



SABANCI

Annual Report 2022

We are out in the field, united.



Dear Stakeholders,

The report you are about to read summarizes our activities in the year 2022.

In the process of preparing this report, we are extremely saddened by the February 6, 2023 earthquakes that caused devastation in 11 provinces, and killed and wounded thousands of our citizens.

As Sabancı Group, we lost 19 colleagues and approximately 1,000 family members of employees in the earthquakes that had a direct impact on nearly 7,000 of our employees living in the region. 2,343 employees lost their homes in the earthquakes.

May our deceased colleagues, relatives of employees, contractors, business partners, and all deceased citizens rest in peace. We send our condolences to their grieving families.

As Sabancı Group and Sabancı Volunteers, we have been out in the field working tirelessly to heal the wounds since day one.

We contacted relevant authorities in the region to provide our support.

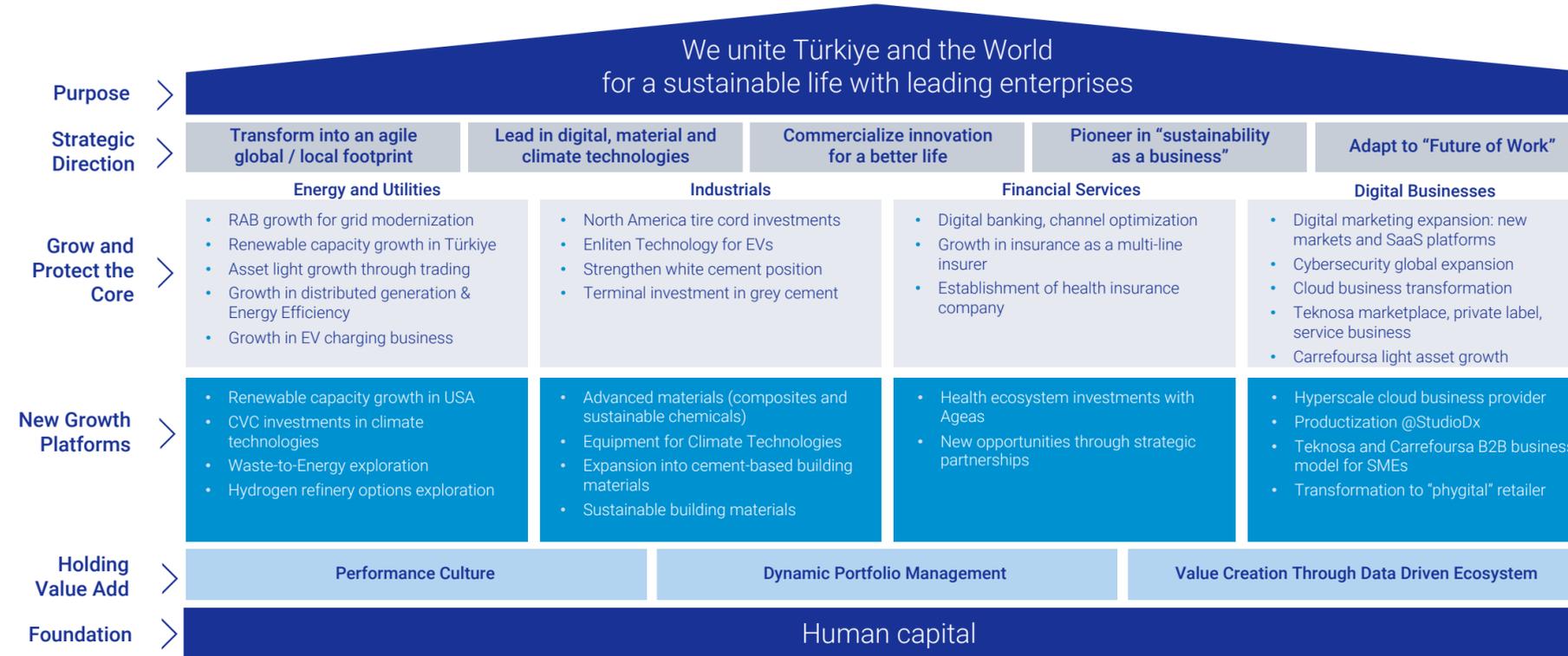
To this end, we lent support to the region in the form of energy supply, bank financing, search and rescue, accommodations, food and provision of basic needs.

We are aware that this is a marathon. Therefore we are out in the field, and we will be there for the people in need until all wounds are healed.

We are grateful for the support of all colleagues on this long journey.

We unite Türkiye and the World,
for a sustainable life
with leading enterprises.

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 Türkiye 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 97 years, Sabancı Group advances towards its second century with a high confidence and enhanced strategic focus to accelerate its growth and transformation.

From the new normal, to 'new economy'...

Technology has lent substantial impetus to change across the globe. Amid this change, the pandemic and global gyrations brought to the fore a major concept, namely the 'new normal'.

In the aftermath of the pandemic, we, as Sabancı Group, tended not to adapt ourselves to the new normal, rather positioned ourselves as one of its play-makers.

As a part of its commitment to dynamic portfolio management strategy, Sabancı Group has successfully executed its transformation process in 2022 by completing investments in various businesses. After divesting its shares in Phillip Morris by the beginning of the year and raising TL 3.2 billion in proceeds, Sabancı Group allocated TL 4.9 billion throughout 2022 specifically to energy and climate technologies, advanced material technologies and digital technologies, which are defined as 'new economy' investments by the Group.

Strong Financial Performance

Consolidated net income growth higher than combined revenue and EBITDA leads to a historically high ROE despite faster pace in investments.

Combined Revenue Growth
168%

Combined EBITDA* Growth
242%

Consolidated Net Income Growth
264%

Consolidated ROE**
45.4%

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

Sustainable future

By acknowledging sustainability as fundamental principle of our investment decisions, we achieve strong results. Our ESG performance and efforts at this front are recognized by global ESG indices and ratings.

2023 Bloomberg Gender Equality Index **First and Only Conglomerate from Türkiye***

2022 MSCI ESG Ratings **A**

CDP Climate Change & Water Security **Management Level (B)**

Sustainalytics **Low ESG Risk****

Refinitiv ESG Assessment*** **A**

BIST Sustainability 25 Index

* Twice in a row.
** Diversified Financials Category
*** Investment Holding Companies

2022 at a Glance

Summary Key Financials (TL Bn)

	2018	2019	2020	2021	2022	CAGR (%)
Combined Revenue	88.1	97.6	104.0	151.6	403.6	46.3
Combined Revenue*	86.9	97.1	103.6	150.1	401.5	46.6
Combined EBITDA**	15.4	17.1	20.4	32.9	112.3	64.3
Consolidated Net Income (Share of Parent Company)	3.8	3.8	4.8	12.0	43.8	84.3
Consolidated Net Income** (Share of Parent Company)	3.6	3.8	5.2	9.7	34.6	76.1
Combined Operational Cash Flow ***	5.6	9.5	10.8	12.5	28.7	50.5
Holding Solo Net Cash	2.6	1.7	1.1	2.5	3.1	4.5
Combined Net Financial Debt/EBITDA****	2.3x	2.2x	1.5x	1.2x	0.4x	

* 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

Combined Revenue* (TL Bn)



Combined EBITDA** (TL Bn)



Consolidated Net Income* (TL Bn)



Net Financial Debt/EBITDA**** (Combined)



Return on Equity** (%)



Dividends Paid (TL Mn)



Sabancı Group continues to grow with its solid global footprint, thousands of employees and prominent global business partners.

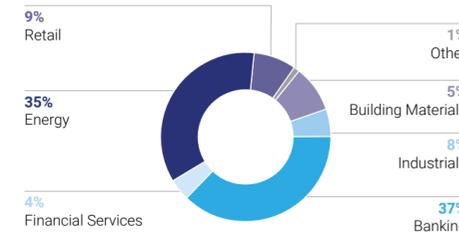


Business Partners **6** Countries **14** **60 Thousand+** Employment

2022 at a Glance

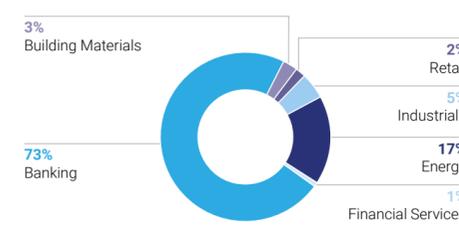
Sabancı Group had a successful year through running a faster pace in the 'new economy' investments while delivering strong financial results.

Combined Revenue* Shares



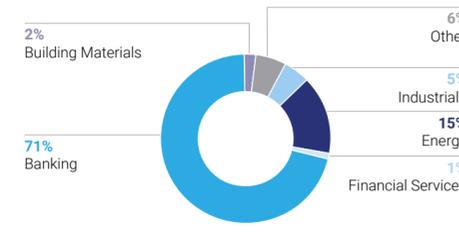
* Excludes Holding dividend income

Combined EBITDA* Shares



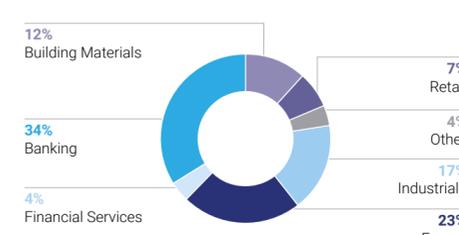
* Excludes one offs and IFRS 16 impact in retail

Consolidated Net Income* Shares



* Excludes one offs and IFRS 16 impact in retail

NAV Shares

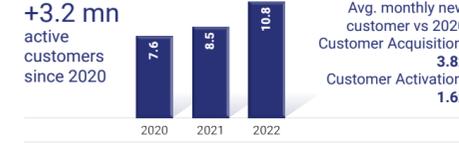


* Excludes cash

Banking

AKBANK

Digital Customers 8.7 mn	ROE 54.7%	Active Customer Base (mn) +3.2 mn active customers since 2020	Avg. monthly new customer vs 2020 Customer Acquisition: 3.8x Customer Activation: 1.6x
ROA 6.2%	CAR ⁽¹⁾ 20.8%		
ATMs +5,900	POS Terminals +734K		



(1): w/o forbearances: Fixing MM losses of securities & FX rate for RWA calculation to 2021YE FX rate

Financial Services

AKSigorta

Total Assets TL 12.8 bn	Shareholders' Equity TL 1.9 bn
Paid-in Capital TL 1.6 bn	Premium Production TL 13.6 bn
Retention Ratio 51%	Market Share 6.9%

AGESA

Pension&Auto-Enrolment Market Share 17.5%	Life&Personal Accident Market Share 11.6%
Number of Customers 3.3 mn	Premium Production Growth 84%
Assets under Management Growth 79%	Return on Equity 59%

Industrials

BRISA Capacity 13.5 mn Total Sales of Point 8,700 Countries 87 International Revenue 40%	KORDSA Production Facilities 13 R&D Patents 509 R&D Center 2 International Revenue 100%	TEMSA Bus Sales Volume 759 Light Commercial Vehicle Sales 1,130 Alternative Fuel Vehicle Sales 61 International Revenue 56%	TEMSA Authorized dealers 23 Authorized services 31
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Energy

ENERJİSA

Population 22 mn	Customers 10.6 mn
Distribution Cities 14	Eşarj Stations 422
Regulated Asset Base TL 19.9 bn	Network 317,757 km

ENERJİSA ÜRETİM

Installed Capacity 3,727 MW	Power Plants 23
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On-going YEKA-2 wind power plant investments: **1,000 MW**

SABANCI CLIMATE TECHNOLOGIES

On-going Solar Power Plant Investment in US 272 MW
Venture Capital Investments in US Safar Partners
Start-up investments in US Commonwealth Fusion System & Quaise Energy

Building Materials

AKÇANSA

Capacity 9.0 mn tons
Production Facilities 3 integrated plants, 4 domestic terminals, 2 ports
FX in Revenue 30%
Alternative Fuel Usage 22%

ÇİMSA

Capacity 6.1 mn tons
Production Facilities 3 integrated plants, 1 international terminals
FX in Revenue 48%
Alternative Fuel Usage 25%

SABANCI BUILDING SOLUTIONS

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

Retail

Carrefour SA

Market Share 3.7%
Sales Area 536K m ²
Stores 895
Visitors 164 mn
Online Sales Growth 86%
Franchise 200

TEKNO SA

Sales Area 100K m ²
New Customer Acquisition 2 mn
Stores 189
Online GMV Growth 136%
Increase in online SKU 22 times

Digital

SABANCIDx

Revenue Growth 193% in USD terms
Acquisitions SEM and Radiflow
Global Footprint 60 countries
Offices Locations 5 countries

As of year-end 2022, Sabancı Holding and its listed 11 subsidiaries' shares constitute around 6% of the total market capitalization of Borsa Istanbul.

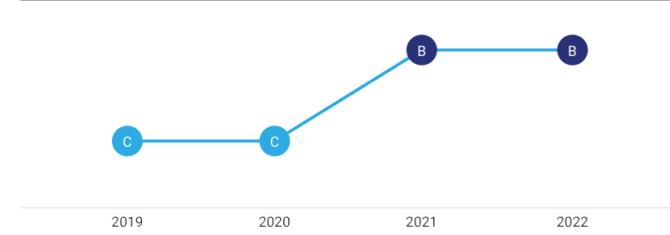
Free Float Ratios

SABANCI HOLDING	50%
AKBANK	51%
AGESA	20%
AKSIGORTA	28%
ENERJISA ENERJİ	20%
BRISA	10%
KORDSA	29%
AKÇANSA	21%
ÇİMSA	36%
CARREFOURSA	11%
TEKNOSA	50%

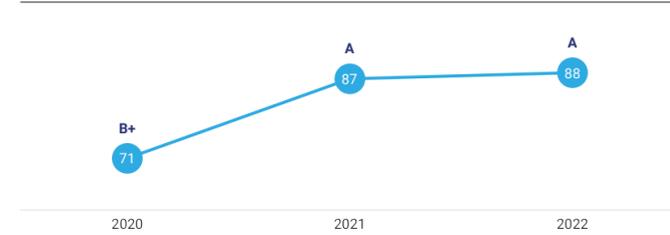
MSCI ESG Ratings



CDP Climate Change & Water Security Management Level



Refinitiv ESG Assessment***



2023 Bloomberg
Gender Equality Index
1st and Only
Conglomerate from
Türkiye*

Sustainalytics
Low ESG Risk**

BIST Sustainability
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Resource: Central Securities Depository of Türkiye, as of 31.12.2022

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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HACI ÖMER SABANCI HOLDİNG A.Ş. AGENDA FOR THE 2022 ORDINARY GENERAL ASSEMBLY MEETING TO BE HELD ON 30 MARCH 2023, AT 2.00 P.M.

1. Opening and formation of the Meeting Council,
2. Reading and discussion of the 2022 Annual Report of the Board of Directors,
3. Reading the 2022 Auditor's Reports,
4. Reading, discussion and approval of the 2022 Financial Statements,
5. Release of the members of the Board of Directors with regard to the 2022 activities,
6. Determining the use of the 2022 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 2022,
11. Determination of the upper limit for donations to be made in 2023,
12. Submission to the information and approval of the General Assembly the share buy-back program in effect,
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 Türkiye and the World, for a sustainable life with leading enterprises through its performance culture, dynamic portfolio management and value creation via data driven ecosystem.

Hacı Ömer Sabancı Holding A.Ş. (Sabancı Holding), Türkiye'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, digital and retail sectors. Sabancı Holding is domiciled in the Republic of Türkiye, with headquarters in Istanbul.

Sabancı Holding coordinates and supports the finance, strategy, business development, legal, human capital and sustainability functions of Group companies. The Holding aims to ensure that Group companies operate in a manner that is profitable and sustainable with favorable competitive conditions. In addition, Sabancı Holding sets and monitors the corporate governance practices that apply across Sabancı Group.

Sabancı Holding is managed by an Executive Committee, a team of top level executives including the Chief Executive Officer, Group Chief Financial Officer, Strategic Business Unit Presidents and function-based 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-making body of the Holding.

The Board of Directors has four sub committees: Audit Committee, Corporate Governance, Nomination and Remuneration Committee, Early Detection of Risk Committee and Sustainability Committee, each of which directly reports to the Board of Directors in regard to their areas of function.

Sabancı Holding defines its holding value-add in three pillars: performance culture, dynamic portfolio management, and value creation via data driven ecosystem. Under the Holding's 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 various financial and non-financial criteria. Revenue, EBITDA, free cash flow and the relative total shareholder return (rTSR) of listed companies are financial key performance indicators (KPIs)*. Meanwhile, the improvement in ESG ratings and actions to reach the Group's Net Zero Emission and Zero Waste by 2050 target are the non financial KPIs*. Net Asset Value (NAV) growth and rTSR are among the KPIs used in determining long term incentives.*

In dynamic portfolio management, Sabancı Group focuses on growth and strengthening its market leading positions in its core businesses and investing in new growth platforms, particularly in energy and climate technologies, advanced material technologies, digital technologies and healthcare ecosystem. The Group's overarching goal in its approach to dynamic portfolio management is maximizing shareholder returns while maintaining its healthy balance sheet structure.

Operating as a value-focused, data driven ecosystem to support innovation and transformation across the Group, Sabancı Group companies have investments in 14 countries worldwide and supply their products and services around the world. Sabancı Holding's multinational business partners include leading global companies such as Ageas, Bridgestone, Carrefour, E.ON, Heidelberg Materials, and Skoda.

Sabancı Holding is registered with the Capital Markets Board, the securities regulator of Türkiye. Since 1997, Sabancı Holding has been listed on Borsa Istanbul. The Sabancı Family jointly controls Sabancı Holding as a majority shareholder, while 49.61% of the Holding's shares is publicly traded. As of year-end 2022, Sabancı Holding and its listed 11 subsidiaries' shares constitute around 6% of the total market capitalization of Borsa Istanbul. In 2022, Sabancı Group reported combined revenue of TL 404 billion and consolidated net income of TL 44 billion.

*KPIs are not limited to the examples cited here.



INVESTMENT CRITERIA

Strategic Criteria

- Consistency with Sabancı Group's prioritized investment areas ('New Economy')
- Share of International Revenues
- Share of FX Revenues
- Lower exposure to regulated industries
- Contribution to Sabancı Ecosystem (Transferability of current competencies)

Sustainability

- Consistency with Sabancı Group's responsible investment policy
- Decarbonization potential
- Contribution to sustainable development goals

Financial Criteria

- Sector growth potential > Real GDP growth

PERFORMANCE CRITERIA

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 the climate crisis, reduce plastic usage, improve ESG scores, execute on diversity and inclusion, promote Future of Work, and boost operational excellence

Long-Term KPIs

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

CAPITAL ALLOCATION CRITERIA

Grow and Protect the Core

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

Invest in New Platforms

- 75% of non-bank capex for transformation & adjacencies focusing on:
 - Energy and Climate Technologies
 - Advanced Material Technologies
 - Digital Technologies

Keep Healthy Balance Sheet

- Net debt to EBITDA of $\leq 2x$
- Healthy use of capital & debt

Maximize Shareholder Return

- Dividend Policy: 5%-20% of net income
- Share Buyback Program
 - Up to 5% of paid-in capital: 102 million shares
 - Total funds allocated: TL 3.25 billion
- Long-term Incentive Plan: NAV Growth & rTSR

Note: All aforementioned criteria are not limited to the examples included above.

Message from the Chair

At Sabancı Group, we create lasting value for the world while supporting our pioneering vision with our 'new economy' investments.

Dear Shareholders, Stakeholders, Business Partners, and Esteemed Employees,

We were all deeply saddened by the large-scale earthquake disaster with the epicenter of Kahramanmaraş, Türkiye on February 6, 2023. From day one, Sabancı Holding has been working hard to help heal the wounds of our employees, their families, and all those affected across the 11 provinces impacted by the historic disaster. Unfortunately, our Group suffered losses as well. I wish God's mercy on all the unfortunate victims. I extend my condolences to their bereaved families and relatives, while wishing a speedy recovery to those injured and wounded. It is also my hope that our country recovers quickly from these deep and painful wounds.

In the wake of the pandemic, 2022 was a difficult year. Extraordinary events and developments on a global scale – ranging from the economy to politics, energy to finance – caused uncertainties to increase even further across the world.

In light of these developments, Sabancı Group moved forward on the course laid out by its strategic roadmap which was developed with a long-term perspective. Sustainability remains our guiding principle and how we add value to our stakeholders.

Our Group companies grew even stronger both at home and abroad this year, thanks to actions taken in accordance with the Sabancı Group Purpose and strategic priorities.

With the economic and social impact they create in Türkiye, Sabancı Group companies serve as pioneers and set an example in their respective industries. Even during these difficult times, we have steadfastly adhered to our principle of "Sharing what we have obtained from this land with its people." This principle has shaped all our activities as a Group for nearly 100 years.

Sabancı Group is nearly as old as the Republic of Türkiye. As a result, we have seen our gains as our country's gains since the day we were founded. From our start, we believed that the principles and values of the Republic were the greatest driving force of Türkiye's modernization journey. In line with this approach, Sabancı Group has always taken our home country one step further with all our investments.

With the responsibility under our purpose to "unite Türkiye and the World," we have taken our vision of "Türkiye's Sabancı" to the next level by adopting a new, more ambitious vision: "Sabancı of the World."

While carrying their know-how abroad through their international moves, our Group companies are taking major steps to bringing the world's latest technologies to Türkiye. Sabancı Group opens the door to a world where our shareholders, employees, investors, and all other stakeholders will gain more value...

At Sabancı Group, we create lasting value for the world while supporting our pioneering vision with our 'new economy' investments. Thanks to our forward-looking responsible investments in energy and climate technologies, advanced material technologies, and digital technologies, we bolster Sabancı's long-standing mission of setting an example for Türkiye and the world.

