation encourages success with awards in the fields of education, the arts and sport.

The Sabancı Family has contributed to Turkey's economy through the many industrial enterprises they have established. Family members have focused their efforts on launching institutions that benefit the public in the fields of education, healthcare, culture, sports, and social services, and have played an active role in philanthropic work. Reflecting the philosophy of

the late Hacı Ömer Sabancı, "Sharing what we have obtained from this land with its people," the Sabancı Family established the Hacı Ömer Sabancı Foundation (known as Sabancı Foundation) in 1974. Sadıka Sabancı, the wife of Hacı Ömer Sabancı, donated her entire wealth to the Foundation's endowment. Sabancı Foundation's financial resources consist of donations provided by the Sabancı Family and Sabancı Group, and revenues generated from the Foundation's various assets.

The Foundation's primary areas of activity consist of education, social change, culture, and the arts. The Foundation focuses particularly on women, young people and people with disabilities within these activities.

The Sabancı Foundation has memberships in leading non-governmental organizations in

Turkey and abroad. It is a Founding Member of Third Sector Foundation of Turkey (TÜSEV), a Member of European Foundations Center (EFC), a Founding Member of EFC's Disability and Gender Thematic Networks, a Zero Project impact transfer partner and a Member of Foundations 20 Platform and the US Council on Foundations (COF).

Social Change

The Sabancı Foundation supports the projects carried out by leading non-governmental organizations with grants to seek solutions to today's complex social issues and which have a lasting impact. The Foundation engages in long-term, inter-institutional partnerships to increase its impact.

First launched in 2007, the Sabancı Foundation Grant Programs aim

15th year!

The Sabancı Foundation Grant Program reaches its 15th year!



Women of the World (WOW)

The World's biggest women's festival, the Women of the World (WOW) Festival, was held for the first time in Turkey between 5-7 March 2021 with the support of the Sabancı Foundation and the British Council.

to support non-governmental organizations in promoting social development to achieve equality and active participation of women, youth, and persons with disabilities. In the 15 years since 2007, support was extended to 183 projects, directly reaching more than 225,000 people (over 900,000 indirectly) nationwide.

On 6 October 2021, the meeting under the theme "Sowing Season" was organized to share information and experiences among the eight NGOs which had completed their projects in 2020 with the support from the Sabancı Foundation Grant Program. The book, entitled "The Sowing Season: Sabancı Foundation Grant Program Stories" was also shared online.

In 2021, the Sabancı Foundation also embarked on a new substantial impact project to support young women who are not in education, employment, or

training (NEET). The multi-stakeholder project, which will be long-term and has the potential to be rolled out throughout Turkey, will be implemented by Sabancı Foundation and UNDP in cooperation with the Ministry of Family and Social Services and the Ministry of Labor and Social Security with the financial support of the Sabancı Foundation. Preparations for the project activities including work plans, the digital portal, the baseline study, and the needs assessment analysis got underway in 2021.

In 2021, the Turkey's Changemakers Program, highlighting the stories and efforts of individuals who make significant contributions to social development and inspire society in Turkey completed its 12th season. Of the 10,000 applications, 200 Changemakers have been selected and videotaped since the launch of the Turkey's Changemakers Program in

2009. The videos were shared on the program's website, Facebook, Twitter, Instagram, and YouTube channels reaching more than 38 million views on domestic and international platforms.

By bringing together non-governmental organizations, foundations, the private sector and public agency representatives with national and international experts, the Sabancı Foundation enables experience sharing regarding new approaches in philanthropy and civil society. In this context, the 14th "Sabancı Foundation's Philanthropy Seminar" was held on 14 December 2021, under the theme "The Role of Philanthropy in the Post-Pandemic World".

The World's biggest women's festival Women of the World (WOW) Festival was organized for the first time in Turkey on between 5-7 March 2021 with the support of Sabancı Foundation and British Council. Held in Istanbul

with the theme "Being a Woman in the City", the online festival reached more than 100,000 views in three days.

First published in 2020, a series of children's books about animal rights was followed in 2021 by a new set on environmental issues. Telling stories about a rabbit called Papuduk, the books have been distributed free of charge to NGOs working with children and to state schools located in disadvantaged areas. In addition, related workshops with children are held both online and face-to-face.

In 2021, the Sabancı Foundation also continued to develop partnerships and follow up activities and contribute to the developments in the international arena in its focus areas. In 2021, The Foundation became a member of Foundations 20 Platform focusing on

climate issues as the first and only member from Turkey. The General Manager of the Sabancı Foundation, Nevgül Bilsel Safkan, took on the role of Zero Project Ambassador in 2021 for a term of 4 years, as part of the Zero Project Conference bringing together innovative implementations in the area of disability from different countries.

Following up the best practices in the area of accessibility, Sabancı Foundation added new work in this area in 2021. The Foundation led the work of making "Past, Present, Istanbul" Exhibition in the Sakıp Sabancı Museum accessible to people with hearing and visual disabilities with the contributions of Accessible Everything team, who are a Changemaker selected in Sabancı Foundation Changemakers Program.

The Foundation has also continued to participate and contribute to the work

Philanthropy Seminar

14th Sabancı Foundation Philanthropy Seminar held under the title of "The Role of Philanthropy in the Post-Pandemic World".



1,220 awards

Sabancı Foundation offers awards to encourage people and institutions to achieve on a local or international level in the areas of education, sports, culture, and the arts.

in disability rights and gender networks at the European Foundation Center and its mission of thought leadership with articles published in reputable international publications in the field of philanthropy.

Institutions

Over the past 47 years, the Foundation has built more than 120 institutions in 78 districts throughout Turkey, including schools, student dormitories, healthcare facilities, cultural centers, sports facilities, libraries, teachers' centers, social facilities and Sabancı University, which is one of the most significant investments undertaken by the Sabancı Foundation.

In 2021, 24 of these institutions received repair and maintenance

and other kinds of support from the Foundation.

In 2021, Hacı Ömer Sabancı Technical Students Dormitory in Adana was renovated. A historical building in the Kars province was renovated and transformed into a girls' dormitory. The Türkan Sabancı Bebek Park was renewed in cooperation with the Istanbul Municipality.

The building processes of two Vocational and Technical High Schools in Istanbul and Hatay has got underway. The schools will be built by the Sabancı Foundation with donations from Enerjisa.

The Sakıp Sabancı Anatolian High School gained IB school status in 2021, while the Social Emotional Development Support Program continued in the school for a third year. The Dilek Sabancı Vocational and Technical High School was converted into a project school in 2021 following the signing of a protocol with the National Education Directorate.

Culture & the Arts

The Sabancı Foundation has extended long-term support in the area of culture and the arts. The Foundation has been supporting State Theater through the Sabancı International Adana Theater Festival for the last 23 years, the Metropolis Ancient City excavations for the last 18 years, the International Ankara Music Festival for 14 years and the Turkey Youth Philharmonic Orchestra for the last 13 years.

120 institutions

The Sabancı Foundation has made available more than 120 institutions to the community in 78 districts throughout Turkey.

Initiated in 2016, the Sabancı Foundation Short Film Competition under the title of "A Short Film, a Long Impact" continued to raise awareness of social issues through art, while highlighting the creative perspective of cinema and offering empowerment and encouragement to young talent. The awards ceremony for the fifth Short Film Competition under the title of "Changing Climate, Changing Lives" was held in January 2021. Applications for the 6th Sabancı Foundation Short Film Competition also started to be accepted in 2021 under the theme of "New Jobs in the New World". In 2021, a social impact jury was included in the competition.

Scholarships and Awards

Since its establishment, the Foundation has provided 51,000 scholarships through the scholarship program over the course of 47 years. Sabancı Foundation scholarships have extended support to around 1,500 students, 350 of whom were first-time beneficiaries.

Additionally, the Sabancı Foundation Awards Program has recognized individuals with awards for their exceptional performance in education, sports, arts, and culture both in Turkey and abroad. A total of 1,220 awards have been given to date.

In 2021, Sakıp Sabancı Sports Awards were given to athletes won gold medals representing Turkey in the Olympic Games and Paralympic Games.

Sabanci University has established itself as the leading research university in Turkey within a short time span of 23 years since **its foundation with globally-recognized faculty members and state-of-the-art facilities, producing highly sought-after graduates and top-rated research results, and fostering excellent connections with global industrial partners.**

Sabanci University





Research University title for Sabancı University

Foundation universities have been included in the Research Universities category of the Council of Higher Education's (YÖK) Research-Oriented Mission Differentiation Program. Sabancı University became one of the three foundation universities included in the program.

81-90 band in 2021 QS Under 50 Universities). Sabancı University is also ranked 68th in THE 2021 Best Universities in Asia rankings, 44th in THE 2022 Best Universities in Emerging Economies, in the band 541-550 in 2022 QS World Universities, in the 81-90 band in the 2021 QS Universities Under 50, and 21st in QS Emerging Europe and Central Asian Countries.

- According to the European Business School Rankings prepared by the Financial Times (FT), Sabancı Business School ranks 67th in the world. Ranking in 50th place, the Sabancı Executive MBA program is among the top 50 Executive MBA programs in Europe.
- Sabancı University Executive Development Unit (EDU) has continued its steady rise in the list of corporate-specific programs in the annual rankings announced by the Financial Times, reaching 55th in the 2020 list.

In its 23rd academic year, Sabancı University, with its numerous future-shaping applied strategic projects, continues in its vision of becoming a leading research university, and in educating self-confident individuals who embrace universal values, show compassion for the needs of society, focusing on creating solutions, internalize cooperation in creation and development, are learners of learning, and are open to continuous development.

Research University title for Sabancı University

Foundation universities were included in 2021 in the Research-Oriented Mission Differentiation Program implemented by the Council of Higher Education with the aim of producing knowledge within the framework of the priority objectives and fields of our country, encouraging interdisciplinary studies and collaborations, increasing the number of researchers with doctoral degrees, strengthening

international cooperation, and making Turkish universities more visible in the international arena. In this framework, Sabancı University was included in the Research-Oriented Mission Differentiation Program, and obtained the title of Research University.

At Sabancı University, research is carried out in faculties, centers and forums, with an interdisciplinary approach in the fields of science, technology and art. Sabancı University has 10 different centers and forums contributing to scientific development and supporting social research and development. Making research its focus since its establishment, Sabancı University has made 7100+ publications* and obtained 250+ patents**. As of the end of November 2021, the number of active research projects with external funding is 291, and the total budget of these projects is TL 446 million*. In 2021, 630+ scientific publications* were published and 8 patents** were

obtained by Sabancı University members.

Sabancı University's Research Strategy

The main strategy within the scope of the Sabancı University 2020-2025 Strategic Plan is "to encourage cross-faculty and interdisciplinary research". In order to achieve this main goal, the strategic goals in research determined by Sabancı University are: To improve the University's interaction with the sectors and civil society in selected fields, to enable faculties and centers to support researches that will make highly effective impact on these areas. For that purpose to plan and encourage interdisciplinary and cross-faculty researches with centers and faculties for undergraduate/graduate research projects, and to increase the number of doctoral students, post-doctoral researchers and researches.

*Data updated: 17.12.2021

**Data updated: 30.11.2021

***Data updated: 06.12.2021

Among the top universities in the world for graduate employability

Sabancı University was included the top 250 universities in the world in the "Global Employability University Ranking and Survey-2021" published by Times Higher Education, the London-based global higher education ranking institution.

A "World" university

In the listings of the world's best universities in the Times Higher Education list (THE) and QS, Sabancı University holds its lead in the rankings among universities from Turkey.

- It is in the 501-600 band in the THE World Universities 2022 rankings.
- It is the first among the universities from Turkey in the THE 2022 Best Universities in Emerging Economies, and THE 2021 Best Universities in Asia rankings. According to the Times Higher Education (THE) 2022 Field Ranking, Sabancı University is in the 401-500 band among 891 universities in the field of Computer Science, and ranks first among foundation universities in Turkey.
- It is in the top 100 among the world's best young universities in both THE and QS rankings (89th in 2021 THE Young Universities, and in the

The most entrepreneurial and innovative foundation university

Sabancı University ranks first among foundation universities in the "Inter-University Entrepreneurship and Innovation Index" 2021 ranking prepared by the Turkish Republic Ministry of Industry and Technology and TÜBİTAK.

Among the top universities in the world for graduate employability

Sabancı University was included the top 250 universities in the world in the "Global Employability University Ranking and Survey-2021" published by Times Higher Education, the London-based global higher education



Altunizade Digital Campus

Sabancı University has opened its Digital Campus in Altunizade, Istanbul with an infrastructure investment, of which there are only a few examples in the world in terms of educational technologies. On its new campus, Sabancı University will host business people and professionals from all over Turkey through its graduate programs tailored to needs of the business world.

capacity to 2730 people thanks to the new dormitories completed in 2021, Sabancı University enhanced the opportunities it offers to its students.

A model for remote education

Thanks to its strong technological infrastructure, Sabancı University was able to adapt promptly to a remote education system during the pandemic. With its internationally successful academic staff and an education system that makes a difference in higher education, it continued to provide uninterrupted and exemplary university education to its students at world standards. Sabancı University has been held up as an example in online education applications among universities in Turkey.

Continuing to take steps to further enrich its education and research infrastructure, Sabancı University equipped more than 70 classrooms and amphitheatres on its main campus in Tuzla with all the facilities of digital technologies offered to its students for a modern remote education infrastructure, and started 2021-2022 Academic Year by admitting all its students back to the campus.

The university with students scoring the highest in the Higher Education Institutions Exam

In 2021-2022 academic year, Sabancı University had a quota for 790 students. According to the 2021 Higher Education Institutions Exam results, Sabancı University was chosen by the highest-scoring students of Turkey for the FENS Full Scholarship (501.279 points), FENS Half Scholarship (428.880 points), FASS Non-Scholarship (280.345 points) scores, and the second highest-scoring students of Turkey for

ranking institution. One of the two universities from Turkey included in the rankings, and the top one among foundation universities, Sabancı University climbed an impressive 19 places in this year's rankings and became 209th. According to the latest data, 98% of Sabancı University alumni are placed in a job within one year of graduation. 22% of alumni continue their graduate studies or their professional careers abroad.

Among young academics who join Sabancı University, the number of people who complete their doctoral studies in the best universities of the world after graduating from Sabancı University and who decide to come back to their university as a faculty member is increasing steadily. In the last two years, Sabancı University recruited 41 full-time faculty members, of whom 93% obtained their PhD degrees from universities abroad.

22 of them are highly valuable academics who joined the university directly from abroad, and 7 others are Sabancı University alumni. With its young and dynamic staff members, Sabancı University continues to work ambitiously with its innovative educational approach and the opportunities made possible by digital technologies.

Striding into the future with new investments

Sabancı University attaches great importance to investing in its students and academic staff in addition to research and development. According to the Foundation Universities Report 2021, Sabancı University is among the institutions that invest the most in each of these fields. In terms of total research and development spending, Sabancı University ranked first among foundation universities in

2020-2021 with a spending amount of TL 97.5 million. Likewise, it is one of the foundation universities that invest the most in its students. Empowered by the research it conducts, Sabancı University continues its investments towards its goal of becoming one of the best campus universities in the world. Sabancı University inaugurated Altunizade Digital Campus and SUSAM, the new arts workshop under Sabancı University Faculty of Arts and Social Sciences.

Sabancı University Altunizade Digital Campus

The Digital Campus will be a meeting point for the business world, researchers, academics and students.

Hosting businesspeople and professionals from all over Turkey on its new campus with its graduate programs tailored to the needs of the business world, Sabancı University

The university with students scoring the highest in the Higher Education Institutions Exam

Sabancı University filled its student acceptance quota (100%) in the 2020-2021 Academic Year. According to the HEIE results in 2021, 106 of the students who chose to study at Sabancı University ranked in the top 1,000, 158 in the top 5,000, 204 in the top 10,000, and 651 in the top 100,000.

provides education to students with a digital infrastructure, eliminating the difference between classroom and online education thanks to the HyFlex working method, which merges hybrid and flexible technologies and which is used for the first time in Turkey. The Digital Campus is home to an infrastructure where students can meet representatives of the business world and produce and develop projects with them.

SUSAM Workshop Building

The Arts Workshop under Sabancı University Faculty of Arts and Social Sciences started its activities in the 2020-2021 academic year. Visual language, drawing language, art workshops and lessons are given in SUSAM. Fully equipped wood & metal and chemical paint workshops are each open for the use of students and upon special request to artists, assisting them in completing their activities. In addition, upgrading its dormitory



Campus University

The Sabancı University Tuzla campus covers a large living area with its health, sports, and performing arts centers, and the Information Center and dormitories host a fairly intense social life. In the “Foundation Higher Education Institutions 2020” report of the Council of Higher Education (YÖK), Sabancı University, with a total area of 1,163,697 m², is among the foundation universities with the most open areas/green areas within a total open area of 976,173 m².

COVID-19 Precautions

Within the scope of combating COVID-19, Sabancı University started to offer all undergraduate, graduate and doctoral courses remotely as of 23 March 2020 simultaneously with the announcement of country-wide precautions in the 2020-2021 academic year. Thanks to its strong technological infrastructure, Sabancı University started 2021-2022 academic year with a hybrid education system merging face-to-face, on-campus education with online education for all its students. All education units, student dormitories, administrative units and shared spaces are regularly disinfected on the campus. Rapid antigen tests are periodically applied to all the students staying in dormitories and the health condition of students is continuously monitored. In the case of detecting any positive case, dormitory quarantine blocks allocated for this purpose are used.

All the information students and employees may need is regularly shared under the leadership of the Health Center, which provides a 24/7 service on the campus, through the COVID-19 Information page and portals created on the university website. The automatic HES inquiry application continues for all employees and students at the entrance to the university.

the FASS Full Scholarship (453.977 points), FASS Half Scholarship (350.731 points), SBS Full Scholarship (472.383 points) scores. Sabancı University filled its student acceptance quota (100%) in the 2020-2021 Academic Year. According to the HEIE results in 2021, 106 of the students who chose to study at Sabancı University ranked in the top 1,000, 158 in the top 5,000, 204 in the top 10,000, and 651 in the top 100,000. Distribution of scholarships by quotas is as follows: 135 full scholarships (17%), 283 half scholarships (35%), 372 non-scholarships (47%).

Continuous contribution to society and science

Adopting the mission of “creating and developing together” since its establishment, Sabancı University started further collaborations with the public and private sector and industry to continue its contribution to society and science. Aiming to develop the potential in tourism, which

is one of the most important sectors for Turkish economy, and contribute to making it a sustainable sector, Sabancı University, Enerjisa Enerji and the United Nations Development Program (UNDP) joined forces and established CENTRUM Coordination Office in the Sabancı University Creative Technologies Workshop located in Küçükköy in order to start the studies towards the development of a “Green Destination Model” and expansion of energy efficiency, renewable energy and other sustainable tourism practices in tourism businesses. The office aims to disseminate knowledge in the field of energy efficiency and renewable energy.

Campus University

The Sabancı University Tuzla campus covers a large living area with its health, sports, and performing arts centers, and the Information Center and dormitories host a fairly intense social life. In the “Foundation Higher Education Institutions 2020” report of

the Council of Higher Education (YÖK), Sabancı University, with a total area of 1,163,697 m², is among the foundation universities with the most open areas/green areas within a total open area of 976,173 m². This means that there are 234 square meters of green space per student. Sabancı University also has 1,200 Sakura trees on its Tuzla campus.

The environment and green energy

Sabancı University, by cooperating with its stakeholders in line with its people-oriented approach and the philosophy of living in harmony with nature in all of its activities, continues its studies on environment and energy.

In the Sabancı University campus, some of the electrical energy is provided by the solar energy system and the cogeneration system, and the heat released from the cogeneration system is used for the heating of the campus. LED lighting with lower power consumption is used in building

corridors and environmental lighting fixtures. For energy savings, lighting system motion sensors are used in all the building corridors (including dormitories) and WCs, dormitory study rooms and break rooms, and the classrooms in the School of Languages building. Air conditioning system motion sensors are used in all the meeting rooms and classrooms. Heating, cooling and ventilation systems equipment was renewed and more efficient equipment was introduced. With the renovation and improvement works in automation systems, savings in heating, cooling and ventilation, energy conservation is achieved. Studies are underway to make the campus carbon-neutral at the earliest date possible.

Practices to reduce water consumption are carried out throughout Sabancı University. Water-saving armatures

are used and revisions are ongoing in existing armatures. The lake in the campus fills with rain in winter, and this water is used for garden irrigation in the summer. Water from the regular municipality network line is not used for any garden irrigation purposes.

Chemical waste collected on the campus is disposed of by licensed firms, and chemical wastewater is sent to a treatment plant by licensed vehicles. Certification studies are carried out within the scope of the zero-waste project. A waste management plan is prepared and maintained throughout the year.

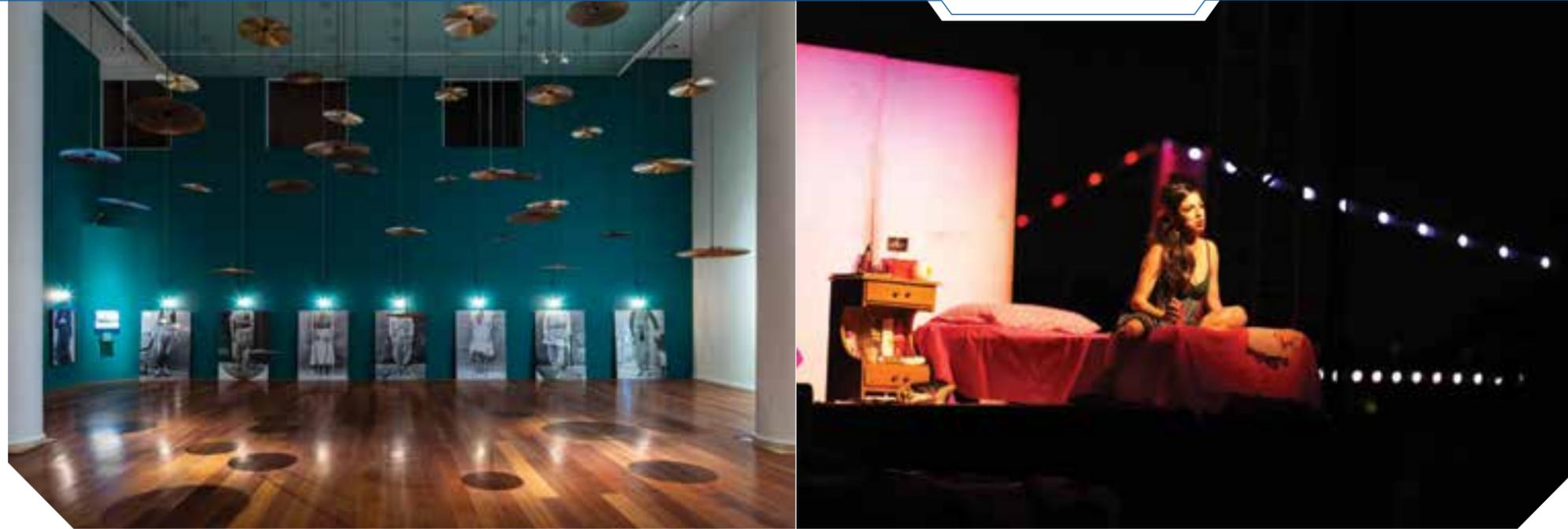
In addition to all these efforts, Sabancı University has brought international environmental standards to its campus by obtaining the ISO14001 Environmental Management System certificate.

Sabancı University Sakıp Sabancı Museum (SSM) is a meeting point offering transformative cultural experiences. In 2021, SSM continued to bring art enthusiasts **together with leading artists and movements of Turkish and international art both through physical museum visits and online.**

Sabancı University Sakıp Sabancı Museum (SSM)



Sabancı University Sakıp Sabancı Museum (SSM)



Sabancı University Sakıp Sabancı Museum is a meeting point offering transformative cultural experiences.

It attaches utmost care to preserving, researching, developing and interpreting its collections and the holistic art heritage of our country as it aims to create common value with all its stakeholders in its exhibitions and events.

Acting in tandem with Sabancı University in research, education and technology, it offers innovative and creative learning experiences for everyone.

Sakıp Sabancı Museum was awarded the Safe Tourism Certificate from the Turkish Tourism Promotion and Development Agency in 2021.

SSM Collections

The Arts of Book and the Calligraphy Collection of Sakıp Sabancı Museum offers a comprehensive overview of 500 years of Ottoman calligraphy, with rare Koran manuscripts, kitas, albums, panels, hilyes, edicts and calligraphic tools. In 2012, The Arts of Book and the Calligraphy Collection was re-launched with a contemporary exhibition concept, enriched with digital applications.

The rooms on the ground floor of the Atlı Köşk house furniture used by Sabancı Family, designed with influences from late rococo, neo-classic and empire styles with a western provenance and decorative works of art from the 19th century. The archaeological and stone works collection consisting of singular pieces dating back to Roman, Byzantine and Ottoman periods, as well as statues, fountains, columns and contemporary works of art are exhibited in the museum's garden.

Exhibitions held at SSM

In 2021, SSM continued to bring art enthusiasts together with leading artists and movements of Turkish and international art both through physical museum visits and online.

An exhibition from SSM's collections, *From the Reformation to the Republic: Master Artists, Artist Students*

offers a glimpse of the historical journey of art in Turkey, featuring 115 works by artists including Hoca Ali Rıza, Caliph Abdülmecid Efendi, Hüseyin Zekai Paşa, Ivan Konstantinovich Aivazovsky, Şevket Dağ, Hikmet Onat, Hüseyin Avni Lifiş, İbrahim Çallı, and Nazmi Ziya Güran, as well as the pioneering female artist Mihri (Müşfik) Hanım.

As the exhibition shows the interaction and change between generations through the relationship of masters and students, it also offers the opportunity to trace the social and economic

transformation of the country through the art of painting.

Opened in 2021 and continuing in 2022, the exhibition *From the Reformation to the Republic: Master Artists, Artist Students* can be viewed during days and hours the museum is open to visitors in accordance with measures taken against the Coronavirus (COVID-19) pandemic.

Past Present Istanbul: An exhibition organized with the support of Sabancı Holding, describing the past and present of Istanbul through the eyes of 22 young artists who came together with the call of Sabancı University lecturer, architect and photography artist Murat Germen.

Site-specific works by Ahu Akgün, Aslı Narin, Begüm Yamanlar, Beril Ece Güler, Burak Dikilitaş, Canan Erbil, Cemre Yeşil Gönenli, Deniz Ezgi Sürek, Didem Erbaş, Ege Kanar, Eren Sulamacı, Eser

Epözdemir, Korhan Karaoyul, the Center for Spatial Justice, Neslihan Koyuncu Bali, Nora Bryne, Onur Özen, Örsan Karakuş, Serkan Taycan, Sıla Ünlü İntepe, Sinan Tuncay and Zeynep Kaynar were displayed in the exhibition.

An interview titled "Vessel: Exhibiting and Preserving an Installation" was held with the artist Ege Kanar who was a part of the exhibition with his work *Vessel*.

The exhibition *Past Present Istanbul* was produced with accessible content for people with visual and hearing impairments with support from Sabancı University and the collaboration of Sabancı University Sakıp Sabancı Museum and Accessible Everything, an initiative selected for Sabancı Foundation's Changemakers Program.

Past Present Istanbul was viewed between 3 September – 28 November on the days and hours

the museum was open to visitors as part of measures taken against the Coronavirus (COVID-19) pandemic.

The Prince's Extraordinary World: Abdülmecid Efendi opened on 21 December with the support of Sabancı Holding. The exhibition is based on the life and art of Abdülmecid Efendi, a significant painter who left his imprint in the history of Turkish art, and who was also interested in calligraphy, music and literature, known as a patron of many artists and organizations.

The Prince's Extraordinary World: Abdülmecid Efendi features 60 paintings, including those from the collection of SSM, 14 works from collections of public institutions, 17 works from the family collection, along with works from galleries, museums and private collections, a self-portrait dated 1926 from the collection of Musée Massena in Nice where the Caliph spent his years in exile and 2 paintings in their original frame from Pierre Loti House Museum in Rochefort gifted by Abdülmecid Efendi to Loti in addition to over 300 documents.

The exhibition can be visited on days and hours the museum is open to visitors until 1 May 2022 in accordance with the measures taken against the Coronavirus (COVID-19) pandemic.

Online Exhibitions

Zero. Countdown to the Future: Zero. Countdown to the Future: *Zero. Countdown to the Future*, which was held with the contribution of Akbank Art on 2 September 2015 – 10 January 2016, was launched online on 21 February. The exhibition tackles ZERO, one of the most important avant-garde movements of the middle of the century, which was born in the

Sabancı University Sakıp Sabancı Museum (SSM)



atmosphere of the aftermath of World War II and presents art enthusiasts a comprehensive content within a thematic framework.

The exhibition catalogue, which includes texts written by the leading Zero artists Otto Piene, Heinz Mack, Günther Uecker, Yves Klein, Piero Manzoni, and conversations with the founders of the ZERO movement Mack, Piene and Uecker, has also been made available as part of the online exhibition.

SSM Learning Programs

Programs for Children

SSM Online Learning Programs designed for children in different age groups continued both in the museum and online during the mid-term, winter and summer breaks. In addition to workshops organized in parallel to exhibitions, various workshops and guided tours were organized for school groups covering subjects such as art movements, painting, science, nature and abstract art.

Programs for Adults

In 2021, SSM implemented a variety of programs for adults.

Prof. Uşun Tükel from the Department of Art History, Faculty of Letters, Istanbul University, led the online course "Art History as a Discipline", Prof. Dr. Prof. Cevat Çapan offered an online course on "Contemporary Turkish Theater" and Prof. Burcu Pelvanoğlu from Mimar Sinan Fine Arts University, Department of Western Arts and Contemporary Arts taught the online course "The Construction of Modern Art in Turkey".

Painting workshops for adults were also held every week in the garden of the SSM in spring and summer.

DigitalSSM Projects

Sakıp Sabancı Museum digitalSSM Archive and Research Space focuses on issues such as digital archiving, digital preservation, and the transfer of technological artworks to the future.

Launched in 2019 in collaboration with Sabancı University, the project *Technological Arts Preservation* continued online in 2021.

A series of online conferences were held with the participation of artists, digital art conservators, software engineers and representatives from leading cultural, arts and academic institutions such as the Tate Modern, Rhizome, Whitney Museum, ZKM (Center for Art and Media Karlsruhe) and Sabancı University within the scope of this activity carried out as an international research project.

The conferences focused on the preservation of new media artworks, online exhibitions, the impact of the pandemic on cultural and art institutions and the future of museums. The conferences are made available on the [SSM Youtube](#) channel. The first output of the project is an electronic book entitled *Technological*

Arts Preservation, edited by Sabancı University Faculty Members Selçuk Artut, Cemal Yılmaz and Osman Serhat Karaman, Sakıp Sabancı Museum digitalSSM Research Space Manager, published in June on [SSM's website](#).

There are plans to continue the conferences and research processes in 2022 with different topics and experts.

Open-Air Events

Stage at the Museum

Stage at the Museum, a theater event launched in 2017 with the contributions of Sabancı Foundation which generated great interest, was held on 17-22 August in the SSM garden under the curatorship of academic Emre Koyuncuoğlu.

The theme in 2021 was *We Are Here and Now, My Love* addressing the need to cast a look at the difficult process that the world is going through and to heal our wounds together.

The program included the performances, "I, 'Dear Milena'" by Meltem Cumbul; "Mouthpiece" by Dot; "September" by SFRPZTF; "It Felt Empty When The Heart Went At First But It Is Alright Now" by Talimhane Theater; "Kreutzer Sonata" by the Versus Theater; "Love and Music with Shakespeare" by Linet Şaul, Bülent Oral, Faran Suyolcu and Ayşe Lebriz Berkem; "Tales in the Language of Women" by Özden Karakışla " and "The Pacing Riders" by Tatavla Stage. Tilbe Saran held the keynote speech in the program which also included the panels "Inclusion and Solidarity in Performing Arts" moderated by Duygu Dalyanoğlu and "How to Generate Creative Solidarity for a Pluralist Culture" moderated by Cemre Baytok. *Stage at the Museum* also hosted Nadir Sönmez, actor, writer and director, reading the

play "OK", and the performers of the Istanbul Metropolitan Municipality City Theaters reading poetry from Birhan Keskin's collection "Y'ol".

Soirée at the Museum

Soirée at The Museum was created by SSM to continue the tradition of the open-air cinema in 2017 on its terrace overlooking the Bosphorus; the Soirée was held on 14-19 September. The program prepared in collaboration with Kadıköy Municipality Cinematheque / Cinema House consisted of films signifying the representation of Istanbul in Turkish cinema and included "Three Friends" by Memduh Ün, "Oh, Beautiful Istanbul" by Atif Yılmaz, "My Prostitute Love" by Ömer Lütfi Akad, "My Only Sunshine" by Reha Erdem and "Istanbul Tales" by Ümit Ünal, Kudret Sabancı, Selim Demirdelen, Yücel Yolcu and Ömür Atay.

Yoga

Attracting great interest every year, *Yoga at the Museum* was held on the terrace of SSM facing views of the Bosphorus between July and September in 2021 in line with the anti-coronavirus (COVID-19) pandemic measures.

Concerts

IKSV 49th Music Festival

SSM continued to host the most anticipated culture and art events of the city in 2021. In this context, the concert *BIFO Special: Borusan Quartet and Paul Meyer* organized as part of the 49th edition of the Istanbul Music Festival by the Istanbul Foundation for Culture and Arts (IKSV) was held on 25 August in the garden of SSM.

Summer in the Garden Festival

Summer in the Garden Festival organized by Hakan Erdoğan Production started on 12 August with the theme "Invitation to Joy" and continued until 10 September. Jiri Barta, Terezie Fialova, Today's Quintet, Bilal Karaman, Ergün Şenlendirici, Ahmet Özden, Hacı Rüstem Çembeli, Peter Sarik Trio, and the pianist Can Çakmur were among the performers at the festival.

SSM Gift Shop

Sakıp Sabancı Museum Gift Shop features products and services of international quality that enable art enthusiasts to cherish enduring culture and art experiences.

Open to everyone with its physical and digital venues, SSM Gift Shop collaborates with designers and design material suppliers. Through these collaborations, SSM Gift Shop prioritizes being accessible, innovative and distinctive in the products and services it offers in the context of its collections and temporary exhibitions.

SSM Gift Shop acts with the awareness of social responsibility and sustainability in its museum retailing activities.

Corporate Social Responsibility Policy and Principles



It is expected all our establishments that constitute Sabancı Group to manage the economic, social and environmental impact of their actions with responsibility and to place a priority on the development of society.

With this policy statement, Sabancı Group stresses corporate social responsibility principles as well as the importance and priority given to the topic by the Group.

Based on the accepted core values of modesty, respect and proximity to people, the Sabancı Group regards basing all corporate conduct on the awareness of social responsibility as an unchangeable core component of its management approach. We expect all our establishments that constitute Sabancı Group to manage the economic, social and environmental impact of their actions with responsibility and to place a priority on the development of society. We do not regard the scope of our social responsibility limited to just our business operations or their impact. We determine our level of social responsibility and its priority on what is good for society and the environment as a whole.

We pursue a pioneering role concerning actions that protect human rights as well as the environment. At Sabancı Group, the SA-ETHICS program, prepared and put into practice following the Principles of Corporate Social Responsibility, constitutes a guide to our business operations.

The basic principles that govern our social responsibility practices are:

Any discrimination within the organization based on race, religion, gender, age, political opinion, language, physical challenge or similar reasons is not tolerated.

We strive to ensure that people of different beliefs, views and opinions work together in harmony by creating a positive and cordial work environment that supports cooperation and prevents conflict.

We administer programs that contribute to preserving employee health that we accept as important to ensuring our employees' quality of life and success.

1. At Sabancı Group, we believe that all employees deserve to work in a healthy and secure work environment consistent with human dignity. Our employees are our most valuable assets and we strive to provide employee safety and security as our primary goal.

2. We require our companies, beyond their legal requirements, to apply the best environmental solutions and to support any initiative that will develop and deploy environment-friendly technology and enhance environmental awareness. At Sabancı Group, we fulfill our social and environmental responsibilities towards the society in all places that we operate, in close collaboration with our shareholders, employees, public, non-governmental organizations and other stakeholders.

3. We regard our human resources as the most significant component in creating sustainable growth. We ensure that all employees take advantage of

their rights as members of the Group, fully and accurately. We treat our employees with honesty and fairness; we are committed to creating a non-discriminatory, safe and healthy work environment. We undertake efforts to enable the personal development of all employees while pursuing a balance between their private and professional lives.

4. We manage the environmental impact of our activities with a sense of responsibility. All our companies are required to identify and apply the necessary improvements and development activities that minimize or eliminate negative environmental impact.

5. At the Sabancı Group, we strive toward the improvement of society pursuant to our sense of corporate social responsibility. We encourage our employees to take part in social and societal volunteering.

6. We develop and implement approaches to ensure that all of our partners, and particularly our suppliers, act following the social responsibility standards of the Group.

7. We show sensitivity to the traditions and culture of Turkey and other countries in which we operate. We comply with all legal regulations currently in effect.

8. We encourage our Group companies to comply with international standards and assure that their operations are certified.