Every step we took in 2022 was focused on economic, environmental, and social impact. Meanwhile, the Group's sustainability efforts within the scope of its commitment to Net Zero Emissions by 2050 continued to set an example globally. In this sense, three of the nine companies from Türkiye in the CDP (Carbon Disclosure Project) Global A List were from Sabancı Group. In the MSCI ESG rating, one of the world's leading ESG (Environmental, Social and Governance) benchmarks, Sabancı Group has boosted its score three levels over the last three years. In 2022, the Group reached the coveted A rating.



Every step we took in 2022 was focused on economic, environmental, and social impact.

Goals, strategies, and projects are undoubtedly very important concepts to measure the progress that institutions make. However, these concepts mean nothing without human capital. Without doubt, employees have the biggest contribution in preserving existence of institutions and achievement of their goals. Employees form both the strength and the vision of Sabancı Group. We are happy to mobilize this strength, commitment, and vision not only to move our Group forward, but also to advance social development in Türkiye.

Sabancı Republic Day Campaign – initiated last year in Adana, where our Group was founded – has transformed into Türkiye's highest attended social responsibility initiative in 2022. 15 thousand Sabancı Volunteers went out into the field with 242 events we held in 48 provinces across Türkiye.

Once again this year, Sabancı Group dedicated all its volunteer work during the year to Türkiye's Great Leader Mustafa Kemal Atatürk on November 10. This is another source of great pride for us. Our Republic Day Campaign is very valuable in terms of contributing to the country's social development, as well as raising awareness about volunteering in Türkiye.

Currently, the world is undergoing a period of upheaval and transformation. During this time of great change, Sabancı Group determines its strategic direction by focusing again on people and society.

Sabancı Group will record accomplishments of the future with the legacy of the past and the efforts of today.

We are constantly working for a sustainable and equitable world with our 'new economy' investments coupled with our strong financial performance.

While managing its portfolio with a dynamic approach, Sabancı Group plans to create additional value with the power of technology and innovation, while making the world a sustainable place to live in the 100th anniversary of our Republic.

I would like to thank all our stakeholders for their ongoing support to Sabancı Group.

Yours sincerely,

GÜLER SABANCI
Chair

Letter from the CEO

In line with our Group Purpose and aim to become “Sabancı of the World”, a major step toward realizing a major transformation across all Sabancı Group companies was taken with the strategic decision to focus on ‘new economy.’

Dear Shareholders, Stakeholders, Business Partners, and Esteemed Employees,

Türkiye experienced the most catastrophic earthquakes in the history of the Republic on February 6, 2023. Earthquakes centered in Kahramanmaraş affecting 11 of the country’s provinces deeply saddened us all. Since the first day of the disaster, Sabancı Group and Sabancı Volunteers have been actively providing support across the region. At Sabancı Group, we are also heartbroken by the loss of our colleagues throughout the impact area. We pray for God’s mercy on our deceased colleagues, families, service providers and business partners, and all of our fellow citizens whose lives were lost. We extend our deepest condolences to their bereaved families.

We know that this process is a marathon. We plan to remain on the ground until all wounds are healed in order to build a hopeful future for our nearly 7 thousand employees, their families, and everybody affected by the earthquake throughout the region. It is my hope that Türkiye will recover quickly from this catastrophic disaster. Everyone at Sabancı Group extends their condolences to our grieving nation.

2022 was a year of great uncertainty as the world faced multiple global problems and crises at the same time. Disruption of supply chains and logistics processes caused by the Covid-19 pandemic raised costs in almost every sector of the global economy, triggering worldwide inflation. The war between Russia and Ukraine raised energy prices. Withdrawal of many Western international institutions and companies from Russia, as well as economic sanctions imposed on that country, threw the global economy into disarray. In addition to the diplomatic crisis between NATO and Russia, heated competition in the technology industry, carried over from previous years, spilled over into the political arena, in particular stoking the Taiwan conflict between the United States and China.

Following all these major developments, the concern of billions of people around the world about pandemic disease has been replaced by concerns about heating costs, food supply, and even a hot war. After the pandemic, we came to see how intricately interconnected the world is today, and how a crisis anywhere on the planet can affect us all.

The uncertainty we experienced over the past year made clear two key points: the importance of sustainability in every field and industry, and the importance of anticipating risks and taking effective action.

At Sabancı Group, we have achieved an exceptional performance both financially and operationally despite challenging operating environment shaped by uncertainties and economic slowdown. In 2022, our turnover, EBITDA, and net profit tripled compared to the previous year. Consolidated net profit this reporting period amounted to TL 44 billion. In 2022, Sabancı Group undertook new investments across all of our business lines by ramping up its investment spending by 2.5 times. Our return on equity rose to 45% and our earnings quality further improved compared to previous year. Consequently, our non-bank net financial debt/EBITDA declined further, reaching 0.4x. This exceptional performance clearly demonstrates Holding’s and our Group Companies’ financial excellence approach especially in balance sheet management. This approach will provide an important cushion against volatility, while enabling us to look at future opportunities even during the most difficult time.

In addition to this strong financial performance and in line with our dynamic portfolio management approach, Sabancı Group implemented key portfolio initiatives that enabled it to create more value for its stakeholders in 2022. In this context, we completed the transfer of all our shares in PHILSA and PMSA to Philip Morris Products S.A. (PMP S.A.) and/or its affiliates.

Sabancı Group aims to channel 75% of investments to ‘new economy’.



Sabancı Group is aware of the significance of these financial indicators and performance for all the parties in the economy, especially for its stakeholders. However, these indicators on their own do not mean much. Financial performance needs to serve sustainable living. Business achievements need to be a driving force for providing social and environmental benefits. In today’s fast-changing and transforming world, an enterprise must demonstrate the indicators it uses to measure business value that guide its activities, the higher purpose for which employees rally around, and what the organization offers and contributes to the planet, country, and society that it is a part of.

This approach also underlies the Sabancı Group Purpose which succinctly describes our vision and purpose: “We unite Türkiye and the World for a sustainable life with leading enterprises.”

In line with our Group Purpose and aim to become “Sabancı of the World”, a major step toward realizing a major transformation across all Sabancı Group companies was taken with the strategic decision to focus on ‘new economy.’

On the way to position Sabancı Group companies at the top of the global leagues, we plan to invest twice as much over the next five years as compared to the previous five-year period.

While directing 25% of its non-bank investments to existing business lines, Sabancı Group aims to channel 75% of this investment spending in energy and climate technologies, advanced material technologies, and digital technologies – which we call ‘new economy.’

The climate emergency is a reality of today..

Radical steps must be taken not only to fight against climate emergency, but also to guarantee human life in the future and to ensure the sustainability of life on our planet. While the discovery and storage of renewable clean energy and alternative energy sources are promising first steps toward these objectives, the work does not stop there. There are many additional steps to be taken – such as resource allocation and cooperation with the academic world – to find innovative and long-term solutions.

Letter from the CEO

On the way to position Sabancı Group companies at the top of the global leagues, we plan to invest twice as much over the next five years as compared to the previous five-year period.

Energy is at the forefront of our business lines that are leading this transformation at Sabancı Group. In 2022, our Enerjisa Üretim company commissioned Türkiye's first unmanned hydroelectric power plant. Kayseri Erciyes Wind Power Plant (WPP), with an installed capacity of 65 MW, was also put into operation during the year. In addition, Akhisar WPP with an installed capacity of 55 MW was acquired in 2022. Additional wind energy capacity totaling 1,000 MW is scheduled to go into operation in the coming period with an investment of USD 1.2 billion. As a result, Enerjisa Üretim will strengthen its position in Türkiye's private sector electricity generation by reaching a total installed capacity of about 4.7 GW. By 2023, 57% of the company's electricity generation will originate from renewable resources.

In the e-mobility sector, Enerjisa Enerji owns a majority stake in Eşarj, which won a tender to install 495 fast charging stations for electric vehicles. This major project is currently underway. At year-end 2022, Eşarj is Türkiye's first and fastest EV charging station network with 647 charging sockets at 290 public locations, 485 of which are fast charging sockets.

This year, we established Sabancı Climate Technologies company to carry our renewable energy investments beyond Türkiye while making strategic investments in various US-based venture capital funds and start-ups. During the year, Sabancı Group made a fund investment as a result of its strategic partnership with Safar Partners in the United States, as well as direct investments in high profile start-ups Commonwealth Fusion Systems and Quaise Energy. Our investments in these models of disruptive innovation in energy and climate technologies demonstrate our vision of becoming a playmaker in the world of the future, as well as our purpose to unite Türkiye and the World. In line with our goal to form a renewable energy portfolio in the USA, we completed the acquisition of a project license to establish a 272 MW solar power plant in that region. While completing the engineering, procurement, and construction contract (EPC) processes for the power plant investment, we aim for the project to be completed by mid-2024.

In recent years, Sabancı Group has embraced digital transformation. We have made great advances in this arena particularly in industrial production and R&D, as well as with the digitization of business processes of our Group companies. Sabancı Group has recorded its biggest leap forward in advanced material technologies, one of the focal areas of its digital transformation, at Kordsa. This year, Kordsa signed a strategic cooperation agreement with Toledo Solar Inc., a manufacturer of new generation thin-film solar panels based in Ohio, USA. Additionally, Kordsa acquired Italy-based Microtex Composites, a producer of carbon fiber fabrics and prepregs for the super luxury automotive industry and motor sports in Europe. In 2022, Kordsa announced a USD 20 million cord fabric investment in North America and a USD 22 million investment in Türkiye. Meanwhile, the company's existing domestic and international investments are operating with robustness and stability. Our Brisa company acquired Arvento to facilitate synergy efforts among Sabancı Group companies and bolstered our strategic focus on creating value from data. By focusing on customer-oriented transformation and digitalization, Teknosa ramped up its efforts to transform into a digital platform with physical stores. In 2022, Teknosa implemented its marketplace business model with great success.

At Sabancı Group, we aim to step up our investments in cyber security, digital marketing, advanced data analytics, and the internet of things – our four main focus areas in digital technology. Through SabancıDx, the Group acquired a majority stake in Radiflow*, one of the world's leading start-ups in cyber security, especially in operational technologies, and SEM, operating in data-driven digital marketing. We are actively supporting early-stage startups in Türkiye with our corporate venture capital fund, Sabancı Ventures. We support entrepreneurs both within and outside the Group in implementing their ideas via Sabancı ARF Almost Ready to Fly program. This initiative started within the Holding and has already received a large number of applications from promising entrepreneurs. With these and similar efforts, Sabancı Group is leading the way in spreading an open innovation culture across the business world and playing a central role in Türkiye's technological development.

The importance of sustainability and digital technologies is increasing every day around the globe. Sabancı Group's pioneering role in these burgeoning areas is a key factor driving continuous development at the Group and its ability to create value for all its stakeholders.

In 2022, Sabancı Group demonstrated its strength on the global stage once again at the annual meeting of the World Business Council for Sustainable Development (WBCSD) in Tokyo. We have been a member of WBCSD since 2020. The Group participated at the highest level in WBCSD, one of the world's most effective business platforms in the field of sustainability. Sabancı Group shared its best practices with WBCSD attendees. The resoundingly positive feedback we obtained at this major event in Tokyo showed us that we are on the right track. Our participation at this annual meeting encouraged us to further pursue the concept of sustainable life and strengthened our resolve in this critical field.

* Sabancı Group acquired a 51% stake in Radiflow.

Efforts to fulfill our responsibilities in social and governance areas as well as the environmental domain using an integrated approach to sustainability is moving forward at full pace.

We have transformed the Sabancı Republic Day Campaign – initiated last year in Adana, the founding site of our Group – into Türkiye's highest attended social responsibility initiative this year.

Sabancı Group has expanded the impact area of its volunteer work from 11 provinces two years ago to 48 provinces in 2022. Sabancı Volunteers carried out the fieldwork throughout the year on four main topics: Preparing Youth for the Future, Women's Participation in the Workforce, Preventive Response against the Climate Emergency, and Supporting Biodiversity. We renovated schools and built classrooms so that Türkiye's children could receive education in better conditions. We provided technology trainings to 1,400 women to integrate them into the workforce. We also raised awareness of gender equality among 4,200 young people.

This year, Sabancı Group took measures to have an impact on 75 thousand hectares of forest area to address the climate emergency. For rapid response to wildfires, we built eight fire pools – one in Adana and Çanakkale, and three in Antalya and Muğla – each with a 600-ton capacity. We planted 208 thousand saplings in 2022. We collected eight tons of waste from Türkiye's forests. In addition, Sabancı Group carried out dozens of other projects and efforts that will improve the country environmentally and socially. On November 10, we dedicated all our volunteer work to Türkiye's Great Leader Mustafa Kemal Atatürk, as we did the previous year.

Dear Stakeholders,

We are also very happy to see that our many achievements this fiscal year were recognized by investors. In 2022, our discount rate declined to 25% while our net asset value recorded strong growth. These key indicators demonstrate the extent to which our Group Purpose and strategic priorities were embraced by our investors.

As we have emphasized many times in the past, Sabancı Group implements pioneering and exemplary practices to achieve its medium-term goals, especially in the target categories of growth, return on capital, and sustainability.

During this fiscal year, we boosted the maximum amount of funds allocated to our Sabancı Holding share buyback program from TL 1.75 billion to TL 3.25 billion. This stock repurchase program was launched the prior year to provide a more appealing long-term investment opportunity to our investors. The share buyback effort continued successfully in 2022.

In the coming period, together with our investors, we aim to maintain Sabancı Group as one of the most important players in the world's value ecosystem.

We see our 'new economy' investments as going hand in hand with our vision of 'Sabancı of the World'. Sabancı Group will have a strong presence in the technologies of the future on a global scale, while continuing to mobilize its gains abroad for Türkiye and its economy.

I would like to express my endless gratitude to you for accompanying Sabancı Group on this journey.

Yours sincerely,

CENK ALPER
Member of the Board of Directors and
CEO

Board of Directors

1 **GÜLER SABANCI**
Chair

2 **EROL SABANCI**
Vice Chair

3 **SERRA SABANCI**
Board Member

4 **SUZAN SABANCI DİNÇER**
Board Member

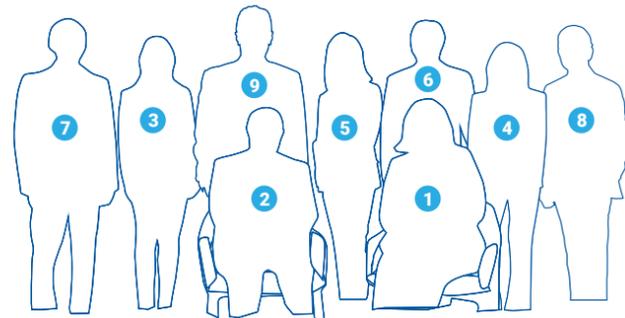
5 **SAİME GONCA ARTUNKAL**
Board Member

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



Board of Directors

GÜLER SABANCI Chair

Güler Sabancı was born in Istanbul. After finishing high school education at TED Ankara College, Sabancı graduated from Boğaziçi University, Department of Business Administration.

Güler Sabancı is the Chair of Sabancı Holding since 2004, one of the leading and most reputable multi-business groups of Türkiye, operating in 14 countries.

Chair of the Board of Trustees of the Sabancı Foundation, Güler Sabancı is also the Founding Chair of Sabancı University and Chair of the Sakıp Sabancı Museum. The first female member of the European Round Table for Industry, she sits on the MIT Energy Initiative's External Advisory Board. She is also a member of The Trilateral Commission and TÜSIAD.

Besides being an effective industrialist, prominent business figure, and renowned art-enthusiast, she has also been accepted as one of the most influential women in the region for her work on gender equality and social development. Her remarkable success has been recognized internationally with numerous awards, including the David Rockefeller Bridging Leadership Award, the Clinton Global Citizen Award, the Raymond Georis Prize for Innovative Philanthropy, and the European School of Management Responsible Leadership Award.

She is the author of the book "Founding a University", published in 2020.

EROL SABANCI Vice Chair

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), the Board of Managing Directors of Venetian Heritage, Inc, and the Cultural and Social Affairs Committee of the Serpentine Council respectively.

From 2010 to 2014, Suzan Sabancı Dinçer served as the chairman of the Turkish-British Business Council for two terms. From 2009 to 2016, Mrs. Sabancı Dinçer sat on the Global Board of Advisors of Chatham House. Between 2014 and 2018, Mrs. Sabancı Dinçer acted as the Advisory Board President of the Women on Board Association Türkiye, dedicated to promoting social development by increasing female representation on boards. She is a founding member and board member of Endeavor Türkiye, a founding and honorary member of the Women Entrepreneurs Association of Türkiye, and chairman of the Executive Advisory Board and member of the board of patrons of the Contemporary Istanbul Art Fair.

SAİME GONCA ARTUNKAL (Sakıp Sabancı Holding A.Ş. Represented by Saime Gonca Artunkal) 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 Türkiye 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, she has held managerial roles covering various regions including the Middle East, Greece, Israel, Türkiye, 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 the Board of Trustees of Sabancı University, a member of the Advisory Board of FODER - Financial Literacy and Inclusion Association, Member of Audit Committee of KIHP – 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. She graduated from the University of Portsmouth, and then from the Istanbul Bilgi University Department of Economics at the top of her class. She began her professional career at Temsa, then received training on mergers and acquisitions and corporate governance at the Institute of Directors (IoD) in London.

Acting as a Board Member and Acting Chair at various Sabancı Group companies, including in textiles, chemicals, automotive, and cement, Serra Sabancı also served on the Audit Committee for five years at Sabancı Holding.

Serra Sabancı is currently a Member of the Board of Directors at Sabancı Holding, and a Member of the Board of Trustees at Sabancı University and the Sabancı Foundation. She leads and supervises the Foundation's project on environmental awareness and animal rights protection for preschool and primary age groups.

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 Türkiye 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. In recent years, he has been focusing on sustainable growth, entrepreneurship and technology management.

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 CNBC ESG Council, WORLD MINDS and General Assembly of 30% Club Türkiye Campaign.

AHMET ERDEM Independent Board Member

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

Mr. Erdem joined Shell in 1990. He worked in top executive roles in Türkiye, Middle East and Europe. After serving as the Investment Manager of Greece and Türkiye and as the Retail Sales Manager in Türkiye; 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 Türkiye Mr. 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 Türkiye (TOBB); as the Vice Chairman at Oil Industry Association (PETDER); as a Board Member at the World Business Council for Sustainable Development (WBCSD Türkiye), United Nations Global Compact Türkiye 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, Hayri 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, Mr. 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 Avivasa 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 Kahya rejoined Sabancı Group in 1986 as Automotive Group Vice President and was EVP/President of Temsa (1986-90) and Member of the Presidency of Toyotasa (1990-94) while serving as Member of the Management and Planning Council of Sabancı Holding and as Member of the Boards of Temsa, Toyotasa, Susa and Sapeksa.

In the period 1994-2006, various positions held by Mr. Kahya 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 DYQ, 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; and as shareholder advisor at various companies.



1 CENK ALPER
Board Member and CEO

2 BURAK ORHUN
Building Materials

3 CEVDET ALEMDAR
Industrials

4 FUAT ÖKSÜZ
Audit and Secretary General

5 EYÜP ENGİN
Banking

6 GÖKHAN EYİĞÜN
Strategy and Business Development

7 HAKAN TİMUR
Human Capital and Sustainability

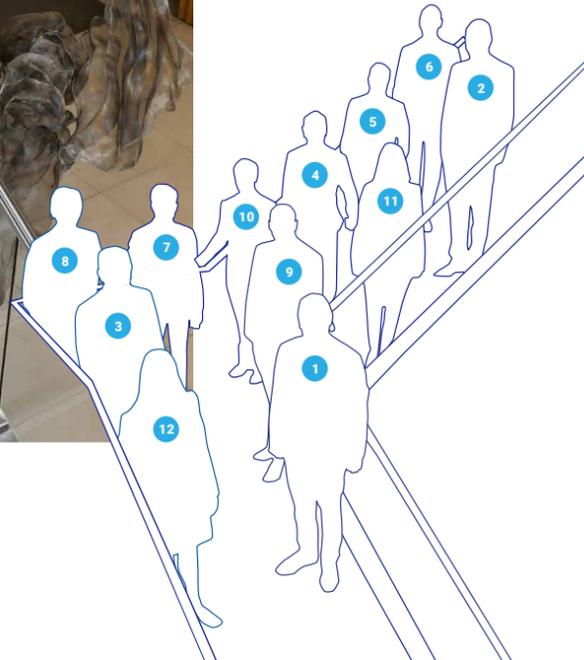
8 HALUK DİNÇER
Financial Services

9 KIVANÇ ZAIMLER
Energy

10 N. ORHUN KÖSTEM
Finance

11 PELİN ERKIRALP
Corporate Brand Management and Communications

12 ŞEBNEM ÖNDER
Legal and Compliance



Executive Committee

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 Türkiye 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. In recent years, he has been focusing on sustainable growth, entrepreneurship and technology management.

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 CNBC ESG Council, WORLD MINDS and General Assembly of 30% Club Türkiye Campaign.

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 Sabancı Building Solutions BV as well as a member of Board at Teknosa, Carrefoursa 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 Is Makinalari and Brisa. After admistering wire investments serving to manufacturing and construction industries in Türkiye, 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 Türkiye, he has steered Kordsa's R&D and innovation processes as VP of Technology and Market Development. Later, he guided Temsa Is Makinalari to transform from a construction equipment company to a heavy machines and truck provider in Türkiye. Next, as CEO he led Brisa, a joint venture of Bridgestone ve Sabancı Holding, an important tire manufacturing venture in the world and leader of Türkiye's tire and mobility solutions. From April 2020 onwards, he is Sabancı Holding Industrials SBU President. He is also the Chairman of the Board of Kordsa, Brisa, Temsa Skoda Transportation and Temsa Motorlu Araçlar.

He is TÜSİAD's board member, DEİK / Türkiye - USA Business Council (TAİK) board member and Boğaziçi University alumni.

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, Mr. 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. Mr. 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.

Executive Committee

FUAT ÖKSÜZ

Audit and Secretary General

Fuat Öksüz graduated from Business Administration Department of Boğaziçi University in 1986 and started his career in Andersen İstanbul Office as assistant auditor in the same year. He worked in this company by the end of 2002, became local partner in 1997 and international partner in 2000. He worked as an independent auditor and financial advisor in the first 10 years of his business life. Later on, Fuat Öksüz led the foundation, took leadership of Andersen Business Process Outsourcing practice and further took the leadership of Andersen Business Consulting Practice.

In 2003, he joined Ernst & Young as a Partner and served for one year. In January 2004, Fuat Öksüz joined Sabancı Holding as Head of Audit, also chaired Sabancı Board of Ethics. Mr. Öksüz worked in Enerjisa between 2010 – 2017 taking various responsibilities including; CFO of Enerjisa Generation Company and Enerjisa Trading Company with dual management responsibility with CEO, Enerjisa Group Head of Planning & Controlling, Head of Accounting, Reporting & Tax and Head of Special Projects (restructuring and IPO).

Fuat Öksüz has been serving as Sabancı Holding Head of Audit and Chair of Sabancı Holding Ethics Board since 2018. Further to existing responsibilities, he has also taken the role of Secretary General since July 2022.

GÖKHAN EYİĞÜN

Strategy and Business Development

Gökhan Eyigün graduated from Management Engineering Department of İstanbul 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. Eyigün 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. Eyigün 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. Mr. Eyigün is also the Vice Chairman of the Board at Afyon Çimento, Çimisa, Exsa and Temsa Motorlu Araçlar. He is a member of Board at Dx Technology Services and Investment BV (SabancıDx BV), SabancıDx, Kordsa and Temsa Skoda Ulaşım Araçları. He is responsible from Sabancı Ventures and Sabancı ARF Almost Ready to Fly at the same time.

HAKAN TİMUR

Human Capital and Sustainability

Hakan Timur holds a BA degree in Economics from İstanbul University and a Masters degree in Energy and Technology Management from Sabancı University.

Hakan Timur started his professional career in 1997 at Marsa-Kraft Foods International. After that, he held a variety of local and international human capital and development roles in a wide range of sectors including energy, industrials, building materials and food industry at Sabancı Group companies. Since 2018, he has been working as Sabancı Group Human Capital and Sustainability Group President. In 2021, he also started to serve as the Chief DE&I Officer at Sabancı Holding.

In addition to his current role, Mr. Timur is an Executive Committee Member at Sabancı Holding and Chairperson at Teknosa. He is also holding BOD membership and vice chairman roles in various companies i.e SabancıDx, Enerjisa.

He is a Board Member in Private Sector Volunteers Association, Board Members Association and Business Council for Sustainable Development in Türkiye. He undertakes the leadership of Turkish Industry & Business Association's Employment and Social Security Working Group and is a Commissioner in BCTI of WBCSD. Hakan Timur, who has been serving as Sabancı Holding Human Capital and Sustainability Group President, has left his position as of March 15, 2023.

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, Mr. 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 2016, Mr. 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 Otelcilik, as well as Board Member of Brisa.

Haluk Dinçer served as President of TÜSIAD - Turkish Industry and Business Association in 2014-15, and as President of Türkiye-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.

KIVANÇ ZAIMLER

Energy

Kıvanç Zaimler studied at İstanbul Technical University and Berlin Technical University and held various managerial positions in the private sector in different fields between 1992-2008.

Mr. Zaimler joined Enerjisa in 2008 and held several roles in natural gas trading and as General Manager of distribution and retail companies before serving as the CEO of Enerjisa. In 2018, Mr. Zaimler carried out the IPO of Enerjisa, one of the largest IPOs in that period.

As of July 2018, Mr. Zaimler was appointed as President of the Energy Group at Sabancı Holding. He is the Chairman of the Board of Directors at Enerjisa Enerji and the Vice Chairman of the Board of Directors at Enerjisa Üretim. He is also the Chairman of the Board of Sabancı Climate Technologies, which was established in June 2022 to accomplish Sabancı Holding's investments abroad in the field of energy and climate technologies, and Sabancı Renewables, which was established in the USA.

In addition to his duties in the energy business, Mr. Zaimler has been the Chairman of SabancıDx since 2020; serves as the Chairman of Dx Technology Services and Investment BV (SabancıDx BV), the digital-focused global technology company of Sabancı Holding, established recently in the Netherlands.

Mr. Zaimler is also taking an active role in non-governmental organizations. He serves as the Vice President of the World Energy Council-Türkiye, Member of the Board of Sabancı University İstanbul International Energy and Climate Center (IIECC), Member of the SHURA Advisory Council and Chairman of the Board of ELDER.

N. ORHUN KÖSTEM

Finance

Orhun Köstem received his bachelor's degree from Middle East Technical University Mechanical Engineering Department in 1991 and his MBA degreed at the same university. He also has a master's degree in Finance and Corporate Law from Bilgi University.

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. Orhun Köstem pursued his career in Coca-Cola İçecek 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 is the Group CFO of Sabancı Holding since July 1, 2021. He is also the Chairman of Carrefoursa, Vice Chairman of Sabancı Climate Technologies, Supervisory Board Member of Çimisa Sabancı Cement BV and Member of the Board of Directors of Akbank, Kordsa, Enerjisa Enerji and Enerjisa Üretim.

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 "Türkiye's Most Influential 50 CFOs", according to a research conducted by BMI Business School in collaboration with DataExpert. He was awarded as Türkiye's Best CFO in the Investor Relations Awards organized by Thomson Reuters Extel 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 was ranked as Best CFO in Industrials Sector in the Emerging EMEA Region by Institutional Investor in 2022 and he was named among C-Suite Series – Fortune CFO 2022 list. He is also a member of CFA Society and CFO Network of the World Business Council for Sustainable Development (WBCSD).

PELİN ERKİRALP

Corporate Brand Management and Communications

Pelin Erkıralp 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 Türkiye between 2002-2006 leading innovation and harmonization across the region. In 2006 Mrs. Erkıralp 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 Türkiye, she undertook the management of Marlboro brand globally in Philip Morris International headquarters in Lausanne, Switzerland between 2012-2013. Following her return to Türkiye, she was appointed Marketing Director in Philip Morris Sabancı for 4.5 years. Mrs. Erkıralp 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 a member of the board at Carrefoursa and Temsa Motorlu Araçlar.

ŞEBNEM ÖNDER

Legal and Compliance

Şebnem Önder graduated from Ankara University Faculty of Law in 1994.

She started her career in 1994 as Associate at White&Case LLP (Türkiye). Between 1999 and 2000, she continued working at the same position in New York, where the company's headquarter is located. Then, from 2000 to 2014, she worked as a Partner in the Türkiye unit of the same company. In 2014, she started to work as the Legal Director of British American Tobacco (Türkiye & North Africa). Ms. Önder worked as the European Regional Head of Compliance at British American Tobacco between 2018 and 2022.

Since September 12, 2022 Ms. Önder has been working as Sabancı Holding Legal and Compliance President. She is also a member of the board at Akçansa, Brisa and Carrefoursa.

Sabancı Holding Management

COMMITTEE MEMBERS

Audit Committee:

- Ahmet ERDEM - Chairman (Independent Board Member)
- Hayri ÇULHACI - Member (Independent Board Member)

Corporate Governance, Nomination and Remuneration Committee:

- Mehmet KAHYA - Chairman (Independent Board Member)
- Suzan Sabancı DİNÇER - Member
- Serra SABANCI - Member
- Sakıp Sabancı Holding A.Ş. - Member (Represented by Saime Gonca ARTUNKAL)
- Şerafettin KARAKIŞ - Member

Committee of Early Detection of Risk:

- Hayri ÇULHACI - Chairman (Independent Board Member)
- Suzan Sabancı DİNÇER - Member
- Serra SABANCI - Member
- Sakıp Sabancı Holding A.Ş. - Member (Represented by Saime Gonca ARTUNKAL)

Sustainability Committee:

- Ahmet ERDEM - Chairman (Independent Board Member)
- Hayri ÇULHACI - Member (Independent Board Member)
- Mehmet KAHYA - Member (Independent Board Member)

SENIOR MANAGEMENT

Şerafettin Karakış

President - Tax, Accounting and Financial Regulations

Derya Özet Yalçı

Director - Sustainability

Devrim Baykent

Director - Treasury and Corporate Finance

Erkan Şahinler

Director - Planning, Reporting and Financing

Filiz Karagül Tüzün

Director - Corporate Communications

İlker Yıldırım

Director - Accounting

Kerem Tezcan

Director - Investor Relations

Murat Gençer

Director - Risk

Mustafa Aydın*

Director - Tax, Structure and Financial Regulations Management

Mustafa Özturan

Director - Human Resources and Labor Relations

Olca Gürdal

Coordinator - Security

Sarven Peştemalcıgil

Director - Strategy and Business Development

Seçkin Yelmen

Director - Strategy and Business Development

Seval Kor

Director - Human Resources

Taner Aytan

Director - Audit

Utku Gülmeden

Director - Strategy and Business Development

Yeliz Erinçkan

Director - Strategy and Business Development

Investor Relations, Dividend Policy and Share Buyback Program

Sabancı Holding's investor relations philosophy depends on maintaining communication to ensure a clear, comprehensive and consistent dialogue with the investment community.

Sabancı Holding sees investor relations as a two way communication channel between the investment community and the management of Sabancı Holding. With this perspective, Sabancı Holding's investor relations philosophy depends on maintaining communication to ensure a clear, comprehensive and consistent dialogue with the investment community in a timely and transparent manner in strict compliance with regulatory requirements and the corporate disclosure policy. At the same time, the investor relations team provides investor feedback to management regarding the outcome of the Group's performance and strategic moves as well as potential market reaction to stock price sensitive actions. Investor relations activities at Sabancı Holding are designed to develop and strengthen this relationship, aiming to achieve a fair market value for all Group companies, and lower the cost of capital in order to maximize shareholder return.

In line with the Communiqué on Corporate Governance issued by the Capital Markets Board (CMB), Türkiye's securities regulator, Sabancı Holding has an Investor Relations Department operating under the Finance Group which closely adheres to all applicable legal and regulatory rules and requirements. In addition to its primary responsibilities pursuant to domestic regulations and corporate policies, Sabancı Holding Investor Relations Department undertakes a wide range of critical functions, including:

- Coordinating and supporting the finance, investor relations and legal functions of Group companies, and providing the necessary consultancy services to help them comply with requirements set out by Turkish Commercial Law and Capital Markets Regulations.
- Establishing corporate governance standards that apply across Sabancı Group, and monitoring the efficiency and uniformity of corporate governance practices of Group companies for the benefit of all stakeholders of the Group.
- Representing Sabancı Group before official institutions and organizations such as the Ministry of Trade, Ministry of Treasury and Finance, Capital Markets Board, Borsa Istanbul, Turkish Industry and Business Association, Turkish Investor Relations Society, and the Corporate Governance Association of Türkiye, and looking out for the interests of Sabancı Group within such organizations.

Investor Relations 2022 Activities

Sabancı Holding's 2021 Annual General Assembly Meeting was held on 30 March 2022 in accordance with legal and regulatory requirements, the Articles of Association and other internal policies. Documents required to be submitted for the information and review of 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.

As of 1 March 2023, the Investor Relations Department prepared and announced the Sabancı Holding Corporate Governance Compliance Report as well as the Sustainability Compliance Report in coordination with the Sustainability Department. The contents of these reports demonstrate Sabancı Holding's commitment to corporate governance and sustainability as key factors that have long supported the Group's financial and operational excellence. Presently, Sabancı Holding complies with domestic corporate governance and sustainability principles at a rate of 97.8% and 100%, respectively. Details are provided in the Corporate Governance section of this Annual Report.

In 2022, Sabancı Holding introduced a Group-wide Responsible Investment and Due Diligence Policy in line with its commitment for doing business responsibly. This policy was designed to ensure that Sabancı Holding's capital allocation decisions comply with the Group's sustainability goals and improve the Group's ESG performance across the entire value chain.

*Tax, Structure and Financial Regulations Management Director Mustafa Aydın transferred to a group company as of December 31, 2022.

Investor Relations, Dividend Policy and Share Buyback Program

The share buyback program aims to provide shareholders with a more attractive long-term investment opportunity.

Sabancı Holding Investor Relations Department works to continuously improve its investor communication channels including the corporate Investor Relations website. After a long development process in 2022, the Investor Relations Department launched a human-like natural language processing (NLP), machine learning and artificial intelligence (AI) powered digital investor relations assistant – named SirA (Sabancı Investor Relations Assistant) – in February 2023. This innovative chatbot was developed and trained to answer frequently asked investor relations questions virtually – a first of its kind in Türkiye. SirA provides a best-in-class investor relations experience to Sabancı Holding's investors and stakeholders visiting the Investor Relations website (<https://yatirimciiliskileri.sabanci.com/en/>) by understanding investor and stakeholder requests with a very high accuracy and rapidly delivering either a text- or voice-based response using the latest in advanced technology.

As part of efforts to maintain healthy communications with the entire investment community, the Investor Relations Department engaged in a wide range of activities and events in 2022. Non deal roadshows, conferences, teleconferences virtual meetings and one-on-one visits (to local institutional investors) were conducted with a total of 555 institutional investors and analysts from Türkiye and abroad. The Investor Relations Department also responded to numerous requests from both institutional and retail investors in addition to sell-side equity analysts by telephone and e mail throughout the year.

In addition, four web conferences were held during the year to communicate quarterly financial results with the investment community.

In 2022, the Sabancı Holding Investor Relations Team organized its first Digital Day with the participation of the Chairman of SabancıDx, DxBV and its subsidiaries, and Sabancı Holding Group Chief Financial Officer. This first-time event was held to inform the investment community about the restructuring of Sabancı Group's digital business, the latest acquisitions and the future outlook in the digital arena. During the year, Banking Day – another first, Energy Day, Industrials Day and Financial Services Days were held with the participation of Sabancı Holding Strategic Business Units Group Presidents and Group Chief Financial Officer to provide sector based strategies in the Group's respective businesses. Separately, Analyst & Portfolio Managers Day was organized with the participation of Sabancı Holding Chief Executive Officer on SabancıDx campuses to provide the latest updates on Sabancı Holding's capital allocation criteria, ongoing investments and midterm strategy. Separately, the Sabancı Holding Investor Relations Team was more focused on in-Group activities in 2022 compared to previous years.

International Rewards

Sabancı Holding's Investor Relations team and its successfully executed program was acknowledged by investment professionals in Europe, Middle East and Africa (EMEA) and was awarded with the "Best Overall Team in Investor Relations in EMEA" among 251 companies in 29 countries and "Best Company in Investor Relations in Industrials Sector in EMEA" among 18 companies. Winning companies are determined by the votes of sell-side and buy-side global investment professionals based on Institutional Investor's Emerging EMEA Executive Team survey, the world's most comprehensive and prestigious research survey for independent performance validation and qualitative market intelligence.

Additionally, Sabancı Holding ranked first among BIST 30 companies in all categories – "Best CEO," "Best CFO," "Best IR Professional" and "Best IR Program" – at the Investor Relations Awards Ceremony, organized jointly with the Turkish IR Society (TUYID) and Institutional Investor.

Share Buyback Program

Sabancı Holding initiated a share buyback program pursuant to its Board of Directors decision dated 9 November 2021. With this program, Sabancı Holding aims to support the price performance of SAHOL shares in the equity market, and reduce the net asset value discount by bringing SAHOL shares closer to its fair value. The share buyback program aims to provide shareholders with a more attractive long-term investment opportunity. Under the program, a

maximum of 102 million ordinary shares were to be repurchased, the equivalent of 5% of total shares outstanding. The Board of Directors set a total maximum fund allocation for the buyback effort at TL 1.75 billion.

Later on 19 December 2022, Sabancı Holding extended its share buyback program upon utilizing 85.4% of the initial budget, boosting the total allocated budget by TL 1.5 billion to TL 3.25 billion.

As of 31 December 2022, the net number of ordinary shares repurchased amounts to 37.1 million, or 1.82% of the total shares outstanding.

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
Çiğdem Sabancı Bilen	141,566,960.87	6.94	6.94
Suzan Sabancı Dinçer	141,566,960.87	6.94	6.94
Other	1,322,799,127.90	64.83	64.83
Total	2,040,403,931.00	100.00	100.00

*As of 31.12.2022

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)	2018	2019	2020	2021	2022
Dividends Received	1,212	601	492	1,562	2,114
Dividends Paid	612	612	673	714	1,530
Dividends Paid/Received	51%	102%	137%	46%	72%
Consolidated Net Income	3,830	3,780	4,768	12,032	43,828
Dividends Pay Out Ratio	18%	16%	18%	15%	13%

Risk Management

Sabancı Group has adopted corporate risk management principles to maximize stakeholder value, ensure the Group's sustainability, identify and measure risks, and monitor risk continuously and effectively.

RISK MANAGEMENT

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 its sustainability while achieving the strategic goals set out by the Board of Directors of Sabancı Holding.

The Group manages risk in line with its risk appetite through a combination of quantitative and qualitative metrics. In line with the Group's 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 categories such as identifying, analyzing & measuring, prioritizing, and monitoring of risks. 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 the Board of Directors level.

Early Detection of Risk Committee and its responsibilities

The Early Detection of Risk Committee (EDRC) is responsible for initially evaluating, identifying, and determining the necessary risk measures and management processes for strategic, operational, financial and compliance risks that can jeopardize Sabancı Holding's existence, development, and continuity; and informing the Board of Directors of these issues so decisions can be made accordingly. The Committee reviews risk management systems at least once a year. The tolerance and critical levels of each prioritized risk are also reviewed and updated on a yearly basis. Review process includes both quantitative and qualitative approaches such as statistical analysis by historical data, Monte Carlo simulations and incorporating the company's strategic direction and financial performance targets. In 2022, the Committee convened on six occasions and presented its evaluations to the Board of Directors. Guest participants may be invited to EDRC meetings according to the items on the agenda. Detailed information regarding EDRC members can be found in the Sabancı Holding Management section of this report.

Risk management in Group companies

Risks are managed in line with risk appetite through a combination of quantitative and qualitative measurement metrics. Steps are taken to ensure that Group companies are well prepared to tackle ESG risks. Group companies receive guidance on introducing measures in their business models to eliminate the possible impact of these risks.

At Akbank, Sabancı Group's banking institution, 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, and its limits for all relevant risks and the procedures that Akbank applies in controlling and managing its risks. Board members periodically attend five risk management related committees: Audit Committee, Credit Committee, Executive Risk Committee, Conduct Risk Management Committee, and 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 of Directors. Internal methods and risk models are continuously improved upon and developed to ensure effective risk management.

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 that 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 the Risk Directorate, Risk Coordination Committee, and the relevant Group Presidents in the Holding.

Risk Categories

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

Financial Risks

Financial risks include risks that may arise because of a company's financial position and preferences. This category includes those risks caused by movements in exchange rates, interest rates, equity and commodity prices, as well as management of the investment portfolio, liquidity/cash position, and credit positions. The Sabancı Holding Treasury Management Policy, defining the rules and principals of the company's investment policy and covering interest, exchange rate and liquidity risks, was prepared and approved in 2022.

The Holding's Finance and Risk Management teams closely monitor and manage financial risks through various financial indicators on both a company basis and a consolidated basis. These teams ensure that financial risks remain within the set limits.

Strategic Risks

Strategic risks include structural risks that may prevent a company from reaching its short-, medium- or long-term goals. This category is assessed within the scope of corporate risk, industrial risks, economic risks, regulatory changes (both local and global), reputational risk, and sustainability risk.

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.

Under Sabancı Holding's Enterprise Risk Management System, sustainability risks (evaluated as part of the Holding's strategic risks and having a transversal impact across other risk groups) are defined as the risk of non-compliance with sustainability policies, regulations and international sustainability standards, transition risk arising from investments to align with requirements of a lower-carbon economy, and physical risks such as financial losses caused by extreme weather events. These risks and the concomitant opportunities arising from them are addressed by the Holding's Sustainability Roadmap. Sustainability opportunities are integrated into Sabancı Holding's strategic direction.

Operational Risks

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events such as natural disasters. The Audit Department conducts regular checks of company processes and systems to determine and eliminate these risks. The Information Technology Department manages technology risks – damage to information systems, cyberattacks, deterioration of data security, data leaks and failure to ensure business continuity – through preventive actions, regular tests and back up plans. Cyber risk insurance is also used by Sabancı Group to ensure an effective level of cyber security and mitigate technology risks.

The Human Resources Department monitors and manages occupational health and safety risks. In 2022, Sabancı Group launched a large-scale crisis management and business continuity initiative in order for the Group to assess the readiness of its internal processes and improve them if necessary.