All principles of this policy statement are put into practice in accordance with applicable regulations; relevant units audit the level of implementation. We consider the success of the companies with regard to social responsibility activities as a significant criterion for evaluating overall company performance. At Sabancı Group, we disclose corporate social responsibility activities realized by our Group with the public via annual reports and on our website.

All our executives and employees, starting with the CEO of Sabancı Holding A.Ş., undertake accountability for carrying out corporate social responsibility activities.

This policy document has been prepared to share with our employees, shareholders and all other stakeholders our public commitment on the part of Sabancı Group to fulfill our responsibility toward helping to create a better world and a better future.

Based on the accepted core values of modesty, respect and proximity to people, the Sabancı Group regards basing all corporate conduct on the awareness of social responsibility as an unchangeable core component of its management approach.

Communication Principles

It is of crucial importance that the internal and external communications of Sabancı Group are maintained consistently, constantly and transparently to safeguard and promote the corporate reputation of the Group and to manage it in harmony with its business targets and social responsibilities.

In this context:

- The Senior Management of Sabancı Holding holds public informational meetings at least once a year.
- Sabancı Holding shares its first quarter, the first half, nine-month and year-end financial results with the Capital Markets Board of Turkey (CMB), Borsa Istanbul (BIST) and the public.
- Material disclosures to the BIST and press releases are simultaneously posted on the website.
- Activities of Sabancı Holding are disclosed to the public through its website in both Turkish and English. Sabancı Holding also shares information with the public through social media channels.
- Subsidiaries of Sabancı Holding inform the Sabancı Holding Corporate Brand Management and Communications Presidency before the implementation of the planned communications activities on a monthly and annual basis.
- Sabancı Holding and its subsidiaries adhere to the principles set out in the Corporate Brand and Communications Guide in all communications activities.
- The principles of the Sabancı brand usage have been outlined in the Sabancı Corporate Identity Guidelines. Sabancı Holding and its subsidiaries adhere to these principles in all matters relating to the use of the Sabancı brand.
- Frequency of such activities may be increased in line with corporate and operational developments.

Environmental Policy

Our Corporate Environment Policy

- We create and practice our environmental standards beyond legal requirements.
- We aim for excellence by sharing know-how and experience between the companies.
- We adopt a proactive approach in all our activities to continuously improve our environmental performance.
- We identify and manage environmental risks.
- We try to implement the best available production techniques.
- We contribute to sustainability while monitoring environmental developments and turning them into business opportunities.
- We support environmental awareness and information sharing for society's development.

Environmental Policy Requirements within the Group

We comply with environmental legislation and other legal requirements.

- We carry out environmental practices beyond legal obligations and ensure compliance.
- We identify our environmental impacts.
- We identify all our environmental impacts while we develop, monitor and improve our targets, programs and monitoring systems.

Manage resource consumption within the Group.

- We determine organizational roles, responsibilities and authorizations in infrastructure, technology, finance and human resources, and we ensure that our employees develop environmental awareness.

Ensure systematization in our practices and create synergy among the businesses.

- We set our business standards with a proactive approach and ensure that everyone, including our employees, suppliers, and contractors, is able to practice them.
- We proactively identify the risks that may harm the environment when we carry out our activities, and we try to promptly and fully take the measures that will minimize these risks.

Continuously strive to monitor and improve our environmental performance.

- We set and implement targets for energy and waste management, and natural resource consumption.
- While we aim for continuous improvement with clean products and clean production technologies, we undertake the environmental responsibility of our products and services.
- We report on our activities and facilitate access to simplified information.

Compliance of Corporate Governance and Sustainability Principles

SECTION I - CORPORATE GOVERNANCE

1. Corporate Governance Approach

Sabancı Group has adopted the principle of complying with the 4 main pillars of corporate governance that are Transparency, Fairness, Responsibility and Accountability. The Group understands that good corporate governance practices are essential for sustainable growth in today's economies.

Sabancı Holding, the parent company of Sabancı Group and whose shares are listed on Borsa İstanbul Stars Market, designs its management approach based on these principles and continues to develop its corporate governance practices by taking the best practices in the world as its guide.

2. Compliance with Corporate Governance Principles

Sabancı Holding is in full compliance with the 24 principles mandatory to be followed by public companies whose shares are traded on Borsa İstanbul. These principles are specified in the Corporate Governance Principles attached to the Corporate Governance Communiqué (Communiqué) numbered II-17.1 of the Capital Markets Board, which is the securities regulator responsible for the regulation and supervision of corporate governance practices in Turkey.

On the other hand, Sabancı Holding fully complied with 62 out of a total of 73 discretionary principles, partially complied with 4 and failed to comply with 2 of these principles. Since no activities that fall within the scope of the remaining 5 principles were carried out in 2021, the remaining 5 principles were considered irrelevant and no compliance status could be assessed.

In 2021, Sabancı Holding continued efforts to improve its compliance with the corporate governance principles for the benefit of all stakeholders, especially shareholders. This year, Sabancı Holding managed to become "fully-compliant" with the corporate governance principles numbered 1.3.10., 3.2.1., 4.2.8. and 4.6.1. that had been reported as "partially-compliant" in 2020. As a result of its efforts, Sabancı Holding achieved 93.5% full compliance and 4.3% partial compliance status with the relevant Corporate Governance Principles in 2021.

2.1. The partially complied principles are summarized below with the reasons for not achieving full compliance:

3.1.2. *Effective and rapid compensation should be offered in case the rights of the stakeholders that are protected under the relevant legislation and contracts are violated. The corporation shall make it convenient to provide the utilization of the mechanisms such as compensation provided for the stakeholders as per the legislation. Furthermore, the corporation shall form a policy on compensation towards the corporation's employees and disclose this policy to public via the corporate website.*

Sabancı Holding prioritizes observing the rights of all its stakeholders and maintaining a business model based on creating value together. However, there are no compensation policies in place towards Sabancı employees, yet no legal issues have been encountered in this regard.

4.4.7. *Members of the board of directors shall allocate a reasonable time for the business of the corporation. In cases where the member of the*

board of directors is a manager or board member in another corporation or renders consultancy services to another corporation, in principal this situation should not cause a conflict of interest and the member shall not hinder his/her duty in the corporation. Within this context, external duties that the member conducts shall be conditional on certain rules or become limited. The external duties conducted by the member of the board of directors and the grounds thereof shall be submitted for the shareholders' information, by distinguishing either such corporation is intragroup or out of the group, together with the agenda item regarding election, at the general assembly meeting in which the election is discussed.

It is important for the members of the Board of Directors to allocate a reasonable time for the Company and to abstain from external duties that may cause a conflict of interest. However, external duties that are out of the Sabancı Group a member conducts are not regulated nor restricted. Additionally, resumés of the members of the Board of Directors were presented in the annual report.

4.5.5. *It shall be noted that any member of the Board of Directors shall not have a duty in more than one committee.*

Although a specific attention is given to determine committee memberships based on professional experiences of independent directors, due to the limited number of independent Board members and the obligations required by the capital market regulations, the members may be assigned to more than one committee.

4.6.5. *Remunerations provided for members of the board of directors and executives and all other benefits*

provided shall be disclosed via the annual report to the public. Principally, public disclosure shall be made on the basis of the persons.

The remunerations of the members of the Board of Directors are disclosed individually as they are decided by the General Assembly, while the total remunerations provided for the executives are disclosed to public in the notes to the financial statements. Compensations for the executives have been made in accordance with wage policies taking into account performance criteria. Since this information is a personal information, it was not announced on an individual basis.

2.2. The principles that have not been complied are summarized below, with the reasons for not achieving full compliance:

1.3.11. *General Assembly meetings may be conducted open to public including stakeholders and media, provided that those shall not have right to speak and a provision may be included in the articles of association in this respect.*

General Assembly meeting was not held publicly due to the health and safety concerns for shareholders caused by COVID-19 pandemic, as well as for efficient time management.

1.5.2. *Minority rights may be defined in the articles of association for shareholders holding less than one twentieth of the capital of the corporation. The scope of minority rights may be enlarged in the articles of association.*

Minority rights are determined in accordance with the relevant legislation, and there is no specific provision for the extension of minority rights in the Articles of Association.

2.3. The principles considered irrelevant since no activities that fall within the scope of these principles were performed in 2021 are as follows:

1.3.7. *Persons who have the opportunity to access information of the corporation in a privileged way shall inform the board of directors to have this item add to the agenda in order to provide information at the general assembly regarding the transactions that they have conducted on their behalf within the scope of the corporation's field of activity.*

1.6.3. *In case the board of directors proposes not to distribute dividends to the general assembly, the reason for such proposal and information as to use of the dividend shall be included into the agenda item regarding dividend distribution.*

4.4.3. *The opinions of a member who does not attend the meeting but who submits his or her opinions to the board of directors in writing are communicated to the other members.*

4.5.7. *Committees may benefit from the opinions of the independent specialists on matters that they find necessary with regard to their activities. The fee of the consultancy services required by the committees shall be paid by the corporation. However in this case, information as to the person/institution that the service is purchased and as to whether this person/institution has any*

relation with the corporation shall be stated in the annual report.

4.6.4. *Corporation shall not loan money, make credit available, enlarge the term of the loan money or credit, improve conditions, make credit available via a third party as a personal credit or grant securities such as surety to any of its Members of the Board of Directors or executives. However, institutions providing personal loan may make credits and other services available to these persons, within the conditions provided to other persons.*

Sabancı Holding's compliance status with Corporate Governance Principles in 2021 is summarized in the table below:

Compliance of Corporate Governance and Sustainability Principles

Status	Full Compliance	Partial Compliance	Non-Compliance	Irrelevant
Mandatory	24	-	-	-
Discretionary	62	4	2	5
Total	86	4	2	5

These discretionary principles could not be complied with in 2021 due to the practical difficulties for compliance with the principles, ongoing discussions on the implementation of these principles in international platforms as well as in Turkey, the fact that compliance with these principles does not benefit the interests of Sabancı Holding and finally, due to the adverse developments of the COVID-19 pandemic. Thanks to the importance attached to corporate governance by Sabancı Holding, developments on the matter are closely monitored. Efforts to ensure full compliance with these principles are continuing at full speed.

The [Corporate Governance Compliance Report \(KYUR\)](#) and the [Corporate Governance Information Form \(KYBF\)](#) for 2021 issued in accordance with the CMB's Decision No. 2/49 dated 10.01.2019 and approved by the Board of Directors of Sabancı Holding are made available to public in the links.

3. Investor Relations Activities

Sabancı Holding has adopted a sensitive approach to inform all market participants simultaneously on the developments that will affect investment decisions in a transparent, timely, accurate, complete, direct, understandable, adequate and regular manner in accordance with the legislation and in a way to assist analysts and investors to make informed decisions.

For this purpose, Sabancı Holding updated the Public Disclosure Platform (PDP) and the Investor Relations page (<https://yatirimciiliskileri.sabanci.com/tr/>) under its official website www.sabanci.com regularly. Investor meetings and conferences were organized to keep the continuous and effective communication with the investors and the analysts. Sabancı Holding participated in a total of 15 roadshows and investor conferences in 2021, and met with 564 international investors/analysts.

No issues that may cause conflicts of interests between Sabancı Holding and institutions Sabancı Holding receives services such as investment consultancy and rating have been encountered.

4. Monitoring the Changes in Legislation and Legal Procedures

In 2021, there have been no changes in the legislation that may significantly affect Sabancı Holding's activities. However, the amendments made in 2021 in the legislation, tax and capital markets regulations in particular, and their potential impacts on both Sabancı Holding and Sabancı Group were analyzed in detail. The regulatory changes that may affect Sabancı Group, especially those may affect Sabancı Holding, have been monitored closely in 2021 and necessary actions were taken.

Additionally, collaborations have been made with Turkish Industry and Business Association and other relevant institutions and organizations in order to help legislative changes benefit the interests of Sabancı Group and the development of the Turkish economy and markets. In line with the vision "Sabancı of Rising Turkey," significant contributions were made to the changes in the financial legislation by prioritizing the interests of the country.

Finally, in 2021, there have been no major pending lawsuits against the Company that may impact the financial position or operations of Sabancı Holding. In addition, Sabancı Holding, Board Members and the Company Executives faced no administrative or legal sanctions due to actions violating the legislation.

SECTION II - BOARD OF DIRECTORS

1 Structure and Composition of the Board of Directors

The procedures and principles concerning the company's Board of Directors' structure, duties, management right and representation authority etc. are decided upon in accordance with the provisions stipulated in the company's Articles of Association.

The Company is managed and represented by a Board of Directors consisting of minimum 7 and maximum 15 members elected by the General Assembly in accordance with the provisions of the Turkish Commercial Code and Capital Market Legislation.

The minimum qualifications to be sought for the Members of the Board of Directors are not provided for in the Articles of Association. However, the qualifications of the Members of the Board of Directors of the company comply with the required qualifications outlined in the relevant articles of the Corporate Governance Principles. Three of the members of the Board of Directors are elected as Independent Members determined in accordance with the CMB Corporate Governance Principles and regulations on corporate governance. Declarations of independence of the Independent Members of the Board of Directors were received prior to their appointment and these declarations remain valid. There is no circumstance eliminating independence as of the related activity period.

The Members of the Board of Directors may be elected for a term of office of one year, and re-election of the members whose term of office has expired is permissible. If a membership is vacated for any reason, at its first meeting, the Board of Directors elects a new member and submits him/her to General Assembly's approval. This member completes the remaining term of his/her predecessor.

Based on the General Assembly's decisions, Board Members are authorized to perform transactions pursuant to the Articles 395 and 396 of the Turkish Commercial Code.

2. Operating Principles of the Board of Directors

The Board of Directors convenes as frequently as required to efficiently fulfill its duties. The Board operates in a transparent, accountable, fair and responsible manner, and while doing so it always considers the company's long-term interests.

Every year, the Members of the Board of Directors elect a Chairman and a Deputy Chairman who will be the acting Chairman in the absence of the Chairman for the meetings. The Chairman of the Board of Directors determines the agenda of the Board of Directors' meetings by taking the opinions of the other members and the CEO. The determined agenda and the contents of the agenda items are communicated in writing to the Board Members one week in advance to enable them to carry out the necessary assessments and works. The agenda items of the Board of Directors' meetings are discussed explicitly and in every aspect. The Chairman of the Board of Directors is obligated to show the maximum effort for ensuring effective participation of the non-executive members in the meetings.

The meeting days and agenda are regulated by the Chairman or the Deputy Chairman.

The Board of Directors convenes as necessitated by the company affairs upon the Chairman's or Deputy Chairman's call for the meeting. The meeting date may be determined with the decision of the Board of Directors as well. In case the Chairman or the Deputy Chairman does not call the Board of Directors for the meeting upon the request of one of the Members, then the Members will be entitled to make a call for the meeting ex-officio.

Compliance of Corporate Governance and Sustainability Principles

The Board of Directors must convene at least four (4) times a year.

Unless one of the members makes a request for a meeting that will be held physically, the decisions of the Board of Directors can be taken by means of getting the written approvals of the other members for another member's proposal regarding a certain issue.

Meeting and decision quorums of the Board of Directors are subject to the provisions of the Turkish Commercial Code.

The Board of Directors of the Company held 7 physical meetings between 1 January 2021 and 31 December 2021. The participation rate of the Members of the Board of Directors to these meetings is 94%.

At the Board meetings, each member had 1 vote, and unanimous consent was sought while resolving matters and the Board always complied with Corporate Governance Principles. Attendance in person of the members without an excuse at the meetings of the Board of Directors was ensured. At the meetings held in 2021, no different opinion against the resolutions taken was expressed by the Members of the Board of Directors and no comments were written down in the minutes. Additionally, there were no additional queries about the agenda items from the Board Members so no matter was materialized.

No opposite opinions were put forward against the resolutions reached by the Board Members at the Board meetings held in 2021.

3. Number, Structure and Independence of the Committees Established within the Structure of the Board of Directors

According to the Company's Articles of Association, the Board of Directors establishes a sufficient number of Committees ("Committee") to fulfill the required tasks and responsibilities properly.

The liabilities of the "Nomination Committee" and the "Remuneration Committee" stipulated in the Article 4.5.1 of the Communiqué are undertaken by the "Corporate Governance Committee." This Committee was renamed as "Corporate Governance, Nomination and Remuneration Committee." Although care is taken to follow the recommendation of the Article 4.5.5 of the Communiqué; "It shall be noted that any member of the board of directors shall not have a duty in more than one committee," some of our Board Members can be a member in more than one committee due to business expertise in related areas.

Corporate Governance, Nomination and Remuneration Committee

Corporate Governance, Nomination and Remuneration Committee aims to maintain the continuity of the management process based on the ethical values of the company, having internal and external accountability, risk awareness and that is transparent and responsible in its decisions and oversees the benefits of the stakeholders and has a sustainable success goal.

The duty of this Committee is to make suggestions and recommendations to the Board of Directors with regard to establishing the corporate governance principles in line with the principles of the CMB or other internationally recognized Corporate Governance Principles.

Corporate Governance, Nomination and Remuneration Committee, including the President, is composed of a maximum of five Members, and two Rapporteurs appointed by the Board of Directors of the company in accordance with the "Corporate Governance Principles." The Chairman of the Committee is appointed among Independent Members by the Board of Directors of the company.

Should the position of Chairman of the Committee become vacant for any reason, the Chairman of the Board assigns one of the Committee Members as temporary Chairman until the new Chairman is appointed at the next Board meeting.

The Corporate Governance, Nomination and Remuneration Committee ensures the implementation of the Corporate Governance Principles within the company, and if these principles are not implemented, the Committee makes suggestions for improvement to the Board of Directors. The Committee also oversees the activities of the Investor Relations Department. Alongside the determination of the principles and evaluation of the performance and remuneration of the Board of Directors and Senior Executive Managers, the Committee submits the independent candidate member proposals to the Board of Directors by evaluating the independence qualifications of the candidates, also taking into account the candidates nominated by the management and the shareholders. The Independent Board Member Candidate submits a written declaration to the Corporate Governance, Nomination and Remuneration Committee at the time of nomination.

According to the bylaws, the Corporate Governance, Nomination and Remuneration Committee must convene 4 times at minimum. The Committee convened 8 times in 2021.

The members of the Corporate Governance Committee determined in accordance with the decision of the Board of Directors of the company are as follows:

Full Name	Role	Nature of the Board of Directors Membership / Duty
Mehmet KAHYA	Committee Chairman	Independent Board Member
Suzan SABANCI DİNÇER	Committee Member	Non-Executive Committee Member
Serra SABANCI	Committee Member	Non-Executive Committee Member
Sakıp Sabancı Holding A.Ş. (Represented by Saime Gonca ARTUNKAL)	Committee Member	Non-Executive Committee Member
Şerafettin KARAKIŞ	Committee Member	President of Finance, Accounting and Investor Relations

Compliance of Corporate Governance and Sustainability Principles

Early Detection of Risk Committee

Early Detection of Risk Committee was established in accordance with Article 378 of the Turkish Commercial Code (Law no. 6102) and the provisions of the Capital Markets Board's Communiqué on the Corporate Governance Principles.

The Committee performs activities with the purposes of early detection of any risk such as strategic, operational, financial, compliance etc. that may jeopardize the existence, development and continuity of the company, of taking necessary measures, implementing solutions and managing the risk.

The members of the Committee shall be determined by the Board of Directors of the Company and disclosed to the public. The Chairman of the Committee is appointed among independent members by the Board of Directors of the Company. In the Committee; there are maximum two Members elected by the Company's Board of Directors except the President. The members of the Committee are preferably elected from among the non-executive Board Members.

Committee meetings are held at least six times a year, at a location deemed appropriate by the Chairman. The annual meeting schedule is determined by the Chairman of the Committee and communicated to all committee Members at the beginning of each year.

The term of office of the Committee Members is in parallel to the term of office of the Members of the company's Board of Directors. The Committee is re-established upon the election of the Members of the Board of Directors.

Early Detection of Risk Committee convened 6 times in 2021.

Full Name Role Nature of the Board of Directors Membership

Full Name	Role	Nature of the Board of Directors Membership
Hayri ÇULHACI	Committee Chairman	Independent Board Member
Suzan SABANCI DİNÇER	Committee Member	Non-Executive Committee Member
Serra SABANCI	Committee Member	Non-Executive Committee Member
Sakip Sabancı Holding A.Ş. (Represented by Saime Gonca ARTUNKAL)	Committee Member	Non-Executive Committee Member

Audit Committee

The duty of the Audit Committee is to supervise the Company's accounting system, financial reporting, disclosure of financial statements, progress and effectiveness of independent audit and internal control systems, on behalf of the Company's Board of Directors. The Audit Committee reports its activities, evaluations and suggestions with respect to its duties and area of responsibility to the Board of Directors in writing.

The Chairman and the Members of the Audit Committee are appointed by the Board of Directors from among the Independent Members.

The Audit Committee held five meetings in 2021 and the main agenda items were the review of the independent audit report and the examination of the presentations of the Audit Department.

The members of the Audit Committee determined in accordance with the decision of the Board of Directors of the company are as follows:

Full Name	Role	Nature of the Board of Directors Membership
Ahmet ERDEM	Committee Chairman	Independent Board Member
Hayri ÇULHACI	Committee Member	Independent Board Member

Sustainability Committee

In 2021, a Sustainability Committee has been established in order to help the Board of Directors fulfill its duties and responsibilities regarding environmental and social issues in a healthy manner.

Sustainability Committee convened 2 times in 2021.

The Committee, in coordination with Sabancı Holding's Human Capital and Sustainability Group Presidency, monitors the following activities which are under the responsibility of other Management functions related with the Sustainability Leadership Committee, follows up developments and performance, provides guidance for improvement to Holding Management in case of need. The Committee also briefs the Board of Directors and makes suggestions as needed. Aforementioned sustainability topics are as follows:

Sustainability Governance

Structure and functioning of sustainability governance which was established to implement sustainability initiatives in accordance with expectations of internal and external stakeholders,

Treating all risks which may arise in environmental and social issues, and which may transform into financial risks at times, including reputation risks, with the coordination of Early Detection of Risk Committee (EDRC),

Having the necessary knowledge level to comply with all local and international developments to execute managerial duties of Sabancı Holding executive level in sustainability areas,

Sustainability Performance

Keeping performance indicators and targets of Sabancı Group up-to-date,

Transparency

Disclosure of Sustainability Report and environmental and social performance at the Investor Relations web site or other platforms suggested by Human Capital and Sustainability Group Presidency.

Compliance of Corporate Governance and Sustainability Principles

Policies

Establishment of environmental and social policies, which should be treated at the Board of Directors level, primarily Responsible Investment principles, and updating of current policies. The members of the Sustainability Committee determined in accordance with the decision of the Board of Directors of the company are as follows:

Full Name	Role	Nature of the Board of Directors Membership
Ahmet ERDEM	Committee Chairman	Independent Board Member
Hayri ÇULHACI	Committee Member	Independent Board Member
Mehmet KAHYA	Committee Member	Independent Board Member

4. Risk Management and Internal Control Mechanism

Sabancı Group holds the position that every risk brings an opportunity, and considers that "sustainable growth" may be achieved by effectively identifying, measuring, and managing risks. The Group places a great importance on risk management in order to "create value for its stakeholders," which is a crucial part of its mission. As one of Turkey's leading institutions, the Sabancı Group continues to implement a defined risk management system throughout the Group with its strong risk management infrastructure.

In Sabancı Group, the risk is seen as a concept that incorporates opportunities as well as threats and corporate risk management is applied as a continuous and systematic process in all Group companies to manage these risks most efficiently. Efforts are being made to cultivate the risk culture throughout the Group, and assurance is provided to ensure that the right activity is carried out taking the right amount of risk. The risks faced by the Group companies are monitored via Key Risk Indicators (KRI) determined by Sabancı Holding and Group companies. These indicators are continuously monitored and periodically reported. The necessary actions to manage the risks indicated by the Main Risk Indicators are taken by the Group companies under the coordination of Sabancı Holding.

Ceaselessly continuing to create shareholder value in 2021 owing to the importance it attaches to risk management, Sabancı Group displayed a sustainable growth performance.

Sabancı Group will manage the potential risks in all business lines in 2022 thanks to its strong capital and effective management understanding.

Similarly, the Internal Control Mechanism has been available since the company was established. With the establishment of the Audit Committee, the Internal Control Mechanism effectively carries out the duties assigned by the Board of Directors, in compliance with the current Audit Committee Bylaws.

5. Company's Strategic Goals

Having determined the vision and the mission of the company, the Board of Directors incorporated them in writing in the Annual Report and announced to the public on the company's website, www.sabanci.com and company's long-term strategies are built on these principles.

The Board of Directors, together with the CEO and Group Presidents, sets three-year strategic goals which are updated each year. Whether the targets are achieved or not are monitored by executive reports prepared at the end of each month. Whether the Company achieved its targets or not constitutes the basis for performance evaluation at the end of the year.

6. Financial Rights

The terms and conditions of any right, fee, and benefit granted to the company's Board Members are laid down in detail in the Articles of Association. The General Assembly determines the payments to be made to the Chairman and Members of the Board of Directors as well as the attendance fee. The payments made to the senior executives are disclosed to the public in the footnotes of our financial statements.

In 2021, the Company did not lend any money or extend any credit to the Board Members; did not extend the maturity or improve the terms and conditions of existing debts or credits; did not extend any individual loan through third persons, or did not offer guarantees.

SECTION III - SUSTAINABILITY

1. Sustainability Approach

Sabancı Holding is sensitive on social responsibility and sustainability principles and cares about regulations and ethical rules on the environment, consumers and public health. The Company supports and respects international human rights. In 2020, Sabancı Holding redefined its priorities, including environmental and social issues, and disclosed to the public with its 2020 annual and Sustainability report.

Considering sustainability as one of its strategic focuses, Sabancı Holding maintained these efforts under three main headings: Acting on Climate Emergency, Maximizing Positive Impact on People and Society and Fostering Sustainable Business Models

2. Compliance with Sustainability Principles

Aiming for full compliance with the Sustainability Principles Compliance Framework, compiled in line with the amendment dated 02.10.2020 in the Corporate Governance Communiqué of the Capital Markets Board, Sabancı Holding achieved a significant level of compliance thanks to efforts made in this field by the Holding and the Group companies. In 2022, Sabancı Holding plans to continue efforts to improve its compliance with the principles in question, taking into account the benefit of all stakeholders, especially shareholders.

In 2021, Sabancı Holding's ESG rating has been upgraded to BBB from B by MSCI which is one of the most reputable ESG rating companies in regards to responsible investment all over the world. For the purpose of leading this area it is also listed in BIST Sustainability Index. Sabancı Holding enhanced its CDP Climate Change Score to B (management level) as well as taking its place in the management level category by maintaining B score in CDP Water Program.

Besides that, Sabancı Holding became one of 418 companies across 45 countries in Bloomberg Gender Equality Index which adopts transparency in gender data report and aims to monitor performance of publicly traded company.

Following the promulgation of the Sustainability Principles Compliance Framework in 2020 for the first time by CMB, a world-class sustainability compliance standard has been adopted in our country. This year, Sabancı Group fully complied with 57 out of a total of 60 discretionary principles and partially complied with the remaining 3 principles. The efforts to achieve 100% compliance with these principles across Sabancı Group will continue in 2022 as well.

Sabancı Holding's compliance with the Sustainability Principles in 2021 is summarized in the table below

Type	Full Compliance	Partial Compliance	Non-Compliance
General	11	1	-
Environment	24	2	-
Social	16	-	-
Corporate Governance	6	-	-
Total	57	3	-

2021 [Sustainability Compliance Report](#), which shows the compliance status of Sabancı Group with the principles in the Sustainability Principles Compliance Framework of CMB is available to public in the link.

Dividend Distribution Table

HACI ÖMER SABANCI HOLDİNG A.Ş. DIVIDEND DISTRIBUTION TABLE FOR THE YEAR 2021 (TRY)			
1.	Paid-in Capital		2,040,403,931.00
2.	General Legal Reserves (As per Turkish GAAP)		408,080,786.20
	According to Article 35 of the Articles of Association, 3% of the remainder after reserving (i) 5% of the Net Profit for General Legal Reserves and (ii) 5% of Paid-in Capital for First Category Dividend will be reserved for Hacı Ömer Sabancı Foundation.		
		As per IFRS	As per Turkish GAAP
3.	Profit	25,853,588,000.00	2,306,166,936.47
4.	Taxes (-)	5,274,478,000.00	102,980,534.87
5.	Net Profit for the Period (=)	12,032,098,000.00	2,203,186,401.60
6.	Previous Years' Losses (-)	0.00	0.00
7.	General Legal Reserves (-)	0.00	0.00
8.	NET DISTRIBUTABLE PROFIT FOR THE PERIOD	12,032,098,000.00	2,203,186,401.60
9.	Donations Granted during the Year (+)	379,345.60	
10.	NET DISTRIBUTABLE PROFIT INCLUDING DONATIONS	12,032,477,345.60	
11.	First Category Dividend for Shareholders	102,020,196.55	
	- Cash	102,020,196.55	
	- Share	0.00	
	- Total	102,020,196.55	
12.	Dividends Distributed to the Privileged Shareholders	0.00	
13.	Other Dividends Distributed	63,034,986.15	
	- Members of the Board of Directors	0.00	
	- Employees	0.00	
	- Non Shareholders	63,034,986.15	
14.	Dividends Distributed to the Holders of Usufruct Right Certificates	0.00	
15.	Second Category Dividend for Shareholders	1,428,282,751.70	
16.	General Legal Reserves	0.00	
17.	Status Reserves	0.00	0.00
18.	Special Reserves (According to the Article 5/1 -e of Corporate Tax Law)	0.00	0.00
19.	Extraordinary Reserves	10,438,760,065.60	609,848,467.20
20.	Other Resource Planned for Distribution	0.00	0.00
	- Previous Years' Profit	0.00	0.00
	- Extraordinary Reserve	0.00	0.00
	- Other Distributable Reserves as per the Legislation and the Articles of Association	0.00	0.00

HACI ÖMER SABANCI HOLDİNG A.Ş. DIVIDEND RATES TABLE FOR THE YEAR 2021					
	TOTAL DIVIDEND AMOUNT		TOTAL DIVIDEND AMOUNT / NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDEND PER SHARE OF TRY 1 NOMINAL VALUE	
	CASH (TRY)	SHARES (TRY)	RATIO (%)	AMOUNT (TRY)	RATIO (%)
GROSS	1,530,302,948.25	-	12.72	0.750	75.00
NET ^(*)	1,377,272,653.43	-	11.45	0.675	67.50

(*) Net amount is calculated by assuming 10% withholding tax will apply.

Events After the Balance Sheet Period

An application to the Competition Authority was made on October 6, 2021 with regard to the acquisition of Sabancı Holding's entire shares in Philsa Philip Morris Sabancı Sigara ve Tütüncülük Sanayi ve Ticaret A.Ş. (PHILSA) and Philip Morris SA, Philip Morris Sabancı Pazarlama ve Satış A.Ş. (PMSA) by Philip Morris Products S.A. (PM) and/or its affiliates; and the necessary permits for the contemplated transaction were granted on December 24, 2021 by the Competition Board.

The necessary conditions are satisfied and relevant permits and approvals for the contemplated acquisition have been obtained, and Sabancı Holding's entire shares in PHILSA with full TRY 750.000 nominal value representing 25% of the share capital and in PMSA with full TRY 173.250 nominal value representing 24,75% of the share capital have been acquired by PM in consideration of full TRY 2.747.308.823 on January 5, 2022 post predetermined adjustments at closing. The acquisition price has been collected by Sabancı Holding on the same day.

On the other hand, in line with the cash management principles, a variety of derivative instruments are effectively used by Sabancı Holding against fluctuations in FX rates and other market risks, and transaction-specific hedging transactions were engaged in relation to the sale of PHILSA and PMSA shares to offset the risks associated with FX rates. To this end, 88% of total acquisition price from PHILSA and PMSA shares were hedged at the weighted average FX rate of 9,3249 TRY/USD by using forward contracts with various maturities. The

acquisition price remains subject to certain predetermined adjustments based on the audited financial results of PHILSA and PMSA for the 2021 fiscal year, and the final acquisition price will be disclosed to public, once determined.

In the scope of the share buy-back program started by the Board of Directors on 9 November 2021 based on the settlement transactions fulfilled after 31 December 2021 as of the report date, shares worth full TRY17.425.000 (all in TRY), representing 0,8540% of the Sabancı Holding Capital, were bought back for TRY263.558, including transaction costs.

Based on the Board of Directors dated 26 December 2022, Aksigorta decided to increase capital from internal resources. The Company has a total nominal value of TRY full 306.000.000 and 100% of its issued capital with a nominal value of full TRY 306.000.000 within the registered capital ceiling of full TRY 750.000.000, TRY 90.989.327 of which is covered from the Sales Profits to be Added to the Capital account and full TRY 215.010.673 is from the Extraordinary Reserves account. It has been decided to increase it to full TRY 612.000.000 by increasing it free of charge.

The Group made a foreign currency protected deposit with 6-month term from Akbank T.A.Ş. amounting to equivalent of USD100.000.000 which is full TRY 1.371.150.000 and having a 17% interest rate at the USD1=TRY13.7115 exchange rate announced by the Central Bank of Turkey on 16 February 2022 at 14.00.

In line with Temporary Article 14 of the Corporate Income Tax Law, the transaction caused a corporate income tax deduction of TRY86.551.530 (all in TRY).

As a result of the investigation started as per decision no. 20-23/298-M of the Competition Authority dated 7 May 2020 concerning examining the pricing behavior of manufacturers and wholesalers classified as chain stores operating in retail food and cleaning products trade and their suppliers during the COVID-19 pandemic, an administrative fine of full TRY142.469.772,07 (all in TRY) equal to 1.8% of the annual revenue (defined by the Competition Board) generated by the end of Carrefour's FY2020 was imposed on the Company and the justified decision was submitted to the Company on 14 January 2022. Full TRY106.852.329,05 (all in TRY) was paid on 11 February 2022, benefiting from the 25% advance payment discount and reserving all rights to objection and litigation. Also, an appeal for reversal will be filed with the Ankara Administrative courts within 60 days. Company management did not allocate a provision for the relevant lawsuit in the financial statements, in line with independent legal advisors' opinions. Developments will be announced to the public in the framework of relevant regulations.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT (ORIGINALLY ISSUED IN TURKISH)



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Hacı Ömer Sabancı Holding A.Ş.

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Hacı Ömer Sabancı Holding A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated balance sheet as at 31 December 2021, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matters	How the key audit matter was addressed in the audit
<p>Impairment of receivables from finance sector operations in accordance with TFRS 9 (Note 33)</p> <p>The Group has total provision for impairment of TL 19 billion in respect to receivables from finance sector operations of TL 406 billion which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2021.</p> <p>TFRS 9 is a complex accounting standard which requires considerable judgement and interpretation. These judgements are key in the development of the financial models built to measure the expected credit losses on loans recorded at amortized cost. In addition, the operation of the models requires large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit losses on loans. Impairment allowances are calculated on a collective basis for portfolios of receivables from finance sector operations of a similar nature and on individual basis for significant loans taking into account Management's best estimate at the balance sheet date and historical losses incurred. As of 31 December 2021, the impacts of COVID-19 global pandemic have increased the importance of the estimations and assumptions used by the Group management in determination of the expected credit loan loss provision. The uncertainties arising from these impacts have been evaluated by the management in their judgements and estimations.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macroeconomic expectations, current conditions, historical loss experiences; the significance of the receivables from finance sector operations balances; the appropriateness of classification of receivables from finance sector operations as per their credit risk (staging) in accordance with applicable regulation and the importance of determination of the associated impairment allowances. Timely and correctly identification of loss event and the level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<p>Within our audit procedures, we assessed policies and procedures together with the overall governance established by the Group with respect to classification of receivables from finance sector operations and estimation of impairment in accordance with the applicable regulations considering also the impacts of COVID-19. We have tested the design and operating effectiveness of controls implemented by the Group in line with its governance, policies and procedures.</p> <p>Together with our modelling specialists, we have evaluated and tested the methodologies used in building impairment models in line with the requirement of TFRS 9 and the Group's policies for the significant portfolio of loans. We have tested model calculations through re-performance together with our modelling specialists on a sample basis. We have independently assessed together with our related specialists methodologies used in the models with respect to segmentation, life time expected credit losses, losses given default and use of macroeconomic expectations that include the impacts of COVID-19.</p> <p>We have carried loan review on a selected sample of receivables from finance sector operations with the objective to identify whether the classification of loans is performed appropriately in accordance with the applicable regulation, whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the TFRS 9 framework.</p> <p>In addition, for non-performing receivables from finance sector operations and other significant loans that are subject to individual assessment based on the Group policies, we have evaluated the appropriateness of specific impairment provision with supportable input. Based on our discussions with the Group management, we have evaluated and challenged whether the key assumptions and other judgements, underlying the estimation of impairment were reasonable including the areas affected by the uncertainties related to COVID-19.</p> <p>We have reviewed the appropriateness and sufficiency of disclosures made in the financial statements of the Group with respect to receivables from finance sector operations and related impairment provision.</p>



Key Audit Matters	How the key audit matter was addressed in the audit
<p>Valuation of Pension Fund Obligations (Note 2.3.20)</p>	
<p>The Group has booked provision amounting to TL 295 million for Pension Fund Liabilities in the accompanying consolidated financial statements as at 31 December 2021.</p> <p>The Group’s Personnel Pension Fund Foundation (“Pension Fund”) is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). The President of the Republic of Turkey is authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumption for benefits to be transferred and for non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. The Group’s management uses external consulting firm for the purpose of valuations of pension obligations. The reason we focused on this area during our audit is; the importance of the actuarial and economic assumptions such as discount rates, salary increases, demographic assumptions used in the valuation of pension obligations with respect to social benefits and the significant impact that may arise from the possible change in the assumptions used in the evaluation of pension fund liabilities.</p>	<p>Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Group management to the external consulting firm for the purpose of evaluation pension obligation. In addition, we have verified the existence and values of the Pension Fund assets.</p> <p>Through use of actuarial specialists, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.</p> <p>In addition to the above procedures we have reviewed disclosures made with respect to pension fund.</p>



4. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2021 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 24 February 2022.

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

A handwritten signature in blue ink, appearing to read "B. Özpoyraz", is written over the printed name.

Burak Özpoyraz, SMMM
Partner

Istanbul, 24 February 2022

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HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2021 AND 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
ASSETS	References		
Current Assets		465.289.463	269.491.344
Cash and Cash Equivalents	5	69.417.883	19.828.118
Balances with the Central Bank of the Republic Turkey		81.792.492	42.604.370
Financial Assets		40.134.206	35.799.568
- Fair Value Through Profit or Loss	6.a	11.288.001	9.214.502
- Fair Value Through Other Comprehensive Income	6.b	15.853.577	9.837.424
- Measured at Amortized Cost	6.c	12.629.008	16.731.294
- Time Deposit	6.d	363.620	16.348
Trade Receivables	9	4.254.881	1.845.555
- Trade receivables from related parties		203.792	112.248
- Trade receivables from non-related parties		4.051.089	1.733.307
Receivables from Finance Sector Operations	33	225.676.033	150.108.617
Other Receivables	10	3.753.288	4.497.536
Derivative Financial Instruments	32	23.646.983	8.463.520
Inventories	11	7.520.997	3.761.354
Prepaid Expenses	12	2.353.369	1.204.269
Deferred Commission Expenses		474.946	-
Assets Related to Current Tax		136.708	6.788
Other Current Assets	22	5.433.104	1.109.423
		464.594.890	269.229.118
Non-current Assets Held for Sale	24	694.573	262.226
Non-Current Assets		354.474.326	231.767.030
Financial Investments		131.979.497	73.524.030
- Fair Value through Other Comprehensive Income	6.b	87.077.994	48.382.002
- Measured at Amortized Cost	6.c	44.901.503	25.142.028
Trade Receivables	9	6.086	566
- Trade receivables from non-related parties		6.086	566
Receivables from Finance Sector Operations	33	160.936.678	116.970.690
Other Receivables	10	503.230	3.869.631
Derivative Financial Instruments	32	27.349.132	14.455.362
Investments Accounted Through Equity Method	13	8.763.569	8.298.372
Investment Property	14	383.871	235.062
Property, Plant and Equipment	15	10.569.872	7.959.621
Right of Use Assets	17	1.980.324	1.731.577
Intangible Assets		10.480.408	3.875.970
- Goodwill	18	2.522.764	1.600.690
- Other Intangible Assets	16	7.957.644	2.275.280
Prepaid Expenses	12	46.052	17.368
Deferred Commission Expenses		642.071	-
Deferred Tax Assets	31	660.696	719.275
Other Non-Current Assets	22	172.840	109.506
Total Assets		819.763.789	501.258.374

These consolidated financial statements have been approved for issue by the Board of Directors on 24 February 2022 and signed on its behalf by Cenk Alper, Member of Board of Directors and CEO and Nusret Orhun Köstem, CFO, General Assembly has the right to change these consolidated financial statements.

The accompanying notes form an integral part of these consolidated financial statements.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2021 AND 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Note References	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
LIABILITIES			
Current Liabilities		606.207.659	351.320.596
Short Term Borrowings	7	26.193.026	13.713.590
Short Term Portion of Long Term Borrowings	7	27.179.115	20.053.065
Liabilities from Leasing Transactions	8	382.607	334.423
Trade Payables	9	8.739.683	5.023.674
- Trade payables to related parties		109.484	113.064
- Trade payables to non-related parties		8.630.199	4.910.610
Payables of Finance Sector Operations	34	495.202.504	292.375.186
Payables related to Employee Benefits	21	133.906	119.126
Other Payables	10	16.992.367	9.088.626
Derivative Financial Instruments	32	14.714.467	5.795.534
Deferred Income	12	248.442	209.063
Current Tax Liabilities	31	1.756.390	1.171.845
Short Term Provisions		11.151.910	1.209.636
- Short Term Provisions for Employee	21	768.587	522.275
- Insurance Technical Provisions	19	9.328.281	-
- Other Short Term Provisions	19	1.055.042	687.361
Other Short Term Liabilities	22	3.513.242	2.222.801
		606.207.659	351.316.569
Liabilities Related to Asset Group Held for Sale	24	-	4.027
Non-current Liabilities		109.951.948	73.154.884
Long Term Borrowings	7	64.396.093	38.494.543
Liabilities from Leasing Transactions	8	1.844.517	1.599.783
Payables of Finance Sector Operations	34	17.327.199	18.066.046
Other Payables	10	7.145.569	4.431.151
Derivative Financial Instruments	32	11.219.270	9.108.320
Deferred Income	12	221.404	137.410
Long Term Provisions		6.380.764	946.430
- Long Term Provisions for Employee Benefits	21	1.051.410	704.926
- Insurance Technical Provisions	19	4.766.880	-
- Other Long Term Provisions	19	562.474	241.504
Taxes and Funds Payable		10.233	-
Deferred Tax Liabilities	31	1.382.161	318.277
Other Long Term Liabilities	22	24.738	52.924
EQUITY		103.604.182	76.782.894
Equity Attributable To The Parent	23	51.416.916	37.996.499
Share Capital	23	2.040.404	2.040.404
Adjustments to Share Capital		3.426.761	3.426.761
Share Premium	23	22.237	22.237
Treasury shares (-)	23	(298.646)	(190.470)
Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss		(238.606)	(150.921)
- Actuarial Gain/Loss		(238.606)	(150.921)
Other Comprehensive Income or Expenses Will Be Reclassified to Profit or Loss		3.521.468	1.135.944
- Currency Translation Reserve	23	6.690.649	2.684.551
- Gains/Losses on Hedge	23	(2.450.148)	(1.755.742)
- Revaluation Reserve	23	(719.033)	207.135
Restricted Reserves	23	1.532.498	1.223.543
Retained Earnings		29.378.702	25.721.428
Net Income for the Period		12.032.098	4.767.573
Non-controlling Interests		52.187.266	38.786.395
TOTAL EQUITY AND LIABILITIES		819.763.789	501.258.374

The accompanying notes form an integral part of these consolidated financial statements.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Note References	Audited Current Period 1 January - 31 December 2021	Audited Prior Period 1 January - 31 December 2020
CONTINUING OPERATIONS			
Sales (net)	4,25	30.570.352	21.529.210
Cost of Sales (-)	4,25	(24.024.838)	(17.005.423)
Gross Profit from Non-Financial Operations		6.545.514	4.523.787
Interest, Premium, Commission and Other Income	4,25	57.622.046	37.824.578
Interest, Premium, Commission and Other Expense (-)	4,25	(27.944.179)	(20.691.934)
Gross Profit from Financial Operations		29.677.867	17.132.644
GROSS PROFIT		36.223.381	21.656.431
General and Administrative Expenses (-)	26	(11.745.337)	(8.947.977)
Marketing Expenses (-)	26	(3.005.986)	(2.406.697)
Research and Development Expenses (-)	26	(46.937)	(27.375)
Other Income from Operating Activities	28	4.007.197	2.767.140
Other Expense from Operating Activities (-)	28	(2.864.189)	(2.611.800)
Share of Profit of Investments Accounted for Using the Equity Method	13	2.786.514	1.532.631
OPERATING PROFIT		25.354.643	11.962.353
Income from Investing Activities	29	1.847.361	147.553
Expense from Investing Activities (-)	29	(9.283)	(5.143)
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		27.192.721	12.104.763
Financial Income	30	124.809	57.332
Financial Expenses (-)	30	(1.463.942)	(985.194)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS		25.853.588	11.176.901
Tax Expense from Continuing Operations			
Current Tax Expense	31	(4.186.070)	(2.592.425)
Deferred Tax Income/(Expense)	31	(1.088.408)	321.886
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		20.579.110	8.906.362
DISCONTINUED OPERATIONS			
Income After Tax From Discontinued Operations			
Discontinued Operations	24	(7.942)	(7.109)
PROFIT FOR THE PERIOD		20.571.168	8.899.253
ALLOCATION OF PROFIT			
- Non-controlling Interests		8.539.070	4.131.680
- Owner of the Company		12.032.098	4.767.573
Earnings per share			
- hundreds of ordinary shares (TRY)		5,90	2,34
Earnings per share from continuing operations			
- hundreds of ordinary shares (TRY)		5,90	2,34

The accompanying notes form an integral part of these consolidated financial statements.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Note References	Audited Current Period 1 January - 31 December 2021	Audited Prior Period 1 January - 31 December 2020
INCOME FOR THE YEAR		20.571.168	8.899.253
Other Comprehensive Income/(Loss):			
Items That Will Not Be Reclassified To Profit or Loss		(178.888)	(74.162)
Actuarial (losses)/gains	31	(163.450)	(70.204)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax	31	(15.438)	(3.958)
Items That Will Be Reclassified To Profit or Loss Profit or Loss		4.463.431	1.752.525
Fair value gains/(losses) from financial assets through other comprehensive income, after tax	31	(2.305.662)	338.361
Currency translation differences	31	8.234.664	2.398.840
Cash flow hedges after tax	31	2.354.470	412.129
Income/(loss) from the derivative financial assets related to net investment hedge in a foreign operation, after tax	31	(3.727.101)	(1.185.472)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax	31	(92.940)	(211.333)
OTHER COMPREHENSIVE INCOME/(LOSS) (AFTER TAX)		4.284.543	1.678.363
TOTAL COMPREHENSIVE INCOME		24.855.711	10.577.616
ALLOCATION OF TOTAL COMPREHENSIVE INCOME			
- Non-controlling Interests		10.555.109	5.240.590
- Equity Holders of the Parent		14.300.602	5.337.026

The accompanying notes form an integral part of these consolidated financial statements.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Accumulated Other Comprehensive Income or Loss That Will													Total	
					Not be reclassified		Be reclassified			Restricted reserve	Retained earnings	Net income for the year	Equity attributable to the parent		Non-controlling interest
	Share capital	Adjustment to share capital	Treasury shares	Share premium	Actuarial gains / losses	Currency translation reserve	Hedge reserve	Revaluation funds							
Balance at 1 January 2020	2.040.404	3.426.761	(190.470)	22.237	(116.253)	1.688.674	(1.213.290)	56.439	1.173.886	22.590.193	3.779.736	33.258.317	33.219.126	66.477.443	
Transfers	-	-	-	-	-	-	-	-	-	49.657	3.730.079	(3.779.736)	-	-	
Dividends paid	-	-	-	-	-	-	-	-	-	-	(684.346)	-	(684.346)	(36.036)	
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	161.006	
Changes in subsidiary share ratio	-	-	-	-	-	-	-	-	-	-	85.502	-	85.502	201.709	
Total comprehensive income	-	-	-	-	(34.668)	995.877	(542.452)	150.696	-	-	4.767.573	5.337.026	5.240.590	10.577.616	
Balances at 31 December 2020	2.040.404	3.426.761	(190.470)	22.237	(150.921)	2.684.551	(1.755.742)	207.135	1.223.543	25.721.428	4.767.573	37.996.499	38.786.395	76.782.894	
Balance at 1 January 2021	2.040.404	3.426.761	(190.470)	22.237	(150.921)	2.684.551	(1.755.742)	207.135	1.223.543	25.721.428	4.767.573	37.996.499	38.786.395	76.782.894	
Transfers	-	-	-	-	-	-	-	-	201.768	4.565.805	(4.767.573)	-	-	-	
Dividends paid (*)	-	-	-	-	-	-	-	-	-	(733.591)	-	(733.591)	(454.876)	(1.188.467)	
Capital increase (**)	-	-	-	-	-	-	-	-	-	-	-	-	139.339	139.339	
Subsidiary acquisition (***)	-	-	-	-	-	-	-	-	(989)	(1.849)	-	(2.838)	3.178.518	3.175.680	
Changes in ownership interests in subsidiaries that do not result in a loss of control (****)	-	-	-	-	-	29.335	-	-	-	(64.915)	-	(35.580)	(17.219)	(52.799)	
Increase / (decrease) due to share buy back transactions (*****)	-	-	(108.176)	-	-	-	-	-	108.176	(108.176)	-	(108.176)	-	(108.176)	
Total comprehensive income	-	-	-	-	(87.685)	3.976.763	(694.406)	(926.168)	-	-	12.032.098	14.300.602	10.555.109	24.855.711	
Balances at 31 December 2021	2.040.404	3.426.761	(298.646)	22.237	(238.606)	6.690.649	(2.450.148)	(719.033)	1.532.498	29.378.702	12.032.098	51.416.916	52.187.266	103.604.182	

(*) Dividends paid by the Holding per share with a TRY1 nominal value is TRY0.35 (2020: TRY0.33).

(**) Teknosa İç ve Dış Ticaret A.Ş., a subsidiary of the Group, increased its issued capital of full TRY110.000.000 by full TRY91.000.000, to TRY201.000.000, with contributions composed entirely of cash. The entire net cash inflow is full TRY 275.654.824 obtained from the capital increase. The capital contribution ended on 18 June 2021 with the registration of capital.

(***) The Group signed an amendment to its Shareholder Agreement for Aksigorta and Agesa as of 1 July 2021. With respect to these amendments the Group started to consolidate these entities after this date.

(****) Subsidiary shares which operates the foreign white cement operations of Çimsa Çimento Sanayi ve Ticaret A.Ş. were sold to CSC BV and the Holding's proportion of effective ownership interest ratio in these companies increased from 58,10% to 83,24%. In addition, Kordsa, a subsidiary of the Group, has been purchased portion of non-controlling interests on Axiom Materials Acquisition LLC.

(*****) Considering the transactions that were cleared as of 31 December 2021, shares with a nominal value of full TL 8.000.000 corresponding to 0,3921% of Company's share capital were repurchased.

The accompanying notes form an integral part of these consolidated financial statements.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Note references	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
Net income from continuing operations		20.579.110	8.906.362
Net income from discontinued operations		(7.942)	(7.109)
Adjustments to reconcile income before taxation to net cash provided by operation activities:			
Tax expense/income		5.274.478	2.270.539
Depreciation and amortization expenses	14,15,16,17	2.124.470	1.642.179
Provision for loan losses	33	5.555.027	6.488.159
Changes in the fair value of derivative instruments		(1.377.897)	(204.111)
Interest income/expense and foreign currency gains		(7.359.526)	(3.588.062)
Provision for employment termination benefits		207.004	122.312
Impairment charge on property, plant and equipment,intangible assets and investment property	14,15,16	1.345	9.259
Impairment an assets held for sale		1.517	496.888
Income from sale of property, plant and equipment,intangible assets and investment property		(293.921)	(120.835)
Income from associates and joint ventures	13	(2.786.514)	(1.532.631)
Provision for /(reversal of) inventory impairment	11	34.011	18.760
Provision for /(reversal of) doubtful receivables		4.212	9.844
Unrealized foreign currency translation differences		(6.095.482)	175.006
Other adjustments related to reconciliation of profit/(loss)		(1.359.258)	-
Net cash provided by operation activities before changes in operating assets and liabilities		14.500.634	14.686.560
Changes in trade receivables		(2.424.063)	(230.529)
Changes in inventories		(3.739.421)	(650.030)
Changes in other receivables		4.110.056	(1.507.337)
Changes in prepaid expenses		(439.246)	(306.881)
Changes in derivative financial instruments		(17.047.350)	(1.017.569)
Changes in other assets		(6.044.923)	(829.081)
Changes in trade payables		3.457.571	1.028.016
Changes in other liabilities and other payables		26.682.148	3.626.765
Net cash provided in operating activities of assets classified as held for sale		(258.043)	181.064
Changes in assets and liabilities in finance segment:			
Changes in financial investments		(10.748.503)	(1.924.395)
Changes in receivables from finance sector operations		(117.612.356)	(54.397.863)
Changes in payables from finance sector operations		190.620.687	58.987.863
Changes in Central Bank of the Republic of Turkey account		(39.188.122)	(16.488.661)
Income taxes paid	31	(3.731.445)	(2.023.924)
Employment termination benefits paid		(60.114)	(65.691)
Net cash provided from operating activities		38.077.510	(931.693)
Cash flow from investing activities			
Sale / (Proceed) of fair value through other comprehensive income or amortized cost at financial asset		(56.891.095)	(17.532.621)
Capital expenditures		(2.520.221)	(1.811.791)
Proceeds from sales of property, plant, equipment and intangible assets		703.398	318.704
Cash inflows (outflows) related to purchase from the sale of investment property		(5.550)	(12.220)
Proceeds from related to purchases to gain control of subsidiaries		3.499.068	-
Share sale of subsidiaries		-	316.070
Acquisition of subsidiaries, associates and joint ventures		(202.799)	(83.264)
Dividends received		1.322.325	428.922
Other cash inflows/outflows (*)		(1.350.705)	-
Net cash provided from / (used in) investing activities		(55.445.579)	(18.376.200)
Cash flow from financing activities			
Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control		139.339	161.006
Cash inflows from financial liabilities		48.841.128	19.051.336
Cash outflows from repayments of borrowings		(6.401.341)	(5.039.370)
Cash outflows from payments of lease liabilities		(838.749)	(701.082)
Cash outflows from repurchased shares		(108.176)	-
Interest received		5.810	-
Dividends paid		(1.188.467)	(720.382)
Net cash provided from / (used in) financing activities		40.449.544	12.751.508
Effect of change in foreign currency rates on cash and cash equivalents		13.209.138	3.516.122
Net increase / (decrease) in cash and cash equivalents		36.290.613	(3.040.263)
Cash and cash equivalents in the beginning of the period (**)		15.485.011	18.525.274
Cash and cash equivalents at the end of the period		51.775.624	15.485.011

(*) Cash outflow related to Bunol asset acquisition.

(**) Cash and cash equivalents include interest rediscount of TRY1.491 (31 December 2020: TRY332) in the current period. The blocked deposit was by TRY4.342.775 at the beginning of the current period, and it was TRY17.642.259 at the end of the period (31 December 2020: respectively TRY3.916.739 and TRY4.342.775).

The accompanying notes form an integral part of these consolidated financial statements.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

Hacı Ömer Sabancı Holding A.Ş. (the “Holding”) was established in 1967 to coordinate and perform liaison services regarding the activities of companies operating in various fields including mainly finance, manufacturing and trade. The Holding is registered in Turkey. The number of employees in 2021 is 65.054 (31 December 2020: 63.412). Holding’s registered address is as follows:

Sabancı Center, 4. Levent, İstanbul, Türkiye.

The Holding is registered with the Capital Markets Board (“CMB”) and its shares have been quoted on Borsa Istanbul (“BİST”) (previously known as the Istanbul Stock Exchange (“ISE”) since 1997. As of 31 December 2021 the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 23):

	(%)
Sakıp Sabancı Holding A.Ş.	14,07
Serra Sabancı	7,22
Suzan Sabancı Dinçer	6,94
Çiğdem Sabancı Bilen	6,94
Other	64,83
	100,00

The Holding, its subsidiaries, associates and joint ventures are together referred as the “Group”. The Holding is managed by Sabancı Family.

Subsidiaries

The nature of the business of the consolidated Subsidiaries in these consolidated financial statements and their respective business segments are as follows as of 31 December 2021;

Subsidiaries	Traded Stock Market	Type of Activity	Business Segment	Number of Employess	Country of Registration
Akbank T.A.Ş. (“Akbank”)					
	BİST	Banking	Banking	17.231	Turkey
Aksigorta A.Ş. (“Aksigorta”) (*)	BİST	Insurance	Financial Services	665	Turkey
Agesa Hayat ve Emeklilik A.Ş. (“Agesa”) (*)	BİST	Insurance	Financial Services	1.958	Turkey
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. (“Carrefoursa”)	BİST	Trade	Retailing	12.118	Turkey
Teknosa İç ve Dış Ticaret A.Ş. (“Teknosa”)	BİST	Trade	Retailing	2.303	Turkey
Çimsa Çimento Sanayi ve Ticaret A.Ş. (“Çimsa”)	BİST	Cement	Building Materials	2.510	Turkey
Çimsa Sabancı Cement BV (“CSC BV”)	-	Cement	Building Materials	208	Holland
Kordsa Teknik Tekstil Anonim Şirketi (“Kordsa”)	BİST	Clinker Tire	Industry	4.721	Turkey
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (“Exsa”)	-	Trade	Other	7	Turkey
Ankara Enternasyonal Otelcilik A.Ş. (“AEO”)	-	Tourism	Other	2	Turkey
Temsa Motorlu Araçlar Pazarlama ve Dağıtım Şirketi (“Temsa Motorlu Araçlar”)	-	Automotive	Other	43	Turkey
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. (“Tursa”)	-	Tourism	Other	2	Turkey
Sabancı Dijital Teknoloji Hizmetleri A.Ş. (“SabancıDX”)	-	Information Technologies	Other	315	Turkey

(*) The Group started to consolidate Aksigorta and Agesa starting from 1 July 2021.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

Subsidiaries (Continued)

Additionally, A.R.T.S. Ltd. is not a subsidiary of Bank; however, Bank has 100% control power on it. A.R.T.S. Ltd. established as “Structured Enterprise” in November 1999 in order to provide long-term financing from abroad has been included in the consolidation by full consolidation method.

For the purposes of segment information, Holding’s stand-alone financial statements have been included within the “Other” business segment (Note 4).

Joint Ventures

As at 31 December 2021, the nature of business and operating segments of the Joint Ventures which are accounted through equity method in the consolidated financial statements are as follows:

Joint Ventures	Traded Stock Market	Type of Activity	Business Segment	Ventures	Number of Employees
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. (“Brisa”)	BİST	Tire	Industry	Bridgestone	3.196
Akçansa Çimento Sanayi ve Ticaret A.Ş. (“Akçansa”)	BİST	Cement	Building Materials	Heidelberg	2.112
Enerjisa Enerji A.Ş. (“Enerjisa Enerji”)	BİST	Energy	Energy	E.ON SE	12.349
Enerjisa Üretim Santralleri A.Ş. (“Enerjisa Üretim”)	-	Energy	Energy	E.ON SE	847
Temsa Skoda Sabancı Ulaşım Araçları A.Ş. (“Temsa Ulaşım Araçları”)	-	Automotive	Other	PPF Industry CO. B.V.	1.443

All joint ventures are registered in Turkey.

Associates

As at 31 December 2021, the nature of business and operating segments of the Affiliates which are accounted through equity method in the consolidated financial statements are as follows:

Affiliates	Traded Stock Markets	Type of Activity	Business Segment	Ventures	Number of Employees
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (Philsa)(*)	-	Tobacco products production	Industry	Philip Morris	2.582
Philip Morris Sabancı Pazarlama Satış A.Ş. (“Philip Morrissa”) (*)	-	Tobacco products marketing and sales	Industry	Philip Morris	

(*) Presented as held for sale in the consolidated balance sheets as of 31 December 2021.

Number of employees represent the total number of employees of Philsa and Philip Morrissa.

All affiliates are registered in Turkey.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

1.1 Impact of the Covid-19 Outbreak on Group Activities

The COVID-19 pandemic caused serious effects on health systems and the economy as the virus spread to the world in the first quarter of 2020, widespread closure of businesses and unprecedented constraints in social interactions have significantly affected economic activity. Countries have taken measures to slow the spread of the pandemic, such as testing and treating patients, applying travel restrictions, quarantining citizens and canceling large meetings. Along with these social measures, comprehensive financial measures were taken simultaneously to reduce the negative effects on the economic outlook. Similarly, Turkey has implemented health and safety measures to support the households; fiscal and monetary measures to support the companies and regulators. Additional measures are being announced to tackle adverse impacts on companies and certain sectors. The Group management closely monitors all developments and takes the necessary measures to effectively manage the negative effects of the COVID-19 outbreak on the Group's consolidated financial position, consolidated financial performance and consolidated cash flows. The Group management believes that despite the uncertain economic outlook, it can successfully manage its commercial risks and liquidity reserves. There is no risk in the activities of the Group as of 31 December 2021.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Statement of Compliance with TFRS

Sabancı Holding, its Subsidiaries and Joint Ventures registered in Turkey maintain their books of accounts and prepare their statutory financial statements (“Statutory Financial Statements”) in TRY in accordance with the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance, applicable Turkish insurance laws for insurance companies and banking law, accounting principles and instructions promulgated by the Banking Regulation and Supervising Agency for banks and accounting principles issued by the CMB for listed companies. The foreign Subsidiaries and Joint Ventures maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkish Financial Reporting Standards (“TFRS”).

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards and interpretations (“TFRS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué.

Additionally, the consolidated financial statements and disclosures are presented in accordance with the formats published by CMB on 7 June 2013 and the announcement published by Public Oversight Accounting and Auditing Standards Authority (“POA”) on 15 April 2019. The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.1 *Statement of Compliance with TFRS (Continued)*

Functional and Presentation Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TRY, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

2.1.2 *New and Revised Turkish Accounting Standards*

The accounting policies applied in the preparation of the consolidated financial statements as of 31 December 2021 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2020 except for the new and amended TFRS standards which are valid as of 1 January 2021 and Turkey Financial Reporting Interpretations Committee’s (“TFRIC”) interpretations summarized below.

Standards, amendments and interpretations applicable as at 31 December 2021:

Amendments to TFRS 7 and TFRS 16 Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific TAS 39 and TFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Standards, amendments and interpretations that are issued but not effective as at 31 December 2021:

Amendment to TFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the Practical expedient; as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to TFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1.2 *New and Revised Turkish Accounting Standards (Continued)*

Amendments to TAS 1, Presentation of financial statements’ on classification of liabilities; effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to TAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what TAS 1 means when it refers to the ‘settlement’ of a liability.

A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16; effective from Annual periods beginning on or after 1 January 2022.

- **Amendments to TFRS 3,** ‘Business combinations’ update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to TAS 16,** ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- **Amendments to TAS 37,** ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to TFRS 1, ‘First-time Adoption of TFRS, TFRS 9, ‘Financial instruments’, TAS 41, ‘Agriculture’ and the Illustrative Examples accompanying TFRS 16, ‘Leases’.

Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; from annual periods beginning on or after 1 January 2023. These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.3 Basis of Consolidation

- a) The consolidated financial statements include the accounts of the parent company, Hacı Ömer Sabancı Holding A.Ş., its Subsidiaries and Joint Ventures (collectively referred to as the “Group”) on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared at the date of the consolidated financial statements, and are prepared in accordance with Turkish Financial Reporting Standards as explained in Note 2.1.1. The result of operations of Subsidiaries, Joint Ventures and Associates are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.
- b) Subsidiaries are companies in which the Holding has the power to control the financial and operating policies for the benefit of the Holding either through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or certain Sabancı family members and companies whereby the Holding exercises control over the voting rights of the shares held by them.
- c) Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.
- d) When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9 Financial Instruments, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The companies which Holding has less than 50% shares are considered as subsidiaries since Holding exercises a dominant influence and power to govern the financial and operating policies through exercise of voting power related to shares held by Holding together with voting power which Holding effectively exercises related to shares held by Sabancı family members. Sabancı family members allow Holding to exercise voting power in respect of shares held in these companies. In the accompanying consolidated financial statements the shares held by Sabancı family members are presented as non-controlling interest.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.3 Basis of Consolidation (Continued)

The table below sets out all consolidated Subsidiaries and shows the proportion of ownership interest and the effective interest of the Holding in these subsidiaries at 31 December 2021 and 2020:

	31 December 2021		31 December 2020	
	Direct and indirect ownership interest by the Holding and its Subsidiaries	Proportion of ownership interest	Direct and indirect ownership interest by the Holding and its Subsidiaries	Proportion of ownership interest
Subsidiaries	(%)	(%)	(%)	(%)
AEO	76,85	76,85	76,85	76,85
Akbank	40,75	40,75	40,75	40,75
Aksigorta	36,00	36,00	36,00	36,00
Agesa	40,00	40,00	40,00	40,00
SabancıDX	100,00	100,00	100,00	100,00
Çimsa	63,52	58,10	63,52	58,10
Exsa	61,68	47,90	61,68	47,90
Kordsa	71,11	71,11	71,11	71,11
Teknosa	50,00	50,00	50,00	50,00
Temsa Motorlu Araçlar	100,00	47,90	100,00	47,90
Tursa	100,00	100,00	100,00	100,00
Carrefoursa	57,12	57,12	57,12	57,12
CSC BV	100,00	83,24	100,00	83,24

The balance sheets and statements of profit or loss of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the shares held by the Holding and its Subsidiaries is deducted from the related shareholders' equity. Intercompany transactions and balances between the Holding and its Subsidiaries are eliminated in consolidation. The cost of financing the shares in Subsidiaries held by the Holding and its Subsidiaries and the dividends pertaining to these shares are deducted from equity and income for the period, respectively.

The Subsidiaries are included into or excluded from the scope of consolidation subsequent to the date of transmission of the control to the Group. The shares of non-controlling shareholders in the net assets and operating results of Subsidiaries are presented in the consolidated balance sheet and profit or loss table as non-controlling interests. Sabancı Family, “Sabancı Foundation” and a retirement fund for Akbank employees called “Akbank Retirement Fund” established both by Sabancı Family, have a share in the capitals of some subsidiaries and affiliates which are accounted in the consolidated financial statements. This share is considered as non-controlling share in the consolidated financial statements and it is not included in the current period profit.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.3 Basis of Consolidation (Continued)

- e) Joint venture - If Holding and its subsidiaries have rights on net assets relating to operations subject to a joint arrangement, such net assets are accounted through equity method in the consolidated financial statements.

The table below sets out the Joint Ventures and shows the proportion of ownership interest and effective interest of the Holding in these Joint Ventures at 31 December 2021 and 31 December 2020:

	31 December 2021		31 December 2020	
	Direct and indirect ownership interest by the Holding and its Subsidiaries	Proportion of ownership interest (%)	Direct and indirect ownership interest by the Holding and its Subsidiaries	Proportion of ownership interest (%)
Joint Ventures				
Akçansa	39,72	39,72	39,72	39,72
Brisa	43,63	43,63	43,63	43,63
Enerjisa Enerji	40,00	40,00	40,00	40,00
Enerjisa Üretim	50,00	50,00	50,00	50,00
Temsa Ulaşım Araçları	50,00	23,95	50,00	23,95

Investments in Joint Ventures were consolidated by equity method. Sabancı family members do not have any interest in the share capital of the Joint Ventures.

- f) Investments in Associates are accounted for by the equity method. These are companies where the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Unrealized gains that result from intercompany transactions between the Group and its Associates are adjusted to the extent of the Group's share in the associate and unrealized losses are restated if the transaction does not address an impairment on transferred asset. In this respect, the Group does not undertake any obligation or make commitment about its Subsidiaries

The table below sets out all Associates and shows the total interest of the Holding in these associates at 31 December 2021 and 31 December 2020:

Associates	Proportion of effective by the Holding (%)
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (“Philsa”) (*)	25,00
Philip Morris Sabancı Pazarlama Satış A.Ş. (“Philip Morrissa”) (*)	24,75

(*) These companies are classified as asset held for sale in the consolidated balance sheets as of 31 December 2021.

Sabancı family members do not have any interest in the share capital of Associates.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.4 *Comparatives and Restatement of Prior Year Financial Statements*

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. Comparative information is reclassified when deemed necessary in order to comply with the presentation of the current period consolidated financial statements.

2.2 Changes in Accounting Policies and Estimates and Errors

Changes made in the accounting policies and corrections regarding accounting errors are applied retrospectively and prior year financial statements are restated.

If changes in accounting estimates and errors are for only one period, changes are applied in the current year but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively. The Group doesn't have any significant changes in accounting policy or accounting estimates in the current period.

If any significant accounting errors are found out, changes are applied retrospectively and prior year's financial statements are restated. There has been no significant accounting error that the Group determined in the current year.

The preparation of consolidated financial statements in conformity with Turkish Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates. Estimates are regularly reviewed, related corrections are adjusted and accounted for related period income statement. Changes in accounting estimates, if only for a period in which the change in the current period, if it relates to future periods, both in the period they are recognized in future periods, prospectively applied to the financials to see the effect on net profit/loss for the period.

2.3 Summary of Significant Accounting Policies

2.3.1 *Leases*

The Group - as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- a) The contract involved the use of an identified asset - this may be specified explicitly or implicitly.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

- b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) The Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
 - i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

The Group books a right of use and a lease obligation to the financial statements at the date that the lease is commenced.

Right of use asset

The right of use asset is initially recognized at cost comprising of:

- a) Amount of the initial measurement of the lease liability,
- b) Any lease payments made at or before the commencement date, less any lease incentives received;
- c) Any initial direct costs incurred by the Group; and
- d) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

To apply a cost model, the Group measure the right-of-use asset at cost:

- a) Less any accumulated depreciation and any accumulated impairment losses; and
- b) Adjusted for any remeasurement of the lease liability.

The Group applies IAS 16 “Property, Plant and Equipment” to amortize the right of use asset and to assess for any impairment.

The Group apply IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease Liability

At the commencement date, The Group measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group use the lessee’s incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.1 Lease Liability (Continued)

- a) Fixed payments, less any lease incentives receivable,
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- c) The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and,
- d) Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, the Group measure the lease liability by:

- a) Increasing the carrying amount to reflect interest on the lease liability,
- b) Reducing the carrying amount to reflect the lease payments made; and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Options to extend and terminate

Group assesses the contractual options to extend or to terminate the lease when determining the lease liability. The majority of the options to extend and terminate are exercisable both by the Group and the respective lessor. Group determines the lease term of a lease considering the periods covered by options to extend and terminate the lease if the options are exercisable by the Group and the Group is reasonably certain to exercise those options. If a significant change in circumstances takes place, related lease term assessment is revisited by the Group.

Variable lease payments

Some lease contracts of the Group contain variable payment terms. Variable lease payments are not in the scope of TFRS 16 Standard and recognised in the statement of income in the related period.

Practical expedients

The short-term lease agreements with a lease term of 12 months or less and agreements related to information technology equipment leases (mainly printer, laptop, mobile phone etc.), which are determined by the Group as low value, have been evaluated within the scope of practical expedients introduced by the TFRS 16 Leases Standard and related lease payments are recognised as an expense in the period in which they are incurred.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.1 Lease Liability (Continued)

The Group - as a lessor

The Group's subsidiary Ak Finansal Kiralama A.Ş. It carries out financial leasing transactions in the capacity of being the "Lessor". The asset subject to finance lease is shown in the balance sheet as a receivable equal to the net lease amount. Interest income is determined to create a fixed periodic rate of return by using the net investment method of the lessor on the leased asset, and the part that is not in the relevant period is followed in the unearned interest income account.

In the Group's operating leases, the leased assets are classified under investment properties, tangible fixed assets or other current assets in the consolidated balance sheet and the rental income obtained is reflected in the consolidated income statement in equal amounts during the lease period. Rental income is reflected to the consolidated income statement on a straight-line basis throughout the rental period.

2.3.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits and blocked deposits held in banks with maturities of 3 months or less, other short-term liquid investments. Group evaluates its cash and cash equivalents in accordance with expected credit loss model for impairment. (Note 5).

2.3.3 Sale and repurchase agreements

Securities sold under repurchase agreements ("Repo") are classified in the Group portfolio as "fair value differences that recorded as profit or loss", "fair value differences that recorded other comprehensive income" or "amortized cost" portfolios and valued according to relevant portfolio basis. Acquired Funds in return of repurchase agreements accounted under "Payables of Finance Sector Operations" and rediscount expenses are calculated according to the "effective yield (internal rate of return) method" for the difference amount related to current period between the repurchase agreements and the determined sale and repurchase prices.

Securities purchased under agreements to resell ("reverse repo") are recorded as cash and cash equivalents in the balance sheet. For the current period portion of the difference between the purchase and resale prices determined by reverse repurchase agreements, the rediscounted interest income is calculated according to the "effective yield method".

2.3.4 Reserve deposits with the Central Bank of the Republic of Turkey

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2005/1, the Group is required to maintain reserves in CBRT for TRY and foreign currency liabilities. The required reserve rates for TRY liabilities vary between 3% and 8% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2021 (2020: 1% and 6% for all TRY liabilities) The reserve rates for foreign currency liabilities vary between 5% and 26% (31 December 2020: 5% and 22%).

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.5 Trade Receivables

Trade receivables resulting from the provision of products or services to the buyer are shown net of unaccrued finance income. Trade receivables after unaccrued financial income are calculated by discounting the amounts to be obtained in the following periods of the receivables recorded from the original invoice value using the effective interest method. Short-term receivables with no specified interest rate are shown at cost, unless the effect of the original effective interest rate is significant.