Compliance Risks

Legal regulations can directly and significantly affect a company's field of activity, ways of doing business, business model, business portfolio, strategic goals and operating results. Compliance risk occurs when a company faces substantial fines, operational restrictions or disruptions of business operations. Ensuring compliance with all applicable laws, rules and regulations is one of the primary responsibilities of Sabancı Holding. Within the Holding, the Legal and Compliance team is responsible for conducting effective compliance risk analyzes in relation to competition law, sanctions and export controls, third party due diligence and data privacy. Risk Management team monitors the compliance risks in a broader sense. Please read our Compliance page for further explanations.

Compliance

As one of Türkiye's leading conglomerates, Sabancı Group is committed to upholding high standards of integrity.

Our standards apply to all Group companies and require to act lawfully, ethically, and in the best interests of Sabancı Group wherever our business operate.

In 2022, Sabancı Group improved and strengthened its compliance program. The Group issued policies on competition, sanctions and export controls, third-parties, and data privacy by consolidating efforts among all strategic business units to facilitate working together and sharing knowledge.

Competition and anti-trust

As a Group, we ensure that our companies compete fairly and ethically, in line with competition laws. Where Group companies are involved in mergers and acquisitions, the Group conducts a competition risk assessment and ensures mandatory filings are made before the transaction completes. Competition training and on-the-spot inspection efforts are planned in detail.

Sanctions and export controls

Sabancı Group companies operate in regions throughout the world. This expansive geographic footprint requires dedicated attention to complex trade sanctions and export control laws and regulations that prohibit the import, export or re-export of certain products and services to or from certain countries or parties.

The Sanctions and Export Control Policy is formulated to ensuring that our business is conducted in compliance with all applicable sanctions and export control regimes. Necessary internal controls are in place to minimise the risk of breaching sanctions and export controls.

Third parties

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

The Third-Party Due Diligence Policy is designed to assess third party risks, perform enhanced due diligence where appropriate and take measures and safeguards to mitigate risks. It requires all third parties to comply with laws and regulations as well as Sabancı Group standards.

Data privacy

It is essential for Sabancı Group to protect personal data, confidential information, and IT systems from unauthorized access, use or disclosure. The Data Protection Committee is committed to adopting and implementing industry best practices to keep pace with emerging developments, providing company-wide guidance and implementing security measures in collaboration with the cyber security team. Procedures were introduced to govern information security, cloud computing systems and personal data security breach. The Group launched the data loss prevention system and regularly provides privacy training to its employees.



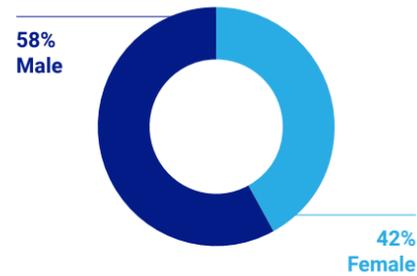
Human Capital

Sabancı Group provides employment opportunities to more than 60 thousand employees worldwide.

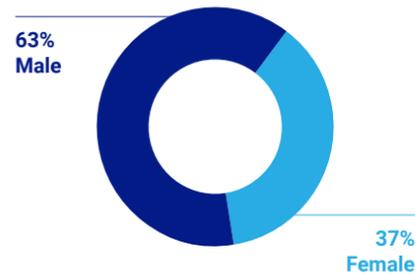
Introduction

As of December 2022, Sabancı Group provides employment opportunities to more than 60 thousand employees worldwide, including subcontractor employees.

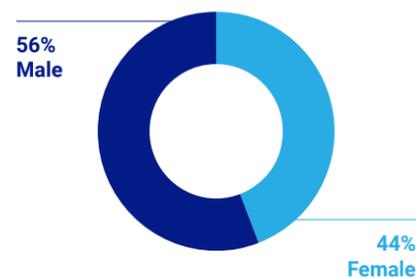
White Collar Employee Gender Breakdown



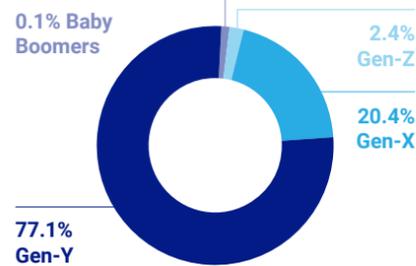
Manager Gender Breakdown



Board of Directors Gender Breakdown



Generational Distribution



Committed to becoming a global player, Sabancı Group is striding confidently towards the future with its diverse and highly capable human capital.

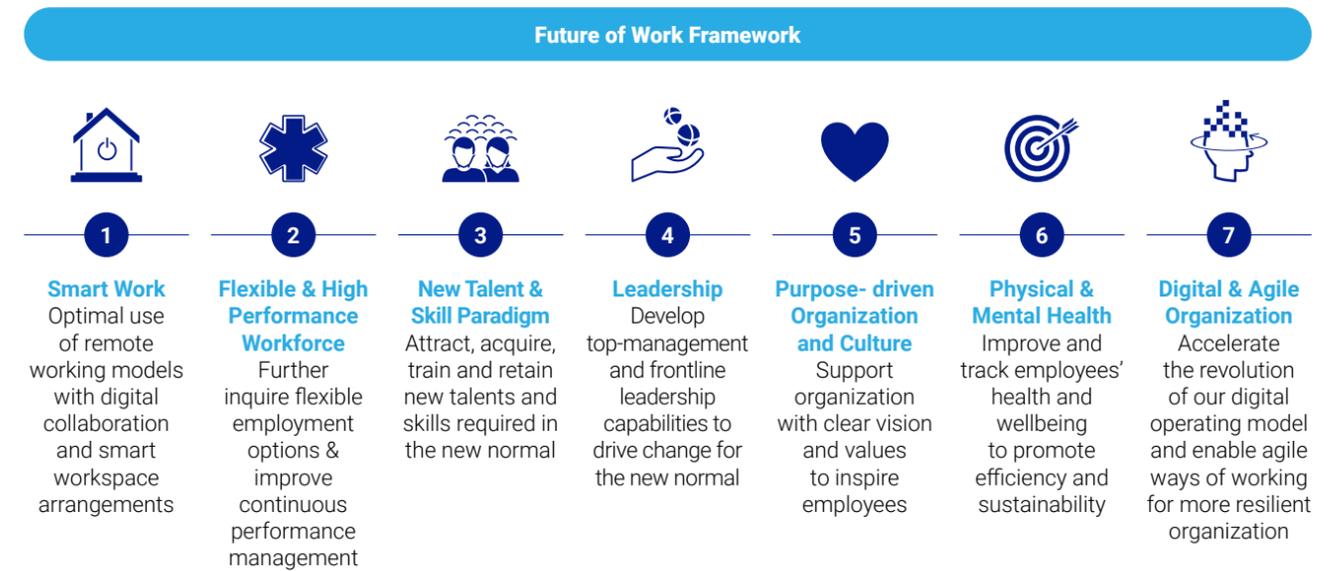
Human Capital Strategy

Sabancı Group designed its human capital strategy in line with the Sabancı Holding Strategy House and Sabancı of New Generation culture and values.

Sabancı Group's human capital strategy is centered around developing a global ecosystem that is:

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

Adapting to the Future of Work



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Strategic HR Initiatives are focused on below areas;



Human Capital

To fulfill its growth aspirations in digital area, which is highly talent competitive, Sabancı Group developed the Flexible Management of Digital Roles initiative in 2022.



Adapting to the Future of Work is one of the five strategic directions in Sabancı Group's strategic plan. The framework of the Future of Work consists of seven main dimensions, 34 sub-dimensions, aspirations, and roadmaps. In developing their individual roadmaps, each Group company has embedded Future of Work-related actions in their transformation agenda – including over 1,500 medium-term and long-term actions designed to meet sector needs, global best practices and trends. As of December 2022, 93% of these actions have been completed across the Group.

Smart Work

To fulfill its growth aspirations in IT, R&D, and other areas with high talent competition, Sabancı Group developed the Flexible Management of Digital Roles initiative in 2022. This effort aims to implement a flexible working model for digital roles to attract and retain the best talent and maximize the employee experience journey.

Many of the Group companies have renovated their office space to facilitate agile work, innovation, and collaboration in the workplace. Online tools like MS Teams, Zoom and Sabancı Social are used more frequently to maintain remote and onsite collaboration as well as employee motivation and productivity.

Flexible & High-Performance Workforce

Adopted by all Sabancı Group companies, the continuous performance management system (i.e., Objectives and Key Results (OKRs) and Key Performance Indicators (KPIs)) focuses on transparency; stays agile and flexible; supports cooperation; and is fed with open and continuous feedback dialogues. In 2022, 100% of Group employees were subject to a regular performance evaluation process.

Remuneration - 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	Sabancı Group provides a range of benefits, recognition, appreciation, and supportive practices to employees that are designed to reflect peer group and market practices.	
		Benefit & Allowances	Employer-Contributed Private Pension System 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, and operational plans, while considering the interests of key stakeholders.
		Fixed Salary	Base Salary		Base salary is defined by the size, scope and complexity of the role, level of responsibility, professional experience and is reviewed annually.

Sabancı Group provides competitive total remuneration opportunities to attract, retain, motivate, and reward employees. All Sabancı Group companies offer separate side benefit schemes with varying content and flexibility based on role status and requirements in line with employee expectations and needs. Gender equality is also a key criterion in Sabancı Group's remuneration model.

Sabancı Group does not tolerate a raw pay gap between male and female employees. Sabancı Group is committed to carrying out an annual equal pay for equal work research study with a raw gender pay gap analysis to maintain equality going forward.

In 2022, Sabancı Group executed an interim salary increase in line with macroeconomic data and market conditions to ensure competitive employee welfare.

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

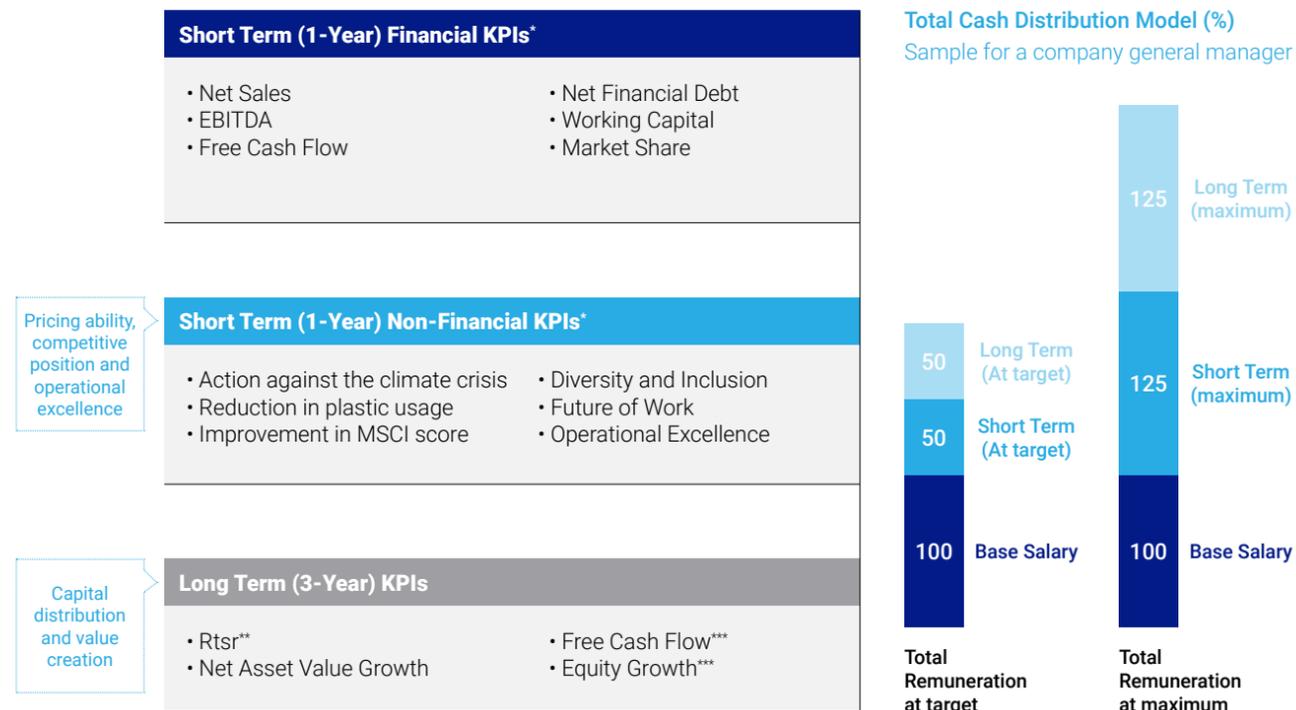
Short-term incentives enable employees to focus their performance on achieving key financial and non-financial objectives.

Long-term incentives are offered to a defined group of senior executive positions to boost share value and help them gain a shareholder perspective as well as to reward long-term performance and stability. Long Term KPIs for the senior management team are reviewed and defined each year by the Board of Directors.

Human Capital

In 2022, Sabancı Group started the Strategic Workforce Planning (SWP) initiative. Under this effort, the Group aims to identify short- and long-term skill-based workforce needs, and to proactively plan the HR actions using advanced data analytics models. SWP was rolled out across the Group in three waves and was completed by the end of 2022.

2022 KPIs for variable remuneration follow below.



* Short Terms KPIs are not limited to the ones written on this page, some of them are shown as samples.
 ** Change in market capitalization compared to peers for the listed companies
 *** For non-listed companies

New Talent & Skill Paradigm

Employer Brand Management

Sabancı Global Ambassadors, a new talent acquisition program, was launched to help achieve the Group's global growth target. Top students at universities listed in the QS 500 in Europe and USA were selected as Sabancı Ambassadors of their own campuses. Representing Sabancı Group at career events and among their various networks, the student ambassadors aim to raise awareness on campus about Sabancı as an attractive employer.

Awards and Achievements

Sabancı Holding was ranked among the Forbes World's Best Employers list in 2022. In the "World's Most Attractive Employers 2022" survey conducted by Universum, the Group was named as a "Preferred Employer" among students in all categories. During the year, Sabancı Group won 28 awards at the Brandon Hall Group Human Capital Management Excellence Awards program. At the 2022 Stevie Awards, the Group was presented with 14 Gold, 24 Silver and 31 Bronze awards.

Sabancı Holding received a total of 9 gold awards in the "Future of Work" and "Human Resources" categories at the Brandon Hall; won the gold award in the "Company of the Year" and "Employer of the Year" categories at the Stevie awards and recognized as the number one ranked holding company worldwide. At the Best Business Awards, Sabancı Holding was also recognized in the following categories: "Best in Equality, Diversity and Inclusion," "Best Place to Work," and "Best Human Resource" awards.

Talent Acquisition

Sabancı Group maintained its position as an "Employer of Choice" in 2022. Aiming to hire the best talent both locally and globally, Sabancı Group is committed to delivering a great employee experience and fostering the "Sabancı people make a difference" philosophy.

The New Generation Career Experience Program offers third- and fourth-year university students the opportunity to work on projects and experience the Sabancı Group ecosystem for an eight-week period. A diverse group of 50 undergraduates from 5 countries, with 60% women, participated in the program in 2022. As of 2022, the New Generation Career Experience Program has about 200 alumni, 50% of whom are women.

The SEED Young Talent Program targets new graduates with 0-2 years of professional experience. This program aims to hire and develop new talent, particularly in Sabancı Group's strategic growth areas. A total of 10,000

applications were received for positions this year. Currently, SEED participants engage in a wide variety of roles and group-wide job rotations to accelerate their development through leadership and upskilling training.

In 2022, Sabancı Group started the Strategic Workforce Planning (SWP) initiative. Under this effort, the Group aims to identify short- and long-term skill-based workforce needs, and to proactively plan the HR actions using advanced data analytics models. SWP was rolled out across the Group in three waves and was completed by the end of 2022.

Upskilling & Reskilling

Reskilling and Upskilling are strategic priorities in Sabancı Group's Adaptation to the Future of Work model.

Group Level Programs	Upskilling & Reskilling Objective	Duration & 2022 Participants
IN-LEAD	Providing high-potential technical managers and engineers in Sabancı Group's industrial, building materials and energy companies with professional and leadership development.	1 year 22 graduates
X-TEND	Offering an interactive online academy for all employees and their families that focuses on gaining critical skills such as resilience and innovativeness.	6 months ~ 1,400 participants
NEXT	Supporting IN-LEAD, TP-X and X-POSURE graduates' development journeys with a series of immersion seminars delivered by industry leaders from Silicon Valley.	1½ months ~130 participants
Advanced Data Analytics Academy (ADAA)	Focusing on the digitalization dimension and supporting people with data science and translator technical expertise. The graduates will foster a data analytics perspective within their own companies.	8 months 48 graduates
X-LAB	Supporting the innovation dimension, two cohorts, including the Ideathon phase, have been finalized to date. Among the 10-cross company/functional teams who competed in the Ideathon phase, three teams were selected to advance to the Sabancı entrepreneurship platform Sabancı ARF.	4-6 months 250 graduates

In addition, Sabancı Group supported a total of 136 employees in their post graduate education in 2022.

Human Capital

Sabancı Global Ambassadors, a new talent acquisition program, was launched to help achieve the Group’s global growth target.

Leadership

Leadership Development Programs are regularly conducted to bolster the diverse leadership pipeline and to extend the Sabancı Leadership Model to all levels of the organization.

Group Level Programs	Leadership Objective	Duration & 2022 Participants
TP-X	Improving the leadership skills of individuals with high potential talent who are new in their business careers and new to the Group.	1 ½ years 21 graduates
X-POSURE	Improving the leadership potential of Sabancı Group mid-level managers.	1 ½ years 23 graduates
X-CELERATE	Supporting CXO and GM level leaders with an enriching, transformative, connected, inspiring, inclusive leadership style.	1 ½ years 22 participants
SATT Leadership Program	Aiming to accelerate the leadership development and transformation journey, the program includes global immersion site visits, sustainability sessions in collaboration with World Business Council for Sustainable Development (WBCSD) and innovation workshops.	26 participants General Managers and above leadership positions named to the Sabancı Transformation Team (SATT)

Leadership bench strength is a key success factor at Sabancı Group. Sustaining the business and growing the pipeline are achieved via organizational and groupwide people review meetings. These meetings ensure that leadership potential assessment, succession principles, pipeline fullness and organizational vitality are followed across the Group. In 2022, Sabancı Group identified positions that have immediate impact on operational success and business performance, namely key players in digitalization, innovation, and sustainability.

Purpose Driven Organization & Culture

Sabancı Group’s strategic plan and all business decisions are shared at the annual management meeting and quarterly CEO meetings. This year’s management meeting was held with the participation of about 700 people from Group companies around the world. In 2022, the Holding Executive Committee worked on Top Team Effectiveness initiatives to reinforce the higher purpose of the Group and strengthen their purpose-driven leadership styles.

Engagement, climate and leadership styles

Based on the Sabancı of New Generation vision, the Group aims to support continuous improvement and implement a feedback culture across the organization via regular climate and leadership style evaluation surveys.

“It’s Worth Running”

As part of the Sabancı Republic Day Campaign, the Group participated in the Istanbul Marathon with 2,000 employees – the largest number to join from a single company. Sabancı race participants adopted the slogan “It’s Worth Running” for charity and ranked third among companies that raised the most donations.

Golden Collar Awards

This year at the 13th Golden Collar Awards, 154 projects from across Sabancı Group companies competed. The best projects were recognized and rewarded in the following categories: “Digitalization and Continuous Improvement,” “Innovation,” “Customer Experience,” “Sustainability,” and “Sabancı of New Generation.”

The Declaration of Principles on Equality at Work has been adopted across the Group, where establishing and maintaining a fair working environment is a top priority.

Physical & Mental Health

In 2022, the Group’s employee assistance programs – including stress-management tools, mindfulness and resilience training programs, wellbeing applications, online dietician and psychological support, and coaching sessions – expanded in usage. The number of employees accessing the various assistance programs is regularly tracked. Any concerns or issues raised by staff program participants are addressed.

Digital Transformation & Agile Organization

Talentin is a high-tech talent platform designed and developed by Sabancı Group and SabancıDx. Talentin is an artificial intelligence driven skills database platform for employee career pathing and internal mobility. The AI algorithm was constructed according to the Group’s diversity and inclusion policies. All data features that may result in biased rankings were removed during the development process. Talentin effectively supports HR teams to reach the most suitable candidates among Group employees when a project role or job opportunity arises.

Initiatives such as X-TEAMS are designed to support the transformation of the corporate culture across Sabancı Group. Since its launch, X-TEAMS has carried out six cohorts with 40 teams consisting of 400 employees in total. To date, 40 projects have been submitted under the X-TEAMS effort.

Equal Opportunity & Diversity

Sabancı Group is committed to ensuring equal rights and opportunities to foster a positive and inclusive work environment and to contribute to the socio-economic development of every community where it operates. Any type of employee discrimination based on language, race, skin color, ethnicity, gender, political inclination, faith, religion, denomination, age, physical disability, or other similar characteristics is not tolerated at Sabancı Group. The Declaration of Principles on Equality at Work has been adopted across the Group. Establishing and maintaining a fair working environment for employees is a top priority at Sabancı Group companies in line with the Group sustainability strategy. Progress is tracked according to a clear five-pillar roadmap recognized by Bloomberg Gender Equality

Index consisting of: female leadership and talent pipeline, equal pay and gender pay equity, inclusive culture, anti-sexual harassment policies, and being a pro-women brand.

Labor Relations Management and Legal Compliance

Sabancı Group companies are regularly informed about risks that may arise related to issues on the agenda of industrial relations and labor law with data-based analyzes. Group companies are also instantly informed about developments in relevant issues and receive guidance on proactive measures related to these risks.