Impairment

Group has preferred to apply “simplified approach” defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

“Expected credit loss model” defined in TFRS 9, “Financial Instruments” superseded the “incurred credit loss model” in TAS 39 “Financial Instruments: Recognition and Measurement” which was effective prior to 1 January 2018. Expected credit losses are a probability weighted estimate of credit losses over the expected life of the financial instrument. The calculation of expected credit loss is performed based on the past experiences and future expectations of the Group.

2.3.6 Receivables From Finance Sector Operations

As of 1 January 2018, Group has adopted “three stage approach (general model)” defined in TFRS 9 for the recognition of impairment losses on receivables from finance sector operations, carried at amortised cost. General model considers the changes in the credit quality of the financial instruments after the initial recognition. Three stages defined in the general model are as follows:

“Stage 1”, includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses (“ECL”) are recognised and interest income is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date and represents the credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

“Stage 2”, includes financial instruments that have had a significant increase in credit risk since initial recognition but those do not have objective evidence of impairment. For these assets, lifetime expected credit losses are recognised and interest income is calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

“Stage 3”, includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.6 Receivables From Finance Sector Operations (Continued)

Group appropriately classifies its financial instruments considering common risk factors (such as the type of the instrument, credit risk rating, guarantees, time to maturity and sector) to determine whether the credit risk on a financial instrument has increased significantly and to account appropriate amount of credit losses in the consolidated financial statements. The changes in the expected credit losses on receivables from finance sector operations are accounted for under “other operating income/expenses” account of the consolidated statement of income.

2.3.7 Financial Assets

2.3.7.1 Financial Assets Whose Fair Value Difference is Reflected to Profit/Loss:

Financial assets at fair value through profit/loss” are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from 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. The Group reviewed the valuation of financial assets and liabilities at fair value through profit / loss as of the reporting date, there are no changes caused by the effects of the COVID-19 pandemic that would require any adjustments in fair value measurement as of 31 December 2021.

2.3.7.2 Financial Assets for Which the Fair Value Difference is Recognised 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 asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

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. Interest income calculated with effective interest 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 amortized 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. When these securities are collected or disposed of, the related fair value differences accumulated in the shareholders’ equity are transferred to the income statement.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.7.2 *Financial Assets of Which the Fair Value Difference is Reflected to Other Comprehensive Income (Continued)*

Equity instruments classified as financial assets at fair value through other comprehensive income are accounted at their fair values. Exceptionally, cost can be an appropriate estimation method in determining fair value. This is only possible if there is insufficient recent information on the measurement of fair value or if fair value can be measured by more than one method and the cost reflects the fair value estimate in the best way. In the case of using this method, the accumulated fair value differences will not be reflected in the income statement.

2.3.7.3 *Financial Assets Measured by Amortised Cost:*

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs, which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

“Fair value through other comprehensive income” and “measured at amortized cost” securities portfolio of the Group include Consumer Price Indexed (CPI) Bonds. These securities are valued and accounted using the effective interest rate method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in calculating the actual coupon payment amounts of these assets are based on the Consumer Price Index (CPI) of prior two months. The Bank also sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year. At the end of the year, the real inflation rate is used.

The Group’s financial assets recognised at amortised cost include “cash or cash equivalents”, “trade receivables”, “debt securities” and “receivables from finance industry activities” items.

2.3.8 *Related parties*

Shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them, are considered and referred to as related parties for the purpose of the consolidated financial statements

2.3.9 *Inventories*

Inventories are stated at the lower of cost and net realizable value. Cost of inventories includes all procurement costs, conversion costs and other costs that incurred for bringing the stock in current position and situation. The unit cost of inventories is determined on the moving weighted average basis (Note 11). Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.10 Derivative financial instruments

Derivative financial instruments, including forward foreign exchange contracts and currency and interest rate swap instruments are initially recognised in the balance sheet at cost (including transaction costs) and are subsequently re-measured at their fair value. All derivative financial instruments are classified as financial assets at fair value through profit or loss. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate.

The fair value of over-the-counter forward foreign exchange contracts is determined based on the comparison of the original forward rate with the forward rate calculated in reference to the market interest rates of the related currency for the remaining period of the contract.

All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Changes in the fair value of derivatives at fair value through profit or loss are included in the income statement.

Certain derivative transactions, while providing effective economic hedges under the risk management position, under the specific rules under TFRS 9 treated as derivatives at fair value through profit or loss and their fair value gains and losses are reported in the income statement.

Gains and losses on interest rate swaps used for hedging purposes are recognised as income or expense on the same basis as the corresponding expense or income on the hedged position. Gains and losses on interest rate swaps are included in the interest income and expense as appropriate.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of hedged asset or liability attributable to the hedged risk is recorded as part of the carrying value of the hedged asset or liability during the effective hedging relationship. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to the income statement over the period to maturity.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged cash flows are recognised in the income statement.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.10 *Derivative financial instruments(Continued)*

The Group also applies net investment risk hedge transactions in order to hedge currency risk related to investments abroad. For the said net investment hedge transaction, the active part of the fair value change of the hedging instrument is recognised in “Other Accumulated Comprehensive Income or Expenses to be Reclassified in Case of Profit or Loss” under equities.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

2.3.11 *Investment property*

Land and buildings that are held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property and carried at cost less accumulated depreciation (except land) under the cost method less impairment charges, if any (Note 14). The cost of a self constructed investment property is its cost at the date when the construction or development is complete. Until that date, the Group applies TAS 16 “Property, Plant and Equipment”. At that date, the property becomes investment property and thus is transferred to investment property. Assets held under operating leases are not disclosed as investment property. Fair values of investment properties are not materially different from costs. Depreciation periods are determined by useful lives and between 20-49 years.

2.3.12 *Property, plant and equipment*

Property, plant and equipment are carried at cost less accumulated depreciation in the consolidated financial statements (Note 15). Depreciation is provided on property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	<u>Years</u>
Land improvements	4-50
Buildings	10-50
Machinery and equipment	3-30
Motor vehicles	3-7
Furniture and fixtures	3-15
Other property, plant and equipment	5-10

Gains or losses on disposals of property, plant and equipment are determined with respect to the difference between collections received and carrying amounts of property, plant and equipment and are included in the related income and expense accounts, as appropriate.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.12 Property, plant and equipment (Continued)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset plus the residual value of the related assets. Ordinary repair and maintenance expenses are charged to the income statements during the financial period in which they were incurred. Capital expenditures resulting in a capacity increase and increase in future economic benefits are included in the asset's carrying amount.

2.3.13 Intangible assets

Intangible assets consist of licences, computer software, development costs, purchased technology, mining rights, acquired rights of use, and other identifiable rights. Intangible assets are initially accounted at cost and amortised using the straight-line method over an estimated useful life that does not exceed 20 years (Note 16). The amortisation of mining rights commences when the extraction begins.

Customer relations and agreements acquired in business combination are recognised at fair value at the acquisition date. Customer relations and contracts are depreciated on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization and impairment losses (Note 16).

2.3.14 Non-current assets held for sale and discontinued operations

Non-current assets held for sale (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset. The sale of assets held for sale is expected to occur within the following 12 months from the balance sheet date. Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale.

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount or fair value. If fair value is below the carrying value of asset, the related impairment is accounted for expense in the consolidated statement of profit or loss.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.15 Shareholders’ equity

In the correction of shareholders’ equity items, the addition of funds formed due to hyperinflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders. In the correction of shareholders’ equity items added to share capital the capital increase registry dates or the payment dates are considered. In the correction of premium in excess of par, the payment dates are considered (Note 23).

Treasury shares under equity stands for the Holding shares owned by the subsidiaries. Those shares are accounted through reducing the share capital of the Holding by the amount of Holding shares owned by subsidiaries in the accompanying consolidated financial statements.

Revaluation fund included in the value increase funds is related to the value increase at the date of the transaction of the net assets owned by the Group before the sale transaction. Since the significant part of the amounts included in revaluation funds are related with the assets subject to amortisation, the revaluation funds are accounted for by transferring the related revaluation fund to the retained earnings during the amortisation period or the disposal period of the aforementioned assets.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in “Hedge Funds” under equity. The Group hedges the net investment risk on foreign investments with the foreign currency denominated financial liabilities. The effective part of the foreign exchange differences on the foreign currency denominated financial liabilities is accounted in the “Hedge Funds” account under shareholders’ equity.

The standard capital adequacy percentage for Akbank, a subsidiary of the group, is 21.14% as of 31 December 2021 (31 December 2020: 20.70%), and the standard percentage capital adequacy now exceeds the minimum defined by the relevant legislation.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.16 *Research expenses and development costs*

Research costs are expensed as incurred. Costs incurred on development projects are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility and only if the cost can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

2.3.17 *Borrowing cost*

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement as financial expense over the period of the borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Borrowing costs that are not in this scope are recognised directly in the income statement.

The financing costs of borrowings attributable to ongoing investments (interest expenses and foreign Exchange loses based on the difference between the TRY benchmark interest and interest regarding the foreign currency denominated loans) are capitalised until the completion of the investments.

2.3.18 *Deferred financing charges*

Deferred financing charges (primarily comprising legal and other costs incurred in relation to obtaining long-term bank borrowings from financial institutions) are amortised using the effective interest method over the remaining life of the long-term bank borrowings.

2.3.19 *Taxes calculated on corporate income*

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.19 Taxes calculated on corporate income (Continued)

Current tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss, in which case the tax is also recognized outside profit or loss.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.20 Employee benefits

Retirement benefits

Akbank’s personnel are members of the “Akbank T.A.Ş. Personnel Pension Fund Foundation” (“Pension Fund”), established in accordance with the Social Security Law numbered 506, article No.20. The financial statements of the Pension Fund have been audited by an independent actuary in accordance with the 38th article of the Insurance Supervisory Law and the “Actuarial Regulation” based on the same article.

Provisional Article 23 (1) of Banking Law No: 5411 (the “Banking Law”) published in the Official Gazette repeated no: 25983 on 1 November 2005 requires the transfer of bank funds to the Social Security Institution (the “SSI”) within 3 years after the effective date of the Banking Law and the related paragraph also sets out the basis for the related transfer. However, Article 23 (1) of Banking Law No: 5411 was annulled based on the Constitutional Court’s ruling issued on 22 March 2007 and ruled for the stay of execution as of 31 March 2007. The related Court ruling and its basis were published in the Official Gazette No: 26731 on 15 December 2007.

Following the promulgation of the justified decision of the Constitutional Court in December 2007, the Turkish Grand National Assembly (TBMM) started working on the new legal regulations regarding the transfer of bank fund contributors to SSI. The relevant articles of Social Security Law No. 5754 (New Law) regulating the basics of the transfer were accepted at the TBMM General Assembly on 17 April 2008 and entered into force via promulgation in Official Gazette No. 26870 dated 8 May 2008. The main opposition party applied to the Constitutional Court on 19 June 2008 requesting the cancellation and cessation of the effect of certain articles of the New Law, including the transfer of bank funds to SSI, and was turned down with a decision of the Constitutional Court meeting on 30 March 2011, and the justified decision was promulgated in Official Gazette No. 28156 dated 28 December 2011.

As of the transfer date defined by the New Law, the cash value of the liabilities relevant to the persons the transfer is made to shall be calculated using the 9.8% technical interest rate and by a commission including representatives of the SSI, Ministry of Finance, Treasury, State Planning Organization, BRSA, SDIF, banks and bank funds, and by considering the differences should the bank fund income and expenses of the insurance branches in the scope of the law and the salaries and incomes paid by the bank funds exceed the salaries and incomes defined by the SSI regulations, and the transfer should be complete by 8 May 2011. With the Council of Ministers decision promulgated in Official Gazette No. 27900 dated 9 April 2011, the above-mentioned transfer process was extended for two years. Accordingly, the transfer must be complete by 8 May 2013. In the scope of the deferral authority granted to the Council of Ministers with the amendment of the first paragraph of provisional Article 20 of Social Insurance and Universal Health Insurance Law No. 5510, promulgated in Official Gazette No. 28227 dated 8 March 2012, the transfer process was postponed by one year with Council of Ministers Decision No. 2014/6042 promulgated in Official Gazette No. 28987 dated 30 April 2014. As per this amendment, the process must be complete by 8 May 2015.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.20 Employee benefits (Continued)

The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No,5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 and numbered 29335. According to paragraph (I) of Article 203 of Law no. 703 which published in the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no,5510, “Council of Ministers” is authorized to determine the date of transfer to the Social Security Institution has been replaced with “president”.

According to the New Law, following the transfer of the members of the fund to the SSI, the funds and institutions will continue to provide the non-transferrable social benefits and payments which are included in the articles of association of the fund.

The Group allocated a provision in its financial statements for the technical gap of TRY294.503 identified with a report prepared by an actuary with the actuarial registration (31 December 2020: TRY126.263).

Employees of financial institutions within the scope of consolidation are not included in the pension plan described above, but are covered by the Social Security Institution and other defined contribution plans.

	31 December 2021	31 December 2020
Current value of funded liabilities	(9.063.017)	(7.690.175)
Advance value of future contributions	6.336.667	5.601.360
Total Transfer Liability to Social Security Institution	(2.726.350)	(2.088.815)
Past service obligation	(452.546)	(366.677)
Transfer to the Social Security Institution and Additional Liabilities	(3.178.896)	(2.455.492)
Market value of assets	2.884.393	2.329.229
Crate surplus after assets	(294.503)	(126.263)

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.20 Employee benefits (Continued)

The amount of the post-employment medical benefits transferrable to SSI is calculated over the net present value of medical liabilities and health premiums.

The principal actuarial assumptions used were as follows:

	31 December 2021	31 December 2020
Discount rate		
- Pension benefits transferrable to SSI	%9,80	%9,80
- Post-employment medical benefits transferrable to SSI	%9,80	%9,80
- Other non-transferrable benefits	%3,54	%3,97

Death rate

The average life expectancy of a person who retired at age 60 for men and 58 years for women was determined according to the statistical data based on statistical data and was 19.7 years for men and 25.3 years for women.

The movement table of the fair value of the assets is as follows:

	31 December 2021	31 December 2020
End of previous period	2.329.229	2.065.470
Real return of fund assets	492.765	227.741
Employer contributions	498.701	432.814
Employee contributions	330.903	284.885
Paid compensations	(767.205)	(681.681)
End of period	2.884.393	2.329.229

The distribution of fund assets is as follows:

	31 December 2021		31 December 2020	
Bank placements	546.798	% 19	275.016	% 12
Tangible assets	15.955	% 1	16.421	% 1
Securities and shares	1.473.310	% 51	1.551.810	% 67
Other	848.330	% 29	485.982	% 20
End of period	2.884.393	%100	2.329.229	%100

Provision for Employment Termination Benefit

The provision for employment termination benefits represents the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees, completion of one year of service of the employees, employees' being calling up for military service or death of the employees calculated in accordance with the Turkish Labour Law (Note 21). All actuarial gains and losses are accounted for under equity.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.21 Provisions, contingent liabilities and assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial tables and are treated as contingent assets or liabilities.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. A contingent asset is disclosed where an inflow of economic benefit is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs.

Present obligations arising under onerous contracts are recognized and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.3.22 Investment incentives

The Group benefits from research and development (“R&D”) grants within the scope of the Communiqué No: 98/10 of The Scientific and Technological Research Council of Turkey (“TÜBİTAK”) and Money Credit and Coordination Board related to R&D grants for its research and development projects given that such projects satisfy specific criteria with respect to the evaluation of TÜBİTAK Technology Monitoring and Evaluation Board.

The government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

The government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Accordingly, government grants are recognised as income when the related costs which they are intended to compensate were incurred. Similarly, grants related to depreciable assets are recognised as income over the periods and in the proportions in which depreciation on those assets is charged.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.23 Insurance technical reserves

Unearned premiums reserve

An unearned premium reserve is calculated on a daily basis for all policies in force as of the balance sheet date for unearned portions of premiums written, except for marine premiums. During the calculation of unearned portion of premiums written on a daily basis, it is supposed that the policies start at 12:00 noon and finish at 12:00 noon again. In accordance with the Regulation on Technical Reserves, unearned premium reserve and the reinsurers' share of the unearned premium reserve for policies issued after January 1, 2008, are calculated and accounted as the deferred portion of the accrued premiums related to the policies in force and ceded premiums to reinsurers without deducting commissions or any other deduction, on a daily and gross basis. The Company has continued to deduct the commissions from the premiums for the calculation of unearned premium reserve regarding the policies issued before January 1, 2008. For marine policies with an uncertain end date, unearned premium reserve is calculated as 50% of the premiums written in the last three months.

Continued risk provisions

In accordance with the Technical Reserves Regulation, as of January 1, 2008, insurance companies are obliged to allocate a provision for ongoing risks, taking into account the expected loss premium ratio, in case the indemnities that may arise due to the insurance contracts in force are more than the unearned premium reserves reserved for the relevant contracts. The expected loss ratio is calculated by dividing the incurred claims by the earned premium. If the expected loss premium ratio calculated on a branch basis is above 95%, the amount found by multiplying the ratio exceeding 95% with the net unearned premium reserve, the net continuing risks reserve, and the ratio exceeding 95% by multiplying the gross unearned premium reserve. The amount found is calculated as the Gross Continuing Risk Provision. The difference between the gross amount and the net amount is considered as the reinsurer's share. In the Circular No. 2019/5 on the Provision for Ongoing Risks, the first amount of DERK. It is stated that it can be calculated on the basis of the accounting year described in the paragraph or on the basis of the accident year. If the calculation is based on the accident year, a separate calculation will be made for the works transferred to the pool.

As a result of the relevant circular, the company makes a DERK account on the basis of the accounting year. In addition, in accordance with the "Circular on the Provision for Ongoing Risks in Land Vehicles Liability Branch" dated 30 December 2021 and numbered 2021/31, calculations that will affect the financial statements for the accounting period of 1 January - 31 December 2021 are made, while the Technical Provisions of Insurance, Reinsurance and Pension Companies and If the ratio used for the DERK calculation method in the third paragraph of the 6th article of the Regulation on Assets to be Invested Provisions is used as 100% instead of 95%, and in case the DERK calculation method specified in the Circular on Continuing Risks Provision No 2019/5 is used, in the 4th article of the same Circular gross loss premium rates; It was allowed to use 105% instead of 100% for works where all of the direct production was transferred to the pools established in Turkey, and 90% instead of 85% used for other works.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.23 Insurance technical reserves (Continued)

Outstanding claim and provision

Group insurance companies allocate outstanding claims reserve for accrued and unsettled but not yet reported unearned but unreported amounts in the previous accounting period or in the current accounting period. Compensations that have been filed before the accounting period but have been notified after these dates are regarded as realized but not reported compensation claims.

According to “Regulation Regarding the Amendment of the Regulation on the Technical Reserves of Insurance and Reinsurance Companies and Pension Funds and the Assets to be Invested in These Provisions” published in the Official Gazette dated July 28, 2010 and numbered 27655 and the “Circular on Outstanding Claims” dated 5 December 2014 and numbered 2014/16, the Company's Unfunded Claims Provisions were calculated using actuarial chain ladder methods.

With the regulation numbered 18145 published by the Ministry of Treasury and Finance on 5 July 2017, the “Risk Insurance Pool” was established to be effective as of 12 April 2017. Accordingly, the premium and loss amounts that the company will transfer to the pool in the Compulsory Traffic branch are excluded from the data used when calculating the IBNR. For the damages that the Company will take over from the mentioned pool; Damage Premium rates on the basis of the accident period published by the Turkish Motor Vehicles Bureau have been taken into account. The aforementioned rates are 135% for 2017, 137% for 2018, 128% for 2019, 115% for 2020 and 117% for 2021, based on accident periods, and IBNR is calculated with the earned premium estimate.

Life mathematical reserves

Life mathematical reserves comprise actuarial mathematical reserves (those with minimum income guarantee determined by the tariffs approved by the Treasury and those including risk guarantees over one year) and life profit share reserved and represent the Company's total liability to the policyholders in the life branch.

Mathematical reserve; is the sum of reserves specified in the contract's technical terms and calculated using static and actuarial methods in order to cover the liabilities of insurance companies to policyholders and beneficiaries for life, health, sickness and personal accident insurance contracts with periods longer than a year and if it is committed, the reserves for the part allocated to insured from the revenues derived from the investment of such reserves. In accordance with the Insurance Law, the remaining amount of life branch premiums that are collected in accordance with life insurance agreements, after deduction of expense charges, mortality risk premium and commissions are accounted for as life mathematical reserves. The approval of mathematical reserves is made by the actuaries based on current mortality tables valid for Turkish insurance companies and prepared by considering mortality statistics prepared abroad.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.24 Revenue recognition

Banking

The interest income and expenses are recognized using the effective interest method. The Group started calculating rediscounts for non-performing loans as of 1 January 2018. The book value of non-performing loans (Gross Book Value - Expected Loss Provision) is rediscounted using the effective interest rate and recognized on the gross book value of the non-performing loan.

Remuneration and commission incomes and expenses, except for remuneration income related to certain banking transactions recorded as income in the collection period, are recognized in line with the specifications of remuneration and commission as per the accrual basis or efficient interest (internal efficiency) rate method and TFRS 15 Revenue of the Customer Agreements standard. Income generated through contracts or services for a third real or legal party and related to transactions such as asset purchase/sale are recorded as income on the date collected. (Note 4.f.i).

Insurance

Life:

Premium income represents premiums accrued on policies issued during the period, adjusted by the reserve for unearned premiums for annual life policies, during the period.

Non-Life:

Premium income represents premiums on policies written during the period, net of cancellations, as adjusted by the reserve for unearned premiums.

Other segments

Revenues are recognised on an accrual basis at the time deliveries or acceptances are made, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, at the fair value of the consideration received or receivable. Net sales represent the invoiced value of goods shipped less sales returns and commission and excluding sales taxes. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised as interest income on a time proportion basis that takes into account the effective yield on the asset.

2.3.25 Earnings per share

Earnings per share for each class of share disclosed in these consolidated statements of income are determined by dividing the net income after translation adjustment attributable to that class of shares by the weighted average number of shares of that class that have been outstanding during the period concerned. As disclosed in Note 35 earnings per share are calculated in accordance with TAS 33 "Earnings Per Share".

Income as per share stated in the income statement is calculated by dividing the net profit by the weighted average of the share certification available in the market during the whole year.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.25 Earnings per share (Continued)

Companies in Turkey can increase their capitals that they distributed to their shareholders from the profits of previous year by “free of charge share certificates”. Such “free of charge share” distributions are considered as issued share in calculation of profit as per share. Accordingly, number of weighted average shares used in these calculations is calculated considering the retrospective impacts of related share certificate.

2.3.26 Repurchased shares

As the Group companies repurchase their own equity instruments, these instruments are accounted for as “treasury shares” and deducted from the equity. Gain or loss is not recognised in the consolidated statement of income due to the purchase, sale, issue or cancellation of the equity instruments of the Group companies and the amounts received or paid for these transactions are recognised directly in the equity.

2.3.27 Foreign currency transactions

Functional Currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in Turkish lira, which is the functional currency of the Holding.

Foreign currency transactions and balances

Income and expenses arising in foreign currencies have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into Turkish lira at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated income statement.

Foreign Group companies

The results of Group undertakings using a measurement currency other than Turkish lira are first translated into Turkish lira by using the average exchange rate for the period. The assets and liabilities of such Group undertakings are translated into Turkish lira by using the closing rate at the balance sheet date. Differences arising on retranslation of the opening net assets of such Group undertakings and differences between the average and year-end rates are included in translation reserve as a separate item in the shareholders’ equity.

2.3.28 Business combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.28 Business combinations (Continued)

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquire, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with TFRS 9 and corresponding gain or loss being recognised in profit or loss or other comprehensive income. Without the scope of TFRS9 are accounted for in accordance with TAS 37 Provisions.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is premeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.28 Business combinations (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Partial share purchase-sale transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For share purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. In case of the share sales to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity because of the absence of a specific heading for the loss and gains resulting from these transactions within the equity items in the template mandated by the CMB.

2.3.29 Segment reporting

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

A reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

The Group presents its operating segments to the decision-making authority based on TFRS and certain classifications have been made that is consistent with the segments presented in the internal reporting. The Group's risk and rewards ratios are differentiated depending on the produced goods and services according to internal reporting, therefore segment information has been based on industrial segments. Geographical segments have not been disclosed in these consolidated financial statements because of materiality as the operations of the Group in geographical areas other than Turkey are not reportable geographical segments individually considering with the overall consolidated financial statements. Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for the decisions related to the allocation of resources to the segments and assessment of performance of segments.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.30 Events occurring after the balance sheet date

If any event requiring adjustment arises after the balance sheet date, the group adjusts the amounts included in the financial statements in line with the new circumstances. Issues occurring after the balance sheet date which do not require any adjustment are explained in the footnotes of the consolidated financial statements if they affect the economic decisions of the financial statement users.

2.3.31 Impairment of receivables from loans and leasing transactions determined within the framework of TFRS

In the Group's consolidated financial statements dated 31 December 2021, there are loan and rent receivables totalling TRY405.627.216 (31 December 2020: TRY248.048.822), which constitutes an important part of the assets, and a total impairment provision of TRY19.014.505 (31 December 2020: TRY16.969.515) allocated in relation to these loan and rent receivables. The Group calculates the expected loan loss as per TFRS 9, “Financial Instruments Standard”. TFRS 9 is a complicated accounting standard, requiring critical judgement and interpretation in practice. These judgements and interpretations are key in developing financial models measuring expected loan losses for loans calculated at amortised cost. In addition, a large data set obtained from multiple systems is necessary for use in the models developed. Also, the provision calculation includes complicated information and estimations such as past losses, current conditions and macro-economic expectations. The provision for the expected losses from lease transactions related to loans and receivables is collectively allocated for similar loan portfolios in a way that includes management's best estimations and past losses as of the balance sheet date, and for important loans, it is allocated by evaluating each item separately.

Expected loss provision for loans and leases, including management's best estimates and past loss experience as of the balance sheet date, for similar loan portfolios collectively; for important loans, they are evaluated on an individual basis.

2.4 Critical accounting estimates and assumptions

When preparing the consolidated financial statements according to Turkish Financial Reporting Standards, Group management must make some assumptions and estimations which identify the amount of income and expenses as of the reporting period, which identify liabilities and commitments likely to occur as of the balance sheet date and which may affect the amount of assets and liabilities which are reported. These estimations and assumptions may differ from actual results even though they are based on the best knowledge of Group management regarding current events and transactions. Estimations are reviewed regularly, and necessary adjustments are made and reflected on the statement of income for the relevant period. If changes in accounting estimations are related to one period only, they are reflected in the financial statements in the current period of the change. If they are related to future periods, they are reflected in the financial statements prospectively, both in the period of the change and in the future period, and are considered when defining the net period profit or loss.

a) Goodwill

Business combinations are recognized using the purchase method in the scope of the TFRS 3 “Business Combinations” standard. (i) The value of the net identifiable assets and the conditional liabilities on the balance sheet prepared on the date of acquisition as per the provisions of TFRS 3, (ii) the value of non-controlling interest and (iii) the difference between them and previously owned shares of the company acquired with a purchase fee are recognized as goodwill. If the difference is negative, goodwill does not arise and the difference is recognized under “Investment operation income” as negotiated purchase earnings.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Using this method, the purchase fee was calculated at the fair value of cash and other assets provided on the date of acquisition, of excluded capital instruments or of liabilities undertaken. If the business combination agreement includes provisions that the purchase fee may be adjusted in line with future occurrences, and if this adjustment is probable and its value definable, this adjustment is included in the purchase fee at the date of the business combination. Costs related to the acquisition are recognized in the period they arise.

Identifiable assets, liabilities and contingent liabilities of the business acquired in the balance sheet of the business acquired prepared according to the provisions of TFRS 3 are measured at fair value.

Goodwill recognized as a result of business combinations is not amortized and instead is tested for impairment annually (as of December 31), or more frequently if circumstances indicate that it might be impaired. Impairment losses calculated on goodwill cannot be associated with the income statement even if the impairment ceases to exist in the following periods. Goodwill is associated with cash-generating units during the impairment test. Legal mergers among the enterprises controlled by the Group are evaluated within the scope of TFRS 3. Therefore, the goodwill in transactions like this cannot be recognized

b) The Fund

The Retirement Fund Foundation (“Fund”) of the bank was established as per provisional article 20 of Law No. 506, and it is within the scope of funds to be transferred to SSI. The Council of Ministers is authorized to determine the date of transfer. Total liabilities of the fund, benefits to be transferred and additional benefits to remain the responsibility of the Fund are determined using separate methods and assumptions. Selecting appropriate assumptions for the valuation of retirement fund liabilities requires judgement and a high level of technical expertise. Bank management benefits from the services of an external actuary company for these valuations.

c) Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group’s belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized.

d) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques based on market-observable data, market comparable approach that reflects recent transaction prices for similar properties and discounted cash flows.

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NOTE 3 - BUSINESS COMBINATIONS

The business combinations between the period 1 January and 31 December 2021 are as follows:

Ageas Insurance International NV (Ageas) have acquired all AvivaSA Emeklilik ve Hayat A.Ş. (AvivaSA) shares that representing %40 of the share capital, from Aviva International Holdings Ltd. (Aviva) as of 05 May 2021. %80 of AvivaSA's shares representing have been shared equally by the Company and Ageas as of the date and the trade name of Avivasa has been changed to AgeSa Hayat ve Emeklilik A.Ş. (Agesa) was registered in the trade registry on 8 July 2021. The Company and Ageas also own the shares representing %72 of Aksigorta's capital in equally. The Shareholders Agreement signed between the Company and Ageas with the change in the shareholding structure in Agesa which regulates the matters related to the management of Agesa as of 14 January 2021. Similarly, the Shareholders Agreement which regulates the joint management of Aksigorta between the Company and Ageas dated 18 February 2011 has also been revised and signed between the Company and Ageas as of 14 January 2021.

While the Group has been consolidated Aksigorta and Agesa companies with equity method by 36% and 40% shareholdings due to the changes on conditions of shareholders' agreements, the company have taken control of Agesa and Aksigorta and have been consolidated with full consolidation method in accordance with TFRS 3 as of July 1, 2021.

The purchase price, the fair values of the identifiable assets and liabilities in accordance with TFRS 3 are summarized in the table below. Assets and liabilities recognized at the date of full consolidation:

	Agesa
Assets valued at full consolidation	7.440.646
Liabilities valued at full consolidation	4.454.816
Total net identifiable assets	2.985.830
Fair value of net assets	3.214.353
Ownership rate	40%
Group portion of goodwill	91.409

The fair value of identifiable assets, liabilities and contingent liabilities acquired as a result of the full consolidation transaction, exceeding the book value per group share amounting to TRY91.409 is recorded as goodwill in the balance sheet.

	Aksigorta
Assets valued at full consolidation	11.652.224
Liabilities valued at full consolidation	9.469.367
Total net identifiable assets	2.182.857
Fair value of net assets	2.263.763
Ownership rate	36%
Group portion of goodwill	29.126

The fair value of identifiable assets, liabilities and contingent liabilities acquired as a result of the full consolidation transaction, exceeding the book value per group share amounting to TRY29.126 is recorded as goodwill in the balance sheet.

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

The business combinations between the period 1 January and 31 December 2020 are as follows:

As of 22 October 2020, Exsa a subsidiary of the Group, acquired %50 of the shares (representing its capital of TRY 210.000) of bus and midibus producing company Temsa Skoda Sabancı Ulaşım Araçları A.Ş. (Temsal Ulaşım Araçları)

As of 16 December 2020, a new company named Çimsa Sabancı Cement BV (CSC BV) has been established in the Netherlands with a capital of 87.000 Euro, in which Group has a 60% and Çimsa has a 40% shareholding. By participating in CSC BV as a founding partner, a capital of 52.200 Euro has been allocated for 52.200.000 shares.

NOTE 4 - SEGMENT REPORTING

Holding key management reviews the results and performance of its reportable operating segments based on EBITDA (earnings before interest, foreign currency gains and losses and due date income and expenses as part of other operating income and expenses and depreciation and amortization). In addition to the requirements of segment reporting, The Group's management presented this information for certain financial statement readers to utilize this data during their analyses.

a) External Revenues (Consolidated):

	1 January - 31 December 2021	1 January - 31 December 2020
Finance	57.622.046	37.824.578
Banking	52.474.958	37.824.578
Financial Services	5.147.088	-
Industry	7.928.278	4.535.703
Retail	16.814.895	13.470.570
Building Materials	4.370.827	2.270.016
Other	1.456.352	1.252.921
Total (*)	88.192.398	59.353.788

(*) The distribution of income refers to total revenue in the consolidated income statement.

b) Segment Assets (Consolidated):

	31 December 2021	31 December 2020
Finance	782.773.062	475.309.693
Banking	759.925.181	475.309.693
Financial Services	22.847.881	-
Industry	14.250.722	7.691.684
Retail	8.085.754	6.597.362
Building Materials	8.100.013	4.962.682
Other	6.426.779	2.642.860
Segment assets	819.636.330	497.204.281
Assets classified as held for sale	694.573	262.226
Investments accounted through equity method (Note 13)	8.763.569	8.298.372
Unallocated assets	(1.349.773)	(463.260)
Less: intersegment eliminations	(7.980.910)	(4.043.245)
Total assets as per consolidated financial statements	819.763.789	501.258.374

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NOTE 4 - SEGMENT REPORTING (Continued)

c) Segment Liabilities (Consolidated):

	31 December 2021	31 December 2020
Finance	702.533.005	414.242.517
Banking	685.380.986	414.242.517
Financial Services	17.152.019	-
Industry	7.674.087	4.402.207
Retail	8.277.383	6.903.104
Building Materials	5.482.272	2.990.595
Other	1.416.694	463.413
Segment liabilities	725.383.441	429.001.836
Liabilities associated with		
assets classified as held for sale	-	4.027
Unallocated Liabilities	(1.224.908)	(495.219)
Less: intersegment eliminations	(7.998.926)	(4.035.164)
Total liabilities as per consolidated financial statements	716.159.607	424.475.480

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NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment:

i) Banking:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined (*) 31 December 2020	Consolidated (**) 31 December 2020
Cash and cash equivalents	66.412.593	66.412.593	17.971.434	17.971.434
Financial investments	163.705.496	163.705.496	109.271.029	109.271.029
Derivative financial instruments	49.786.871	49.786.871	22.858.366	22.858.366
Balances with the Central Bank of the Republic Turkey	81.792.492	81.792.492	42.604.370	42.604.370
Receivables from finance sector operations	385.773.791	385.773.791	267.846.568	267.846.568
Property, plant and equipment	2.296.505	2.296.505	2.326.451	2.326.451
Right of use assets	589.516	589.516	546.620	546.620
Intangible assets	1.499.602	1.499.602	1.190.909	1.190.909
Other receivables and other assets	8.300.611	8.300.611	10.944.725	10.944.724
Total segment assets	760.157.477	760.157.477	475.560.472	475.560.471
Financial liabilities	110.953.405	110.953.405	67.258.898	67.258.898
Payables of finance sector operations	517.618.535	517.618.535	313.617.634	313.617.634
Derivative financial instruments	25.624.651	25.624.651	14.840.973	14.840.973
Other payables and other liabilities	31.184.395	31.184.395	18.525.012	18.525.012
Total segment liabilities	685.380.986	685.380.986	414.242.517	414.242.517

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts after intra-segment eliminations of the subsidiaries and the joint ventures which belong to the related segment considering the Holding's portion of ownership before intersegment eliminations.

As of 31 December 2021, the cash flows from operating activities of the Bank is TRY45.594.269. (31 December 2020: TRY(5.185.859)).

As of 31 December 2021, the cash flows from investing activities of the Bank is TRY(45.566.521). (31 December 2020: TRY(10.300.952)).

As of 31 December 2021, the cash flows from financing activities of the Bank is TRY21.883.924. (31 December 2020: TRY6.774.018).

Accumulated non-controlling interests of Akbank as of 31 December 2021 is TRY44.305.071 (31 December 2020: TRY36.330.888).

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NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment (Continued):

ii) Financial Services:

	Combined(*)	Consolidated (**)	Combined (*)	Consolidated (**)
	31 December 2021	31 December 2021	31 December 2020	31 December 2020
Cash and cash equivalents	2.940.017	2.940.017	3.250.898	-
Financial investments	8.268.078	8.268.078	4.019.101	-
Receivables from finance sector operations	1.832.521	1.832.454	1.327.774	-
Investments accounted through equity method (Note 13)	-	-	-	776.475
Property, plant and equipment	71.435	71.435	45.857	-
Right of use assets	47.612	47.612	49.680	-
Intangible assets	3.943.745	3.943.745	151.021	-
Other receivables and other assets	5.614.758	5.744.540	4.543.064	-
Total segment assets	22.718.166	22.847.881	13.387.395	776.475
Financial liabilities	116.828	116.828	-	-
Payables from finance sector operations	1.065.653	1.065.653	858.957	-
Insurance technical provisions	14.095.161	14.095.161	9.795.408	-
Other payables and other liabilities	1.874.377	1.874.377	721.770	-
Total segment liabilities	17.152.019	17.152.019	11.376.135	-

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts after intra-segment eliminations of the subsidiaries and the joint ventures which belong to the related segment considering the Holding's portion of ownership before intersegment eliminations.

Financial Services segment consists of Aksigorta and Agesa.