Sabancı Group respects the rights of its employees to join union organizations and participate in collective bargaining agreements. The Group takes an unbiased approach to the union selection and union organization processes of its employees. Currently, 86% of Sabancı Group blue-collar employees are affiliated with a union. Establishment of an effective cooperation and dialogue platform is underway to ensure improvement and continuance of labor peace with employee and employer unions.

As the leader of the TÜSİAD Employment and Social Security Working Group, Sabancı Group supports activities related to private sector labor legislation. The Group participates in TÜSAİD’s sub-working groups, opinion-making process on developments in Türkiye and the world regarding labor legislation and contributes to all relevant research studies.

Employee Health & Safety

Employee health and safety applications are carried out under relevant legal and regulatory requirements and standards at Sabancı Group. Trends and best practices are constantly monitored and adopted when deemed appropriate. Potential risks are analyzed and proactively acted upon as needed.

Sabancı Group aims to standardize and continuously improve employee health and safety practices via training and the sharing of information and experience. The Group extends this compliance and pursuit of excellence to its workforce and all stakeholders.

Sustainability

In 2022, Sabancı Group led the sectors in which it operates via the Group's sustainability approach, and became a game changer in terms of making sustainability a core element of the Group's growth strategy.

2022 ushered in a new era of complex sustainability concerns as environmental, social and security crises converged and intensified worldwide.

At Sabancı Group, such crises do not lead to compromise on the Group's sustainability roadmap. Instead, it sees sustainability as a way to make its businesses more resilient to future shocks.

In 2022, Sabancı Group led the sectors in which it operates via the Group's sustainability approach. This forward-looking approach enables better understanding of today's environmental, social and governance (ESG) related challenges and becoming a game changer in terms of making sustainability a core element of the Group's growth strategy. With the best practices it has implemented in ESG areas, Sabancı Holding has integrated sustainability into its business model across all sectors.

With core business lines of energy, industrials, and financial services, Sabancı Group aims to transform its existing investments to become more sustainable. Meanwhile, new generation growth platforms are identified in sustainable and high-tech business areas. Energy and climate technologies, material technologies and digital technologies – core elements of the 'new economy' – are central to the Group's growth strategy. By focusing on these key areas, Sabancı Group aims to ensure the highest level of contribution to the transition to a more sustainable economy. With this approach, the Group also maximizes the value it creates for all its stakeholders – including shareholders, investors, employees, and society as a whole.

Committed to doing business responsibly, Sabancı Group launched an organization-wide Responsible Investment Policy in 2022. This policy was formulated to guide the capital allocation decisions of Sabancı Group and to ensure the sustainability of the Group's value chain. The Responsible Investment Policy aims to set forth the basic principles for environmental, social, ethics, governance and human rights related issues in the investment portfolio of the Group, based on national and international standards and good practices.

The policy provides a framework to support the management of risks related to these issues, in addition to clearly defining prohibited investment sectors and activities for Group companies. The Responsible Investment Policy also demonstrates the Group's strong commitment to improve the Group's contribution to Sustainable Development Goals (SDG) and to boost the ESG performance across Sabancı Group's entire value chain.

Sabancı Holding's continuous improvement of its ESG framework boosted its performance in prestigious sustainability ratings and indices. In 2022, Sabancı Holding's ESG rating was upgraded from 'BBB' to 'A' by MSCI, one of the most widely used ESG rating firms for responsible investment worldwide. Sabancı Holding is also included in the BIST 25 Sustainability Index whose constituents are BIST-listed companies with the top corporate sustainability performance in Türkiye. Sabancı Holding maintained its performance on climate change and water-related actions and achieved a 'B' score in both CDP Climate Change and CDP Water programs, both standing for "Management Level."

In 2022, Sabancı Holding's ESG rating was upgraded from 'BBB' to 'A' by MSCI, one of the most widely used ESG rating firms for responsible investment worldwide.

Sabancı Holding received an 'A' rating, represents 'Excellent Performance,' among more than 50 companies in the "Investment Holdings" category in accordance with the Refinitiv ESG Assessment. In addition, Sabancı Holding has been assessed as "Low Risk" for the ESG risk metrics in the "Diversified Financials" category by Sustainalytics ESG Rating, which put us among the world's leading companies on ESG matters.

Beyond its own internal ESG-related efforts, Sabancı Holding participates in local and international sustainability platforms and initiatives that advocate for further change to environmental and social policy frameworks. As a result, Sabancı Holding is able to make an impactful contribution for the transition of the global economy and steer international standards.

Sabancı Group is a member of the United Nations Global Compact (UNGC), the World Business Council for Sustainable Development (WBCSD), the World Economic Forum (WEF), and the CNBC ESG Council. In addition, the Group supports local associations and committees to accelerate the transition of Türkiye's economy to a more sustainable model and enhance the resilience of society and economy to sustainability risks. For example, Sabancı Group has high level representation on various commissions and working groups in the Turkish Industry & Business Association (TÜSİAD), which plays a major role in Türkiye's economy.



Sustainability

Sabancı Group aims to integrate a responsible investment approach into its business operations while embracing a “do no significant harm” philosophy.

Sustainability Roadmap

Sabancı Group’s sustainability roadmap focuses on three main pillars: Acting on the Climate Emergency, Maximizing Positive Impact on People and Society, and Fostering Sustainable Business Models.

Acting on the Climate Emergency

Sabancı Group has identified actions to achieve Net Zero Emissions and Zero Waste by 2050 at the latest. Towards achieving these targets, the Group’s top priorities to minimize negative impacts of the climate emergency include focusing on environmental trends such as adopting circular economy practices and carrying out biodiversity efforts where required. Reaching Net Zero Emissions and Zero Waste by 2050 at latest are challenging but essential parts of the Group’s targets. This effort includes the Group’s Scope 1 and 2 emissions. Sabancı Group aims to include Scope 3 emissions to the extent that is feasible and practically possible. The Net Zero Emissions target includes reducing the Group’s ground emissions to the extent possible and then using credible offset methods such as nature-based solutions. All three of the Group’s industrial companies committed to the Science Based Targets initiative (SBTi) as of December 2022.

In parallel with enhancements to the ESG governance mechanisms across the Group’s businesses and a significant increase in non-financial disclosure, Sabancı Group companies announced their decarbonization roadmaps in 2022. Sabancı Group finalized the first phase of a Group-wide decarbonization initiative that helps to identify key improvement areas related to its Net Zero Emissions target and to address remaining gaps across all companies. As a result of this study, Sabancı Group boosted the number of its businesses that are SBTi aligned in 2022. The Group’s decarbonization journey and the outcomes of its efforts in this regard will be further elaborated in the Sabancı Holding 2022 Sustainability Report.

Maximizing Our Positive Impact on People and Society

This pillar refers to the key community investment programs that go hand in hand with Sabancı Group’s core strategy and business activities. The Group also commits to undertaking a strategic review of existing programs to ensure that all resources expended create the maximum possible impact. Sabancı Group embraces the idea of leaving no one behind. To this end, the Group aims to support all segments of society in an inclusive manner. Sabancı Group plans to assess the impact of its major community investment programs and remain above the threshold identified for social return on its investments.

Group companies have started measuring the Social Return on Investment (SROI) of their community investment programs. For further details, please visit the [Sabancı Holding 2021 Sustainability Report](#).

Fostering Sustainable Business Models

Under this pillar, Sabancı Group aims to integrate a responsible investment approach into its business operations while embracing a “do no significant harm” philosophy and developing innovative products, services, and solutions in line with its ambitious target. Sabancı Group plans to continuously improve its SDG-linked products and services in terms of number and their share of total net sales revenues. At present, nearly 51% of Sabancı Group’s R&D and innovation expenses are sustainability-linked. To boost the share of SDG-linked products and reduce waste and emissions, the Group aims to increase this ratio to more than 70% by 2025. In response to the EU’s focus on value chain due diligence, Sabancı Group’s Responsible Investment Policy was published with provisions about the due diligence process on human rights and environment.

In addition to these three pillars, Sabancı Group sees digitalization, technology, and innovation as accelerators to help reach its goals faster. Human Capital and Governance are the foundations of maintaining and further enhancing the Group’s performance.

Sabancı Group considers sustainability as a central theme in all its innovation and business development initiatives and an integral part of its core strategy. As a result, the Group is making new investments especially in climate technologies and digital technologies that create positive environmental and social impact.

Sabancı Group’s sustainability-related investment highlights of 2022 include:

- Commonwealth Fusion Systems, an initiative with high capability to implement **fusion technology**, and Quaise Energy, which develops **deep geothermal energy technologies**.
- The **first green hydrogen plant** of the Turkish industry.
- **Artificial intelligence-based disease management and telehealth service platform in digital health**.
- One of the **world’s leading startups**, Radiflow, in **cyber security** especially in operational technologies.
- 55 MW wind power plant in Akhisar and 65 MW wind power plant in Kayseri, Türkiye to reach 45% renewables share in the generation portfolio.
- A total of 1,000 MW of wind power plants covering the YEKA-2 tenders with a total investment of USD 1.2 billion under an agreement between Enerjisa Üretim and Enercon Group.
- Solar power plant investment with an installed capacity of 272 MW in Texas.
- Climate tech and renewable energy investments in the USA with Safar Partner VC investments.
- Investment in Toledo, a new generation thin-film solar panel manufacturer, with Kordsa.
- Acquisition of Arvento Mobile Systems to transform into a mobility solutions business, with Brisa.
- Solar power plant investments at Çimsa’s Afyon Cement Factory and Brisa’s Aksaray Factory.
- İklimsa end-to-end service and solar energy systems service.



Sabancı Volunteers Program

This year, the Sabancı Volunteers Program carried out meaningful projects and initiatives that have touched the lives of thousands of people across the country.

The Sabancı Republic Day Campaign celebrated the 99th anniversary of the Republic of Türkiye with great enthusiasm by all volunteers participating in this effort.

Sabancı Holding always emphasizes the significance of solidarity and unity when determining common priorities. Innovation and participation are actively encouraged while generating sustainable solutions to address various major social and environmental problems. In addition, Sabancı Holding believes that unleashing the tremendous potential of employee volunteering is a vital part 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 that benefit society. This year, the Sabancı Volunteers Program carried out meaningful projects and initiatives that have touched the lives of thousands of people across the country.

“Tomorrow Is Ours”

Sabancı Volunteers launched a major social responsibility initiative, “Tomorrow Is Ours,” to ensure a better future for the children or siblings of healthcare workers, the central heroes of the pandemic. This effort aims to prepare young people for every aspect of their adult lives, with the program providing them with the tools needed to achieve their career goals. 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. To address this issue, Sabancı Holding decided to support these deserving youth, who represent the future of healthcare, by bringing this ambitious initiative to life.

The Tomorrow Is Ours effort was founded on two parallel pillars of critical support: a Mentoring Program and a Career Development Program.

Between 2021 and 2022, a total of 1,000 Sabancı Volunteers mentored 1,300 young people from 65 cities as part of the Tomorrow Is Ours initiative.



Sabancı Republic Day Campaign

Sabancı Group’s highest priority since the day it was founded is keeping the values of the Republic of Türkiye alive. After the devastating forest fires and floods in Türkiye in 2021, the Group initiated the Sabancı Republic Day Campaign. The mission of this effort is to support restoration and healing in the aftermath of environmental disasters while also serving as a pioneer and example for sustainable living. The campaign aims to ensure a better future for the new generations as well as the environment and for all living things, while honoring the legacy of Mustafa Kemal Atatürk.

2022

This year in its second installment, the Sabancı Republic Day Campaign celebrated the 99th anniversary of the Republic of Türkiye with great enthusiasm by all volunteers participating in this effort.

In 2022, the campaign was Türkiye’s highest attended social responsibility initiative.

The Sabancı Republic Day Campaign was carried out around four themes this year: “Preparing Youth for the Future,” “Women’s Participation in the Workforce,” “Preventive Response against Climate Emergencies,” and “Supporting Biodiversity.”

A total of 32 social responsibility projects and 242 events were implemented by all 16 companies and institutions of Sabancı Group under the campaign that spanned 48 cities across Türkiye.

All the efforts carried out as part of the Sabancı Republic Day Campaign were dedicated to the Great Leader Mustafa Kemal Atatürk on November 10, as in the previous year. Atatürk and his memory were kept alive by these exceptional volunteers working hard for Türkiye and its people.

Sabancı Volunteers Program

In 2022, Sabancı Volunteers received numerous major awards from the most reputable Turkish and international organizations in recognition of their work and impact.

Türkiye's Highest Attended Social Responsibility Initiative Sabancı Republic Day Campaign

2021	2022
7,000 volunteers	15,000 volunteers
11 cities	48 cities
28 events	242 events
15 days	All year
15 companies and institutions	16 companies and institutions
35,000 hours by volunteers (equivalent to 4 years of person-days)	81,500 hours by volunteers (equivalent to 9 years of person-days)
	41 NGOs (TOG, Darüşşafaka, TEGV, Teknolojide Kadın (Women in Technology), Bilim Virüsü, TOBB, Habitat, Çevko, et al.)

2022 Sabancı Republic Day Campaign Results by Theme Breakdown

Preparing Youth for the Future:

- Digital and sustainability training provided to 12 thousand young people.
- Schools renovated and classrooms established so Türkiye's children can receive an education in better conditions.

Women's Participation in the Workforce:

- Technology training provided to 1,400 women.
- Gender equality awareness raised among 4,200 young persons.

Preventive Response against Climate Emergencies:

- Measures taken to restore 75 thousand hectares of forest area.
- Artificial intelligence-based early fire detection systems established 40 Kozalak forest fire early detection systems covering a 5,000-hectare area.

- Eight fire pools constructed, each with a 600-ton capacity, to facilitate rapid response to fires: one in Adana, three in Antalya, three in Muğla, one in Çanakkale, covering a 70-thousand-hectare area.
- A total of 208 thousand saplings planted.
- Eight tons of waste collected.



In 2022, a total of 208 thousand saplings planted.

Supporting Biodiversity:

- Honey forests enriched, with 2,500 hive stands set up.
- Natural habitats established for some 300 million wildlife and creatures.
- Ten tons of fruit and vegetable products left in the fields delivered to those in need during food rescue harvests.
- Permaculture gardens established.
- Raised awareness of biodiversity among 1,350 persons.

"Running for Good"

This year, 2,000 Sabancı Volunteers participated in the İstanbul Marathon, the largest single group to run in the intercontinental race. Sabancı Volunteers ranked in the top three in the amount of donations collected for charity.

Sabancı Volunteers' collected funds were donated to 23 NGOs and touched the lives of about 2,200 people in Türkiye.

Domestic and International Awards

In 2022, Sabancı Volunteers received numerous major awards from the most reputable Turkish and international organizations in recognition of their work and impact.

Sabancı Holding won the Bronze award in the "Social Solidarity Projects" category for its Tomorrow Is Ours initiative at the Brandverse Awards.

Sabancı Volunteers Program

In 2022, Sabancı Holding won the Bronze award in the “Purpose Driven Marketing” category at MMA Smarties 2022.

Sabancı Holding was presented with a prestigious global award in the “Excellence in Corporate Social Responsibility” category at the 2022 Communitas Awards for its Sabancı Republic Day Campaign.

The Brandverse Awards recognizes excellence in marketing and communications and is organized by Marketing Türkiye and BoomSonar.

Sabancı Volunteers won the Most Successful Volunteer Project award at the 14th Awards from the Heart in recognition of the Group’s Tomorrow Is Ours initiative. The Awards from the Heart competition is organized by the Private Sector Volunteers Association (ÖSGD). These coveted awards are among the most sought-after in the volunteer field. The competition has been held since 2007 to support and extend volunteering activities in the private sector and recognize volunteer groups that provide noteworthy contributions to society.

This year, Sabancı Holding received the Special Jury Award for its Sabancı Republic Day Campaign at the Golden Compass Türkiye Public Relations Awards – the first public relations sector award program in Türkiye.

Sabancı Holding was presented with a prestigious global award in the “Excellence in Corporate Social Responsibility” category at the 2022 Communitas Awards for its Sabancı Republic Day Campaign. In addition, Sabancı Holding won the Bronze award in the “Purpose Driven Marketing” category at MMA Smarties 2022.



Innovation & Sabancı Holding

At Sabancı Holding, the innovation and transformation process is seen as a funnel that includes Discovery, Ideation, Incubation & Commercialization, and Scale-Up.

At Sabancı Holding, the innovation and transformation process is seen as a funnel that includes Discovery, Ideation, Incubation & Commercialization, and Scale-Up, respectively. These elements are positioned to foster growth and innovation across the Group companies. The innovation and transformation funnel is based on four key stages: X-Lab, X-Teams, the accelerator program Sabancı ARF Almost Ready to Fly, and Sabancı Ventures.

X-Lab focuses on establishing an innovative perspective by using design thinking, lean start-up and other innovation-based methods within Sabancı Group companies. Over the past two years, X-Lab has yielded 500 graduates, 10 Ideathon projects and three commercialization projects.

X-Teams verifies the problem area, evaluates scalability, searches and analyzes suitable solution areas/new technologies in order to assess Sabancı Group's competencies within this framework and to develop a roadmap forward. In the last two-year period, X-Teams has generated 150 ideas with 13 different companies, resulting in 40 projects, 75% MVP and a 23% commercialization rate.

Sabancı ARF Almost Ready to Fly is the Group's early-stage acceleration program. This 20-week program includes seed funding at the outset and a potential follow-on investment on demo day, mentorship, networking and collaboration opportunities with Group companies. Sabancı ARF Almost Ready to Fly is designed for selected start-ups (open to both Group companies and external start-ups by application) to help them scale up quickly. The first cohort of this program launched in September 2022 with 14 accepted start-ups.

Sabancı Ventures is the corporate venture capital arm of the Group. As a corporate VC fund, Sabancı Ventures invests in commercialized post-revenue scale-ups and seeks out solid synergies and value creation opportunities for both its investment targets and Sabancı Group companies.

Sabancı Ventures actively evaluates opportunities with innovative business models and/or cutting-edge technologies in burgeoning areas such as internet of things (IoT), artificial intelligence (AI) and big data, climatetech, insurtech, healthtech, fintech, mobility, advanced materials and cloudtech. To date, Sabancı Group has made corporate venture capital investments in 10 companies and deployed up to USD 12 million in three countries. Seven of these companies received investments from Sabancı Ventures in 2022.



Innovation & Corporate Venture Capital



- 2 years, 500 alumni, 10 Ideathon projects, 3 Commercialization



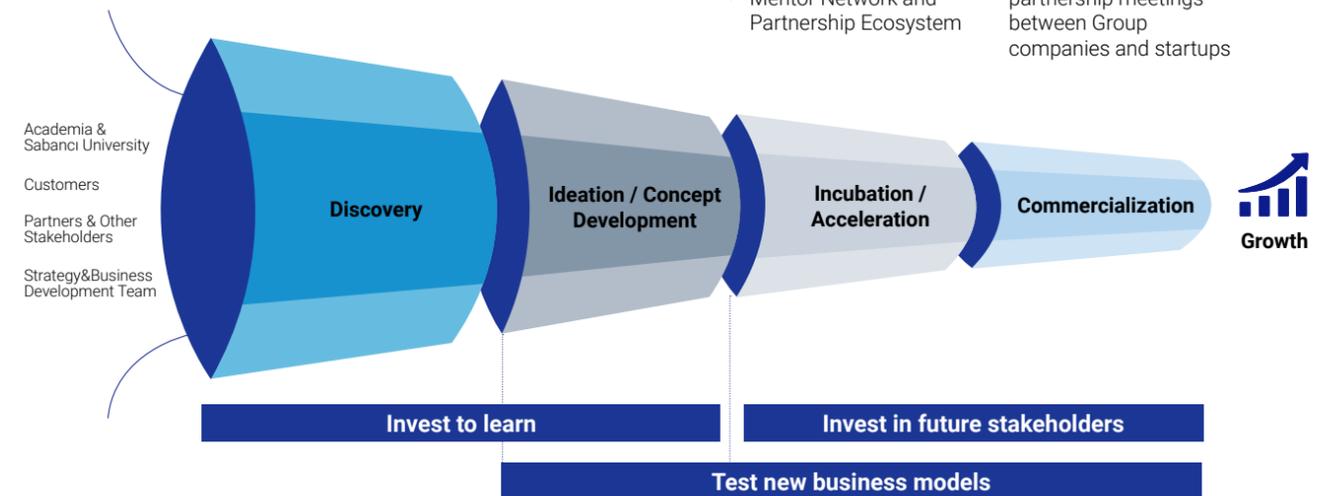
- 150 ideas in 2 years
- 13 different Company participants, 40 projects, 75% MVP, 23% commercialization



- Launched in Sep'22, 20 weeks accelerator program, 14 startups, 150K\$, Pre-Seed / Seed Funding
- Mentor Network and Partnership Ecosystem



- Investments in 7 companies (5 in 2022) and deployed ~\$10m in 3 countries
- Led 20+ commercial partnership meetings between Group companies and startups



Banking

Akbank develops new product ideas and investment models to bolster its presence in the startup ecosystem.

Akbank
Number of Active
Customers
10.8 million

Akbank
Return on Equity
54.7%

Banking

Sabancı Group's banking institution, Akbank, gained momentum in customer acquisition with a net active customer increase of 2.3 million year-on-year.