HACI ÖMER SABANCI HOLDİNG A.Ş.

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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment (Continued):

iii) Energy:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Cash and cash equivalents	3.917.521	-	2.215.534	-
Financial investments	409.899	-	428.955	-
Trade receivables	7.887.848	-	3.967.365	-
Inventories	688.214	-	365.300	-
Investments accounted through equity method (Note 13)	-	7.022.533	-	6.157.834
Property, plant and equipment	10.727.754	-	10.431.824	-
Right of use assets	367.369	-	243.615	-
Intangible assets	4.783.912	-	4.899.073	-
Other receivables and other assets	21.092.408	-	16.697.609	-
Total segment assets	49.874.925	7.022.533	39.249.275	6.157.834
Financial liabilities	19.691.430	-	16.657.255	-
Trade payables	5.817.253	-	2.720.039	-
Other payables and other liabilities	8.450.972	-	6.125.647	-
Total segment liabilities	33.959.655	-	25.502.941	-

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts after intra-segment eliminations of the subsidiaries and the joint ventures which belong to the related segment considering the Holding’s portion of ownership before intersegment eliminations.

Energy segment consists of Enerjisa Enerji A.Ş. and Enerjisa Üretim Santralleri A.Ş..

HACI ÖMER SABANCI HOLDİNG A.Ş.

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment (Continued):

iv) Industry:

	Combined(*)	Consolidated (**)	Combined(*)	Consolidated (**)
	31 December 2021	31 December 2021	31 December 2020	31 December 2020
Cash and cash equivalents	3.539.685	194.805	1.935.371	449.893
Financial investments	134.795	875	52.130	645
Trade receivables	3.675.628	2.615.203	1.854.034	1.091.112
Inventories	4.072.572	2.963.849	1.842.962	1.225.313
Investments accounted through equity method (Note 13)	540.348	1.007.457	339.158	883.094
Property, plant and equipment	5.948.195	3.912.528	4.381.708	2.533.463
Right of use assets	243.951	233.000	111.574	95.429
Intangible assets	1.723.316	1.596.855	1.058.349	951.037
Other receivables and other assets	5.469.844	3.015.635	2.780.635	1.347.718
Total segment assets	25.348.334	15.540.207	14.355.921	8.577.704
Financial liabilities	9.224.243	4.434.125	6.144.229	2.978.692
Trade payables	4.738.072	1.930.912	1.864.121	664.286
Other payables and other liabilities	2.199.648	1.309.050	1.346.668	763.256
Total segment liabilities	16.161.963	7.674.087	9.355.018	4.406.234

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts after intra-segment eliminations of the subsidiaries and the joint ventures which belong to the related segment considering the Holding's portion of ownership before intersegment eliminations.

Industry segment consists of Kordsa, Brisa ve Philsa and Philip Morrissa.

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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment (Continued):

v) Retail:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Cash and cash equivalents	1.583.386	1.583.386	1.297.782	1.297.782
Trade receivables	296.256	296.256	180.567	180.359
Inventories	3.191.507	3.191.507	2.108.143	2.108.143
Investment property	34.772	34.772	29.222	29.222
Property, plant and equipment	619.504	619.504	709.949	709.949
Right of use assets	1.017.297	1.017.297	1.017.773	1.017.773
Intangible assets	106.338	106.338	91.768	91.768
Other receivables and other assets	1.185.038	1.236.694	1.101.325	1.162.366
Total segment assets	8.034.098	8.085.754	6.536.529	6.597.362
Financial liabilities	2.442.905	2.442.905	2.681.937	2.681.937
Trade payables	5.124.517	5.124.517	3.569.076	3.569.076
Other payables and other liabilities	709.961	709.961	652.092	652.091
Total segment liabilities	8.277.383	8.277.383	6.903.105	6.903.104

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts after intra-segment eliminations of the subsidiaries and the joint ventures which belong to the related segment considering the Holding’s portion of ownership before intersegment eliminations.

Retail segment consists of Teknosa and Carrefoursa.

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment (Continued):

vi) Building Materials:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Cash and cash equivalents	866.185	601.222	1.751.992	1.433.619
Financial investments	506.226	64	185.224	64
Trade receivables	2.182.916	1.265.858	950.153	507.869
Inventories	1.762.987	990.319	465.336	285.260
Investments accounted through equity method (Note 13)	-	471.118	-	397.334
Property, plant and equipment	4.329.778	3.423.351	3.008.741	2.155.891
Right of use assets	176.959	74.411	144.165	53.285
Intangible assets	822.947	777.723	61.335	16.967
Other receivables and other assets	1.614.632	1.147.313	779.587	518.249
Total segment assets	12.262.630	8.751.379	7.346.533	5.368.538
Financial liabilities	4.452.227	3.661.834	2.646.567	2.039.083
Trade payables	2.625.210	1.268.943	1.079.271	635.366
Other payables and other liabilities	754.803	551.495	507.232	316.146
Total segment liabilities	7.832.240	5.482.272	4.233.070	2.990.595

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts after intra-segment eliminations of the subsidiaries and the joint ventures which belong to the related segment considering the Holding's portion of ownership before intersegment eliminations.

Building materials segment consists of Çimsa, Akçansa and CSC BV.

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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment (Continued):

vii) Other:

	Combined(*)	Consolidated (**)	Combined(*)	Consolidated (**)
	31 December 2021	31 December 2021	31 December 2020	31 December 2020
Cash and cash equivalents	3.725.682	3.725.682	1.851.658	1.851.658
Financial investments	13.961.115	97.900	13.733.773	7.043
Trade receivables	218.035	217.412	102.381	101.105
Inventories	375.323	375.323	142.639	142.639
Property, plant and equipment	255.747	219.683	251.346	215.282
Right of use assets	18.489	18.489	18.470	18.470
Intangible assets	33.416	33.416	24.635	24.635
Investments accounted through equity method (Note 13)	262.461	262.461	83.634	83.636
Other receivables and other assets	1.645.878	1.738.874	282.472	282.028
Total segment assets	20.496.146	6.689.240	16.491.008	2.726.496
Financial liabilities	18.700	18.700	19.141	19.141
Trade payables	498.829	497.202	199.952	198.177
Other payables and other liabilities	910.325	900.792	255.480	246.095
Total segment liabilities	1.427.854	1.416.694	474.573	463.413

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts after intra-segment eliminations of the subsidiaries and the joint ventures which belong to the related segment considering the Holding’s portion of ownership before intersegment eliminations.

Other segment consists of Sabancı Holding A.Ş., Exsa, Tursa, AEO and Sabancı DX.

HACI ÖMER SABANCI HOLDİNG A.Ş.

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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

e) The reconciliation of the consolidated statement of profit or loss:

	1 January – 31 December 2021			1 January – 31 December 2020		
	Total Consolidation of segments before elimination	Elimination and consolidation adjustments	Consolidated	Total Consolidation of Segments Before Elimination	Elimination and Consolidation Adjustments	Consolidated
Total revenue	88.965.327	(772.929)	88.192.398	59.599.749	(245.961)	59.353.788
Cost of sales and interest, premiums, commissions and other expenses	(55.110.181)	3.141.164	(51.969.017)	(38.332.507)	635.149	(37.697.358)
General administration expenses	(11.952.523)	207.186	(11.745.337)	(9.013.756)	65.779	(8.947.977)
Sales, marketing and distribution expenses	(3.026.198)	20.212	(3.005.986)	(2.414.905)	8.208	(2.406.697)
Research and development expenses	(46.937)	-	(46.937)	(27.375)	-	(27.375)
Other operating income/(expense) - net	1.199.911	(56.903)	1.143.008	153.885	1.456	155.341
Interest in income of joint ventures	2.786.514	-	2.786.514	1.532.631	-	1.532.631
Operating profit	22.815.913	2.538.730	25.354.643	11.497.722	464.631	11.962.353
Income/(expense) from investing activities - net	4.493.236	(2.655.158)	1.838.078	748.764	(606.353)	142.411
Operating profit before financial expense	27.309.149	(116.428)	27.192.721	12.246.486	(141.722)	12.104.764
Financial income/(expense) net	(1.454.552)	115.419	(1.339.133)	(1.072.620)	144.757	(927.863)
Income before tax	25.854.597	(1.009)	25.853.588	11.173.866	3.035	11.176.901
Tax	(5.274.478)	-	(5.274.478)	(2.270.539)	-	(2.270.539)
Profit/(loss) after tax from discontinued operations	(7.942)	-	(7.942)	(7.109)	-	(7.109)
Income for the period	20.572.177	(1.009)	20.571.168	8.896.218	3.035	8.899.253
Net income attributable to equity holders of the parent			12.032.098			4.767.573

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NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss:

i) Banking:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Interest, commission and other income	53.006.038	53.006.038	37.975.581	37.975.581
Interest, commission and other expenses	(26.580.487)	(26.580.487)	(21.299.485)	(21.299.485)
General administration expenses	(9.898.995)	(9.898.995)	(8.113.998)	(8.113.998)
Other operating income/(expense) - net	379.256	379.256	234.600	234.600
Operating profit	16.905.812	16.905.812	8.796.698	8.796.698
Income/(expense) from investing activities - net	137.176	137.176	66.700	66.700
Profit before tax	17.042.988	17.042.988	8.863.398	8.863.398
Tax	(4.550.547)	(4.550.547)	(2.041.943)	(2.041.943)
Net income	12.492.441	12.492.441	6.821.455	6.821.455
Net income attributable to equity holders of the parent		5.090.670		2.779.733
EBITDA	17.688.307		9.465.774	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies by deducting the financial asset values of the Holding's subsidiaries, joint ventures and associations before elimination which belong to the related segment considering the Holding's portion of ownership.

Net income of non-controlling interests of Akbank as of 31 December 2021 is TRY7.401.771 (31 December 2020: TRY4.041.712).

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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

ii) Financial Services:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Gross premiums	5.228.191	2.756.366	4.001.053	-
Gross written premiums	9.007.720	5.147.088	6.604.017	-
Unearned premiums reserves	(3.779.529)	(2.390.722)	(2.602.964)	-
Premiums, commission and other expenses	(4.577.450)	(2.077.360)	(3.103.466)	-
General administration expenses	(1.127.313)	(706.492)	(699.179)	-
Other operating income/(expense) - net	1.515.927	567.482	804.195	-
Interest in income of joint ventures (Note 13)	-	157.766	-	293.359
Operating profit	1.039.355	697.762	1.002.603	293.359
Income/(expense) from investing activities - net	179.095	99.159	47.742	-
Operating profit before financial expense	1.218.450	796.921	1.050.345	293.359
Financial income/(expense) - net	(67.727)	(27.480)	(68.380)	-
Profit before tax	1.150.723	769.441	981.965	293.359
Tax	(260.999)	(132.020)	(211.176)	-
Net income	889.724	637.421	770.789	293.359
Net income attributable to equity holders of the parent		338.642		293.359
EBITDA	1.263.868		1.046.254	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies by deducting the financial asset values of the Holding's subsidiaries, joint ventures and associations before elimination which belong to the related segment considering the Holding's portion of ownership.

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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

iii) Energy:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Sales revenue (net)	46.986.667	-	31.102.575	-
Cost of sales	(35.999.325)	-	(23.328.782)	-
General administration expenses	(3.573.269)	-	(2.683.555)	-
Other operating income/(expense) - net	(134.145)	-	(471.917)	-
Interest in income of joint ventures (Note 13)	-	1.773.341	-	916.584
Operating profit	7.279.928	1.773.341	4.618.321	916.584
Income/(expense) from investing activities	1.324	-	(2.311)	-
Operating profit before financial expense	7.281.252	1.773.341	4.616.010	916.584
Financial income/(expense) - net	(2.527.175)	-	(2.191.881)	-
Profit before tax	4.754.077	1.773.341	2.424.129	916.584
Tax	(750.920)	-	(373.421)	-
Net income	4.003.157	1.773.341	2.050.708	916.584
Net income attributable to equity holders of the parent		1.773.341		916.584
EBITDA	8.720.529		5.726.625	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies by deducting the financial asset values of the Holding's subsidiaries, joint ventures and associations before elimination which belong to the related segment considering the Holding's portion of ownership.

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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

iv) Industry:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Sales revenue (net)	14.562.540	7.928.278	8.773.212	4.536.336
Cost of sales	(10.797.784)	(6.179.462)	(6.693.656)	(3.732.512)
General administration expenses	(589.075)	(404.796)	(396.726)	(277.186)
Marketing expenses	(1.005.985)	(418.931)	(631.419)	(210.388)
Research and development expenses	(42.423)	(40.868)	(26.246)	(24.450)
Other operating income/(expense) - net	(140.500)	459.172	(8.912)	92.690
Interest in income of joint ventures (Note 13)	280.897	719.193	59.206	294.785
Operating profit	2.267.670	2.062.586	1.075.459	679.275
Income/(expense) from investing activities - net	1.522	2.342	12.382	18.751
Operating profit before financial expense	2.269.192	2.064.928	1.087.841	698.026
Financial income/(expense) - net	(143.019)	(385.922)	(377.776)	(222.606)
Profit before tax	2.126.173	1.679.006	710.065	475.420
Tax	34.921	(84.192)	43.496	(21.170)
Profit after tax from discontinued operations	(7.942)	(7.942)	(7.109)	(7.109)
Net income	2.153.152	1.586.872	746.452	447.141
Net income attributable to equity holders of the parent		1.274.223		401.359
EBITDA	3.176.095		1.591.946	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies by deducting the financial asset values of the Holding's subsidiaries, joint ventures and associations before elimination which belong to the related segment considering the Holding's portion of ownership.

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NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

v) Retail:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Sales revenue (net)	16.887.586	16.841.255	13.521.506	13.479.400
Cost of sales	(13.041.673)	(12.995.406)	(10.481.098)	(10.440.109)
General administration expenses	(292.129)	(291.968)	(232.005)	(231.404)
Marketing expenses	(2.550.729)	(2.550.729)	(2.151.449)	(2.151.449)
Other operating income/(expense) - net	(579.053)	(579.053)	(250.506)	(250.506)
Operating profit/(loss)	424.002	424.099	406.448	405.932
Income/(expense) from investing activities - net	150.559	150.559	36.463	36.463
Operating profit/(loss) before financial expense	574.561	574.658	442.911	442.395
Financial income/(expense) - net	(714.076)	(714.076)	(586.608)	(586.608)
Profit/(loss) before tax	(139.515)	(139.418)	(143.697)	(144.213)
Tax	292	292	(59.495)	(59.495)
Net income/(loss)	(139.223)	(139.126)	(203.192)	(203.708)
Net income/(loss) attributable to equity holders of the parent		(88.883)		(94.618)
EBITDA	1.448.346		1.133.767	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies by deducting the financial asset values of the Holding's subsidiaries, joint ventures and associations before elimination which belong to the related segment considering the Holding's portion of ownership.

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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

vi) Building materials:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Sales revenue (net)	7.916.114	4.370.902	4.237.578	2.270.470
Cost of sales	(6.737.763)	(3.614.021)	(3.398.420)	(1.763.257)
General administration expenses	(506.424)	(396.962)	(291.357)	(196.569)
Research and development expenses	(6.069)	(6.069)	(2.925)	(2.925)
Marketing expenses	(30.016)	(13.224)	(37.515)	(20.174)
Other operating income/(expense) - net	202.346	252.700	9.787	45.942
Interest in income of joint ventures (Note 13)	-	120.468	-	45.487
Operating profit	838.188	713.794	517.148	378.974
Income/(expense) from investing activities - net	161.850	122.086	42.525	39.393
Operating profit before financial expense	1.000.038	835.880	559.673	418.367
Financial income/(expense) - net	(354.368)	(303.478)	(281.883)	(240.942)
Profit before tax	645.670	532.402	277.790	177.425
Tax	167.550	97.440	(47.733)	(16.195)
Net income	813.220	629.842	230.057	161.230
Net income attributable to equity holders of the parent		371.050		107.591
EBITDA	953.615		735.070	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies by deducting the financial asset values of the Holding's subsidiaries, joint ventures and associations before elimination which belong to the related segment considering the Holding's portion of ownership

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

vii) Other:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Sales revenue (net)	3.245.204	1.671.765	1.839.997	1.337.962
Cost of sales	(1.275.293)	(1.272.722)	(1.096.771)	(1.094.542)
General administration expenses	(262.524)	(253.310)	(201.705)	(194.599)
Marketing expenses	(43.672)	(43.313)	(33.216)	(32.894)
Other operating income/(expense) - net	129.444	120.353	39.692	31.157
Shares in profits of joint ventures (Note 13)	15.746	15.746	(17.585)	(17.585)
Operating profit	1.808.905	238.519	530.412	29.499
Income/(expense) from investing activities - net	3.990.278	3.981.914	595.340	587.457
Operating profit before financial expense	5.799.183	4.220.433	1.125.752	616.956
Financial income/(expense) - net	(23.596)	(23.596)	(22.464)	(22.464)
Profit before tax	5.775.587	4.196.837	1.103.288	594.492
Tax	(605.454)	(605.454)	(131.736)	(131.736)
Net income	5.170.133	3.591.383	971.552	462.756
Net income attributable to equity holders of the parent		3.273.053		363.565
EBITDA	1.786.866		566.981	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies by deducting the financial asset values of the Holding's subsidiaries, joint ventures and associations before elimination which belong to the related segment considering the Holding's portion of ownership.

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NOTE 4 - SEGMENT REPORTING (Continued)

g) Detail of net income/(loss) attributable to equity holders of the parent

One-off income expenses are one-time income or expenses that the Group does not expect to encounter in routine operations. Details of the net profit / (loss) attributable to equity holders of the parent with adjusted segments is as follows:

	31 December 2021	31 December 2020
Banking	5.479.011	2.760.079
Financial Services	385.820	278.315
Industry	1.198.596	412.516
Building Materials	241.188	109.130
Energy	1.931.324	1.315.231
Retail	(120.536)	(62.792)
Other	997.314	365.579
Total	10.112.717	5.178.058

A reconciliation of adjusted net income attributable to equity holders of the Parent is as follows:

	31 December 2021	31 December 2020
Adjusted net income for reported operating segments (Equity holders of the Parent)	10.112.717	5.178.058
One off income/(expenses) related to Holding (*)	2.280.595	(3.470)
One off income/(expenses) related to Çimsa	102.336	1.476
One off income/(expenses) related to Kordsa	85.752	(5.569)
One off income/(expenses) related to Carrefoursa	21.113	(516)
One off income/(expenses) related to CSBV	(25.471)	-
One off income/(expenses) related to Agesa	(77.551)	17.399
One off income/(expenses) related to Enerjisa	(157.982)	(398.646)
Other	(309.411)	(21.159)
Net income (Equity holders of the Parent)	12.032.098	4.767.573

(*) In 2021, a significant portion of the one-off income/expenses related to the Holding. It consists of the fair value uplift of Agesa and Aksigorta shares owned by the Holding and fair value gains from derivative instruments.

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NOTE 4 - SEGMENT REPORTING (Continued)

h) Combined EBITDA Detail

31 December 2021	Profit Before Tax	Depreciation Expenses	Income/(expenses) from Investing Activities - net	Financial income/(expense) - net	Operational foreign Exchange differences/interest	EBITDA
Banking	17.042.988	782.495	137.176	-	-	17.688.307
Industry	2.126.173	587.212	1.522	(143.019)	(321.213)	3.176.095
Building Materials	645.670	306.496	161.850	(354.368)	191.069	953.615
Retail	(139.515)	519.510	150.559	(714.076)	(504.834)	1.448.346
Energy	4.754.077	1.021.560	1.324	(2.527.175)	(419.041)	8.720.529
Financial Services	1.150.723	275.228	179.095	(67.727)	50.715	1.263.868
Other	5.775.587	49.181	3.990.278	(23.596)	71.220	1.786.866
31 December 2020	Profit Before Tax	Depreciation Expenses	Income/(expenses) from Investing Activities - net	Financial income/(expense) - net	Operational foreign Exchange differences/interest	EBITDA
Banking	8.863.398	669.076	66.700	-	-	9.465.774
Industry	710.065	507.956	12.382	(377.777)	(8.532)	1.591.946
Building Materials	277.790	260.808	42.525	(281.883)	42.886	735.070
Retail	(143.697)	484.582	36.463	(586.608)	(242.737)	1.133.767
Energy	2.424.129	958.520	(2.311)	(2.191.881)	(149.784)	5.726.625
Financial Services	981.965	92.057	47.742	(68.380)	48.406	1.046.254
Other	1.103.288	44.053	595.340	(22.464)	7.484	566.981

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NOTE 4 - SEGMENT REPORTING (Continued)

i) Depreciation and amortisation charges, impairment and capital expenditures (Consolidated):

1 January – 31 December 2021

	<u>Finance</u>	Financial	Industry	Building	Energy	Retail	Other	Total
	Banking	Services		Materials				
Depreciation and amortization	782.495	225.416	350.012	197.664	-	519.702	49.181	2.124.470
Capital expenditures	1.098.924	148.147	684.115	225.310	-	294.800	74.475	2.525.771

1 January – 31 December 2020

	<u>Finance</u>	Financial	Industry	Building	Energy	Retail	Other	Total
	Banking	Services		Materials				
Depreciation and amortization	669.076	-	284.685	159.783	-	484.582	44.053	1.642.179
Capital expenditures	1.138.690	-	339.587	67.690	-	221.118	56.926	1.824.011

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NOTE 4 - SEGMENT REPORTING (Continued)

j) Depreciation and amortisation charges, impairment and capital expenditures (Combined):

1 January – 31 December 2021

	<u>Finance</u>	Financial	Industry	Building	Energy	Retail	Other	Total
	Banking	Services		Materials				
Depreciation and amortization	782.495	275.228	587.212	306.496	1.021.560	519.510	49.181	3.541.682
Capital expenditures	1.098.924	262.477	1.127.368	329.950	3.829.814	294.800	74.475	7.017.808

1 January – 31 December 2020

	<u>Finance</u>	Financial	Industry	Building	Energy	Retail	Other	Total
	Banking	Services		Materials				
Depreciation and amortization	669.076	92.057	507.956	260.808	958.520	484.582	44.053	3.017.052
Capital expenditures	1.138.690	104.899	585.653	190.246	2.710.692	221.118	56.926	5.008.224

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NOTE 5 - CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents at 31 December 2021 and 2020 are as follows:

	31 December 2021			31 December 2020		
	Financial	Non-financial	Total	Financial	Non-financial	Total
Cash	10.094.281	35.178	10.129.459	5.071.952	37.293	5.109.245
Banking						
<i>Bank - time deposit</i>	5.067.662	1.085.273	6.152.935	1.146.510	1.047.202	2.193.712
<i>Bank - demand deposit</i>	48.402.039	986.570	49.388.609	11.264.425	749.644	12.014.069
Receivables from repo transactions	2.848.611	-	2.848.611	488.547	-	488.547
Other cash and cash equivalents	-	898.269	898.269	-	22.545	22.545
Total	66.412.593	3.005.290	69.417.883	17.971.434	1.856.684	19.828.118

The Group's companies operating in the non-financial sectors have cash and cash equivalents amounting to TRY 2.462.697 held at Akbank and eliminated as of December 31, 2021 within the scope of the preparation of the consolidated financial statements.

Effective interest rates of USD, EUR and TRY denominated time deposits are 0,24% (31 December 2020: 0,54%), 0,07% (31 December 2020: 0,47%) and 19,78% (31 December 2020: 17,36%), respectively.

The maturity analysis as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Demand deposit	60.384.397	17.145.859
Up to 3 months	9.033.486	2.682.259
Total	69.417.883	19.828.118

As of 31 December 2021, total amount of the restriction on the Group's off-shore cash and cash equivalents, payment accounts related to floating interest rate bond issue, time and demand deposits in the banks is TRY17.642.259 (31 December 2020: TRY4.342.775).

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NOTE 6 - FINANCIAL INVESTMENTS

a) Financial assets at fair value through profit and loss

The detail of financial assets at fair value through profit and loss is as follows:

	31 December 2021	31 December 2020
Share certificates	1.073.896	464.346
Government bonds	452.316	45.063
Eurobonds	408.228	144.874
Other (*)	9.353.561	8.560.219
Total	11.288.001	9.214.502

(*) In the previous period, Syndicated loans extended to Ojer Telekomünikasyon A.Ş. ("OTAS") were restructured. Within this scope, a pledge was established in favor of lenders in order to establish collateral for these loans. LYY Telekomünikasyon A.Ş., which was established as a special-purpose company in which 192.500.000.000 Group A shares, which constitute 55% of Türk Telekom's issued capital, are all direct or indirect partners. The acquisition of the company (formerly Levent Yapılandırma Yönetimi A.Ş.) was completed on 21 December 2018. The Bank has participated in LYY Telekomünikasyon A.Ş. with a 35.56% share in the receivables from OTAŞ.

Later on, at the Ordinary General Assembly Meeting of LYY Telekomünikasyon A.Ş. which was held on 23 September 2019, it was decided to convert some of the loan into capital and add it to the capital of LYY Telekomünikasyon A.Ş. The nominal value of their shares in TRY increased from 18 TRY to 1.416.090 TRY. This amount is classified in the financial statements under the line "Assets Held for Sale and Discontinued Operations". As of 31 December 2021, the value of the part pursued as loan is TRY16.495.551 (31 December 2020: TRY8.968.855), and it is classified under "Other Financial Assets" under "Financial Assets measured at Fair Value through Profit Loss". The total fair value impairment accounted for the total amount classified as loan and capital is amounting to TRY10.568.731 (31 December 2020: TRY3.042.035) and the amount of TRY1.416.090 (31 December 2020: TRY1.416.090) of this amount is accounted under the "Assets Held for Sale and Discontinued Operations" and amounting to TRY9.152.641 (31 December 2020: TRY1.625.945) is accounted under "Other Financial Assets" which is the sub-item of "Financial Assets measured at Fair Value through Profit Loss".

If the growth rate and risk-free return rate on investment used in the discounted cash flow method in the valuation report are increased or decreased by 0,25%, provided that all other variables are constant, the total value of assets recognized in the financial statements and profit before tax will increase by about TRY170 million (full amount) or will decrease by TRY150 million (full amount).

The main purpose of the lender banks is to transfer the mentioned Türk Telekom shares to an expert investor by providing the necessary conditions as soon as possible. An international investment bank has been assigned as consultant for the sale of LYY Telekomünikasyon A.Ş.'s 55% shares in Türk Telekomünikasyon A.Ş. on 19 September 2019. As it is published on the Public Disclosure Platform as notification on 17 December 2021, negotiations have started for the sale of the shares to the Turkey Wealth Fund, and the process continues as of the date of this report.

Amounted to TRY1.313.971 (31 December 2020: TRY1.094.617) of other financial assets consist Fourth Real Estate Investment Fund of Ak Portföy Yönetimi A.Ş. established by Ak Portföy Yönetimi A.Ş. and the fund is measured at its fair value and the fair value differences are recognized in profit or loss.

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NOTE 6 - FINANCIAL INVESTMENTS (Continued)

a) Financial assets at fair value through profit and loss (Continued)

Effective interest rates of TRY are as follow:

	31 December 2021	31 December 2020
TRY	18,76%	14,92%

The Group does not have any financial assets measured at fair value through profit or loss given as collateral due to its activities in the finance sector (31 December 2020: TRY 9.995).

The maturity analysis of financial assets at fair value through profit and loss as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
0 to 3 months	3.147.885	1.595.411
3 to 12 months	7.605.866	7.461.253
1 to 5 years	407.404	109.435
Over 5 years	126.846	48.403
Total	11.288.001	9.214.502

Period remaining to contractual repricing dates:

	31 December 2021	31 December 2020
On demand	3.147.885	1.595.411
Up to 3 months	128.723	37.064
3 to 12 months	7.556.599	7.426.015
1 to 5 years	327.948	107.609
Over 5 years	126.846	48.403
Total	11.288.001	9.214.502

b) Financial assets measured at fair value through other comprehensive income

	31 December 2021	31 December 2020
Debt securities		
- Government bonds	35.137.849	23.067.782
- Eurobonds	45.555.941	21.352.442
- Investment funds	822.416	490.329
- Other bonds denominated in foreign currency	21.351.614	13.277.208
Sub-total	102.867.820	58.187.761
Equity securities		
- Listed	27.648	138
- Unlisted	36.103	31.527
Sub-total	63.751	31.665
Financial assets at fair value through other comprehensive income	102.931.571	58.219.426

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NOTE 6 - FINANCIAL INVESTMENTS (Continued)

b) Financial assets at fair value through other comprehensive income (Continued)

Effective interest rates of USD, EUR, JPY and TRY denominated debt securities are 5,32% (31 December 2020: 5,20%), 2,88% (31 December 2020: 2,92%), 3,09% (31 December 2020: 3,09%) and 18,35% (31 December 2020: 12,75%), respectively.

The Group's financial assets measured through other comprehensive income subject to funds provided from repo are TRY40.231.789 (31 December 2020: TRY16.984.050). Financial assets through other comprehensive income that are given as collateral because of the Group's financing activities are amounting to TRY29.582.153 (31 December 2020: TRY18.374.196).

There are bonds index-linked to consumer prices (“CPI”) in the securities portfolio of Akbank for which the fair value difference is reflected to other comprehensive income and which are measured by amortized cost. These securities are valued and recognised using the effective interest method and are based on the index calculated using real coupon rates, the reference inflation index on the date of issuance and estimated inflation rates. Reference indexes used to calculate the actual coupon payment amounts of the securities are created based on CPIs from two months prior. The bank sets the estimated inflation rate in line with the reference indexes. The estimated inflation rate used is updated during the year when necessary.

The maturity analysis in accordance with expiring date as at 31 December 2021 and 2020 is as follows.

	31 December 2021			31 December 2020		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	4.901.224	-	4.901.224	4.503.116	-	4.503.116
3 to 12 months	8.356.943	285.086	8.642.029	4.843.979	-	4.843.979
1 to 5 years	63.275.695	644.322	63.920.017	38.802.077	-	38.802.077
Over 5 years	22.975.320	182.657	23.157.977	9.579.925	-	9.579.925
On demand	820.369	1.489.955	2.310.324	490.329	-	490.329
Total	100.329.551	2.602.020	102.931.571	58.219.426	-	58.219.426

As of 31 December 2021, and 2020, according to the remaining period until the re-pricing date determined by the contract:

	31 December 2021			31 December 2020		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	20.772.704	-	20.772.704	14.823.787	-	14.823.787
3 to 12 months	17.998.624	285.086	18.283.710	10.414.147	-	10.414.147
1 to 5 years	40.326.808	644.322	40.971.130	24.195.511	-	24.195.511
Over 5 years	20.411.046	182.657	20.593.703	8.295.652	-	8.295.652
On demand	820.369	1.489.955	2.310.324	490.329	-	490.329
Total	100.329.551	2.602.020	102.931.571	58.219.426	-	58.219.426

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NOTE 6 - FINANCIAL INVESTMENTS (Continued)

c) Financial Assets measured at Amortised Cost:

The details of financial investments measured at their amortized cost are presented below:

	31 December 2021	31 December 2020
Government bonds	42.591.645	34.523.753
Other debt securities	14.938.866	7.349.569
Total	57.530.511	41.873.322

The breakdown of financial assets measured at amortised cost is listed below:

	31 December 2021	31 December 2020
Opening balance, 1 January	41.873.322	15.566.111
Additions	20.409.817	25.884.971
Business combination effect	2.440.708	-
Foreign exchange differences in monetary assets	4.555.125	4.715.654
Valuation effect	4.150.640	495.098
Disposals through sales and redemptions	(15.853.468)	(4.774.521)
Allowance for impairment (*)	(45.633)	(13.991)
Closing balance	57.530.511	41.873.322

(*) Expected loss provision is included.

Effective interest rate of debt securities in USD and TRY are 5,89% and 20,90% (31 December 2020: Effective interest rate of debt securities in USD, Euro and TRY are 5,86%, 1,70% and 12,18%).

For financial investments measured at their amortized cost as of 31 December 2021 and 31 December 2020, the remaining period to the maturity dates stated in the contract on the basis of Banking and other sectors is as follows:

	31 December 2021			31 December 2020		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	8.689.414	3.939.594	12.629.008	16.731.294	-	16.731.294
1 to 5 years	19.693.698	989.429	20.683.127	18.779.765	644	18.780.409
Over 5 years	24.183.456	34.920	24.218.376	6.361.619	-	6.361.619
Total	52.566.568	4.963.943	57.530.511	41.872.678	644	41.873.322

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NOTE 6 - FINANCIAL INVESTMENTS (Continued)

c) Financial Assets at Amortised Cost (Continued):

Period remaining to contractual repricing dates for investment security, financial assets at amortised cost at 31 December 2021 and 2020 is as follows:

	31 December 2021			31 December 2020		
	Banking	Other Companies	Total	Banking	Other companies	Total
Up to 3 months	18.959.492	153.172	19.112.664	11.113.691	-	11.113.691
3 to 12 months	24.752.525	3.786.422	28.538.947	19.059.290	-	19.059.290
1 to 5 years	8.685.943	989.429	9.675.372	10.522.797	644	10.523.441
Over 5 years	168.608	34.920	203.528	1.176.900	-	1.176.900
Total	52.566.568	4.963.943	57.530.511	41.872.678	644	41.873.322

d) Time Deposits:

The details of long-term deposits of three months are presented below:

	31 December 2021	31 December 2020
3 to 12 months	363.620	16.348
Total	363.620	16.348

NOTE 7 - FINANCIAL LIABILITIES

Short term funds borrowed, bank borrowings and debt securities:

	31 December 2021	31 December 2020
Short term	26.193.026	13.713.590
Short term portion of long term	27.179.115	20.053.065
Total short term	53.372.141	33.766.655
Long term funds borrowed, bank borrowings and debt securities:		
Long term	64.396.093	38.494.543
Total	117.768.234	72.261.198

Maturity analysis as of 31 December 2021 and 31 December 2020 is as follows:

	31 December 2021	31 December 2020
Up to 3 months	12.110.690	9.274.318
3 to 12 months	41.261.451	24.492.337
Short term borrowings and short term portion of long term borrowings	53.372.141	33.766.655
1 to 5 years	43.186.952	26.954.881
Over 5 years	21.209.141	11.539.662
Long term borrowings	64.396.093	38.494.543
Total financial liabilities	117.768.234	72.261.198

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

As of 31 December 2021 and 2020, repayment plans of long-term financial debts are presented below:

	31 December 2021	31 December 2020
1 to 2 years	11.806.626	8.902.970
2 to 3 years	10.308.406	6.286.796
3 to 4 years	13.128.423	4.715.311
4 to 5 years	7.943.497	7.049.804
Over 5 years	21.209.141	11.539.662
Total	64.396.093	38.494.543

As of 31 December 2021 and 2020, the remaining period until the repricing date of the loans determined by the contract:

	31 December 2021	31 December 2020
Up to 3 months	48.083.130	41.602.470
3 to 12 months	29.940.005	8.523.325
1 to 5 years	20.401.230	11.745.294
Over 5 years	19.343.869	10.390.109
Total	117.768.234	72.261.198

Financial liability movement as of 31 December 2021 is as follows;

	2021	2020
1 January	72.261.198	58.084.781
Additions	48.841.128	19.051.336
Interest capitalization during the period	(6.401.341)	(5.039.370)
Interest accruals	623.846	186.233
Foreign exchange effects	2.443.403	(21.782)
31 December	117.768.234	72.261.198

The transactions related with the funds and loans as of 31 December 2021 are as follows:

Akbank - Funds borrowed via syndicated credit

As of 31 December 2021, Akbank has two outstanding syndicated loan. EUR279 million and USD344,5 million with a maturity of 1 year was obtained through the loan agreement signed on 9 April 2021. The cost of 1 year maturity loan is Euribor + 225 bps and USDLibor + 250 bps. EUR206,8 million and USD460 million with a maturity of 1 year was obtained through the loan agreement signed on 19 October 2021. The cost of maturity loan is Euribor + 175 bps and USDLibor +215 bps.

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

Issued securities:

Securities issued consist of USD and TRY assets.

The repayment plan for USD securities issued is summarized below.

	31 December 2021		31 December 2020	
	USD	TRY	USD	TRY
2021	-	-	630.546	4.678.273
2022	1.374.501	18.320.724	1.068.575	7.928.186
2023	594.934	7.929.876	571.133	4.237.464
2024	623.172	8.306.260	599.240	4.446.001
2025	768.654	10.245.389	911.404	6.762.071
2026	475.608	6.339.379	428.422	3.178.634
2027	414.115	5.519.739	370.994	2.752.553
2028	292.139	3.893.921	257.937	1.913.738
2029	19.991	266.460	-	-
2030	18.680	248.986	-	-
2031	273.669	3.647.734	-	-
Total	4.855.463	64.718.468	4.838.251	35.896.920

The balance amounting to USD4.855.463 consists of securitization deals and USD denominated securities issued by the Bank.

	31 December 2021		31 December 2020	
	EUR	TRY	EUR	TRY
2021	-	-	23.131	210.872
2022	392	5.914	377	3.438
2023	377	5.691	362	3.301
2024	363	5.478	348	3.173
2025	349	5.268	335	3.055
2026	335	5.054	322	2.936
2027	322	4.858	309	2.818
2028	309	4.662	297	2.708
2029	7.667	115.655	7.370	67.179
Total	10.114	152.580	32.851	299.480

The balance amounting to EUR10.114 consists of securitization deals and EUR denominated securities issued by the Group.