Financial and Operational KPIs

Sabancı Group's banking institution, Akbank, achieved superior results in 2022 and even exceeded its mid-year upward revised guidance. Some highlights of the year include:

- Reached an outstanding 6.2% RoA and 54.7% RoE with 7.5x leverage
- Reported robust revenue generation driven by increased customer business and diversified product offerings
- Gained momentum in customer acquisition with a net active customer increase of 2.3 million year-on-year
- Acquired about 40% of new to bank customers via digital onboarding (DoB)
- Further strengthened solid capital ratios, creating significant competitive advantage for sustainable profitability: 20.8% CAR ⁽¹⁾ and 17.7% Tier 1 ⁽¹⁾
- Recorded TL 757 billion in lending to Türkiye's economy
- Conducted prudent ALM with a focus on maturity mismatch
- Ended the year with remarkably low 19.0% CIR ⁽²⁾ thanks to strong revenue growth

(1) Without forbearances: Fixing month-to-month losses of securities and FX rate for RWA calculation to year-end 2021 FX rate
(2) CIR calculation excludes FX gain from hedge position related to stage 1 and 2 provisions

Protect and Grow the Core

The Group's banking institution, Akbank, executes a bifocal strategy of "Run the Bank" and "Crafting the Future" to identify key priorities. Growing and protecting the core business is aligned with "Run the Bank" activities.

Akbank focuses on conducting superior customer acquisition, deepening customer relations as well as bolstering customer retention efforts. Further enhancing these capabilities are central to running and growing Akbank's core business.

Effective risk management is a critical component of growing and protecting the bank's core operations. With a strong focus on risk management across all its business areas, Sabancı Group's banking institution continuously improves its risk management capabilities with digital and artificial-intelligence (AI) based solutions.

Another key component of growing the core is continuously developing the bank's digital infrastructure and improving operational efficiency. In 2022, Akbank recorded about 9 million active digital customers. Digital customer penetration reached all-time high in fourth quarter. Mobile customers conducting financial transactions have increased by 14 percentage points since year-end 2020.

Sabancı Group's banking institution operates a robust digital infrastructure supported by future of work capabilities. The digital realm is where Akbank prepares its path for the future.

Sales and service model design is another key driver in growing the core business at the Group's banking institution. Akbank's efforts in this area aim to further improve customer touchpoints along different customer journeys covering both the SME & Consumer business lines. By using sales and service design strategically, Akbank delivers a strong omnichannel customer experience combining web/mobile channels, a re-designed branch layout, and the call center. The objective is to provide banking services to customers whenever and wherever they need with a laser-focused attention to quality and efficiency.



Akbank plans to further invest in its people, processes and technology to continuously strengthen its open banking capabilities.

Invest in New Growth Platforms

To achieve its objectives in "Crafting the Future," Sabancı Group's banking institution has identified the following strategic priority areas.

Engaging in Open Banking

Fundamental shifts in business, technology and the regulatory landscape will enable open banking to become mainstream in the near future. As one of the first banks to establish an organizational structure to focus on this burgeoning area, Akbank plans to further invest in its people, processes and technology to continuously strengthen its open banking capabilities.

Developing and Participating in Ecosystems

In crafting its future, Sabancı Group's banking institution also aims to focus on developing and participating in ecosystems. As ecosystem structures grow and evolve, providing customers with holistic solutions in key areas such as mobility, healthcare, financial health, supply chain and internet-of-things (IoT) ecosystems will be critical in responding to ever-changing customer needs. These new structures will also enable the bank to tap into the unbanked and underbanked population, supporting financial inclusion, which is a priority for the bank's sustainability objectives.

Banking

To consolidate its footprint in the startup ecosystem, Akbank aims to develop new product ideas, identify and develop new investment models, and further upskill its talent base.

Actively Participating in the Startup Ecosystem

Becoming a pivotal player in the startup ecosystem is another key area of Akbank's "Crafting the Future" strategy. This approach will enable the Group's banking institution, to further develop its digital and analytics capabilities while also paving the way for new business models in the banking-as-a-platform space. To consolidate its footprint in the startup ecosystem, Akbank aims to develop new product ideas, identify and develop new investment models, and improve its talent base. In 2022, "Akbank+" was launched as a major initiative to achieve these objectives. "Akbank+" is designed to establish a corporate entrepreneurship culture at the bank and support employees in building startups with their innovative ideas.

The Way Forward

Digital and Advanced Analytics

Looking ahead, Sabancı Group's banking institution aims to achieve excellence in digital and advanced analytics, the backbone of many other capabilities and business initiatives. The bank plans to focus its investments on artificial intelligence (AI) and its applications in financial services, as these technologies become more commercialized in terms of their application.

Future of Work

Another important tenet of executing the Crafting the Future strategy is investing in the future of work. As the banking industry changes, talent requirements and the work format of the industry is also changing. To keep pace with these immense undercurrents, Akbank aims to focus on defining the future workforce and talent requirements and re-calibrating its workforce and work-method structures accordingly. Human capital is an indispensable part of the banking business. As a result, identifying and developing the right skillsets is vital to ensuring a sustainable competitive advantage.

Sustainability

Sabancı Group's banking institution invests in the future with the mindset of reducing its environmental footprint while increasing its positive impact. The bank's sustainability targets include extending TL 200 billion in sustainable loans by 2030, raising sustainable investment funds to TL 15 billion by 2030, and becoming a net-zero bank by eliminating operational and financed emissions by 2050. To reach these ambitious goals, Akbank is embarking on a comprehensive program in 2023 to achieve net-zero commitments in its operations and bank-only loan portfolio. This monumental task ahead and its results are expected to become a key milestone on Akbank's sustainability journey. In addition, this effort will open the way for Sabancı Group's banking institution to become the primary bank of choice for the transition to a low-carbon economy.



Financial Services

With Aksigorta and
Agesa, Sabancı Group
acts as a single insurance
company on multiple
channels.

Aksigorta
Number of Customers
3.9 million

Agesa
PPS Fund Size
TL 72.8 billion

Financial Services

Sabancı Holding financial services companies support their robust distribution channels with innovative customer centric products designed for unmet needs in the market.

In 2022, Sabancı Holding strengthened its successful cooperation with Ageas Group by establishing a new health insurance entity – Sabancı Ageas Health Insurance – under Aksigorta. This new company will act as a health competence center serving Sabancı Holding's financial services companies, Ageas and Aksigorta, which are already working in strategic alignment. Sabancı Ageas Health Insurance will focus on leveraging all distribution channels with a unified customer centric approach and joint working models to transfer experience and create efficiency.

Ageas, Sabancı Holding's pension and life business, exited fiscal year 2022 as the leader of both the pension and life sectors thanks to its sophisticated customer experience supported by a focused sales team. The company maintained its leadership in assets under management (AUM) in the pension market with TL 75.6 billion AUM. In addition, Ageas became the highest premium-generating private insurance provider in the total life and personal accident market. In 2022, the company's total life and personal accident premium production jumped by 84% year-on-year to TL 3.7 billion with an 11.6% market share.

In addition to its market share leadership, Ageas remains an industry pioneer by offering the most innovative products and making a difference with its exceptional services and customer experience. As a result, Ageas's IFRS net profit doubled compared to the prior year, climbed to TL 1.1 billion in 2022.

Aksigorta, Sabancı Holding's non-life insurance provider, retained its strong fifth place market position in 2022. During the year, the company posted gross written premiums (GWP) of TL 13.6 billion – up a record high 94% year-on-year. Effectively using multi-asset management to achieve the best performance, Aksigorta reported TL 7.6 billion TL AUM at end-December 2022.

Protect and Grow the Core

With the aim of protecting and growing the core business, Sabancı Holding financial services companies focus on extending their coverage and growing while boosting efficiency in their current distribution channels across the country.

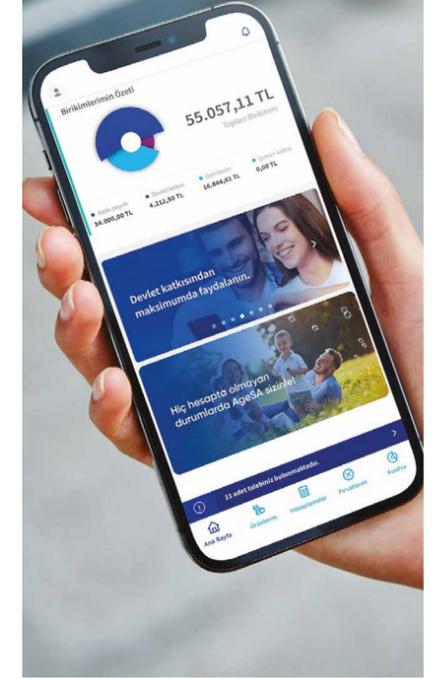
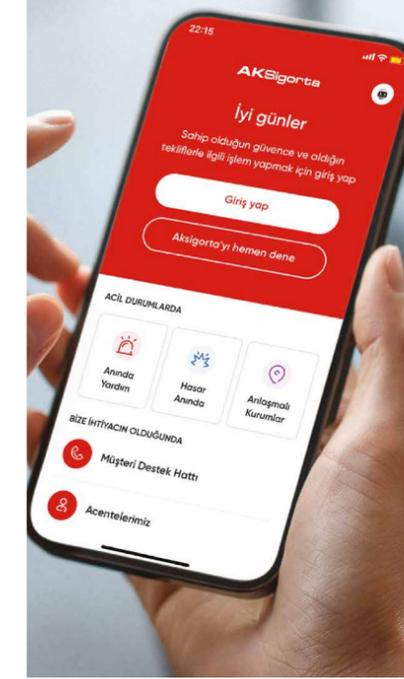
The companies serve 6+ million customers through an extensive distribution network comprised of a bank assurance network established with Akbank, the industry's largest direct sales team, agencies, brokers and digital channels.

While providing all inclusive support to its affiliated agencies, Sabancı Holding financial services companies expanded their agency distribution network substantially, recording over 50% growth in five years. Today, Sabancı Holding financial services companies have nearly 4,000 affiliated agencies – about 20% of the total agency network in Türkiye in 2022.

In the life and pension business, Ageas focused on expanding its direct sales channel this year. Boasting the most experienced sales team in the industry, the company ramped up its direct sales force from 365 agents in 2019 to 600 in 2022 to bring life and pension insurance solutions to more people.

Addressing the savings and investment needs of individuals, Ageas offers a wide range of diversified funds and fund consultancy services within its private and group pension plans.

Sabancı Holding financial services companies continuously add new digital capabilities to improve customer and stakeholder experience and facilitate the lives of their customers and stakeholders.



To enrich savings alternatives and expand the market, the company developed an innovative savings product "Hayata Yatırım Sigortası" which accelerated new policy production in the savings market.

In the non-life business, Aksigorta stepped up its new product development efforts in 2022. New offerings introduced included complementary health coverage, critical illness and surgical cash at Akbank, electric mini vehicle casco, 4x4 business package, pet health insurance, and eco casco.

In the life and pension business, Ageas continuously invests in digitization and analytics to deepen existing customer relationships and grow the customer base. In addition to new processes on the online sales platform, biometric signature and automated fund management advisory services, Ageas Mobile offers diversified value-added customer services. The popular application proved its success by winning international awards for its excellence and garnering high customer satisfaction scores.

In the non-life business, Aksigorta Mobile was launched in the last quarter of 2021 to serve as a single digital contact point for customers' comprehensive risk management needs. To date, about 350,000 persons have downloaded the app with some 70,000 active users every month. The Aksigorta Mobile app has a solid application store rating of 4.0. Besides its insurance policy management features, the app includes other value-added functionality such as virtual risk assistant. A marketplace is planned for launch in the coming months.

In 2022, Sabancı Holding financial services companies entered a new collaboration with BlindLook to launch a voice guidance feature for disabled users in their digital channels. With this feature, the companies are able to offer their customers an inclusive and barrier-free digital insurance experience.

Financial Services

Data and analytics are at the core of everything Sabancı Holding does. Decision-making in key insurance processes is driven by analytical insights.

In the non-life business, Aksigorta utilizes analytics to develop advanced pricing algorithms such as GLM. AI-based pricing models effectively assess risks via smart scoring applications by incorporating various risks from multiple data sources into a single score. This approach improves technical margins and automates underwriting processes while facilitating active sales management across a wide agency network.

Aksigorta Digital Assistant (ADA) facilitates nearly 4 million transactions each year across 150 different processes, both customer-facing such as price quotations and chat bot, and back-end operations like claims process automation. Thanks to ADA, Aksigorta outperforms the market in terms of efficiency. In Q2 2022, the company reported G&A (General and administrative expenses) / GWP of 3.6% vs a market average of 5.9%. This year, ADA started serving Akbank Relationship Managers for their insurance related inquiries. Digital mirror technology provided by ADA also facilitates the monitoring of core business processes on virtual platforms, resulting in digitized and rapid automated processing of key tasks.

In the life and pension business, data and analytics are effectively used for designing customer management models that recommend the most appropriate products and services for an individual's needs with personalized communications. Based on customer segmentation, Agesa builds smart models to boost value for both customers and the company via AI and advanced analytics solutions.

Invest in New Growth Platforms

In line with its strategy to grow in new platforms, Sabancı Group established a new health insurance firm in August 2022 under Aksigorta. This new entity was founded to serve as a health competence center for the Group's financial services companies and expand the insurance business towards a holistic healthcare ecosystem.

Digital bank assurance is gaining importance with more customers preferring digital channels for their banking transactions. In response to this growing trend, Sabancı Holding financial services companies ramped up their digitalization efforts and penetration in Akbank's sales channels.

Product offerings on Akbank Mobile were enhanced with card protection and password protection features. Customer experience was improved and the Insurance Menu was introduced on the app.

With convenient end-to-end-digital processes, customers can obtain credit life insurance seamlessly while applying for a loan product from Akbank Mobile or Akbank Customer Contact Center. In addition, customers can finalize their pension policy applications via Akbank Mobile.

The non-life business closely cooperated with third-party digital platforms, especially in the payment services, telco and e-commerce sectors. In 2022, Aksigorta initiated a new partnership with leading automobile brand where EV casco is offered, in line with Sabancı Group's sustainability strategy, in addition to ongoing partnerships with leading companies in their sector



The Way Forward

Sabancı Holding financial services companies aim to maintain their strong presence in all current business lines while further expanding the life and non-life insurance business to new growth platforms.

To this end, Agesa plans to enrich its product range and services with innovative, customer-oriented solutions. Meanwhile, Aksigorta will focus on sustaining its profitable growth with a balanced portfolio and strengthened balance sheet as well as with a best-in-class customer and stakeholder experience.

Digitalization and advanced technology are having a major impact on the insurance business. As a result, Sabancı Group financial services companies plan to invest further in new and transformative technologies.

To respond to the shift of banking to mobile, the Group's financial services companies' strategic priorities include digitizing bank assurance, penetrating bank customers via digital channels and capitalizing on advanced analytics.

In addition to growing the core business, Sabancı Group financial services companies aim to pursue new business model opportunities arising from emerging business dynamics. Today, customers increasingly expect businesses to create experiences on platforms they use, such as bank, fintech and e-commerce sites. As a result, embedded insurance is another focus area for Sabancı Holding's financial services companies in the coming years.

Health insurance synergies & providing new solutions

Greater awareness of health and wellbeing, an ageing society and higher healthcare expenditures are key growth drivers in the sprawling health ecosystem. Sabancı Group's main objective is to develop a new healthcare business focused on health insurance and adjacent opportunities in the broader health ecosystem. Rather than simply providing financial support for health needs via insurance, Sabancı Group financial services companies aim to develop a 360° approach to health and wellbeing, with both physical and digital products and services that facilitate faster, better and more personalized healthcare solutions.

Energy

In 2022, Sabancı Group energy companies recorded a strong financial and operational performance.

Energy Business Unit's
Net Income* Growth

154%

*Excludes one-offs

Towards

57%

Renewables in Türkiye
through New
Investments

Energy

In Türkiye, Sabancı Group operates in every aspect of the electricity value chain open to the private sector – from electricity generation to trade, distribution, and retail.

2022 marked a milestone for Sabancı Group's energy business unit by investing in climate technologies with an expansion to the United States. Sabancı Climate Technologies, a wholly owned subsidiary of Sabancı Holding, was founded in 2022 to undertake renewable energy investments and strategic investments in various venture capital funds and startups, primarily in the US and Europe. This new entity paves the way to leverage Sabancı Group's core competencies in the energy business, and access early-stage climate technologies to shape the Group's future portfolio.

In 2022, Sabancı Group energy companies recorded a strong financial and operational performance despite challenging market conditions. The energy business unit was once again the main contributor to the Group's non-bank growth, recording 199% revenue growth and 154% Net Income* growth year-on-year. The Group's energy segment further reduced its debt ratio this reporting year. In addition to distribution network investments, customer-oriented solutions – such as solar power plants for customer facilities and electric vehicle charging stations – expanded rapidly. In 2022, the generation business in Türkiye primarily drove the Group's energy segment growth. Sabancı Group's energy business also benefited from its balanced generation portfolio and the efficiency of its generation fleet along with exceptional operational excellence, and sector know-how.

* Excluding one-offs

Protect and Grow the Core

Sabancı Group energy companies operating in Türkiye are striding into the future by maintaining their strong market presence. Türkiye has favorable demographic characteristics: a young population, rapidly increasing urbanization, and low but rapidly growing electricity consumption per capita compared to Europe. In Türkiye, Sabancı Group operates in every aspect of the electricity value chain open to the private sector – from electricity generation to trade, distribution, and retail. The Group's energy business unit delivers electricity to about 22 million consumers – leading the country's electricity distribution and retail markets – and has a generation portfolio of 3,727 MW structured by five different technologies. Sabancı Group's portfolio management strategy in the generation business is designed to maximize economic value created by installed capacity. A technologically diversified energy generation portfolio that outperforms the sector enables the Group to take advantage of all opportunities in the market while effectively mitigating risks.

In line with its sustainability-focused growth strategy in the energy business, new renewable energy investments were a key item on Sabancı Group's agenda in 2022. The Group's generation company acquired a total of 500 MW in two licenses for Muğla and Balıkesir in the Renewable Energy Resource Zone (YEKA) declared by the Ministry of Energy, in addition to its existing 500 MW YEKA licenses for Çanakkale and Aydın. With turbine purchase agreements for 1,000 MW wind capacity in the Aegean region, the company initiated one of the most significant renewable energy investments undertaken in Türkiye, and Europe-wide, this year.

In 2022, Enerjisa Üretim also completed a 65 MW wind power plant project in Kayseri and acquired an operational wind power plant with an installed capacity of 55 MW in Manisa. These two investments boosted the company's wind energy portfolio to a total installed capacity of 332 MW and five wind power plants. The share of renewable energy in the portfolio reached 45%. Once the above-mentioned investments are completed, Enerjisa Üretim will solidify its position as the leading electricity generator in the Turkish private sector by reaching an installed capacity of about 4.7 GW with a share of 57% renewables.

Additionally, Enerjisa Üretim integrates hybrid solar power capacity into its existing power plants. 41 MW of the planned investment capacity - 150 MW - was completed, and the remaining portion will be in operation sequentially during 2023 & 2024.

Energy trade is another business line of Sabancı Group's generation company, which has engaged in energy and related commodities trading for over a decade. In 2022, carbon and green certificates were traded with counterparties from 20 countries in addition to electricity and gas, contributing to Enerjisa Üretim's strong financial performance while bolstering its market position. The Group's generation company has also expanded into new geographies by starting to trade in Greece, Bulgaria, Hungary, Serbia, and Germany.

The Group's electricity distribution and retail company maintained its key position in the fourth tariff period of 2021-2025, which support investments and encourages quality improvements in service levels and better corporate governance. Ongoing grid investments this year provided uninterrupted energy supply to customers and boosted network quality. In 2022, the company's distribution network CAPEX jumped 59% compared to the previous year, on a TL basis.

The Russia-Ukraine conflict and post-Covid era shaped the energy commodity markets this year, resulting in markedly higher electricity prices in Europe and Türkiye. Despite these and other challenges, the Group's energy retail business demonstrated operational earnings growth of 174% year-on-year in 2022. In addition, the company's electricity sales operations recorded a strong performance in fulfilling commitments to customers.

Invest in New Growth Platforms

Sabancı Group's generation company in Türkiye follows a 4-pillar approach while transforming the generation portfolio to meet the goal of net zero emissions by 2045:

- Committing to 100% zero carbon technologies in new power plant investments
- Transforming the existing portfolio into hybrid solar energy hubs in accordance with license limitations
- Using nature based solutions and offsetting technologies
- Adopting a green hydrogen strategy

A collaboration protocol on green hydrogen production was signed with leading counterparties such as TÜBİTAK MAM, Aspişan, Etimaden, and GMKA. Enerjisa Üretim realized the first green hydrogen production in Türkiye by the private sector. Green hydrogen produced at Bandırma Energy Base has started to be used in generator cooling. This pilot study was a critical step for Sabancı Group to boost its capabilities for further possible actions on green hydrogen.

In the energy business, Sabancı Group's sustainability-focused growth strategy also encompasses its customers. Providing customers with sustainable energy offerings, including distributed generation, decarbonization and efficiency solutions, Enerjisa Enerji Müşteri Çözümleri developed a sustainable, service-based business model through energy performance contracts (EPC)s. In Türkiye, especially in the industrial segment, energy efficiency is crucial and has the potential to reach levels comparable to Scandinavian countries. Today, the company also has installed a total distributed generation capacity of over 24.1 MW. Enerjisa Enerji's 4.2 MW solar installation on Ali Sami Yen Sports Complex Nef Football Stadium set a Guinness world record as the largest installed capacity on a stadium rooftop, demonstrating its status as a global trendsetter.



Energy

While strengthening its leading position in the domestic market with Enerjisa brand companies, Sabancı Group aims to take its experience in the energy sector to the global arena.

Electric car and charging station markets in Türkiye are poised to gain momentum with the market entry of TOGG and the Paris Agreement. By the end of 2023, more than 50,000 electric vehicles will be on the road in the country. By 2030, this number is projected to jump to 2 million, with over 165,000 charging stations nationwide. The Energy Market Regulatory Authority (EMRA) issued a legal framework on charging services in the first half of 2022 and regulates these services accordingly.

In line with its focus on climate technologies, Sabancı Group's energy business has included electrification and e-mobility for some years. Enerjisa Enerji, the Group's energy distribution and retail company – via its subsidiary, Enerjisa Müşteri Çözümleri – has a 94% stake in Eşarj, Türkiye's first and fastest electric vehicle station network. In 2022, Eşarj won the national charging tender of the Ministry of Industry and Technology for 495 fast charging stations in key regions. Meanwhile, Eşarj increased its charging network to 422 stations at year-end 2022, up more than 60% compared to the previous year.

While strengthening its leading position in the domestic market with Enerjisa brand companies, Sabancı Group aims to take its experience in the energy sector to the global arena. In particular, the Group plans to identify early-stage energy and climate technologies to create new business areas.

To this end, Sabancı Climate Technologies, a wholly owned subsidiary of Sabancı Holding, was established in 2022 to undertake renewable energy power plant investments and strategic investments in various venture capital funds and startups, primarily in the US and Europe. The United States stands out as the leading market of the new global energy ecosystem with significant renewable energy potential supported by nationwide and local incentives and a well-developed startup ecosystem for energy and climate technologies.

Investing in venture capital funds and startups, Sabancı Climate Technologies supports promising technologies by establishing a strong link between emerging and developed markets. This year, Sabancı Climate Technologies directly invested in two of the world's leading startups originating from Massachusetts Institute of Technology (MIT). Commonwealth Fusion Systems has been developing an innovative magnet technology that aims to fundamentally change the global energy industry through fusion energy. Meanwhile, Quaise Energy has been developing a deep drilling technology to better realize worldwide geothermal energy potential and convert thermal power facilities into geothermal power plants.

Sabancı Renewables was established in the US as a 100% subsidiary of Sabancı Climate Technologies and Sabancı Group to invest in renewable energy. Sabancı Group's first renewable energy investment is a 272 MW solar power plant project located in Houston, Texas. Construction of the shovel-ready project started in December 2022. The entire capacity is scheduled to be commercially operational by mid-June 2024.

The Way Forward

Sabancı Group is committed to maintaining a healthy balance sheet across its business lines. The Group's energy business in Türkiye has the strongest balance sheet and lowest debt ratio in the sector. This solid financial position provides a significant opportunity for the energy unit to grow with its own resources while maintaining a substantial and ongoing financial contribution to the Group's performance. Thanks to this positive performance, Sabancı Group aims to invest further in its energy business in Türkiye and abroad. Through investments in e-mobility, distributed generation and energy efficiency, the Group's distribution and retail company is well-positioned to remain the trailblazer of the energy sector in Türkiye. Grid modernization is a top priority in the electricity distribution segment of the Group's energy business, as it pioneers the application of cutting-edge technologies in this key area.



In the US, Sabancı Group closely monitors investment opportunities in renewable energy of varied sizes, locations, and technologies. Sabancı Renewables aims to develop a 1,000 MW well-diversified renewable portfolio consisting of on-shore wind and utility-scale solar projects within the next three to four years. The venture capital arm of Sabancı Climate Technologies plans to invest further in venture capital funds and startups. Sabancı Group aims to identify, support, and transfer new technologies and solutions on their route to commercialization and use them to boost the value of existing energy companies and to create new business opportunities throughout Eurasia.

In Türkiye, Sabancı Group plans to consolidate and bolster its leading position in renewable energy generation. The Group is aiming for a wind fleet of about 1,500 MW in line with an overall target of 5,000 MW+ total installed capacity. A total of 1,000 MW wind capacity will be installed consecutively starting from 2024 H2 to 2026 H1 with an investment of USD 1.2 billion. Expansion into new geographies in energy trading is a core objective of Sabancı Group's generation company. Efforts and feasibility studies towards trading across the whole of continental Europe are underway. Over the past few years, Sabancı Group has invested in digital solutions for power plant management, predictive maintenance, data services, and

business transformation to monitor the power plants from the control room at the İstanbul headquarters, known as Senkron. The Group's generation company aims to commercialize these digital products, services, and know-how.

Further technology analyses, feasibility studies, and market research are underway for green hydrogen production. Collaborations are planned with local customers for potential on-site generation facilities for green hydrogen. Relationships with European counterparties are ongoing to develop ideal logistics and production solutions. Sabancı Group also plans to explore opportunities for green hydrogen export to Europe.

Industrials

Integrated Mobility and Materials Business with global footprint in 4 continents, 16 facilities. Transforming through growth platforms of: Advanced Material and Equipment for Climate Technologies.

4 continents,
16 facilities,
9.000+ employees

International revenues
>70%

Industrials

Unmatched level of performance. Key moves to perform in current businesses are shaped by three themes: Customer Experience, Digitalization and Changing Operational Models.

Sabancı Holding's industrials business unit delivered solid profitable growth in 2022 despite the negative effects of Russian-Ukraine war coupled with ongoing energy crisis and supply chain disruptions. The industrial companies gained significant market share on a global basis while entering new markets. During the year, Sabancı Group's industrials business unit reaped the benefits of its global operational model: Above 70% of total revenue was generated in foreign currency bases originating in 125 countries around the world.

Ingenuity, hard work and courage of our people constitute the foundation of Sabancı Group's success. The 'Reveals' platform of industrial business unit is a sharing event for the best practices, success and failure stories. The concept and continuity of "Reveals" has been acclaimed by prominent HR institutions.

The Group's industrials business performed with executional depth and navigated the year's challenges while laying a strategic foundation for the future and taking major steps toward new growth platforms in Advanced Materials and Equipment for Climate Technologies.

Protect and Grow the Core

Capitalizing on its long history of success in its home country, Sabancı Group's international operations model in the industrials business consists of manufacturing and service centers located in North America, South America, Europe, Asia and Türkiye. Thanks to its sales and service hubs around the world, the Group's industrials companies have significant market share in the tire reinforcement, tire and commercial vehicles business lines. In line with its strategic business model, Sabancı Group's industrials companies focused on depth of execution in every respect which has taken results to an unmatched level of performance.

Key moves to grow in current businesses are shaped by three themes: Customer Experience, Digitalization and Changing Operational Models. The aim is to boost growth at Sabancı Holding industrial companies in the direction of an integrated Advanced Materials and Mobility Group.

Kordsa, Sabancı Holding's tire reinforcement company, is a global leader in cord fabric production, supplying this key material for 1 out of every 3 automobile tires and 2 out of every 3 aircraft tires worldwide. Currently, Kordsa is focused on offering green products to replace those manufactured with conventional chemicals developed jointly with global tire manufacturers. Aiming to share its innovative approach while improving industry standards, Sabancı Group's tire reinforcement company has made its Cokoon® solutions available to all interested tire builders on an open patent platform free-of-charge. In 2022, Kordsa commenced a recycled polypropylene production project in conjunction with Sabancı University. This effort aims to reduce the environmental impacts of plastic.

In another demonstration of its commitment to a greener future, the tire reinforcement company's R&D center in Türkiye developed a bio-based resin formula from sugar cane wastes. This next generation material was designed for aerospace and railway usage and is exported to US.

In construction reinforcement, Kordsa's Kratos brand has become the solution partner of infrastructure, superstructure and mining projects with its environmentally friendly solutions and high-performance products. Kratos solutions are widely known for providing significant labor, cost and time advantages.

In the tire business, Sabancı Group's industrials unit is actively protecting its strong position in both domestic and international markets with 7,300 points of sales in 87 countries worldwide. Brisa, the Group's tire company, is already supplying energy efficient products compatible with electric vehicles. By acquiring Arvento, a company servicing more than half of Türkiye's vehicle fleets using telematics, Sabancı Group's tire business took a major step forward into the mobility ecosystem. Together with the Otopratik network, Arvento is playing a key role in new offerings in tire business for fleets to achieve fuel savings.

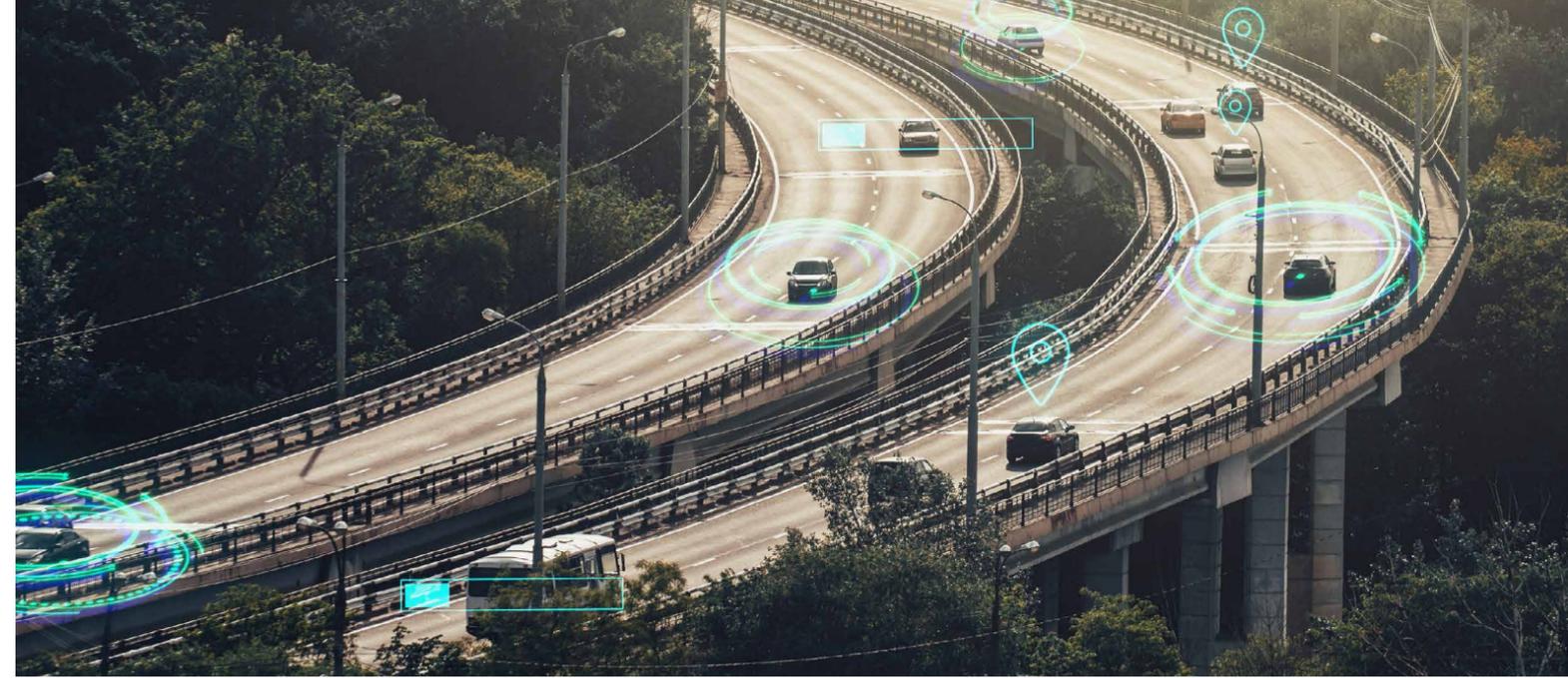
In commercial vehicles, Temsa operates under the Sabancı Holding and Skoda Transportation umbrella. This year, it restructured its international network and bolstered Sabancı Group's electric bus journey by providing eBuses to Sweden – a major showcase market. In 2022, Temsa reached 18% market share in North America, one of the most important and competitive markets worldwide. Temsa also became one of the world's leading manufacturers by providing five electric vehicle models to the US and European markets. Temsa's TS45E model was successfully tested in Silicon Valley (California, USA) over a two-year period. Sabancı Group's commercial vehicle manufacturer also boosted the electric vehicle transformation in Türkiye with Avenue EV, the country's first domestically produced electric bus.

In manufacturing, our Industrial Group's companies have taken their sustainability performance to globally acclaimed Leadership-A levels in water management category, Industrials' two companies and in climate leadership category one company recognized with A level in international environmental reporting platforms such as the Carbon Disclosure Project's (CDP) 2022. Moreover, our all three companies' long-term emissions targets were approved by the global organization of the Science Based Targets Initiative.

Operational excellence in internal processes is a strategic priority across Sabancı Group's industrials business. Over the last three years, the Group's industrials companies have taken major steps forward with digitalization in this key area. Currently, over 200 processes are managed with RPAs (Robotic Process Automation) and grey collar robots support employees in focusing on more value added tasks and direct innovation by taking over repetitive tasks. By using 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, this approach helps the Group's industrial business unit to foresee coming challenges and respond quickly.

Digitalization is not just a tool that facilitates Sabancı Group industrials companies' production and operational processes but also stands at the forefront of customer experience. The digital tire assistant application eliminates difficulties faced by consumers in the tire purchasing process. An effort is currently underway to standardize the websites of all Sabancı Group's tire dealers to provide a unique and seamless customer experience. At Arvento, digital fleet and IoT solutions have become an integral part of consumers' everyday lives.

In tire reinforcement, the innovative patent-pending, compact, flexible RFID tag enables tire manufacturers, distributors and fleet providers to use tires more efficiently. Vendor managed inventory systems were reshaped via digitalization to better serve the individualized needs of customers. Sabancı Group industrials companies enriched their digital efforts with both internal and external collaborations. In addition to their in-house entrepreneurship programs, the Group's industrials companies conduct open innovation and startup cooperation programs under TÜSİAD SD2. These programs focus on image processing and artificial intelligence which helps to expand the industrial companies' customer experience offerings.



Industrials

As a key part of the green transformation, Advanced Materials and Equipment for Climate Technologies are ascertained as major investment areas.

Invest in New Growth Platforms

Striving for profitable and responsible growth, Sabancı Group's industrial business unit has taken on a dual growth strategy in Advanced Materials and Equipment for Climate Technologies realms. Growth in those two domains, which are key to a sustainable, new world economy, suit to technological and operational competencies of Sabancı Group.

In advanced materials, the Group's industrials business took the first step of its journey to transform its reinforcement unit with composites. Demand to transition from traditional materials to composites grows every day in a wide range of usage areas, from primarily aerospace to automotive, motorsport, sports equipment, marine and wind turbines. In the aerospace industry, Kordsa, Sabancı Group's tire reinforcement business, offers AX180 flame retardant epoxy resin for aircraft cabin interiors and seats instead of phenolic solutions, which release harmful gases during the production process. In automotives, innovative KCF650 carbon fabrics provide lightening, hardness, and chemical sealing in the event of explosion to electric vehicle battery boxes. While 30% of revenue generation from Sabancı Group's composites business was non aerospace four years ago, today this percentage has reached 50% by diversifying into automotives.

Kordsa, the Group's tire reinforcement business, has applied for 43 patents and protected 19 of its projects as trade secrets developed at the Composite Technology Excellence Center (CTCE). By acquiring the Italian composite company Microtex, Sabancı Group's advanced materials operations are expanding beyond the US to Europe. Combined with the R&D capabilities of CTCE, Microtex will further diversify the Group's composites product portfolio and extend to strategic segments such as motorsport and luxury electric vehicles.

In equipment for climate technologies, Kordsa recently signed a strategic cooperation agreement with the American company Toledo Solar, a manufacturer of new generation thin film solar panels. Under this cooperation, Kordsa, the Group's tire reinforcement business, obtained the primary right to manufacture and distribute Toledo's technology, in Türkiye, Europe and Central Asia.

In addition to manufacturing electric buses, Temsa, Sabancı Group's bus manufacturer, is diversifying its revenue streams by producing battery packs and battery management systems.

Developed internally by the R&D center, these products have a wide range of usage areas, from storage to marine, farming to refrigeration. These new product portfolios took the Group's industrials business unit one step further into the fast-growing world of electrification. Moreover, Sabancı Group's industrials business unit obtained the distribution rights of Kumpan, the German premium electric motorcycle brand, in 2022.

Otopratik and Propratik service points, the best-known domestic brands in the fast-service category, expanded to 112 locations in 43 cities. Customers receive a comprehensive experience with fast-fit maintenance and eCar charging services. Efforts are underway to expand the Pratik service point network to 150 locations in 2023. At Arvento, many efficiency alternatives are offered to its fleet customers. For example, Arvento provides holistic mobility solutions with a wide array of services, including vehicle maintenance, warning system for tire change, and coating with data analytics.



The Way Forward

Advanced Materials and Equipment for Climate Technologies will be major investment areas for the expansion of Sabancı Group's industrials business unit over the mid- to long-term.

After entering the advanced materials arena with composites business, to take its performance to the next level, Sabancı Group's industrials business is focused on achieving further geographic diversification and refining the product mix coupled with making operational excellence a strategic priority. As a key part of the green transformation, internal diversified agile teams across the Group's industrials companies also plan to move forward with efforts in sustainable chemicals – mainly in biochemicals, compounding and chemical recycling.

In climate technologies, Sabancı Group's industrials business unit targets leadership in the newly emerging e-mobility market. World class capabilities in electric bus manufacturing and the Arvento acquisition coupled with its current tire, commercial vehicle production and fast-fit service businesses give a strong foundation in this quickly growing sector of the global economy.

The Group's industrials companies aim to create value for fleets by integrating its systems to address key issues such as tire tracking, fuel consumption, driver behavior and vehicle tracking with Arvento. Plans are also underway to expand the electric vehicle charging station network at Otopratik locations while specializing in maintenance services for the growing EV market.

Sustainable and new energy vehicles are major product lines for upcoming years. To achieve this objective, half of Sabancı Group's industrials R&D spending will be allocated to new growth areas in the mid-term. Meanwhile, cross functional task force teams for equipment for climate technologies have already commenced studies in the burgeoning areas of new energy vehicles, and solar and hydrogen ecosystems.

Sabancı Group's industrials global business model combines its proven R&D capabilities, operational excellence and highly skilled human resources. These competitive strengths well position the Group's industrials business unit for breakthroughs in the areas of advanced materials and equipment for climate technologies.

Building Materials

In line with Sabanci Group's sustainable investment policy to create a diversified product portfolio with low CO₂ intensity, a USD 45 million calcium aluminate cement investment started at Çimsa Mersin.

Akçansa
Alternative Fuel Usage
22%

Çimsa
Alternative Fuel Usage
25%

Building Materials

In 2022, Sabancı Group's building materials companies differentiated from competition by operational efficiency, utilization of alternatives fuels and raw materials, by entering long-term strategic procurement agreements and effective network optimization.

The effects of high inflation, higher fuel costs and elevated electricity prices made for a challenging year for Sabancı Holding's building materials business. Despite this volatile environment, the building materials unit boosted total turnover by 165% and increased EBITDA by 147% in 2022. New investments and projects supported the unit's sustainable business model. During the year, Sabancı Group's building materials companies took major steps in decarbonization to transform from a pure cement producer to a global sustainable building materials player. Alternative fuel use at the Group's building materials unit went up by 16 points to 25%, well-above the Türkiye average of 8%. In addition, CO₂ emissions in grey cement decreased by 4% in total.

In 2022, divestment of two cement plants with limited export capability was completed during the year as Sabancı Group's building materials companies' FX-based revenue amounted to 51% of total building materials revenue. Meanwhile, a significant investment was made in a value-added product, calcium aluminate cement, by doubling the Group's production capacity.

Protect and Grow the Core

Sabancı Group's building materials companies are preferred solutions providers to all their customers thanks to their advanced R&D capabilities, collaborations, customer-oriented approach, and close proximity to customers via their strategic network. The Group's building materials unit aims to grow and optimize its network further. The primary goal is to create more value for all stakeholders by increasing profitability and boosting customer satisfaction in a sustainable fashion. As part of its network optimization strategy, Çimsa, the Group's international cement manufacturer, divested two landlocked plants in Central Anatolia in 2022 for EUR 110 million.

With operations in seven countries, Sabancı Group's building materials business holds great potential after the integration of its Bunol plant in Spain. The Group's objective is to maximize the value gained from the expanded global network by capitalizing on network synergies. Sabancı Group's building materials business bolstered its position as the largest white cement player in the western hemisphere with decisive efforts geared toward strengthening its global network throughout the year.

By continually enlarging its geographic footprint, Sabancı Group's building materials business is getting closer to its customers and becoming the number one choice of white cement users in diverse regions of the world, including North America, South America, and Europe.

After two years of growth, domestic demand for cement decreased by 12% in 2022 according to Turkish Cement Association figures. This year, total cement exports amounted to less than 30 million tons due to lower clinker exports. Rising competitiveness of other countries in clinker trade negatively affected the Turkish cement sector. West Africa was formerly one of the largest clinker export markets for Türkiye; in 2022, exports to this region contracted by nearly 50%. Companies with capabilities to load large cement vessels turned their focus to the US market, resulting in a 40% surge in US exports. Despite greatly elevated energy costs due to foreign exchange rate volatility and domestic market contraction in Türkiye, Sabancı Group's building materials companies differentiated from the competition in 2022 by significantly improving efficiency, utilizing alternative options in fuel and raw material use, and entering long-term strategic procurement agreements while effectively leveraging their logistics network.



Alternative fuel usage in white cement production in Türkiye plants surpassed 5% for the first time in 2022.

Operating in key export markets with its effective distribution network and port management capabilities serving a long term customer portfolio, the Group's building materials companies positively contributed to Türkiye's trade balance with combined FX revenues of TL 11 billion in 2022.