In addition, as of 31 December 2021, the Group issued bonds with 1-3 months maturity of TRY2.749.399, 3-6 months maturity of TRY3.877.629, 6-12 months maturity of TRY448.064, 1-5 years maturity of TRY991.778 and over 5 years maturity of TRY1.385.587. (31 December 2020: 1-3 months term TRY933.926, 3-6 months term TRY123.854, 6-12 months term TRY4.229.049, 1-5 years term TRY1.062.073 and over 5 years term TRY1.364.024).

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NOTE 8 - LIABILITIES FROM LEASING TRANSACTIONS

The breakdown of the Group's obligations with respect to the lease transactions in accordance with TFRS 16 is as follows:

Liabilities from short-term lease transactions as of 31 December 2021:

	Up to 3 months	3 to 12 months	Total
TRY	160.764	194.281	355.045
USD	2.834	15.929	18.763
EUR	5.952	166	6.118
Other	508	2.173	2.681
Total	170.058	212.549	382.607

Liabilities from short-term lease transactions as of 31 December 2020:

	Up to 3 months	3 to 12 months	Total
TRY	147.418	169.132	316.550
USD	1.831	6.038	7.869
EUR	4.211	4.387	8.598
Other	287	1.119	1.406
Total	153.747	180.676	334.423

Liabilities from long-term lease transactions as of 31 December 2021:

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
TRY	190.932	171.241	320.506	402.986	458.642	1.544.307
USD	16.263	56.988	18.206	16.609	155.196	263.262
EUR	2.007	2.207	2.423	2.564	22.506	31.707
Other	5.025	216	-	-	-	5.241
Total	214.227	230.652	341.135	422.159	636.344	1.844.517

Liabilities from long-term lease transactions as of 31 December 2020:

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
TRY	218.092	189.292	319.097	390.542	375.857	1.492.880
USD	8.714	6.736	5.562	5.085	53.544	79.641
EUR	1.248	1.363	1.485	1.468	17.803	23.367
Other	3.895	-	-	-	-	3.895
Total	231.949	197.391	326.144	397.095	447.204	1.599.783

The movement table of liabilities arising from leasing transactions is as follows:

	2021	2020
1 January	1.934.206	1.984.835
Additions	534.125	250.532
Business combination effect	48.925	-
Payment	(838.749)	(701.082)
Interest accruals	401.116	374.014
Foreign exchange effects	147.501	25.907
31 December	2.227.124	1.934.206

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Short and long term trade receivables:

	31 December 2021	31 December 2020
Trade receivables from related parties (Note 36)	203.792	112.248
Trade receivables from non-related parties	3.925.569	1.649.824
Notes and cheques	208.982	152.209
	4.338.343	1.914.281
Less: expected credit losses	(77.376)	(68.160)
Total	4.260.967	1.846.121

As of 31 December 2021 and 2020, the maturity analysis of the overdue and expected credit loss reserves within the trade receivables balance is as follows:

	31 December 2021	31 December 2020
Up to 3 months	-	64
Over 9 months	77.376	68.096
Total	77.376	68.160

Short and long term trade payables:

	31 December 2021	31 December 2020
Trade payables from related parties (Note 36)	109.484	113.064
Trade payables from non-related parties	8.627.336	4.908.681
Expense accruals	2.863	1.929
Total	8.739.683	5.023.674

NOTE 10 – OTHER RECEIVABLES AND PAYABLES

Other short term receivables:

	31 December 2021	31 December 2020
Receivables form credit card payments	67.693	51.697
Other receivables(*)	3.685.595	4.445.839
Total	3.753.288	4.497.536

Other long term receivables:

	31 December 2021	31 December 2020
Receivables form credit card payments	82.920	49.628
Other receivables(*)	420.310	3.820.003
Total	503.230	3.869.631

(*) Other receivables mainly consist of the collaterals obtained by Akbank for derivative transactions.

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NOTE 10 – OTHER RECEIVABLES AND PAYABLES (Continued)

	31 December 2021	31 December 2020
Other short term payables:		
Payables related to credit card transactions	7.029.573	4.984.275
Taxes and funds payable	1.177.928	618.891
Export deposits and transfer orders	96.455	68.699
Payment orders to correspondent banks	72.763	48.832
Other (*)	8.615.648	3.367.929
Total	16.992.367	9.088.626
Other long term payables:		
Other (*)	7.145.569	4.431.151
Total	7.145.569	4.431.151

(*) Other payables mainly consist of the collaterals obtained by Akbank for derivative transactions.

NOTE 11 - INVENTORIES

	31 December 2021	31 December 2020
Raw materials	1.985.611	694.980
Work in process	599.092	227.803
Finished goods and merchandises	4.333.817	2.609.969
Spare parts	177.259	96.316
Goods in transit	388.075	50.712
Other	148.071	158.402
	7.631.925	3.838.182
Allowance for impairment on inventory (-)	(110.928)	(76.828)
Total	7.520.997	3.761.354

The movement table of allowance for impairment on inventory is as follows:

	2021	2020
1 January	(76.828)	(57.979)
Provisions	(47.269)	(18.760)
Provisions no longer required	13.258	2.662
Currency translation differences	(89)	(2.751)
31 December	(110.928)	(76.828)

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NOTE 12 - PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses:	31 December 2021	31 December 2020
Prepaid expenses	2.265.963	1.116.730
Advance given for inventory purchases	79.675	58.748
Other	7.731	28.791
Total	2.353.369	1.204.269

Long-term prepaid expenses:	31 December 2021	31 December 2020
Advance given for property, plant and equipment purchases	14.337	8.056
Prepaid expenses	31.607	9.245
Other	108	67
Total	46.052	17.368

Short term deferred income:	31 December 2021	31 December 2020
Unearned commission income	89.411	112.143
Advances received	90.222	48.456
Deferred income	67.028	47.697
Other	1.781	767
Total	248.442	209.063

Long-term deferred income:	31 December 2021	31 December 2020
Unearned commission income	221.404	137.410
Total	221.404	137.410

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NOTE 13 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Book value of Associates and Joint Ventures is as follows:

	31 December 2021	Share (%)	31 December 2020	Share (%)
Brisa	1.007.457	43,63	627.568	43,63
Akçansa	471.118	39,72	397.334	39,72
Enerjisa Üretim Santralleri	3.282.124	50,00	3.296.513	50,00
Enerjisa Enerji	3.740.409	40,00	2.861.321	40,00
Temsa Ulaşım Araçları	262.461	50,00	83.636	50,00
Aksigorta (*)	-	-	337.002	36,00
Agesa (*)	-	-	439.473	40,00
Philisa (**)	-	-	130.474	25,00
Philip Morrissa (**)	-	-	125.051	24,75
Total	8.763.569		8.298.372	

(*) The Group started to consolidate starting from 1 July 2021.

(**) Reclassified to assets held for sale as of 31 December 2021.

Share of income from Associates and Joint Ventures included in Holding’s consolidated net income is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Brisa	438.296	235.580
Akçansa	120.468	45.487
Enerjisa Üretim Santralleri	860.394	481.512
Enerjisa Enerji	912.947	435.073
Temsa Ulaşım Araçları	15.746	(17.585)
Aksigorta (*)	54.669	134.620
Agesa (*)	103.097	158.738
Philisa	193.355	22.118
Philip Morrissa	87.542	37.088
Total	2.786.514	1.532.631

(*) 2021 income amounts are consist of Agesa and Aksigorta gains until the date of the Group started to consolidate these entities which is 1 July 2021.

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NOTE 13 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

The summary financial information of Associates and Joint Ventures is as follows:

	31 December 2021		31 December 2020	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
Brisa	10.796.966	8.487.874	6.387.170	4.948.783
Akçansa	3.186.569	1.987.554	2.255.730	1.242.475
Enerjisa Üretim Santralleri	18.541.284	11.977.035	14.573.769	7.980.742
Enerjisa Enerji	31.333.641	21.982.619	24.675.505	17.522.199
Temsa Ulaşım Araçları	2.876.959	2.146.995	2.124.755	1.758.264
Aksigorta (*)	-	-	9.131.387	8.195.271
Agesa (*)	-	-	4.256.009	3.180.864
Philisa (**)	-	-	3.986.358	3.464.463
Philip Morrissa (**)	-	-	1.972.279	1.467.024
Total	66.735.419	46.582.077	69.362.962	49.760.085

(*) The Group started to consolidate starting from 1 July 2021

(**) Reclassified to assets held for sale as of 31 December 2021.

Sales

	1 January - 31 December 2021	1 January - 31 December 2020
Brisa	6.634.262	4.236.875
Akçansa	2.871.404	1.967.108
Enerjisa Üretim Santralleri	16.438.986	9.345.371
Enerjisa Enerji	30.547.681	21.757.203
Temsa Ulaşım Araçları	1.718.531	169.535
Aksigorta (*)	3.000.041	5.272.142
Agesa (*)	860.591	1.331.875
Philisa	37.816.210	31.062.222
Philip Morrissa	37.608.931	30.746.710

(*) Sales amounts consist of Agesa and Aksigorta net sales amounts for the first six months period ended until to the Group started to consolidate these entities.

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NOTE 13 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

Net profit/(loss)

	1 January - 31 December 2021	1 January - 31 December 2020
Brisa	1.004.575	539.950
Akçansa	303.293	114.315
Enerjisa Üretim Santralleri	1.720.789	963.023
Enerjisa Enerji	2.282.368	1.087.683
Temsa Ulaşım Araçları	31.492	(35.169)
Aksigorta (*)	151.858	373.944
Agesa (*)	257.741	396.845
Philsa	773.420	88.471
Philip Morrissa	353.704	149.851

(*) Net profit amounts consist of Agesa and Aksigorta net income amounts for the first six months period ended until to the Group started to consolidate these entities.

The movement of the joint ventures is as follows:

	2021	2020
Opening balance, 1 January	8.298.372	7.335.503
Profit/(loss) share	2.786.514	1.532.631
Business combination effect	(741.438)	-
Capital increase	150.000	-
Classification to asset held-for-sale	(277.887)	-
Acquisition	-	83.636
Dividend income from joint ventures	(1.322.325)	(438.107)
Other comprehensive income/(expense)	(129.667)	(215.291)
Closing balance - 31 December	8.763.569	8.298.372

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NOTE 14 - INVESTMENT PROPERTY

	1 January 2021	Additions	Currency translation differences	Transfers	31 December 2021
Cost:					
Land	228.113	-	144.694	-	372.807
Buildings	8.656	5.550	-	-	14.206
Total	236.769	5.550	144.694	-	387.013
Accumulated depreciation:					
Buildings	(1.707)	(1.435)	-	-	(3.142)
Net book value	235.062				383.871

	1 January 2020	Additions	Currency translation differences	Transfers	31 December 2020
Cost:					
Land	173.613	-	32.470	22.030	228.113
Buildings	18.466	12.220	-	(22.030)	8.656
Total	192.079	12.220	32.470	-	236.769
Accumulated depreciation:					
Buildings	(1.044)	(663)	-	-	(1.707)
Net book value	191.035				235.062

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NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the year ended 31 December 2021 is as follows:

	1 December 2021	Currency translation differences	Additions	Disposals	Transfers (*)	Business combinations and subsidiary purchase effect (**)	Transfers to assets held for sale (***)	Impairment	31 December 2021
Cost:									
Land and land improvements	504.541	106.938	2.684	(97.447)	4.272	114.745	(25.759)	-	609.974
Buildings	3.808.279	799.800	43.775	(225.453)	34.878	96.948	(52.940)	-	4.505.287
Machinery and equipment	6.415.087	2.824.297	266.683	(368.060)	254.864	475.330	(367.811)	(2.394)	9.497.996
Motor vehicles	92.543	9.164	6.270	(5.560)	1.187	3.692	(13.359)	-	93.937
Furniture and fixtures	4.064.338	111.875	503.790	(218.333)	18.528	86.177	(5.468)	588	4.561.495
Total	14.884.788	3.852.074	823.202	(914.853)	313.729	776.892	(465.337)	(1.806)	19.268.689
Construction in progress	242.522	59.995	478.256	(17.945)	(379.824)	4.100	(249)	-	386.855
Total	15.127.310	3.912.069	1.301.458	(932.798)	(66.095)	780.992	(465.586)	(1.806)	19.655.544
Accumulated depreciation:									
Land and land improvements	(243.402)	(9.714)	(10.540)	-	-	-	10.219	-	(253.437)
Buildings	(1.174.766)	(231.088)	(96.468)	45.991	-	-	28.805	-	(1.427.526)
Machinery and equipment	(3.352.999)	(1.416.596)	(455.935)	296.803	(77)	-	230.982	524	(4.697.298)
Motor vehicles	(92.543)	(1.822)	(9.117)	2.932	-	-	11.965	-	(88.585)
Furniture and fixtures	(2.303.979)	(78.426)	(429.159)	188.859	77	-	3.767	35	(2.618.826)
Total	(7.167.689)	(1.737.646)	(1.001.219)	534.585	-	-	285.738	559	(9.085.672)
Net book value	7.959.621								10.569.872

(*) Amounted to TRY 66.095 transfers from capital expenditures spent during the period are transferred to intangible assets.

(**) As of 1 July 2021, Aksigorta and Agesa started to be consolidated in the consolidated financial statements. Cimsa Cementos Espana S.A.U, a 100% subsidiary of CSC BV, acquired Buñol White Cement Factory on 9 July 2021.

(***) Property, plant and equipments at Çimsa's Niğde Integrated Cement Factory, Kayseri Integrated Cement Factory, Ankara Cement Grinding Facility and Başakpınar, Ambar, Nevşehir, Çirgalan, Aksaray, Ereğli and Kahramanmaraş Ready Mixed Concrete Facilities classified as asset held for sales.

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NOTE 15 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movement in property, plant and equipment for the year ended 31 December 2020 is as follows:

	1 January 2020	Currency translation differences	Additions	Disposals	Transfers (*)	Impairment	31 December 2020
Cost:							
Land and land improvements	559.287	39.716	2.899	(6.197)	(91.164)	-	504.541
Buildings	3.459.621	195.418	70.471	(14.880)	109.571	(11.922)	3.808.279
Machinery and equipment	5.479.213	605.992	240.778	(41.910)	129.606	1.408	6.415.087
Motor vehicles	94.270	5.471	1.991	(9.189)	-	-	92.543
Furniture and fixtures	3.461.421	15.001	624.542	(56.595)	15.827	4.142	4.064.338
Total	13.053.812	861.598	940.681	(128.771)	163.840	(6.372)	14.884.788
Construction in progress	246.441	(44.280)	225.173	(6.371)	(178.441)	-	242.522
Total	13.300.253	817.318	1.165.854	(135.142)	(14.601)	(6.372)	15.127.310
Accumulated depreciation:							
Land and land improvements	(231.036)	(3.717)	(9.700)	1.051	-	-	(243.402)
Buildings	(990.425)	(66.627)	(129.449)	11.735	-	-	(1.174.766)
Machinery and equipment	(2.683.713)	(275.775)	(406.136)	13.293	-	(668)	(3.352.999)
Motor vehicles	(92.218)	(1.422)	(6.733)	7.830	-	-	(92.543)
Furniture and fixtures	(2.006.984)	(12.512)	(330.862)	48.598	-	(2.219)	(2.303.979)
Total	(6.004.376)	(360.053)	(882.880)	82.507	-	(2.887)	(7.167.689)
Net book value	7.295.877						7.959.621

(*) TRY4.301 of the transfers from construction in progress in the current period is recognized in intangible assets.

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NOTE 16 - INTANGIBLE ASSETS

The movements in intangible assets for the years ended 31 December 2021 and 2020 are as follows:

	1 January 2021	Currency Translation Differences	Additions	Impairment	Disposal	Business Combinations	Transfers	31 December 2021
Cost								
Rights	467.772	161.013	85.494	(1.262)	(35.643)	178.446	3.355	859.175
Customer contracts	-	150.978	-	-	-	331.374	-	482.352
Licenses and softwares	17.221	2.920	840	-	-	-	22.743	43.724
Development investments	8.696	-	27.472	-	-	16.403	(2.333)	50.238
Mineral rights	-	7.254	-	-	-	15.921	-	23.175
Trademark	-	-	-	-	-	803.435	-	803.435
Bancassurance channel	-	-	-	-	-	918.714	-	918.714
Contractual rights	-	-	-	-	-	1.451.335	-	1.451.335
Agency channel	-	-	-	-	-	354.553	-	354.553
Other intangible assets	3.139.233	364.632	1.104.957	(12)	(22.449)	483.377	42.330	5.112.068
Total	3.632.922	686.797	1.218.763	(1.274)	(58.092)	4.553.558	66.095	10.098.769
Accumulated depreciation								
Rights	(234.042)	(64.881)	(39.518)	1.167	34.365	-	-	(302.909)
Customer contracts	-	(3.825)	(11.593)	-	-	-	-	(15.418)
Licenses and software	(1.755)	(2.148)	(264)	-	-	-	-	(4.167)
Development investments	(1.245)	-	(1.926)	-	-	-	-	(3.171)
Mineral rights	-	(387)	(1.173)	-	-	-	-	(1.560)
Bancassurance channel	-	-	(30.531)	-	-	-	-	(30.531)
Contractual rights	-	-	(97.291)	-	-	-	-	(97.291)
Agency channel	-	-	(13.000)	-	-	-	-	(13.000)
Other intangible assets	(1.120.600)	(121.817)	(443.133)	9	12.463	-	-	(1.673.078)
Total	(1.357.642)	(193.058)	(638.429)	1.176	46.828	-	-	(2.141.125)
Net book value	2.275.280							7.957.644

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NOTE 16 – INTANGIBLE ASSETS (Continued)

	1 January 2020	Currency Translation Differences	Additions	Impairment	Disposal	Transfers	31 December 2020
Cost							
Rights	395.780	21.989	50.019	-	(16)	-	467.772
Licenses and softwares	17.064	-	157	-	-	-	17.221
Research and development investments	3.073	-	5.623	-	-	-	8.696
Other intangible assets	2.458.862	87.741	590.138	24	(1.833)	4.301	3.139.233
Total	2.874.779	109.730	645.937	24	(1.849)	4.301	3.632.922
Accumulated depreciation							
Rights	(186.461)	(18.017)	(29.564)	-	-	-	(234.042)
Licenses and softwares	(1.539)	-	(224)	-	8	-	(1.755)
Research and development investments	(307)	-	(938)	-	-	-	(1.245)
Other intangible assets	(813.312)	(13.625)	(294.036)	(24)	397	-	(1.120.600)
Total	(1.001.619)	(31.642)	(324.762)	(24)	405	-	(1.357.642)
Net book value	1.873.160						2.275.280

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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NOTE 17 - RIGHT OF USE ASSETS

The movements in right of use assets for the years ended 31 December 2021 is as follows:

	1 January 2021	Additions	Disposals	Business Combinations	Currency translation differences	31 December 2021
Cost						
Real estates	2.317.656	555.203	(239.124)	27.113	81.873	2.742.721
Fixtures	252	-	-	210	-	462
Motor vehicles	68.441	14.086	(4.022)	8.733	(10.370)	76.868
Other	19.470	68.460	(1.964)	-	126.670	212.636
Total	2.405.819	637.749	(245.110)	36.056	198.173	3.032.687
Accumulated Depreciation						
Real estates	(630.543)	(440.273)	132.608	-	(15.191)	(953.399)
Fixtures	(112)	(45)	-	-	-	(157)
Motor vehicles	(36.338)	(20.313)	4.310	-	5.108	(47.233)
Other	(7.249)	(22.615)	2.011	-	(23.721)	(51.574)
Total	(674.242)	(483.246)	138.929	-	(33.804)	(1.052.363)
Net book value	1.731.577	154.503	(106.181)	36.056	164.369	1.980.324

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NOTE 17 - RIGHT OF USE ASSET (Continued)

The movements in right of use assets for the years ended 31 December 2020 is as follows:

	1 January 2020	Additions	Disposals	Currency translation differences	31 December 2020
Cost					
Real estates	2.187.816	367.194	(286.027)	48.673	2.317.656
Fixtures	595	-	(462)	119	252
Motor vehicles	38.758	29.020	(757)	1.420	68.441
Other	16.521	347	0	2.602	19.470
Total	2.243.690	396.561	(287.246)	52.814	2.405.819
Accumulated depreciation					
Real estates	(338.619)	(408.865)	128.070	(11.129)	(630.543)
Fixtures	(186)	(65)	264	(125)	(112)
Motor vehicles	(16.204)	(20.822)	707	(19)	(36.338)
Other	(3.218)	(4.122)	0	91	(7.249)
Total	(358.227)	(433.874)	129.041	(11.182)	(674.242)
Net book value	1.885.463	(37.313)	(158.205)	41.632	1.731.577

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NOTE 18 - GOODWILL

The movements in goodwill for the years ended 31 December 2021 and 2020 are as follows:

	2021	2020
1 January	1.600.690	1.475.337
Additions	58.684	-
Bussines combination (Note 3)	120.535	-
Currency translation differences	742.855	125.353
31 December	2.522.764	1.600.690

NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short term provisions	31 December 2021	31 December 2020
Provision for liabilities	816.672	682.435
<i>Credit bonus provision</i>	87.120	69.473
<i>Provisions for litigation</i>	88.517	90.769
<i>Uncompensated and not encashed non-cash loans</i>	641.035	492.437
<i>Other short-term provisions</i>	-	29.756
Insurance technical provisions	9.328.281	-
Other debt provisions	238.370	4.926
Total	10.383.323	687.361

Other long term provisions	31 December 2021	31 December 2020
Provision for liabilities	562.474	241.504
<i>Provisions for litigation</i>	161.020	49.666
<i>Other long-term provisions</i>	401.454	191.838
Insurance technical provisions	4.766.880	-
Total	5.329.354	241.504

Commitments - other companies	31 December 2021	31 December 2020
Letters of guarantee given	1.439.769	880.540
Other guarantees given	1.856.238	1.583.897
Mortgages, guarantees and pledges for tangible assets	-	16.330
Total	3.296.007	2.480.767

Commitments - banking segment	31 December 2021	31 December 2020
Letters of guarantee given	56.987.517	36.466.405
Letters of credit	14.929.427	4.649.260
Foreign currency acceptance	159.525	47.814
Other guarantees given	13.479.998	8.259.644
Total	85.556.467	49.423.123

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NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Commitments for resale and repurchase of debt securities:

Commitments for the resale and repurchase of debt securities (government bonds, treasury bills and Eurobonds) at 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Repurchase commitments	62.277.199	19.855.361
Transactions for held for trading:		
	31 December 2021	31 December 2020
Foreign currency purchases	17.229.702	6.658.885
Foreign currency sales	18.190.714	6.377.496
Total	35.420.416	13.036.381
	31 December 2021	31 December 2020
Currency swap purchases	210.418.016	121.885.178
Currency swap sales	224.443.589	138.390.998
Interest swap purchases	133.544.605	86.327.116
Interest swap sales	133.544.605	86.327.116
Total	701.950.815	432.930.408
	31 December 2021	31 December 2020
Spot purchases	10.674.780	3.053.071
Spot sales	10.697.859	3.054.727
Total	21.372.639	6.107.798
	31 December 2021	31 December 2020
Currency, interest and securities options purchases	26.311.953	13.271.378
Currency, interest and securities options sales	27.980.081	13.152.376
Total	54.292.034	26.423.754
	31 December 2021	31 December 2020
Other purchase transactions	40.968.571	26.581.999
Other sales transactions	14.431.941	7.978.827
Total	55.400.512	34.560.826

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NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

	31 December 2021	31 December 2020
Future purchase transactions	8.206.775	2.657.066
Future sales transactions	8.114.789	2.827.998
Total	16.321.564	5.485.064

Types of derivative transactions held for hedges:

	31 December 2021	31 December 2020
Interest swap purchases	65.310.465	23.672.399
Interest swap sales	65.310.465	23.672.399
Total	130.620.930	47.344.798

	31 December 2021	31 December 2020
Money swap purchases	21.781.486	22.678.665
Money swap sales	8.752.970	14.494.876
Total	30.534.456	37.173.541

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2021 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	28.440.110	28.547.407	56.987.517
Letters of credits	12.630.838	2.298.589	14.929.427
Acceptance credits	159.525	-	159.525
Other guarantees	5.827.888	7.652.110	13.479.998
Total	47.058.361	38.498.106	85.556.467

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2020 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	16.747.460	19.718.945	36.466.405
Letters of credits	3.502.759	1.146.501	4.649.260
Acceptance credits	47.814	--	47.814
Other guarantees	2.416.094	5.843.550	8.259.644
Total	22.714.127	26.708.996	49.423.123

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NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The economic sector risk concentrations of the commitments of the Banking segment at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Construction	15.867.126	8.671.929
Wholesale	15.066.387	9.445.709
Other manufacturing	9.901.798	4.400.880
Financial institutions	8.124.805	5.261.526
Steel and mining	5.875.656	3.549.328
Small-scale retailers	5.187.378	3.703.770
Textile	3.971.143	1.679.855
Chemicals	3.960.757	1.855.060
Electricity, gas and water	3.187.106	2.676.043
Transportation	2.806.224	1.744.525
Automotive	1.934.944	977.967
Food and beverage	1.674.154	944.397
Tourism	878.035	361.201
Agriculture and forestry	639.844	385.570
Telecommunications	625.893	349.336
Electronics	463.228	250.609
Other	5.391.989	3.165.418
Total	85.556.467	49.423.123

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NOTE 20 – COMMITMENTS

Collaterals, pledges and mortgages (“CPM”) given by the Subsidiaries at 31 December 2021 is as follows:

	31 December 2021				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	2.417.476	1.263.747	60.627	22.836	-
B, Collaterals given on behalf of fully consolidated companies	4.231.028	838.684	164.533	79.159	5.036
C, Collaterals given on behalf of the third parties’ debt for continuation of their economic activities	85.560.208	31.928.141	2.215.302	1.472.671	1.886.563
D, Total amount of other Collaterals					
i, Given on behalf of majority shareholder					
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	92.208.712	34.030.572	2.440.462	1.574.666	1.891.599
A, Total amount of the mortgages	-	-	-	-	-
given for its own legal entity					
B, Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C, Mortgages given on behalf of third parties’ debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Mortgages	-	-	-	-	-
i, Given on behalf of majority shareholder					
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	-	-	-	-	-
A, Total amount of the pledges					
given for its own legal entity					
B, Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C, Pledges given on behalf of third parties’ debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Pledges					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

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NOTE 20 – COMMITMENTS (Continued)

Collaterals, pledges and mortgages (“CPM”) given by the Joint Ventures at 31 December 2021 is as follows

	31 December 2021				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	715.907	283.296	27.359	4.504	-
B, Collaterals given on behalf of fully consolidated companies	1.266.337	1.123.324	10.535	172	-
C, Collaterals given on behalf of the third parties’ debt for continuation of their economic activities	5.982	5.982	-	-	-
D, Total amount of other Collaterals					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	1.988.226	1.412.602	37.894	4.676	-
A, Total amount of the mortgages					
given for its own legal entity	-	-	-	-	-
B, Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C, Mortgages given on behalf of third parties’ debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Mortgages					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	-	-	-	-	-
A, Total amount of the pledges					
given for its own legal entity	-	-	-	-	-
B, Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C, Pledges given on behalf of third parties’ debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Pledges					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

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NOTE 20 – COMMITMENTS (Continued)

Collaterals, pledges and mortgages (“CPM”) given by the Subsidiaries at 31 December 2020 is as follows:

	31 December 2020				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	1.002.913	775.579	21.814	7.461	-
B, Collaterals given on behalf of fully consolidated companies	2.012.527	700.223	53.956	101.488	2.050
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	49.423.123	24.200.751	1.670.304	1.366.162	655.252
D, Total amount of other Collaterals					
i, Given on behalf of majority shareholder					
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	52.438.563	25.676.553	1.746.074	1.475.111	657.302
A, Total amount of the mortgages	-	-	-	-	-
given for its own legal entity					
B, Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C, Mortgages given on behalf of third parties' debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Mortgages					
i, Given on behalf of majority shareholder					
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	-	-	-	-	-
A, Total amount of the pledges					
given for its own legal entity	-	-	-	-	-
B, Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C, Pledges given on behalf of third parties' debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Pledges					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

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NOTE 20 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages (“CPM”) given by the Subsidiaries at 31 December 2020 is as follows

	31 December 2020				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	1.136.353	1.018.185	12.310	3.087	-
B, Collaterals given on behalf of fully consolidated companies	-	-	-	-	-
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	4.113	4.113	-	-	-
D, Total amount of other Collaterals					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Colleterals	1.140.466	1.022.298	12.310	3.087	-
A, Total amount of the mortgages					
given for its own legal entity	-	-	-	-	-
B, Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C, Mortgages given on behalf of third parties' debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Mortgages					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	-	-	-	-	-
A, Total amount of the pledges					
given for its own legal entity	-	-	-	-	-
B, Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C, Pledges given on behalf of third parties' debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Pledges					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

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NOTE 21 - EMPLOYEE BENEFITS

Payables related to employee benefits:

	31 December 2021	31 December 2020
Due to personnel	82.480	86.970
Social security premiums payable	51.426	32.156
Total	133.906	119.126

Short term provisions for employee benefits:

	31 December 2021	31 December 2020
Unused vacation pay provision	224.380	160.708
Bonus provision	116.240	40.375
Other	427.967	321.192
Total	768.587	522.275

Long term provisions for employee benefits:

	31 December 2021	31 December 2020
Provision for employment termination benefits	972.839	652.408
Unused vacation pay provision	8.186	5.882
Other	70.385	46.636
Total	1.051.410	704.926

Provision for retirement pay liability:

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age. Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. At 31 December 2021, the amount payable consists of one month's salary limited to a maximum of full TRY8.284,51 (31 December 2020: full TRY7.117,17) for each year of service.

There are no agreements for pension commitments other than the legal requirement as explained above. The liability is not funded, as there is no funding requirement.

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2021, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. However the discount rate used in the calculation of the provisions differs for each subsidiary and associate, the average discount rate is 3% - 4,5% at the respective balance sheet date (31 December 2020: 3.24% - 5.23%). Severance pay ceiling is revised semi-annually and severance pay ceiling in the provision for employment termination benefits calculations of the Group has been considered amounted by full TRY10.848,59 which is effective on 1 January 2022.

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NOTE 21 - EMPLOYEE BENEFITS (Continued)

Provision for retirement pay liability (Continued):

Movements in the provision for employment termination benefits for the years ended 31 December 2021 and 2020 are as follows:

	2021	2020
1 January	652.408	504.049
Charge for the period	197.693	122.312
Business combinations	30.135	-
Payments	(120.219)	(65.691)
Interest cost	9.311	7.874
Foreign currency translation adjustments	516	(2.911)
Actuarial (loss)/gain	202.995	86.775
31 December	972.839	652.408

NOTE 22 - OTHER ASSETS AND LIABILITIES

Other Current Assets	31 December 2021	31 December 2020
Cheques in clearance	1.370.281	852.507
Deductible, deferred and other VAT	335.344	200.743
Other current assets	3.727.479	56.173
Total	5.433.104	1.109.423

Other Non-Current Assets	31 December 2021	31 December 2020
Long term tax claims and other legal receivables	13.024	17.725
Deductible, deferred and other VAT	2.798	1.050
Other non-current assets	157.018	90.731
Total	172.840	109.506

Other Short Term Liabilities	31 December 2021	31 December 2020
Cheques in clearance	2.579.106	1.683.800
Saving deposits insurance	134.234	119.637
Other short term liabilities	799.902	419.364
Total	3.513.242	2.222.801

Other Long Term Liabilities	31 December 2021	31 December 2020
Other Long Term Liabilities	24.738	52.924
Total	24.738	52.924

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NOTE 23 - EQUITY

Hacı Ömer Sabancı Holding A.Ş. Holding’s authorised and issued capital consists of 204.040.393.100 (31 December 2020: 204.040.393.100) shares of Kr 1 each.

The Holding’s authorised and paid-in share capital and shareholding structure at 31 December 2021 and 2020 is as follows:

Shareholders:	Share (%)	31 December 2021	Share (%)	31 December 2020
Sakıp Sabancı Holding A.Ş.	14,07	287.100	14,07	287.100
Serra Sabancı	7,22	147.371	7,22	147.371
Suzan Sabancı Dinçer	6,94	141.567	6,94	141.567
Çiğdem Sabancı Bilen	6,94	141.567	6,94	141.567
Other	64,83	1.322.799	64,83	1.322.799
Share capital	100,00	2.040.404	100,00	2.040.404
Treasury shares (-)		(298.646)		(190.470)
Share premium		22.237		22.237

According to Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (Exsa)’s Board of Director decision on 22 December 2015, company has started to make share buyback at BİST (İstanbul Stock Market). Hence; with these transactions Exsa’s share at Sabancı Holding reached at 1,17% as of 31 December 2021. These shares are shown in consolidated equity as capital adjustments due to treasury shares.

The Board of Directors of Sabancı Holding have adopted the resolutions in its meeting dated November 9, 2021, for the purposes of supporting price performance of SAHOL shares in the equity market, and hence reducing the net asset value discount by bringing SAHOL shares closer to its fair value, and providing shareholders with a more attractive long-term investment opportunity. Shares buy-back shall be initiated pursuant to the Capital Markets Board's Communiqué on Share Buy-Back No. II-22.1 and the related announcements dated July 21, 2016 and July 25, 2016. In the scope of the relevant decision, considering matching orders as of 31 December 2021, shares with TRY8.000.000 of nominal value, equivalent to 0.3921% of the company capital, were repurchased for TRY108.176 thousand, including transaction costs. As of the date of the report, the repurchased shares have not been sold.

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The Company reserves 5% of the historical statutory profit as first legal reserve, until the total reserve reaches 20% of the historical paid in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Furthermore, to be entitled to the exemption for sale of participation shares and property, 75% of related gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. Based on the exemption for sale of participation shares and property, 75% of the related gain is required to be held in account “gain on sale of subsidiaries”. In 2012, related to the initial public offering of Teknosa, Holding accounted for 75% of this gain in this account.

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NOTE 23 - EQUITY (Continued)

The details of restricted reserves mentioned above are as follows:

	31 December 2021	31 December 2020
Reserves for treasury shares(*)	108.176	-
Legal reserves	1.080.824	879.056
Subsidiary sales profit	343.498	344.487
Total	1.532.498	1.223.543

(*) As per TCC and CMB regulations, a legal reserve equivalent to acquisition value is allocated for treasury shares. Accordingly, under the limited reserve allocated from profits in the consolidated financial statements as of 31 December 2021, a legal reserve in the amount of TRY108.176 thousand (31 December 2020: none) was allocated for repurchased shares.

Dividend Distribution

Listed companies processes their profit distributions according to the II-19.1 numbered CMB profit distribution declaration become effective on or after 1 February 2014.

Group companies distribute their profits within the frame of profit distribution policies determined by general assembly and according to the related declaration by the approval of general assembly. Within the mentioned declaration, minimum rate of distribution is not determined. Companies distribute their profits according to the predetermined terms in their articles of incorporation or profit distribution policies.

Repurchased Shares

The Board of Directors of Sabancı Holding have adopted the resolutions in its meeting dated November 9, 2021, for the purposes of supporting price performance of SAHOL shares in the equity market, and hence reducing the net asset value discount by bringing SAHOL shares closer to its fair value, and providing shareholders with a more attractive long-term investment opportunity. Shares buy-back shall be initiated pursuant to the Capital Markets Board's Communiqué on Share Buy-Back No. II-22.1 and the related announcements dated July 21, 2016 and July 25, 2016.

In the scope of the relevant decision, considering matching orders as of 31 December 2021, shares with TRY8.000.000 of nominal value, equivalent to 0.3921% of the company capital, were repurchased for TRY108.176 thousand, including transaction costs. As of the date of the report, the repurchased shares have not been sold. Information related to share repurchases carried out after the balance date can be found in the note concerning Events After the Balance Date (Note 39).

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NOTE 23 - EQUITY (Continued)

Accumulated Other Comprehensive Income or Loss to be Reclassified to Profit or Loss

	Revaluation fund	Cash flow hedge fund	Net investment hedge fund	Currency translation differences
Balance as of 1 January 2021	207.135	(824.534)	(931.208)	2.684.551
Increases/(decreases) during the period	(637.187)	458.860	(1.898.495)	4.006.098
Gains transferred to income statement	(319.959)	571.628	-	-
Net gains & losses included in the income statement due to transfer of financial assets through other comprehensive income	(200.564)	-	-	-
Tax effect	231.542	(206.098)	379.699	-
Balance as of 31 December 2021	(719.033)	(144)	(2.450.004)	6.690.649

	Revaluation fund	Cash flow hedge fund	Net investment hedge fund	Currency translation differences
Balance as of 1 January 2020	56.439	(765.162)	(448.128)	1.688.674
Increases/(decreases) during the period	430.554	(795.470)	(619.333)	995.877
Gains transferred to income statement	154.245	719.353	-	-
Net gains & losses included in the income statement due to transfer of financial assets through other comprehensive income	(391.599)	-	-	-
Tax effect	(42.504)	16.745	136.253	-
Balance as of 31 December 2020	207.135	(824.534)	(931.208)	2.684.551

NOTE 24 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

1 January - 31 December 2021

Nile Kordsa Company for Industrial Fabrics S.A.E., a subsidiary of Kordsa, which is a subsidiary of the Group, had a net loss amounting to TRY7.942.990 (full amount) as of 31 December 2021 (31 December 2020: TRY7.108.997 net loss (full amount)). On 31 December 2021 and 31 December 2020, operating results of this company reclassified as income/expense from the discontinued operations in the consolidated financial statements.

The amount recognised under “Assets Held For Sale” is TRY4.142.037 (full amount) as of 31 December 2021 (31 December 2020: TRY2.925.808 (full amount)). No amount for “Liabilities Held For Sale” is recognised as of 31 December 2021 (31 December 2020: TRY4.026.883 (full amount)).

The sale process of the lands which are not used actively of Çimsa is continue and the remaining part of property, plant and equipments amounting to TRY343 has been classified as held for sale (31 December 2020: TRY8.522.648 (full amount)).

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NOTE 24 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

An Asset Deal Agreement was signed on 24 September 2021 related to the transfer of Niğde Integrated Cement Factory, Kayseri Inregrated Cement Factory, Ankara Cement Grinding Facility and the Başakpınar, Ambar, Nevşehir, Cırgalan, Aksaray, Ereğli and Kahramanmaraş Ready Mixed Concrete Plant, the fixed assets in these plants and other related assets to Çimko Çimento ve Beton Sanayi Ticaret A.Ş. for USD127 million (VAT is not included), provided relevant legal approvals including Competition Authority approval are acquired and on condition that the agreement is subject to adjustments on the closing date. The asset transfers may be carried out provided the required legal approvals including the Competition Board approval are obtained, and after these approvals were received these assets worth TRY179.905 were classified from property, plant and equipment and intangible assets to assets held for sale.

Group shares representing 25% of Philsa capital with a nominal value of TRY750.000 (full amount) and shares representing 24.75% of PMSA capital with a nominal value of TRY173.250 (full amount) were transferred to Philip Morris on 5 January 2022 for amounting to TRY2.747.308.823 (full amount) after adjustments on the closing date, and the transfer fee was collected on the same day. The total registered value of TRY277.887 of net assets classified under assets valued using the equity method as of 31 December 2021 is transferred to asset held for sale.

Information on other assets held for sale:

	31 December 2021	31 December 2020
Cost	232.296	250.782
Accumulated depreciation (-)	-	4
Net book value	232.296	250.778

	31 December 2021	31 December 2020
Net book value at the beginning of the term	262.226	673.547
Acquisitions	200.398	265.721
Disposals (-), net	217.363	184.122
Impairment (-)	1.517	496.888
Other	450.829	3.968
Net book value	694.573	262.226

Other part of other assets held for sale includes real estate acquired by the Bank due to its loan receivables and Philsa and Pmsa net investment amount which is measured at equity accounting method classified as assets held for sale.

1 January - 31 December 2020

Nile Kordsa Company for Industrial Fabrics S.A.E., a subsidiary of Kordsa, which is a subsidiary of the Group, had a full period loss amounting to Total TRY(7.108.997) as of 31 December 2020 (31 December 2019: TRY152.057 Total loss). In 31 December 2020 and 31 December 2019, operating results of this company reclassified as income/expense from the discontinued operations in consolidated financial statements.

The amount recognised under “Assets Held For Sale” is Total TRY2.925.808 as of 31 December 2020 (31 December 2019: Total TRY7.347.731). The amount recognised under “Liabilities Held For Sale” is Total TRY4.026.883 as of 31 December 2020 (31 December 2019: Total TRY3.116.610).

The sale process of the lands which are not used actively of Çimsa is continue and the remaining part of fixed asset amounting to TRY8.522.648 has been classified as held for sale (31 December 2019: Total TRY131.850)

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NOTE 25 - REVENUE AND COST OF SALES

Non-finance sector

	1 January- 31 December 2021	1 January- 31 December 2020
Domestic sales	27.496.909	19.625.105
Foreign sales	4.182.600	2.618.047
Less: Discounts	(1.109.157)	(713.942)
Total	30.570.352	21.529.210

	1 January- 31 December 2021	1 January- 31 December 2020
Cost of raw materials and merchandises	(19.211.745)	(13.730.368)
Change in finished good work in process inventory and merchandises	(191.082)	(668.103)
Personnel expenses	(986.623)	(663.215)
Depreciation and amortization expenses	(457.115)	(377.277)
Other	(3.178.273)	(1.566.460)
Total	(24.024.838)	(17.005.423)

Finance sector

	1 January- 31 December 2021	1 January- 31 December 2020
Interest income	50.391.945	34.371.683
Insurance premiums	5.147.087	-
Other	2.083.013	3.452.895
Total	57.622.045	37.824.578

	1 January- 31 December 2021	1 January- 31 December 2020
Interest expenses	(23.476.097)	(20.691.934)
Insurance premiums	(4.468.082)	-
Total	(27.944.179)	(20.691.934)

NOTE 26 - EXPENSES BY NATURE

Research and development expenses

Allocation of research and development expenses on nature basis for the years ended 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel expenses	(23.421)	(18.662)
Consultancy expenses	(9.412)	(4.796)
Depreciation and amortization expenses	(4.336)	(2.952)
Repair and maintenance expenses	(740)	(558)
Other	(9.028)	(407)
Total	(46.937)	(27.375)

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NOTE 26 - EXPENSES BY NATURE (Continued)

Marketing expenses

Allocation of marketing, selling and distribution expenses on nature basis for the years ended 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel expenses	(1.245.396)	(1.029.814)
Depreciation and amortization expenses	(478.676)	(443.010)
Transportation, logistic and distribution expenses	(331.831)	(157.366)
Rent expenses	(245.145)	(192.133)
Energy expenses	(180.086)	(163.126)
Advertisement expenses	(130.146)	(108.294)
Consultancy expenses	(74.682)	(41.799)
Maintenance and repair expenses	(65.450)	(55.923)
Outsourced services	(56.913)	(56.381)
Material expenses	(4.693)	(4.279)
Insurance expenses	(2.530)	(3.638)
Communication expenses	(1.934)	(1.896)
Other	(188.504)	(149.038)
Total	(3.005.986)	(2.406.697)

General administrative expenses

Allocation of general administrative expenses on nature basis for the years ended 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel expenses	(4.912.203)	(3.710.887)
Depreciation and amortization expenses	(1.184.343)	(818.940)
Credit card and banking service expense	(1.543.195)	(949.364)
Maintenance and repair expenses	(940.483)	(683.169)
Savings deposit insurance fund expenses	(500.597)	(464.074)
Taxes, duties and fees	(461.756)	(303.781)
Consultancy expenses	(443.733)	(267.958)
Communication expenses	(242.512)	(237.282)
Advertisement expenses	(259.478)	(157.153)
Energy expenses	(107.842)	(97.968)
Material expenses	(57.048)	(62.892)
Outsourced services	(29.939)	(1.388)
Insurance expenses	(24.728)	(14.451)
Other	(1.037.480)	(1.178.670)
Total	(11.745.337)	(8.947.977)

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NOTE 27 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/ INDEPENDENT AUDIT FIRMS

Information regarding the fees for the services received from the independent audit firms, in accordance with the letter of POA dated 19 August 2021 that was prepared considering the Board Decision published in the Official Gazette on 30 March 2021, is as follows:

	31 December 2021	31 December 2020
Independent audit fee for the reporting period	18.708	14.673
Fees related to tax consultancy services	747	271
Other assurance service fees	3.511	1.645
Fees for other independent non-audit services	1.186	955
Total	24.152	17.544

The fees above have been determined through including the independent audit and other related service fees of all Subsidiaries and Joint Ventures and the foreign currency fees of foreign subsidiaries and affiliates have been converted into TRY using the annual average rates of the relevant years.

NOTE 28 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Foreign currency gains resulting from operations	2.678.283	2.299.052
Due date income from trade receivables	160.230	54.591
Other income (*)	1.168.684	413.497
Total	4.007.197	2.767.140

(*) Other incomes are related to Aksigorta's investment income transferred to technical profit.

The details of other expenses from operating activities for the years ended 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Foreign currency losses resulting from operations	(1.982.429)	(1.878.809)
Due date expense from trade receivables	(550.213)	(288.411)
Provision expense	(29.586)	(15.881)
Other expenses	(301.961)	(428.699)
Total	(2.864.189)	(2.611.800)

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NOTE 29 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities

The details of other income from investing activities for the years ended 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Fair value gain from business combinations (*)	1.359.258	-
Profit from sales on property, plant and equipment	293.921	125.978
Income on disposals of subsidiary	92.390	-
Interest income on time deposits	76.508	12.991
Dividend income	22.979	5.903
Profit on sale of investment property	2.305	-
Other	-	2.681
Total	1.847.361	147.553

(*) It is the fair value uplift gain arises from Agesa and Aksigorta business combinations.

Expenses from investment activities

The details of other expenses from investing activities for the years ended 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Loss on sale of fixed assets	(9.283)	(5.143)
Total	(9.283)	(5.143)

NOTE 30 - FINANCE INCOME/EXPENSES

Financial income and expenses of non-banking segments:

	1 January- 31 December 2021	1 January- 31 December 2020
Financial income		
Foreign currency gains	86.503	39.903
Interest income	5.810	326
Other financial income	32.496	17.103
Total	124.809	57.332
	1 January- 31 December 2021	1 January- 31 December 2020
Financial expenses		
Foreign currency losses	(327.494)	(179.741)
Interest expense	(737.545)	(622.766)
Other financial expenses	(398.903)	(182.687)
Total	(1.463.942)	(985.194)

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NOTE 31 - TAX ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
Corporate and income taxes payable	4.186.070	2.837.819
Less: prepaid taxes	(2.566.388)	(1.672.762)
Total taxes payable	1.619.682	1.165.057

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

As of 31 December 2021, the corporate tax rate has been applied as 25% (2020: 22%) in the financial statements. In accordance with the Law No. 7316 published in the Official Gazette dated April 22, 2021, the corporate tax rate is 25% for the taxation period of 2021, starting with the declarations that must be submitted as of 1/7/2021 and valid for the taxation period starting from 1/1/2021. and this rate will be applied as 23% for the taxation period of 2022.

Corporation tax is payable for the Holding after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc. and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

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

Corporations calculate corporate tax quarterly at the rate of 25% on their corporate income and declare it until the 10th day and pay it on the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, 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.

Law no. 7352 concerning adjustments in the Tax Procedural Law and Corporate Income Law went into effect on 20 January 2022. It was decided that financial statements cannot be adjusted for inflation, regardless of whether the conditions related to inflation adjustment in Repeated Article no. 298 are realized in the 2021 accounting period, the 2022 accounting period, or the temporary tax period of the 2023 accounting period, and this includes temporary accounting periods. As per Law no. 7352, inflation adjustment will be applied for financial statements dated 31 December 2023, and the profit/loss difference arising from the inflation adjustments will be reflected in the previous year profit/loss account and will not be subject to tax.

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NOTE 31 - TAX ASSETS AND LIABILITIES (Continued)

On 20 January 2022, the Public Oversight Authority made certain explanations concerning financial reporting in high inflation economies in the framework of Turkish Financial Reporting Standards and Financial Reporting Standards for Large and Medium Sized Enterprises. It was stated that companies using TFRS do not have to make an adjustment to the financial statements of 2021 in the scope of the TAS 29 “Financial Reporting in Hyperinflationary Economies” standard.

There are numerous exemptions in the Corporate Tax Law concerning the corporations. Those related to Group are as follows:

Affiliation Privilege

Dividend income from participation in shares of capital of another full-fledged taxpayer corporation (except for dividends from investment funds participation certificates and investment partnerships shares) are exempt from corporate tax.

Emission premiums exemption

Gains from issued premiums derived from the disposal of sales at nominal values during incorporations and the capital increase of joint stock companies are exempt from corporate tax.

Exemption for participation into foreign subsidiaries

The participation income of corporations participating in 10% or more of the capital of a limited liability or joint stock company which does not have its legal or business centre in Turkey (except for corporations whose principal activity is financial leasing or by investment of marketable securities) for at least one year until the date of the income is generated and transferred to Turkey until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike, in their country of legal residence or business centre at the rate of at least 15% (the corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

Exemption for sale of participation shares and property

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which have remained in assets for more than two full years are exempt from corporate tax. As of 1 January 2019, the exemption for real estate has been revised to 50%. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The proceed related to the sale transaction has to be collected up until the end of the second calendar year following the year the sale was realized. Brokerage houses and real estate companies who are dealing with the trading and the leasing of the real estate cannot benefit from this exemption.

Investment incentives

The corporate tax rate in Turkey is 25%. However, there is a reduced corporate tax application for investments related to incentive certificate. The two factors that are important in calculating the discounted corporate tax in the Investment Incentive System are the contribution rate to investment and the rate of tax reduction. The amount of contribution of the investments to be met by Government through the tax is defined as the amount of contribution to the investment and dividing this amount by the total amount invested is defined as the rate of contribution to the investment.

These rates are determined by the President according to the sectors and regions. Regulations on Reduced Corporate Tax are included in the Decree No: 2012/3305 of the Council of Ministers and 1 Serial Number of Corporate Tax.

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NOTE 31 - TAX ASSETS AND LIABILITIES (Continued)

Tax amounts related to comprehensive income items in the consolidated statement of other comprehensive profit or loss for the period ended 31 December 2021 and 31 December 2020 are as follows:

	31 December 2020			31 December 2019		
	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax
Fair value of financial assets transferred to the other comprehensive income	(2.878.229)	575.646	(2.302.583)	449.951	(98.989)	350.962
Cash flow hedges	2.823.317	(564.663)	2.258.654	244.226	(53.730)	190.496
Financial assets related to the hedging of net investment in a foreign operation	(4.658.878)	931.777	(3.727.101)	(1.519.836)	334.364	(1.185.472)
Change in currency translation differences	8.234.460	-	8.234.460	2.396.539	-	2.396.539
Actuarial loss/gain	(223.609)	44.721	(178.888)	(95.080)	20.918	(74.162)
Other Comprehensive Income	3.297.061	987.481	4.284.542	1.475.800	202.563	1.678.363

	31 December 2021	31 December 2020
Profit before tax included in the consolidated financial statements	25.853.588	11.176.901
Expected tax charge according to parent company's tax rate 25% (2020: 22%)	(6.463.397)	(2.458.918)
Tax rate differences of subsidiaries	14.657	(8.897)
Expected tax charge of the Group	(6.448.740)	(2.467.815)
Revenue that is exempt from taxation (*)	352.997	156.144
Non-deductible expenses	(408.809)	(308.750)
Utilizing carryforward tax losses that are not subject to deferred tax	99.321	1.258
Impact of profits from investments valued by equity method	696.629	337.179
Not using the previous years' losses for which the previous years' deferred tax was calculated/which are expired	(65.595)	-
The impact of investment incentives	34.836	-
Revaluation impact in the scope of Law no. 7326(**)	300.189	-
Other	164.694	11.445
Current year tax charge of the Group	(5.274.478)	(2.270.539)

(*) The tax impact of the fair value difference income arising from the Aksigorta and Agesa business combination is TRY340.000.

(**) Article 11 of Law no. 7326 promulgated in the Official Gazette on 9 June 2021 made it possible to revalue property assets and financial assets subject to depreciation in the legal financial statements as of its effective date. The assets included in scope will be depreciated at their revaluation amount, and a 2% tax will be paid on the value increase amount. In the scope of the relevant law adjustment, a deferred tax asset was generated in the financial position statement as per revaluation records of fixed assets in the legal books, and the deferred tax of the relevant asset was recorded under other consolidated comprehensive income.

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NOTE 31 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax

The Group recognises deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under TAS and their statutory tax financial statements. These differences usually result from the recognition of revenue and expenses in different reporting periods for TAS and tax purposes, carry forward tax losses and investment incentive exceptions. Deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method using a principal tax rate of 20% in Turkey.

Law no. 7316 promulgated in the Official Gazette dated 22 April 2021 raised corporate income tax to 25% for the 2021 taxation period and 23% for the 2022 taxation period, beginning with statements that should be submitted by 1 July 2021 and effective for the taxation period starting on 1 January 2021.

Since the subsidiaries and joint ventures which are separately taxpayers presented their deferred tax assets and liabilities as net values in their financial statements, the effect of the presentation of the net amounts has been reflected to the Group's consolidated balance sheet. Temporary differences and deferred tax assets and liabilities presented in the table below are based on the gross values.

However, as per Article 91 of "Law on Amending Certain Tax Laws and other Laws No. 7061", promulgated in Official Gazette No. 30261, and provisional Article 10 added to Corporate Tax Law No. 5520, the rate of tax to be paid by the companies in 2018, 2019 and 2020 based on their income shall be 22%. Calculated with 22% of the required corporate tax.

As of the period ending on 31 December 2021, provisional tax of 25% (2020: 22%) is calculated and paid on quarterly earnings in accordance with the tax legislation, and the amounts paid in this way are deducted from the tax calculated on the annual income.

The Group has no previous year loss which was not used to calculate deferred tax assets. At 31 December 2021, the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TRY811.459 which can be offset against future taxable profits for a period of five years (31 December 2020: TRY1.132.506). As of 31 December 2021 and 31 December 2020 carry forward tax losses and the latest annual periods are as follows:

	31 December 2021	31 December 2020
2022	-	428.185
2023	410.171	48.623
2024	154.997	469.619
2025	246.291	186.079
Total	811.459	1.132.506

Deferred tax assets/(liabilities) for the years ended at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Deferred tax assets	660.696	719.275
Deferred tax liabilities	(1.382.161)	(318.277)
Net Deferred Tax Assets/(Liabilities)	(721.465)	400.998

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NOTE 31 - TAX ASSETS AND LIABILITIES (Continued)

The movements in deferred income tax assets/(liabilities) for the six-month periods ended 31 December 2021 and 2020 are as follows:

	2021	2020
1 January	400.998	(383.846)
Charged to equity	956.524	351.770
Business combination effect	(780.817)	-
Change in foreign currency translation differences	(120.229)	16.568
Charged to statement of profit or loss	(1.088.408)	321.886
Other	(89.533)	94.620
31 December	(721.465)	400.998

The deferred tax assets and liabilities calculated using the accumulated temporary differences and the applicable tax rates are as follows:

	Total temporary differences		Deferred tax assets/(liabilities)	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Tangible and intangible assets	2.706.551	2.777.892	(541.310)	(682.878)
Inventories	(391.626)	(202.414)	87.550	41.417
Expected credit losses for loans	(19.014.505)	(16.969.515)	3.802.901	3.393.903
Provision for severance pay	(780.450)	(556.370)	162.038	111.280
Litigation provisions	28.196	140.435	(7.049)	(28.087)
Carry forward tax losses	(785.334)	(1.132.506)	187.154	239.953
Investment incentives	(275.527)	(162.911)	43.509	22.832
Deferred finance income/expense	19.378	18.079	(4.452)	(3.616)
Doubtful receivables provisions	(44.424)	(12.769)	9.644	2.554
Derivative instruments	23.118.838	6.424.772	(4.907.561)	(1.284.955)
Financial lease liabilities	(1.041.629)	(929.154)	213.029	185.831
Securities valuation differences	(7.079.850)	278.946	1.412.735	(46.848)
Fair value differences of financial assets and liabilities	296.650	19.756	(59.352)	(3.951)
Geographical region risk provision cancellation	1.047.522	399.730	(282.831)	(107.927)
Other temporary differences	3.434.939	11.336.839	(837.470)	(1.438.510)
Deferred tax assets/liabilities (net)			(721.465)	400.998

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NOTE 32 - DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2021	Fair Value	
	Assets	Liabilities
Derivative instruments held for trading:		
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales transactions	27.782.362	20.177.837
Forward currency purchases and sales transactions	1.974.291	4.155.666
Currency purchases and sales options	296.503	567.852
Other purchases and sales transactions	4.699.540	-
Total derivative instruments held for trading	34.752.696	24.901.355
Derivative instruments held for hedging:		
Currency and interest rate swap purchases and sales transactions	16.189.565	1.026.204
Forward currency purchases and sales transactions	53.854	-
Currency purchases and sales transactions	-	6.178
Total derivative instruments held for hedging	16.243.419	1.032.382
Total derivative instruments	50.996.115	25.933.737
31 December 2020	Fair Value	
Derivative instruments held for trading:	Assets	Liabilities
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales transactions	11.394.200	13.005.806
Forward currency purchases and sales transactions	467.640	294.644
Currency purchases and sales options	152.494	163.566
Other purchases and sales transactions	2.928.325	-
Total derivative instruments held for trading	14.942.659	13.464.016
Derivative instruments held for hedging:		
Currency and interest rate swap purchases and sales transactions	7.969.203	1.439.838
Currency purchases and sales transactions	7.020	-
Total derivative instruments held for hedging	7.976.223	1.439.838
Total derivative instruments	22.918.882	14.903.854

Akbank hedge against cash flow risk through the use of interest rate swaps against the cash flow risk arising from its financial debts.

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NOTE 32 – DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Banking

The presentation of banking derivative instruments according to their contractual maturities is as follows:

31 December 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 years
Derivative financial assets held for trading					
Exchange rate derivatives:					
- Addition	107.022.530	99.545.807	61.606.380	30.012.745	6.393.372
- Disposal	(111.683.915)	(111.758.980)	(61.321.153)	(30.032.637)	(5.920.722)
Interest rate derivatives:					
- Addition	382.027	936.181	2.355.465	4.248.089	1.235.062
- Disposal	(391.660)	(848.877)	(2.102.182)	(3.718.938)	(1.093.669)
Hedging assets					
Exchange rate derivatives:					
- Addition	3.004.059	99.193	1.838.063	4.694.245	14.653.748
- Disposal	(659.456)	(253.115)	(1.353.414)	(4.010.544)	(7.341.117)
Interest rate derivatives:					
- Addition	217.937	786.064	2.819.865	5.904.526	1.780.110
- Disposal	(295.460)	(954.479)	(2.803.513)	(4.721.133)	(1.909.851)
Total Cash Inflow	110.626.553	101.367.245	68.619.773	44.859.605	24.062.292
Total Cash Outflow	(113.030.491)	(113.815.451)	(67.580.262)	(42.483.252)	(16.265.359)
<hr/>					
31 December 2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 years
Derivative financial assets held for trading					
Exchange rate derivatives:					
- Addition	62.640.216	50.476.489	27.675.738	28.388.285	4.961.750
- Disposal	(68.099.978)	(60.590.019)	(28.843.219)	(27.877.974)	(4.659.973)
Interest rate derivatives:					
- Addition	152.797	553.036	1.069.659	1.895.247	907.310
- Disposal	(136.947)	(577.404)	(979.965)	(1.689.159)	(814.875)
Hedging assets					
Exchange rate derivatives:					
- Addition	2.306.351	3.907.725	4.524.790	4.922.960	8.231.710
- Disposal	(2.221.126)	(2.676.210)	(3.107.033)	(5.641.826)	(6.923.534)
Interest rate derivatives:					
- Addition	104.751	253.873	650.767	1.678.808	745.341
- Disposal	(119.225)	(347.027)	(962.957)	(2.417.487)	(1.009.045)
Total Cash Inflow	65.204.115	55.191.123	33.920.954	36.885.300	14.846.111
Total Cash Outflow	(70.577.276)	(64.190.660)	(33.893.174)	(37.626.446)	(13.407.427)

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NOTE 33 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

Banking and Financial Services

Loans and advances to customers	31 December 2021	31 December 2020
Consumer loans and credit cards receivables	92.939.761	65.300.985
Project finance loans	84.151.374	53.711.159
Construction	30.982.020	26.515.968
Financial institutions	24.640.404	17.325.559
Other manufacturing industries	18.315.985	8.985.032
Small-scale enterprises	14.806.603	14.278.017
Mining	12.807.071	7.713.671
Chemicals	11.615.425	13.815.777
Textile	10.944.313	7.102.241
Food and beverage, wholesale and retail	9.962.603	7.046.798
Automotive	8.502.001	7.075.284
Telecommunication	1.205.127	1.380.550
Other	74.907.707	48.214.932
Total loans and advances to customers	395.780.394	278.465.973
Leasing receivables	8.038.101	5.582.849
Provision for loan losses	(19.014.505)	(16.969.515)
Receivables from insurance activities	1.808.721	-
Net loans and advances to customers	386.612.711	267.079.307

The above table includes the bank's live and non-performing total loans, and the loan risk reserve is separated as a result of the bank assessment considering all credit risk.

Current Period	Commercial Loans		Consumer Loans		Credit Cards		Financial Lease		Total	
	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss
31 December 2021	302.175.962	14.847.738	62.262.084	2.115.708	31.342.348	1.733.787	8.038.101	317.272	403.818.495	19.014.505
Loans	253.878.544	738.094	56.826.711	422.078	27.868.171	417.845	7.228.503	57.392	345.801.929	1.635.409
Stage 1	33.382.306	4.817.590	3.763.395	371.788	2.292.721	324.800	350.327	65.769	39.788.749	5.579.947
Stage 2	14.915.112	9.292.054	1.671.978	1.321.842	1.181.456	991.142	459.271	194.111	18.227.817	11.799.149
Stage 3	209.558.642	217.778	-	-	-	-	-	-	209.558.642	217.778
Financial Asset	14.712.784	24.141	-	-	-	-	-	-	14.712.784	24.141
Other	88.336.116	641.035	-	-	-	-	-	-	88.336.116	641.035
Noncash Loans	86.791.945	185.584	-	-	-	-	-	-	86.791.945	185.584
Stage 1&2	1.544.171	455.451	-	-	-	-	-	-	1.544.171	455.451
Stage 3	614.783.504	15.730.692	62.262.084	2.115.708	31.342.348	1.733.787	8.038.101	317.272	716.426.037	19.897.459
Total										

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NOTE 33 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

Prior Period	Commercial Loans		Consumer Loans		Credit Cards		Financial Lease		Total	
	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss
31 December 2020										
Loans	213.080.984	13.773.709	42.847.537	1.571.173	22.537.452	1.230.180	5.582.849	394.453	284.048.822	16.969.515
Stage 1	175.448.432	978.222	38.965.704	211.707	20.426.242	282.995	4.584.793	49.022	239.425.171	1.521.946
Stage 2	22.596.095	3.891.095	2.482.738	232.741	1.234.179	179.518	430.345	50.977	26.743.357	4.354.331
Stage 3	15.036.457	8.904.392	1.399.095	1.126.725	877.031	767.667	567.711	294.454	17.880.294	11.093.238
Financial Asset	114.316.005	283.486	-	-	-	-	-	-	114.316.005	283.486
Other	14.935.139	69.540	-	-	-	-	-	-	14.935.139	69.540
Noncash Loans	51.435.652	492.436	-	-	-	-	-	-	51.435.652	492.436
Stage 1&2	50.496.556	124.855	-	-	-	-	-	-	50.496.556	124.855
Stage 3	939.096	367.581	-	-	-	-	-	-	939.096	367.581
Total	393.767.780	14.619.171	42.847.537	1.571.173	22.537.452	1.230.180	5.582.849	394.453	464.735.618	17.814.977

Effective interest rates of loans and advances to customers in US Dollars, Euros, Yen and Turkish Lira are annually 4,97% (31 December 2020: 5,15%), 3,86% (31 December 2020: 3,78%), none (31 December 2020: 7,69%) and 17,62% (31 December 2020: 13,21%).

As of 31 December 2021, the movement table of credit risk provision of banking industry segment is as follows:

	Stage 1	Stage 2	Stage 3
Opening (31 December 2020)	1.521.946	4.354.331	11.093.238
Additions (*)	613.888	1.961.905	912.220
Disposals (**)	(737.370)	(928.860)	(733.690)
Foreign exchange rate effect	164.052	1.824.462	-
Stage 1 and Stage 2 Movements			
Loans classified under Stage 1 in two periods (Model effect)	(95.826)	-	-
Loans classified under Stage 1 in two periods (Change in balance effect)	13.312	-	-
Transfers from Stage 1 to Stage 2 in two periods (Staging and balance change effect)	(80.605)	307.762	-
Loans classified under Stage 2 in two periods (Model effect)	-	(440.665)	-
Loans classified under Stage 2 in two periods (Change in balance effect)	-	(22.234)	-
Transfers from Stage 2 to Stage 3 in two periods (Staging and balance change effect)	248.816	985.266	-
Stage 3 Movements			
Transfers from Stage 1 to Stage 3	(12.804)	-	272.313
Transfers from Stage 2 to Stage 3	-	(498.911)	1.226.111
Transfers from Stage 3 to Stage 2	-	7.423	(52.981)
Loans classified under Stage 3 in two periods (Change in balance effect)	-	-	639.670
Write-offs	-	-	(1.557.732)
Closing (31 December 2021)	1.635.409	5.579.947	11.799.149

(*) Loans not included in the loan portfolio on 31 December 2020, but that are included on 31 December 2021, and for which a provision was calculated.

(**) Loans included in the loan portfolio and for which a provision was calculated on 31 December 2020, but that are not included on 31 December 2021.

(***) Entries and deletions were carried out during calculations, and transfers among records in both periods were calculated.

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NOTE 33 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

As of 31 December 2021, the movement table of credit risk provision of banking industry segment by asset classes is as follows:

	Commercial Loans	Consumer Loans & Credit Cards	Leasing receivables	Total
1 January 2021	13.773.709	2.801.353	394.453	16.969.515
Gross provisions	3.350.891	2.117.268	86.868	5.555.027
Collections	(1.290.841)	(532.625)	(60.783)	(1.884.249)
Written-off	(986.020)	(536.501)	(103.267)	(1.625.788)
31 December 2021	14.847.739	3.849.495	317.271	19.014.505

As of 31 December 2020, the movement table of credit risk provision of banking industry segment by asset classes is as follows:

	Commercial Loans	Consumer Loans & Credit Cards	Leasing receivables	Total
1 January 2020	9.980.877	2.324.492	401.711	12.707.080
Gross provisions	4.995.025	1.316.920	176.214	6.488.159
Collections	(916.709)	(414.812)	(89.154)	(1.420.675)
Written-off	(285.484)	(425.247)	(94.318)	(805.049)
31 December 2020	13.773.709	2.801.353	394.453	16.969.515

The maturity analysis of loans and advances to customers as of 31 December 2021 and 31 December 2020 is presented below:

	31 December 2021	31 December 2020
Up to 3 months	127.580.232	82.574.733
3 to 12 months	93.836.550	65.679.464
Current	221.416.782	148.254.197
1 to 5 years	114.749.045	90.581.839
Over 5 years	40.600.062	22.660.422
Non-current	155.349.107	113.242.261
Total	376.765.889	261.496.458

The repricing schedule of loans and advances to customers at 31 December 2021 and 31 December 2020 are summarized below:

	31 December 2021	31 December 2020
Up to 3 months	179.073.625	124.011.508
3 to 12 months	98.603.836	61.397.260
1 to 5 years	85.074.285	70.433.572
Over 5 years	14.014.143	5.654.118
Total	376.765.889	261.496.458

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NOTE 33 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

Aging analyses for overdue receivables that were not impaired:

	31 December 2021	31 December 2020
Late by 30-60 days	1.348.709	598.530
Late by 60-90 days	891.877	421.459
Late for more than 90 days	7.791	1.165.481
Total	2.248.377	2.185.470

NOTE 34 - PAYABLES FROM FINANCE SECTOR OPERATIONS

Banking

	31 December 2021			31 December 2020		
	Demand	Time	Total	Demand	Time	Total
Saving deposits	97.492.447	177.658.897	275.151.344	53.209.481	129.356.513	182.565.994
Commercial deposits	61.300.106	90.569.061	151.869.167	36.839.963	53.537.708	90.377.671
Bank deposits	1.776.500	12.060.042	13.836.542	280.804	12.293.003	12.573.807
Funds provided from repo transactions	-	63.256.050	63.256.050	-	20.478.250	20.478.250
Other	1.838.712	5.622.797	7.461.509	1.394.100	3.051.410	4.445.510
Total	162.407.765	349.166.847	511.574.612	91.724.348	218.716.884	310.441.232

Effective interest rates of USD, EUR and TRY denominated customer deposits are %1,16 (31 December 2020: %1,83), %0,20 (31 December 2020: %0,72) and %17,60 (31 December 2020: %16,30).

An FX-protected deposit account product, the operation rules of which were determined by the Ministry of Treasury and Finance and the Central Bank of Turkey and which helps protect TRY deposit accounts against exchange rate change when value increases, has been launched for client use as of the current accounting report period. As of 31 December 2021, the TRY deposit amount includes TRY4.875.953 that falls within this scope.

As of 31 December 2021 and 2020, deposits and money market borrowings, the analysis of the remaining maturity dates in the contract are presented below:

	31 December 2021	31 December 2020
Up to 1 month	162.407.765	237.766.328
1 to 3 months	306.842.022	39.246.102
3 to 12 months	30.950.347	15.362.756
1 to 5 years	10.034.533	13.801.620
Over 5 years	1.339.945	4.264.426
Total	511.574.612	310.441.232

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NOTE 34 - PAYABLES FROM FINANCE SECTOR OPERATIONS (Continued)

The following is the analysis of remaining time of debts to deposit and money markets for term and repricing in the agreement as of 31 December 2021 and 31 December 2020:

	31 December 2021	31 December 2020
Demand	162.407.765	91.724.348
Up to 3 months	306.842.022	192.614.949
3 to 12 months	30.950.347	15.404.683
1 to 5 years	10.034.533	9.612.044
Over 5 years	1.339.945	1.085.208
Total	511.574.612	310.441.232

Financial services

	31 December 2021	31 December 2020
Payables from insurance sector operations	955.091	-
Total	955.091	-

NOTE 35 - EARNINGS PER SHARE

Earnings per share (parent company share) stated in the consolidated profit or loss statement is determined by dividing the net period profit by the weighted average number of shares issued within the relevant period.

	31 December 2021	31 December 2020
Earnings per share total TRY		
- ordinary share ('00)	5,90	2,34
Earnings per share from continuing operations total TRY		
- ordinary share ('00)	5,90	2,34
Number of treasury shares	(298.646.399)	(190.470.000)
Earnings per share excluding treasury shares (total TRY)		
- ordinary share ('00)	5,90	2,34
Earnings per share from continuing operations excluding treasury shares (total TRY)		
- ordinary share ('00)	5,90	2,34
Weighted average number of shares as of the reporting date (per share of Kr 1 nominal value)		
- ordinary share	204.033.406.561	204.040.393.100

(*) Calculated by adjusting repurchased shares

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NOTE 36 - RELATED PARTY DISCLOSURES

Related party balances

	31 December 2021	31 December 2020
Receivables from finance sector activities	6.621.682	6.712.374
Trade receivables	203.792	112.248
Trade payables	109.484	113.064
Other receivables	1.826	63.032
Other payables	177.732	13
Receivables from finance sector activities	3.577.126	3.591.612

Related party transactions

	31 December 2021	31 December 2020
Goods and services sales	339.923	288.201
Goods and services purchases	(634.810)	(418.178)
Interest income	465.001	603.361
Interest expense	(151.306)	(147.672)

The Group's joint ventures are recognised in the consolidated financial statements using the equity method. Accordingly, transactions between Group subsidiaries and joint ventures and balances from joint ventures may not be eliminated.

As of 31 December 2021, TRY156.574 (31 December 2020: TRY66.658) was the balance of trade receivables arising from the sales relationship between Kordsa and Brisa, and TRY15.277 (31 December 2020: 13.311) had arisen from the sales relationship between SabancıDx and Brisa. TRY72.371 of trade payables (31 December 2020: TRY87.662) arose from the balance related to the purchasing relationship of Çimsa with Enerjisa Üretim. The receivables and payables from finance industry operations consist of credit and deposit transactions between Akbank and the Group joint ventures and other related parties.

As of 31 December 2021, of transactions with related parties, TRY231.197 (31 December 2020: TRY136.690) of product and services sales arises from the sales relationship between Kordsa and Brisa, TRY42.872 (31 December 2020: TRY32.011) from SabancıDX and Brisa, and TRY28.704 (31 December 2020: TRY23.816) from SabancıDX and Enerjisa Enerji. TRY449.613 of goods and services purchases (31 December 2020: TRY283.306) arises from Çimsa's purchasing relationship with Enerjisa, and TRY139.374 arises from Kordsa's purchasing relationship with Enerjisa Üretim (31 December 2020: TRY114.009).

Key management personnel compensation:

The Group defined its key management as board of directors, general manager, general secretary, group chiefs, head of departments and group directors.

Short term benefits include wages, bonuses, social security, health insurance, unused vacation, premium bonuses and incentive premiums. Other long term benefits include private pension system payments. Benefits resulted from discharge include severance pay and unused vacation payments for executive management who is discharged as a result of transfer or retirement.

The detailed schedule of compensation paid or payable to key management for the periods ended 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Short term benefits	64.950	45.742
Benefits resulted from discharge	1.015	913
Other long term benefits	586	505
Total	66.551	47.160

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

37.1 Financial Instruments and Financial Risk Management

37.1.1 Financial risk management

The Group is exposed to a variety of financial risks due to its operations. These risks are; market risk (including exchange risk, fair value interest rate risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The Group’s overall risk management program focuses on minimizing the effects of the unpredictability of financial markets and their possible adverse effects on the Group’s financial performance. The Group uses financial derivative instruments in order to hedge from various risks.

Financial risk management is carried out within the context of policies approved by their Board of Directors for each Subsidiary and Jointly Controlled Entity

37.1.1.1 Foreign Exchange Risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency assets and liabilities to local currency. These risks are monitored and limited by analyzing foreign currency position. The Group aims to lower foreign exchange risk arising from assets and liabilities by using swap and forward derivative instruments.

The difference between the assets and liabilities of Akbank both denominated in foreign currency is defined as the “Net Foreign Currency (“FC”) position” and is the exposure to foreign currency risk. Another dimension of the foreign exchange risk is the change in the value of the foreign currencies themselves within the net FC position (cross rate risk). The Bank keeps the amount exposed to foreign exchange risk within the limits determined by the Risk Management Committee. The Risk Management Committee monitors the general economic conditions and developments in the markets and sets new limits when necessary. These limits are set and monitored separately for the net FC position and for the cross rate risk. When necessary swap and forward contracts are used as a tool to hedge the foreign exchange risk.

The Group is exposed to foreign exchange risk arising primarily from the EUR, USD and GBP.

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations as at 31 December 2021 and 31 December 2020 in terms of TRY are as follows:

	31 December 2021	31 December 2020
Assets	402.476.037	216.553.239
Liabilities	(458.478.627)	(272.353.612)
Net foreign currency balance sheet position	(56.002.590)	(55.800.373)
Net foreign currency position of off-balance sheet derivative financial instruments	68.955.303	63.151.207
Net foreign currency balance sheet and off-balance sheet position	12.952.713	7.350.834

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.1 Foreign Exchange Risk (Continued)

31 December 2021	Total TRY	USD TRY	EUR TRY	GBP TRY	Other TRY
	Equivalent	Equivalent	Equivalent	Equivalent	Equivalent
Assets:					
Cash and cash equivalents	65.341.654	42.618.054	16.941.312	321.612	5.460.676
Financial investments	88.591.843	78.781.422	7.576.496	-	2.233.925
Receivables from financial operations	164.188.839	61.084.183	103.072.115	8.717	23.824
Reserve deposits at central banks	71.850.576	43.192.745	26.656.138	-	2.001.693
Trade receivables	2.091.945	1.004.496	866.948	9.369	211.132
Other assets	10.411.180	8.486.472	1.442.873	175	481.660
Total assets	402.476.037	235.167.372	156.555.882	339.873	10.412.910
Liabilities					
Funds borrowed and debt securities in issue	101.537.186	86.026.151	15.455.491	-	55.544
Customer deposit	333.054.179	195.720.896	101.014.944	7.202.675	29.115.664
Trade payables	1.234.301	913.705	259.694	3.786	57.116
Other payables and provisions	22.652.961	20.034.090	2.308.638	119.758	190.475
Total liabilities	458.478.627	302.694.842	119.038.767	7.326.219	29.418.799
Net assets/(liabilities) foreign currency position of off-balance sheet derivative financial instruments					
	68.955.303	78.883.798	(36.698.038)	7.081.888	19.687.655
Monetary items net assets/(liabilities) foreign currency position					
	12.952.713	11.356.328	819.077	95.542	681.766

Net profit effect of the consolidated to the total net foreign currency position is TRY7.504.205 in the long term as of 31 December 2021 (Akbank and Philips-Philip Morrissa excluded).

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.1 Foreign Exchange Risk (Continued)

31 December 2020	Total TRY Equivalent	USD TRY Equivalent	EUR TRY Equivalent	GBP TRY Equivalent	Other TRY Equivalent
Assets:					
Cash and cash equivalents	17.750.024	10.962.166	4.987.731	193.784	1.606.343
Financial investments	49.719.043	42.214.779	5.917.748	-	1.586.516
Receivables from financial operations	96.737.391	37.300.579	59.375.937	170	60.705
Reserve deposits at central banks	39.976.266	21.355.079	16.583.250	-	2.037.937
Trade receivables	773.171	358.785	349.153	503	64.730
Other assets	11.597.344	7.434.192	4.115.677	68	47.407
Total assets	216.553.239	119.625.580	91.329.496	194.525	5.403.638
Liabilities					
Funds borrowed and debt securities in issue	60.313.498	48.383.812	11.884.595	-	45.091
Customer deposit	202.387.245	114.548.411	63.647.373	4.828.016	19.363.445
Trade payables	489.811	345.958	117.179	1.278	25.396
Other payables and provisions	9.163.058	5.285.955	3.684.809	118.462	73.832
Total Liabilities	272.353.612	168.564.136	79.333.956	4.947.756	19.507.764
Net assets/(liabilities) foreign currency position of off-balance sheet derivative financial instruments	63.151.207	58.006.131	(13.695.693)	4.683.301	14.157.468
Monetary items net assets/(liabilities) foreign currency position	7.350.834	9.067.575	(1.700.153)	(69.930)	53.342

Net profit effect of the consolidated to the total net foreign currency position is TRY1.138.291 as of 31 December 2020 (Akbank and Philsa-Philip Morrissa excluded).

Change of foreign currency has no material effect on financial statements because foreign exchange risk of the Bank is not material.

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.2 Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. In addition to the natural hedges that arise from offsetting interest rate sensitive assets and liabilities, the Group also manages this risk through derivative transactions for hedging purposes.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. During 2021 and 2020, the Group's borrowings at floating rates are denominated in TRY, USD, EUR, and GBP.

As of 31 December 2021, and 2020, the interest position table of the Group's non-banking industrial segments is as follows:

	31 December 2021	31 December 2020
Fixed interest rate financial instruments		
Financial assets	1.085.273	1.047.202
Time deposits	1.085.273	1.047.202
Financial liabilities	4.983.474	3.790.031
Floating interest rate financial instruments		
Financial liabilities	2.421.716	1.754.828

The Group created various scenarios for loans with floating interest rates, considering renewal of current positions for non-banking industrial divisions, alternative financing and hedging. According to these scenarios:

At 31 December 2021, if the annual interest rate of variable interest loans in TRY were 10% higher/lower and all other variables remained constant; There is no current period loss before tax as a result of high interest expenses consisting of variable loans. (31 December 2020: none).

If the annual interest rate of loans with floating interest in USD on 31 December 2021 was 1% higher/lower and all other variables stayed the same, current period profits before tax as a result of high interest expenses of various loans would be approximately TRY18.460 higher/lower (31 December 2020: TRY(6.452)).

At 31 December 2021, if the annual interest rate of variable interest loans in EUR were 1% higher/lower and all other variables remained constant; current period profits before tax as a result of high interest expenses of various loans would be approximately TRY13.578 higher/lower (31 December 2020: none).

Within the scope of the Interest Rates Benchmark Reform, imputed rate of interest will be transformed as of the beginning of 2021, and new alternative interest rates will be used instead of the current benchmark interest rates, especially Libor. In addition to floating rate assets such as securities indexed to benchmark interest rates and loans, banks' financial statements include liabilities such as securities issued, borrowed loans and derivative transactions, and off-balance sheet instruments. With the regulations published in September 2019 and December 2020 regarding the implementation of the aforementioned reform, early implementation of the amendments was allowed, while temporary exemption was granted to the practices related to the determination of cash flows of hedge accounting and the termination of transactions. A working group was established to evaluate the impact of the interest rate reform on financial statements and to adapt to reform. Reform changes have not been implemented early and developments are followed by the working group.

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.2 Interest Rate Risk

The average remaining term of the Bank's floating rate borrowings indexed to USD Libor, affected directly by the interest rate reform for Akbank, a group subsidiary, is 3.3 years, and the remaining amount is USD951.393. Foreign currency interest swap transactions were carried out to hedge against the cash flow risk of the above-mentioned borrowing, and these transactions were subject to hedge accounting. No hedge accounting transaction was terminated that fell within the scope of the stipulated exceptions.

37.1.1.3 Likidite Riski

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Group aims to maintaining flexibility in funding by keeping committed credit lines available.

i) Banking industrial segment

A major objective of Akbank's asset and liability management is to ensure that sufficient liquidity is available to meet Akbank's commitments to customers and to satisfy Akbank's own liquidity needs. The ability to fund the existing and prospective debt requirements is managed by maintaining sufficient cash and marketable securities. The primary funding sources of Akbank are equity placed in interest bearing assets, well-distributed and stable deposits and medium to long term borrowings obtained from international markets.

In spite of a substantial portion of deposits from individuals being short-term, diversification of these deposits by number and type of depositors together with the past experience of Akbank indicate that these deposits will provide a long-term and stable source of funding for Akbank.

As of 31 December 2021 and 2020 the contractual cash flows of the non-derivative financial liabilities in accordance agreement of the Group companies banking segment are as follows:

31 December 2021							
Liabilities	Book Value	Contractual cash flows	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Customer deposits	512.529.703	525.173.435	424.325.681	47.057.952	35.615.838	12.670.011	5.503.953
Funds borrowed and debt securities in issue	110.953.405	125.605.735	3.007.524	6.783.710	41.482.632	50.688.471	23.643.398
Interbank money market deposits	1.386.882	1.386.882	1.297.321	89.561	-	-	-
	624.869.990	652.166.052	428.630.526	53.931.223	77.098.470	63.358.482	29.147.351

31 December 2020							
Liabilities	Book Value	Contractual cash flows	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Customer deposits	310.441.232	311.656.800	238.502.036	39.246.102	15.362.755	15.181.382	3.364.525
Funds borrowed and debt securities in issue	67.258.898	74.562.435	3.337.823	4.759.521	22.995.826	30.732.416	12.736.849
Interbank money market deposits	429.862	429.862	429.862	-	-	-	-
	378.129.992	386.649.097	242.269.721	44.005.623	38.358.581	45.913.798	16.101.374

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.3 Likidite Riski (Continued)

ii) *Other industrial segments*

The table below depicts the cash outflows the cash outflows of the Group's non-banking industrial segments for the balance sheet liabilities as of the balance sheet date. The amounts shown in the table are the contractual undiscounted cash flow amounts and the Group considers the liquidity management based on the expected undiscounted cash flows.

As of 31 December 2021, and 2020, the Group's analysis of non-derivative financial liabilities of non-banking business segments according to their contractual maturity dates as follows:

31 December 2021	Book value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over 5 years
Financial liabilities	7.405.189	8.362.630	955.970	4.256.129	2.436.572	713.959
Financial lease liabilities	1.636.764	2.485.095	173.089	372.333	1.421.150	518.523
Trade payables	8.739.683	8.868.421	7.245.648	1.622.773	-	-
Other payables	537.803	722.003	694.094	6.935	20.974	-
	18.319.439	20.438.149	9.068.801	6.258.170	3.878.696	1.232.482
31 December 2020	Book value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over 5 years
Financial liabilities	4.768.602	4.940.018	838.337	2.384.212	1.717.469	-
Financial lease liabilities	1.312.348	2.136.242	108.390	341.840	1.163.872	522.140
Trade payables	5.023.674	5.123.509	4.156.451	967.058	-	-
Other payables	105.281	105.281	78.605	26.676	-	-
	11.089.483	12.184.628	5.061.361	3.719.786	2.881.341	522.140

37.1.1.4 Credit Risk

i) *Banking industrial segment*

Credit risk of the banking industrial segment is the risk that the counterparties of Akbank may be unable to meet the terms of their agreements. Akbank sets credit limits to counterparties in order to limit the risk of credit risk to credit limitations and does not extend credit limits beyond these limits. Credit risks are determined for each individual customer, enterprise, business group and risk groups separately. While determining credit risk, criteria such as the customers' financial strength, commercial capacities, sectors, geographic areas, and capital structure are evaluated. Analyses of the financial position of the customers are based on the statements of account and other information in accordance with the related legislation. Previously defined credit limits are constantly revised as a result of assessing general economic developments and monitoring changes in customers' financial information and activities. Loan limits are provided on the basis of customer-specific types and amounts of guarantees.

Limits determined on the basis of products and customers are taken as a basis in credit transactions, and risk and limit information is constantly checked.

There are risk control limits established against credit risk and market risks on positions held in terms of futures and options contracts and other similar contracts.

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (Continued)

In order to meet and control the credit risks that may arise from fluctuations in foreign exchange and interest rates, futures are also carried out when necessary.

Non-cash loans transformed into cash loans are included in the same risk group as cash loans which are not collected upon maturity. Credit risk management is applied for all positions involving counterparty risk.

Rescheduled or restructured loans are followed by Akbank according to Akbank's credit risk management and follow-up principles. The financial status and business activities of the relevant customer are analysed continuously, and the related units are monitored whether principal and interest payments are made according to the renewed plan.

Within the framework of Akbank's risk management approach, it is assumed that long-term commitments are exposed to more credit risk than short-term commitments and that risk factors such as risk limits and guarantees for long-term risks are covered more broadly than short-term risks.

Akbank's banking activities in foreign countries and credit transactions do not constitute an important risk in terms of the related countries' economic conditions and activities of customers and companies.

When considered within the financial activities of other financial institutions, Akbank as an active participant in the national and international banking market is not exposed to a significant credit risk when evaluated together with the financial activities of other financial institutions.

Akbank assesses the credit quality and assigns an internal risk rating to all borrowers and other counterparties based on Advanced Internal Rating Based Approach (Advanced IRB Approach).

With the help of scoring systems created for customers with different features, the probability of counterparty default is calculated and separate rating systems are created for corporate, commercial, SME, consumer and credit card.

Akbank calculates the probability of customers falling into default through the rating systems created for different types of customers. In the table below, concentration information of loans classified using rating systems is given.

	31 December 2021	31 December 2020
Above average	47,78%	41,66%
Average	31,89%	38,21%
Below average	14,86%	15,92%
Unrated	5,47%	4,21%

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (Continued)

The maximum exposure to credit risk of the banking industrial segment is as follows:

	31 December 2021	31 December 2020
Loans and advances to banks	138.110.805	55.626.018
Loans and advances	384.803.990	267.079.307
<i>Consumer loans and advances</i>	89.408.527	62.583.636
<i>Corporate loans and advances</i>	287.674.635	199.307.274
<i>Financial lease receivables</i>	7.720.828	5.188.397
Financial assets at fair value through profit and loss	10.809.375	9.179.412
Derivative financial assets at fair value through profit and loss	33.597.307	14.889.163
Derivative transactions held for hedges financial assets	16.189.565	7.969.203
Financial assets at fair value through other comprehensive income and financial assets measured at amortized cost	152.896.120	100.092.103
Other assets	2.270.533	6.923.738
Total	738.677.695	461.758.944

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (Continued)

Marketable securities of the banking industrial segment as of 31 December 2021 and 2020. Moody's rating analysis of available-for-sale financial assets and held-to-maturity financial assets is as follows:

31 December 2021	Financial assets through profit or loss	Financial assets through other comprehensive income	Financial assets at amortized cost	Total
Aaa	-	1.326.892	-	1.326.892
Aa1, Aa2, Aa3	-	995.229	-	995.229
A1, A2, A3	-	587.516	-	587.516
Baa1, Baa2, Baa3	-	1.191.288	-	1.191.288
Ba1	-	-	-	-
Ba2	-	-	-	-
Ba3	-	-	-	-
B1, B2, B3	705.886	96.123.130	52.566.569	149.395.585
C and Below	91.320	-	-	91.320
NR	-	105.496	-	105.496
Total	797.206	100.329.551	52.566.569	153.693.326
31 December 2020	Financial assets through profit or loss	Financial assets through other comprehensive income	Financial assets at amortized cost	Total
Aaa	-	2.164.729	-	2.164.729
Aa1, Aa2, Aa3	-	368.419	-	368.419
A1, A2, A3	-	132.687	-	132.687
Baa1, Baa2, Baa3	-	182.920	-	182.920
Ba1	-	94.248	-	94.248
Ba2	-	56.374	-	56.374
Ba3	19.470	1.323	-	20.793
B1, B2, B3	252.771	55.149.071	41.872.678	97.274.520
C and Below	3.941	-	-	3.941
NR	-	69.655	-	69.655
Total	276.182	58.219.426	41.872.678	100.368.286

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (Continued)

The geographical distribution of the financial assets of banking industrial segment for the years ended 31 December 2021 and 2020 are summarized as follows:

31 December 2021	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	84.894.390	11.187.687	41.335.170	693.558	138.110.805
Loans and advances	376.273.520	889.427	6.936.492	704.551	384.803.990
<i>Consumer loans and advance</i>	89.408.527	-	-	-	89.408.527
<i>Corporate loans and advances</i>	279.144.165	889.427	6.936.492	704.551	287.674.635
<i>Financial lease receivables</i>	7.720.828	-	-	-	7.720.828
Financial assets at fair value through profit and loss	10.809.375	-	-	-	10.809.375
Derivative financial assets at fair value through profit and loss	20.572.409	126	12.978.567	46.205	33.597.307
Derivative transactions held for hedges financial assets	62.716	-	16.126.849	-	16.189.565
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	148.795.195	1.326.892	2.774.033	-	152.896.120
Other assets	2.270.533	-	-	-	2.270.533
Total	643.678.138	13.404.132	80.151.111	1.444.314	738.677.695

31 December 2020	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	43.253.151	2.519.706	9.445.313	407.848	55.626.018
Loans and advances	255.218.651	106.034	11.158.825	595.797	267.079.307
<i>Consumer loans and advance</i>	62.583.636	-	-	-	62.583.636
<i>Corporate loans and advances</i>	187.446.618	106.034	11.158.825	595.797	199.307.274
<i>Financial lease receivables</i>	5.188.397	-	-	-	5.188.397
Financial assets at fair value through profit and loss	9.214.502	-	-	-	9.214.502
Derivative financial assets at fair value through profit and loss	7.293.386	-	7.548.958	46.819	14.889.163
Derivative transactions held for hedges financial assets	33.881	-	7.935.322	-	7.969.203
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	97.149.101	2.164.729	778.274	-	100.092.103
Other assets	6.923.737	-	-	-	6.923.738
Total	419.051.737	4.790.469	36.866.692	1.050.464	461.758.944

The industrial distribution of the financial assets of banking sector for the years ended 31 December 2021 and 2020 are summarized as follows:

	Financial institutions	Public sector	Wholesale and retail	Manufacturing	Other Individual	Total
Loans and advances to banks	138.110.805	-	-	-	-	138.110.805
Loans and advances	23.516.316	10.333.637	42.220.457	127.081.132	92.243.921	384.803.990
<i>Loans and advances to corporate</i>	23.483.533	10.333.637	41.934.186	123.093.508	88.829.771	287.674.635
<i>Consumer loans and expenses</i>	-	-	-	-	-	89.408.527
<i>Financial lease receivables</i>	32.783	-	286.271	3.987.624	3.414.150	7.720.828
Financial assets at fair value through profit and loss	411.726	578.730	-	77.442	9.741.477	10.809.375
Derivative financial assets at fair value through profit and loss	-	-	-	-	-	-
Derivative instruments	20.439.026	-	-	-	13.084.099	33.597.307
Derivative transactions held for hedges financial assets	16.169.057	-	-	-	20.508	16.189.565
Financial assets at fair value through other comprehensive income and	15.529.792	133.095.318	-	4.271.010	-	152.896.120
Other assets	2.270.533	-	-	-	-	2.270.533
31 December 2021	216.447.255	144.007.685	42.220.457	131.429.584	115.090.005	738.677.695
31 December 2020	105.264.417	91.173.177	31.929.420	90.009.792	80.778.681	461.758.944

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.4 Credit Risk (Continued)

ii) Other industrial segments

Credit risk for the other than that of the banking segment arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Group's exposure to types of financial instruments of other industrial segments as of 31 December 2021 and 2020 is as follows:

	Trade	Receivables	Other	Bank	Derivative
	receivables	from insurance	receivables (*)	deposits	instruments
31 December 2021		operations			
Maximum credit risk exposure as of reporting date (A+B+C+D)	4.260.967	-	253.276	2.071.843	1.209.244
Collateralized or secured with guarantees part of maximum credit	-	-	-	-	-
A. Restructured otherwise accepted as past due and impaired	3.680.869	-	253.276	2.071.843	1.209.244
B. Past due but not impaired net book value	580.098	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-
- Past due (Gross amount)	77.376	-	-	-	-
- Impairment	(77.376)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-
31 December 2020		Receivables	Other	Bank	Derivative
	Trade	from insurance	receivables (*)	deposits	instruments
	receivables	operations			
Maximum credit risk exposure as of reporting date (A+B+C+D)	1.846.121	-	156.927	1.796.846	60.516
Collateralized or secured with guarantees part of maximum credit	-	-	-	-	-
A. Restructured otherwise accepted as past due and impaired	1.587.382	-	156.927	1.796.846	60.516
B. Past due but not impaired net book value	258.739	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-
- Past due (Gross amount)	68.160	-	-	-	-
- Impairment	(68.160)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-

(*) Does not include tax and other legal receivables.

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.5 Value at risk

Stress tests provide indications of the extent of the damage that may occur in unusual circumstances. The stress test conducted by the Akbank Risk Management department includes the interest rate stress test as predicted by Akbank's market risk policies. For all banking transactions except for the trading portfolio, the interest rate risk is monitored under the interest rate risk arising from banking accounts. The results of the stress test are analysed by the Asset and Liability Committee (ALCO).

Calculation and reporting of interest rate risk arising from banking accounts the monthly rate is calculated in accordance with the "Regulation on Measurement and Evaluation of Interest Rate on Banking Accounts Based on Standard Shock" published in the Official Gazette dated 23 August 2011 and numbered 28034.

As of 31 December 2021 and 2020, the fair value changes of Turkish Lira and foreign exchange after performing 500 and 200 basis points in the account balances subject to the calculation is as follows;

Currency	Applied Shock (+/- x basis points)	31 December 2021		31 December 2020	
		Gains /Losses	Gains /Shareholders Equity-Losses /Shareholders Equity	Gains /Losses	Gains /Shareholders Equity-Losses /Shareholders Equity
TRY	(400)	3.147.922	3,13%	3.613.453	4,97%
TRY	500	(3.614.936)	(3,60)%	(4.110.166)	(5,65)%
USD	(200)	(24.617)	(0,02)%	231.365	(0,32)%
USD	200	663.352	0,66%	(359.087)	(0,49)%
EUR	(200)	159.257	0,16%	1	(0,00)%
EUR	200	(1.245.563)	(1,24)%	45.437	(0,06)%
Total (for negative shocks)		3.282.562	3,27%	3.844.819	5,29%
Total (for positive shocks)		(4.197.147)	(4,18)%	(4.423.816)	(6,08)%

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.5 Value at risk (Continued)

Akbank considers foreign exchange risk and interest rate risk as two significant factors of market risk. Market risk is measured by two method named as “inherent method” and “standard method”.

According to the “inherent method”, the market risk related to the trading portfolio is measured through the Value at Risk (VaR) approach, which takes into consideration diverse risk factors. To calculate the VaR, the Bank uses the variance-covariance, historical simulation and Monte Carlo simulation methods. The software used for this purpose is able to make calculations based on forward efficiency curves and volatility models. The VaR model is based on the assumption of a 99% confidence interval and a 10-day retention period. VaR analyses are reported daily to senior management and are also used as a risk parameter and limit management tool for the bond portfolio. The Risk Management Committee sets risk limits for market risk and closely monitors the risk limits in the light of market conditions. The risk limits are under authorization boundaries and control efficiency is increased.

RMD analyses are supported by scenario analyses and stress tests, which are unexpected and unlikely to occur, but take into account the effects of major events and fluctuations in the market. Retrospective testing of model outputs is regularly carried out.

According to the “standard method”, market risk is measured on securities portfolio basis in a way that includes the Group's exchange risk daily and weekly, and reported to the senior management.

37.1.2 Capital risk management

The Group manages its capital to ensure that entities in the Group’s objectives are to maintain the Group ability to operate in order maintain optimal capital structure in order to benefit other shareholders and reduce capital cost.

In order to maintain or recapitalise the capital structure, the Group will determine the dividend payable to shareholders, issue new shares and sell its assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and tax liabilities (current period and deferred income tax liabilities).

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.2 Capital risk management (Continued)

The net liability/invested capital ratios at 31 December 2021 and 2020 are as follows:

TRY	31 December 2021	31 December 2020
Total financial liabilities	716.159.607	424.475.480
Cash and cash equivalents	69.417.883	19.828.118
Net liability	646.741.724	404.647.362
Equity	103.604.182	76.782.894
Invested capital(*)	750.345.906	481.430.256
Net liability/invested capital ratio	86%	84%

(*) The capital invested consists of equity and net debt total.

37.1.3 Explanations for Hedging Transactions

At the beginning of hedging relationships, prospective operation tests are carried out. Also, prospective and retrospective operation tests are carried out at the end of each reporting period using the dollar off-set method. According to this method, the value difference between a hedged item at the beginning of the hedging relationship and the end of each report period and the value change of the hedging instrument are compared, and the efficiency ratio of the hedging relationship is calculated. To determine the fair value of the hedging instrument and the hedged item, yield curves, used to value derivative transactions, are used. The operation ratio calculated was assessed using TAS 39, and hedging accounting principles were applied.

In the scope of interest rate benchmark reform, alternative interest rates, which will be accepted and replace the currently used benchmark interests, especially Libor, will be used in 2021. In bank financial statements there are floating rate assets such as securities indexed to benchmark interest rates and loans, as well as liabilities and off-balance instruments such as issued securities, loans obtained and derivative transactions. The early application of the change related to the above-mentioned reform was possible due to September 2019 and December 2020 regulations, and a temporary exemption was granted for practices related to determining hedging accounting cash flow and ending transactions. To assess the impact of interest rate reform on financial statements and reform compliance efforts, a task group was formed. The reform changes were not applied early, and the task group is keeping abreast of the latest developments.

a) Information about net investment hedge accounting:

To hedge against the exchange rate risk arising out of the EUR787.000.000 portion (31 December 2020: EUR787.000.000) of the net investment value of Akbank AG, a subsidiary, the Group uses a net investment hedging strategy. The EUR787.000.000 portion of the syndication loans used by the bank was defined as a hedging instrument.

b) Information about fair value hedge accounting:

In assessments carried out as of 31 December 2021, it was found the fair value hedging transactions were effective. Amounts related to transactions not subject to hedge accounting because the termination, performance or sale of hedging instruments ended hedge accounting or as the result of inefficient efficiency tests, are immaterial.

c) Information about cash flow hedging transactions:

In assessments carried out as of 31 December 2021, it was found the cash flow hedging transactions were effective. Amounts related to transactions not subject to hedge accounting because the termination, performance or sale of hedging instruments ended hedge accounting or as the result of inefficient efficiency tests, are immaterial.

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NOTE 38 - FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The estimated fair values of financial instruments have been determined by the Holding and its Subsidiaries and Joint Ventures using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Holding and its subsidiaries and joint ventures could realise in a current market transaction.

The following methods and assumptions were used in estimating the fair value of the financial instruments for which the fair value of the Group can be determined:

Financial assets

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value.

The fair values of certain financial assets carried at cost including cash and due from banks, deposits with banks and other financial assets are considered to approximate their respective carrying values due to their short-term nature. The fair value of investment securities has been estimated based on the market prices at balance sheet dates.

The trade receivables along with the related allowances for doubtful receivables uncollectibility are carried at amortised cost using the effective yield method, and hence are accepted to approximate their fair values.

Financial liabilities

The fair value of short-term funds borrowed and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Long-term borrowings, which are principally at floating rates and denominated in foreign currencies, are translated at year-end exchange rates and accordingly their carrying amounts approximate their fair values.

Trade payables are valued at amortized cost using the effective interest method and are thus considered to approximate their fair values.

Derivative financial instruments

The fair value of forward foreign exchange contracts and currency/interest rate swaps is estimated based on quoted market rates prevailing at the balance sheet date.

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NOTE 38 - FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments (Continued)

Banking

Fair value classifications of the financial assets and liabilities of the Group carried at fair value is as stated below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (Level 3).

Fair values of the financial assets and liabilities of the Group’s banking segment as of 31 December 2021 and 2020 are as follows:

31 December 2021	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	510.166	68.564	-	578.730
- Marketable Securities Representing Capital Share	1.073.896	-	-	1.073.896
- Other Financial Assets *	427.561	1.386.279	7.342.909	9.156.749
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	78.655.303	-	-	78.655.303
- Other Financial Assets	18.560.951	3.113.297	-	21.674.248
Time Deposit	363.620	-	-	363.620
Derivative Financial Assets at				
- Fair Value Through Other Comprehensive Income	-	13.432.561	-	13.432.561
- Fair Value Through Profit or Loss	-	37.563.554	-	37.563.554
Borrowings	-	386.612.711	-	386.612.711
Financial Assets measured at amortized cost (Net)				
- Government Debt Securities	51.659.629	-	-	51.659.629
- Other Financial Assets	906.940	-	-	906.940
Total Assets	152.158.066	442.176.966	7.342.909	601.677.941
Derivative Financial Liabilities				
- Reflected on Other Comprehensive Income	-	489.271	-	489.271
- Reflected on Profit or Loss	-	25.444.466	-	25.444.466
Financial Liabilities at Fair Value				
- Customer Deposit	-	512.529.703	-	512.529.703
- Interbank money market deposits, fund borrowed and debt securities in issue	-	-	-	-
Total Liabilities	-	538.463.440	-	538.463.440

(*) The fair value of the financial asset, which is considered as Level 3, has been determined based on the results of the study, which includes various valuation methods. Possible changes in the basic assumptions in the said valuation study may affect the carrying value of the loan.

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NOTE 38 - FINANCIAL INSTRUMENTS (Continued)

31 December 2020	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	189.938	-	-	189.938
- Marketable Securities Representing Capital Share	305.711	-	-	305.711
- Other Financial Assets *	280.008	1.095.936	7.342.909	8.718.853
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	44.420.223	-	-	44.420.223
- Other Financial Assets	11.758.112	2.041.091	-	13.799.203
Time Deposit	16.348	-	-	16.348
Derivative Financial Assets at				
- Fair Value Through Other Comprehensive Income	-	4.738.479	-	4.738.479
- Fair Value Through Profit or Loss	1.897	18.178.506	-	18.180.403
Borrowings	-	267.079.307	-	267.079.307
Financial Assets measured at amortized cost (Net)				
- Government Debt Securities	41.444.027	-	-	41.444.027
- Other Financial Assets	428.651	-	-	428.651
Total Assets	98.844.915	293.133.319	7.342.909	399.321.143
Derivative Financial Liabilities				
- Reflected on Other Comprehensive Income	-	678.869	-	678.869
- Reflected on Profit or Loss	54	14.224.931	-	14.224.985
Financial Liabilities at Fair Value				
- Customer Deposit	-	239.101.954	-	239.101.954
- Interbank money market deposits, fund borrowed and debt securities in issue	-	71.339.278	-	71.339.278
Total Liabilities	54	325.345.032	-	325.345.086

(*) The fair value of the financial asset, which is considered as Level 3, has been determined based on the results of the study, which includes various valuation methods. Possible changes in the basic assumptions in the said valuation study may affect the carrying value of the loan.

The movement of financial assets at Level 3 is as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the period	7.342.909	6.723.419
Valuation difference (*)	-	619.490
Transfers	7.342.909	7.342.909

(*) The result of evaluating the above-mentioned value increase with the impairment worth TRY477.249 in the tracked portion of Assets Held for Sale of LYY Telekomünikasyon A.Ş. in the current period finds a net value increase in assets of TRY142.241.

The shares classified in financial assets whose fair value is not traded in the organized markets and whose fair values cannot be determined reliably are reflected in the consolidated financial statements after deducting the provision related to the depreciation, if any, over the value loss. There was no transfer between the levels in the current year and the past year.

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NOTE 38 - FINANCIAL INSTRUMENTS (Continued)

Classification of financial instruments and fair value

31 December 2021	Note	Financial Assets at Amortised Cost	Loans and receivables (cash and cash equivalents included)	Financial assets through other comprehensive income	Financial liabilities measured at amortized cost	Book value	Fair value
31 December 2021							
Financial Assets							
Cash and cash equivalents	5	-	69.417.883	-	-	69.417.883	69.417.883
Trade receivables	9	-	4.260.967	-	-	4.260.967	4.260.967
Other financial asset (*)	6,10	57.530.511	4.620.138	102.931.571	-	165.082.220	170.913.582
Receivables from financial operations	32	-	386.612.711	-	-	386.612.711	397.664.424
Financial Liabilities							
Financial payables	7	-	-	-	117.768.234	117.768.234	117.768.234
Trade payables	9	-	-	-	8.739.683	8.739.683	8.739.683
Other financial liabilities (**)	10	-	-	-	24.137.936	24.137.936	24.137.936
Payables from financial operations	33	-	-	-	512.529.703	512.529.703	513.764.677
31 December 2020							
Financial Assets							
Cash and cash equivalents	5	-	19.828.118	-	-	19.828.118	19.828.118
Trade receivables	9	-	1.846.121	-	-	1.846.121	1.846.121
Other financial asset (*)	6,10	41.873.322	8.383.515	58.219.426	-	108.476.263	108.554.879
Receivables from financial operations	32	-	267.079.307	-	-	267.079.307	281.976.440
Financial Liabilities							
Financial payables	7	-	-	-	72.261.198	72.261.198	72.261.198
Trade payables	9	-	-	-	5.023.674	5.023.674	5.023.674
Other financial liabilities (**)	10	-	-	-	13.519.777	13.519.777	13.519.777
Payables from financial operations	33	-	-	-	310.441.232	310.441.232	310.577.115

(*) Other financial assets consist of other receivables, available-for-sale securities, time deposits and securities held for to maturity.

(**) Other financial liabilities consist of other payables.

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NOTE 39 - EVENTS AFTER THE REPORTING PERIOD

An application to the Competition Authority was made on October 6, 2021 with regard to the acquisition of Sabancı Holding's entire shares in Philsa Philip Morris Sabancı Sigara ve Tütüncülük Sanayi ve Ticaret A.Ş. (PHILSA) and Philip Morris SA, Philip Morris Sabancı Pazarlama ve Satış A.Ş. (PMSA) by Philip Morris Products S.A. (PM) and/or its affiliates; and the necessary permits for the contemplated transaction were granted on December 24, 2021 by the Competition Board.

The necessary conditions are satisfied and relevant permits and approvals for the contemplated acquisition have been obtained, and Sabancı Holding's entire shares in PHILSA with full TRY 750.000 nominal value representing 25% of the share capital and in PMSA with full TRY 173.250 nominal value representing 24,75% of the share capital have been acquired by PM in consideration of full TRY 2.747.308.823 on January 5, 2022 post predetermined adjustments at closing. The acquisition price has been collected by Sabancı Holding on the same day.

On the other hand, in line with the cash management principles, a variety of derivative instruments are effectively used by Sabancı Holding against fluctuations in FX rates and other market risks, and transaction-specific hedging transactions were engaged in relation to the sale of PHILSA and PMSA shares to offset the risks associated with FX rates. To this end, 88% of total acquisition price from PHILSA and PMSA shares were hedged at the weighted average FX rate of 9,3249 TRY/USD by using forward contracts with various maturities. The acquisition price remains subject to certain predetermined adjustments based on the audited financial results of PHILSA and PMSA for the 2021 fiscal year, and the final acquisition price will be disclosed to public, once determined.

In the scope of the share buy-back program started by the Board of Directors on 9 November 2021 based on the settlement transactions fulfilled after 31 December 2021 as of the report date, shares worth full TRY17.425.000 (all in TRY), representing 0,8540% of the Sabancı Holding Capital, were bought back for TRY263.558, including transaction costs.

Based on the Board of Directors dated 26 December 2022, Aksigorta decided to increase capital from internal resources. The Company has a total nominal value of TRY full 306.000.000 and 100% of its issued capital with a nominal value of full TRY 306.000.000 within the registered capital ceiling of full TRY 750.000.000, TRY 90.989.327 of which is covered from the Sales Profits to be Added to the Capital account and full TRY 215.010.673 is from the Extraordinary Reserves account. It has been decided to increase it to full TRY 612.000.000 by increasing it free of charge.

The Group made a foreign currency protected deposit with 6-month term from Akbank T.A.Ş. amounting to equivalent of USD100.000.000 which is full TRY 1.371.150.000 and having a 17% interest rate at the USD1=TRY13.7115 exchange rate announced by the Central Bank of Turkey on 16 February 2022 at 14.00. In line with Temporary Article 14 of the Corporate Income Tax Law, the transaction caused a corporate income tax deduction of TRY86.551.530 (all in TRY).

As a result of the investigation started as per decision no. 20-23/298-M of the Competition Authority dated 7 May 2020 concerning examining the pricing behavior of manufacturers and wholesalers classified as chain stores operating in retail food and cleaning products trade and their suppliers during the COVID-19 pandemic, an administrative fine of full TRY142.469.772,07 (all in TRY) equal to 1.8% of the annual revenue (defined by the Competition Board) generated by the end of Carrefoursa's FY2020 was imposed on the Company and the justified decision was submitted to the Company on 14 January 2022. Full TRY106.852.329,05 (all in TRY) was paid on 11 February 2022, benefiting from the 25% advance payment discount and reserving all rights to objection and litigation. Also, an appeal for reversal will be filed with the Ankara Administrative courts within 60 days. Company management did not allocate a provision for the relevant lawsuit in the financial statements, in line with independent legal advisors' opinions. Developments will be announced to the public in the framework of relevant regulations.

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