Sustainable building solutions remain the focus of Sabancı Group's building materials companies. In 2022, Group companies outperformed their targets, boosting their use of alternative fuels, expanding alternative raw material use and reducing their clinker usage ratio.

In first quarter 2022, a new alternative fuel feeding system became operational at Sabancı Group's Afyon plant. Alternative fuel usage in white cement production in Türkiye plants surpassed 5% for the first time in 2022, thanks to know-how transfer from the Group's Bunol plant. Overall, alternative fuel use now accounts for an average of 25% of the total fuel consumption by Sabancı Group's building materials companies compared to an 8% average in Türkiye. As a result, much less fossil fuel is used by these companies in production. Ongoing investments are paving the way for alternative fuel use to rise to 35% of total fuel consumption at Sabancı Group building materials companies by 2030.

Building Materials

Sabancı Group building materials companies prioritize high-value-added digital transformation projects and their use of alternative fuels.

A key part of the building materials unit's decarbonization strategy is reducing its clinker ratio. Toward this end, the Clinker Saving initiative commenced in 2021. This effort continues to yield significant results and is reducing the carbon intensity of the Group's building material products to target levels.

Sabancı Group building materials companies also prioritize high value added digital transformation projects to ramp up their use of alternative fuels. Research and analytical studies related to smart factory systems and cloud solutions are currently underway to boost energy efficiency across the board.

Invest in New Growth Platforms

Sabancı Group's calcium aluminate cement (CAC) is a critical part of its transformation strategy in the building materials segment. A value-added niche product in the construction industry, calcium aluminate serves as a bridge between the cement and construction chemicals sectors for the Group. Currently, Çimsa is investing USD 45 million to double its calcium aluminate production capacity by the end of third quarter 2023 with a greenfield investment at its Mersin plant. The new production capacity will be utilized for exports with the US and Europe as the target markets. This major investment is in line with Sabancı Group's sustainable investment policy of delivering high value with low CO₂ intensity.

In 2022, Cimsa Sabancı Cement BV, an entity set up in the Netherlands as a robust overseas platform to position Sabancı Group as the leader in the global white cement trade, was rebranded to Sabancı Building Solutions BV. The rebranding effort is aimed at widening the Group's portfolio of sustainable building solutions for international markets.

In 2022, Sabancı Building Solutions became a limited partner in Zacua Ventures, a venture capital firm focused on new frontiers in construction tech and advanced building materials. Zacua Ventures enables Sabancı Building Solutions to become an indirect investor in startups while providing an ideal opportunity to access new emerging technologies and closely monitor developments in these key areas. To date, we have invested in three startups via Zacua Ventures and two startups directly via Sabancı Building Solutions.

At end-2022, Sabancı Building Solutions Technology Center was established in Munich, Germany in collaboration with Technical University of Munich. This new center was set up to serve the Group's product diversification efforts and conduct research on new construction technology and sustainable building materials.

The Way Forward

Sabancı Group's building materials companies plan to focus on growing and transforming into a global sustainable building solutions portfolio. Sustainability is the key component of the Group's building materials business. In alignment with Sabancı Holding's 2050 sustainability targets, the Group's cement business has set out a CO₂ roadmap that includes a wide range of efforts, such as further reducing the clinker ratio, expanding the use of alternative raw materials and significantly boosting the use of alternative fuels.

Currently, Sabancı Group's building materials unit operates Çimsa plants in the US and Spain, in addition to international terminals. With this extensive geographic footprint, the Group's building materials companies effectively reach global customers. Further expansion of this network is planned to get closer to customers, especially in developed countries.



Retail

In 2022, Sabancı Group's retail business recorded combined revenue up 117% driven by like for like growth in both the electronics and food retail businesses with an accelerating contribution from online sales and lean transformation activities.

Food retail franchise store portfolio

200 stores

Teknosa E-commerce gross merchandise value increase

136%

Retail

Teknosa, Sabancı Group's technology retailer, embarked on a comprehensive initiative to improve its customer journey to create a seamless and flawless phygital experience to consumers with a new experience-based store concept.

In 2022, Sabancı Group's retail business recorded combined revenue of TL 36.6 billion, up 117% driven by like for like growth in both the electronics and food retail businesses with an accelerating contribution from online sales and lean transformation activities. The increase in revenue was supported by cost efficiency measures that boosted profitability, resulting in combined EBITDA of TL 2.8 billion and net profit of TL 285 million this fiscal year.

Thanks to expanding marketplace sales, Sabancı Group's tech retailer boosted its Total Gross Merchandise Value (GMV) by 136% compared to a year earlier. Meanwhile, along with boosting e-commerce sales, expansion in franchising and business to business (B2B) sales were the key factors that improved the Group's food retail business over the previous year.

Protect and Grow the Core

Sabancı Group's retail business delivers an exceptional customer experience and creates customer value by continuously improving its omnichannel and digital infrastructure, expanding its service offerings and evolving its e-commerce capabilities to respond to an ever-changing market.

In its tech retail business, Sabancı Group aims to focus on customer experience and respond to changing customer expectations as a technology destination by blending physical stores with its tech-focused online platform.

This year, Teknosa, Sabancı Group's technology retailer, embarked on a comprehensive initiative to improve its customer journey to create a seamless and flawless phygital experience to consumers with a new experience-based store concept. Stores will increasingly become critical touchpoints for customers while achieving operational efficiency through digital transformation. Digital screens where customers can look-up product information and compare them, interactive cash register screens that greets and display basket contents of the customer and campaigns, digital tags and product experience areas enable customers to feel a smooth transition between online/offline channels and enhance phygital experience. Several product experience areas are placed for customers to be immersed in a warm, home-like mood. These stores are made accessible to all visitors through pathways, wheelchair accessible checkout points and easy-access buttons. Separately, a "Sustainability Wall" installed in stores displays energy-savings, carbon footprint and recyclable waste information for customers.

To boost its service ecosystem and become a "one-stop-shop" for customer tech-related needs, Teknosa's after sales services, branded as Tekno Hizmet, were consolidated into a single contact point for customers to navigate easily.

In 2022, Teknosa also introduced new features on its web and mobile app platforms, including live web and video chat support, and a smart product search robot. The experience-based design of the channels uses physical store and online footprint data in addition to AI.

On the food retail side, Sabancı Group's strategy is designed to achieve higher growth and operational profitability with an asset-light structure. Carrefoursa, the Group's food retail company, protects and extends its core business by growing in omni-channels via harmonization of its online and offline businesses, boosting operational efficiency and improving its lean structure. The Group's food retailer also focuses on digitalization, e-commerce and customer satisfaction to create more customer value and drive growth.



This year, Carrefoursa, the Group's food retailer, nearly tripled its franchise store portfolio to 200 stores in 37 cities and sustaining its asset-light organic growth.

In 2022, Carrefoursa enhanced its fulfillment and delivery capabilities with a major e-commerce optimization and development initiative. The Group's food retailer implemented a performance management system to provide continuous improvements to processes. The vehicle fleet was modified to optimize the delivery process; automated routing and business planning tools were introduced to boost efficiency. New payment solutions and partners as part of the retailer's commercial expansion was implemented to further improve customer experience. By improving its AI capabilities, Carrefoursa also started providing customers with a personalized shopping experience, sharing real-time location-based special offers with customers to provide more targeted and relevant promotions.

Widely known for delivering the right products for its customers, Carrefoursa's growth strategy is based on franchise expansion and organic growth. The franchising model offers attractive value enhancement and a sustainable model for both Carrefoursa and potential dealers. With a low initial investment, franchising enables small business owners and solo entrepreneurs to grow sustainably, while boosting the competitiveness of the Group's food retail business.

This year, Carrefoursa recorded substantial growth in franchise volume and network expansion. The Group's food retail franchise store portfolio nearly tripled in 2022, climbing to 200 stores in 37 cities and sustaining its asset-light organic growth.

As part of its asset-light growth strategy, Carrefoursa also increased its B2B sales in the corporate, wholesale, export, and HORECA (Hotel-Restaurant-Café) segments, totaling TL 1,372 million in 2022. By leveraging its existing product and market advantage, Carrefoursa has also expanded its export business thanks to international Carrefour retailers.

Invest in New Growth Platforms

Sabancı Group's retail business targets growth via digital platforms, complementary services and adjacent ecosystems.

In the Group's tech retail activities, Teknosa took a major step forward in its customer focused digital transformation journey by successfully launching Türkiye's first consumer electronics specialized marketplace on January 31, 2022. Teknosa Marketplace bolsters the company's omnichannel capabilities and delivers customers a wide array of technology products from merchants that meet its high customer service standards.

Retail

In just 11 months of operation, Teknosa Marketplace has increased e-commerce product offerings by 22 times, traffic on the digital channel has risen by 38%, e-commerce gross merchandise value reached up TL 3.3 billion and the platform's overall performance has reached global benchmarks.



In just 11 months of operation, Teknosa Marketplace has increased its product offerings by 22 times, traffic on the digital channel has risen by 38%, e-commerce gross merchandise value reached up 3.3 billion TL up by 136% year on year and the platform's overall performance has reached global benchmarks.

Carrefoursa gained 2.1 million new customers in 2022 and reached to 8.7 million customers who are registered to the loyalty card program while the total of customers reach 164 million through its physical stores and e-commerce channels. Total number of its online users reached 28.8 million whereas the number of downloads of the mobile application reached 2.1 million in 2022.

Various efforts are regularly undertaken to upgrade and enhance Sabancı Group's tech retail digital platforms. To improve customer experience and increase traffic to Teknosa's digital channels, BiLink, a social commerce application, was launched this year. This feature allows users to easily share the products offered on the website and mobile platforms with their friends. The next phase of this upgrade initiative is Partner Solutions which will introduce useful features and applications for merchants to use within Teknosa Marketplace while facilitating new business models to generate additional revenue streams.

Social, or live, commerce, is a growing trend that allows businesses to use social media as a sales platform for their products and services. In July, the Group's tech retailer began broadcasting on digital channels to meet customer expectations for a more personal and interactive shopping experience.

In May 2022, Teknosa.com introduced a refurbished cell phone category in marketplace featuring a wide selection of high-quality professionally restored and guaranteed devices. In addition to the environmental benefits of reducing electronic waste, purchasing a refurbished cell phone from Teknosa digital channels offers consumers a financial advantage. Product rental is another service that the Group's tech retail company provides as an affordable and sustainable alternative in which consumers can rent and try out nearly 200 products via Teknosa Marketplace before making a purchase decision.

As a part of the service business, Tekno Hizmet was launched in early 2022. Service and membership packages were developed to fulfill customers service needs for all their technology products. Membership packages fulfill every consumer need related to installation and support, protection, repair and care of products purchased from the Group's tech retailer. In a short time, Tekno Hizmet has achieved its mission of reaching out to more customers, including non-Teknosa consumers.

Private label (Preo), one of the Sabancı Group tech retailer's strategic initiatives, was enhanced via a product portfolio expansion across five categories with more 1,000 stock keeping unit (SKU)s. Development of various new high-tech and higher-average sales price (ASP) products – such as TVs, tablets, and smartwatches – enables Teknosa to meet consumer needs while also boosting the profitability of this business. Outside of Teknosa, private label market penetration was maximized by strengthening alternative channels with over 50 different external companies.

The İklimsa business unit offers climate control product lines under its private label brand Sigma along with Mitsubishi, Samsung and Sharp brands through a nationwide distributor and service network. With the growing interest in renewable energy and lowering energy costs, İklimsa enlarged its product offering with heat pumps and solar energy systems. Thanks to its large distributor and service network, İklimsa is not only selling these products, but also implementing larger scale installation projects, providing end-to-end service to customers.

In Sabancı Groups food retail business, Carrefoursa pursued sustainable growth in its core business while also taking major steps into adjacent ecosystems in 2022. To boost its share of the business to customer (B2C) market, particularly in the ready-to-eat segment, the Group's food retailer expanded its "Lezzet Arası" restaurant network – which hosted 320 thousand customers per month- and product offerings. This effort drove an increase in Carrefoursa's customer traffic while providing valuable opportunities to cross-sell. CarrefourSA placed more than 500 private labeled products on the shelves and increased the sales volume of its private labeled products by 165 percent in comparison with the previous year.

The Way Forward

Looking toward the future, Sabancı Group's retail business unit plans to ramp up its sustainability initiatives and product offerings, execute a blended digital and physical strategy, move



further into services that complement its current operations and effectively leverage its digitalization and big data capabilities.

On the tech retail side, new business model and customer-focused innovations will accelerate Teknosa's "phygital" strategy and serve as a growth catalyst.

As society becomes more aware of the environmental impact of electronic waste, energy consumption and its own carbon footprint, consumers are increasingly seeking sustainable alternatives to traditional modes of consumption. Refurbished cell phones offered in Teknosa Marketplace are an attractive alternative, allowing consumers to purchase a fully functional device at a lower cost while reducing the environmental impact of manufacturing processes. Newly introduced solar energy systems by İklimsa provide an opportunity to customers to decrease their carbon footprint. İklimsa holds a unique advantage: an already existing service network combined with know-how to serve B2C customers.

Leveraging this competitive advantage allows İklimsa to offer end-to-end solar energy systems to its customers in a highly diversified range of projects.

In food retailing activities, Sabancı Group's food retail e-commerce business is also expected to grow sustainably with optimum profitability. Carrefoursa increased CDP scores and has been listed on the "Water Security; 2022 Global A-List". Carrefoursa applied the Zero Waste management system. In terms of organizational and cultural transformation, the rate of company's female employees approaches to 40 percent and the half of the Head Office consists of female employees.

Other key goals include increasing its conversion rate and average basket size. To this end, Carrefoursa aims to integrate its redesigned user interface and user experience with its website and mobile app.

Moreover, the Group's food retail company plans to expand its portfolio of franchise stores and further optimize its store network. With the objective of capturing a higher share of the B2C food market, Carrefoursa aims to further expand its Lezzet Arası restaurant network.

Looking ahead, Sabancı Group's retail companies plan to make additional investments in customer and data-driven digitalization initiatives. Besides reaching new customers, the Group's retail strategic priorities include uplifting existing customers and maintaining customer loyalty by effectively using big data.

Digital

2022 was a year of transformation for Sabancı Group's digital business.

Built global presence in the strategic focus areas

Invested in fast growing digital businesses

Digital

In 2022, Dx BV invested in Radiflow and SEM, among the best companies in the cyber security and digital marketing sectors respectively, to accelerate growth and value creation of these rising stars.

2022 was a year of transformation for Sabancı Group's digital business. Aiming to create a global player in the digital world by focusing on business models based on next generation technologies at Sabancı Group, Dx Technology Services and Investment BV (Dx BV) was established in the Netherlands. Sabancı Holding is the sole and founding shareholder of this entity. In 2022, Dx BV invested in Radiflow and SEM, among the best companies in the cyber security and digital marketing sectors respectively, to accelerate growth and value creation of these rising stars.

Protect and Grow the Core

With these new investments, Sabancı Group expanded its global presence in the digital arena, doubling the number of customers served with a footprint in 60 countries and offices in five countries. Targeted investments and professional development programs helped the Group build a high-performing team. Sabancı Group's digital workforce serves in diverse geographies of the world with unique capabilities and includes a wide range of certified specialists from various disciplines. The Group's highly skilled digital team is a major competitive advantage: Talent is the most important asset for digital businesses to differentiate in the market and create value for customers.

In the digital business's transformation journey, Sabancı Group refined the strategic business model into a more integrated structure with four main strategic pillars: Cyber Security, Digital Marketing Technologies and Services, Cloud and Technology Services, and Digital Transformation Products. The growth outlook and business potential of each respective pillar lead Sabancı Group to accelerate investments and build a foundation to create value globally.

Invest in New Growth Platforms

In recent years, Sabancı Group has experimented with many initiatives in marketing technologies through SabancıDx, giving the Group the opportunity to validate unique digital marketing offerings. By 2021, the global market for marketing technologies had reached USD 250 billion. The marketing technologies segment has significant growth potential with projections of 40+% CAGR for the foreseeable future. SEM, a leading digital marketing agency in Türkiye and the first Google Premier Partner in the country, joined the Dx BV family in 2022. This market leader is well-positioned to bolster the Group's digital marketing capabilities and become the best place to seed and flourish unique value propositions for its business partners.

Growing use of digital technologies, the rapid rise of remote work, and increased awareness of business continuity have driven cyber security to the top of the agenda of decision-makers at all organizational levels. The global cyber security market is expected to reach USD 350 billion by 2026. Operational technologies (OT) security is one of the fastest growing sub-segments of cyber security. This enormous potential led Dx BV to invest in Radiflow, a developer of the most advanced products to secure critical infrastructures of the energy, utilities, manufacturing, transportation and logistics industries. Currently, Radiflow protects over 6,000 facilities globally and has a footprint in Europe, USA, Middle East, North Africa, and Asia Pacific.



Digital

Recently, SabancıDX established a strategic partnership with Bulutistan, a Sabancı Ventures investment.

SabancıDX has built deep expertise, know-how, and an approach to creating insight-driven agile and scalable digital products to accelerate adoption and harness the power of digital.

Cloud adoption by the business sector increases every day and is only at the beginning of a very long and exciting journey. For many years, SabancıDX has invested in building know-how and talent in cloud technologies. The company has long served customers in their transition to cloud technologies. Recently, SabancıDX established a strategic partnership with Bulutistan, a Sabancı Ventures investment. Talented professionals from both companies are working together on the same campus to deliver the best cloud solutions to customers.

SabancıDX has built deep expertise, know-how, and an approach to creating insight-driven agile and scalable digital products to accelerate adoption and harness the power of digital. To date, SabancıDX has commercialized numerous products, including HrWe, Pratis, and Edoksis, which are used by 10% of Fortune 500 companies and more than 4,000 customers in the region every day.

The Way Forward

SabancıDX is now transforming its ideation and productization capabilities under the umbrella of StudioDX's Digital Factory. This effort is supported by unique ecosystem partners and strategic collaborations. Growth will be driven by the collective R&D power of Sabancı Group, which harnesses the academic capability of Sabancı University and the catalyzing power of SabancıDX in addition to invaluable intangible assets, such as talent, stakeholders, brand, R&D, and intellectual property.



Other

As of year-end 2022, 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.

Tursa, a Sabancı Holding subsidiary, is the owner of Adana Hiltonsa and Mersin Hiltonsa, while Ankara Enternasyonal Otelcilik (AEO) owns Ankara Hiltonsa. Sabancı Group entered the tourism industry with the Adana Erciyas Hotel many years ago. The Group established a founding partnership with Hilton Group and inaugurated the Ankara Hiltonsa Hotel in 1988. Sabancı Group's tourism business expanded further with the addition of Mersin Hiltonsa hotel in 1990 and Adana Hiltonsa in early 2001. As of year-end 2022, 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 Hilton Group.

Sabancı Foundation

We touch the lives
of people everywhere
in Türkiye.

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

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



Sabancı Foundation

Sabancı Group harnesses the power of its industrial and business activities to support a wide range of social and cultural efforts through the Sabancı Foundation.

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 consolidate all their philanthropic activities under one organization.

Sabancı Group harnesses the power of its industrial and business activities to support a wide range of social and cultural efforts through the Sabancı Foundation. As such, it has become one of the leading family foundations in Türkiye.

During its 48-year history, Sabancı Foundation has built more than 120 institutions – schools, dormitories, teachers' centers, medical facilities, sports complexes, cultural centers and social facilities – in 78 districts across Türkiye. Since 2007, the Foundation has supported 218 projects carried out by civil society organizations nationwide. In the field of culture and the arts, the Foundation has provided long term support to major activities and events, including the State Theaters - Sabancı International Adana Theater Festival, a recipient of the Foundation's support for 23 years.

Having provided 52,500 scholarships over the last 48 years, the Sabancı Foundation encourages and recognizes success with awards in the fields of education, the arts and sports.

The Sabancı Family has significantly contributed to Türkiye's economy through the many industrial enterprises they have established over the years. Family members have also focused on launching societal institutions that benefit the public in the fields of education, healthcare, culture, sports, and social services. The Sabancı Family have played a major role in philanthropy in Türkiye. 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 include 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 civil society organizations in Türkiye and abroad. It is a Founding Member of Third Sector Foundation of Türkiye (TÜSEV), a Member of Philea (Philanthropy Europe Association), a Founding Member of Philea's Disability and Gender Thematic Networks, a Zero Project impact transfer partner, a Member of Foundations 20 Platform, and the US Council on Foundations (COF).

Social Change

The Sabancı Foundation supports projects carried out by leading civil society organizations with grants to seek solutions to today's complex social issues and that have a lasting impact. The Foundation engages in long term, inter institutional partnerships to expand the scope and extent of its impact.

First launched in 2007, the Sabancı Foundation Grants Program aims to support civil society organizations in promoting social development to achieve equality and active participation of women, youth, and persons with disabilities in society. During its 16-year history, the Grants Program has extended support to 218 projects and initiatives, directly impacting more than 225,000 persons, and over 900,000 indirectly, nationwide.



On 18 October 2022, the Foundation organized a meeting under the theme "Sowing Season" to share information and experiences among the seven civil society organizations that had completed projects during the year with the support of the Sabancı Foundation Grants Program. Short informational videos of each project were also shared online.

During this year, the Sabancı Foundation launched its new big impact project – "Young Women Building Their Future" – focused on women who are in the NEET (Not in Employment, Education or Training) category. The project is implemented by Sabancı Foundation and UNDP in cooperation with the Ministry of Family and Social Services and the Ministry of Labor and Social Security.

The project launch event and stakeholder meetings were held in 2022. Field research – surveys, in-depth interviews and focus groups – was conducted to understand the needs of young NEET women in Türkiye. A comprehensive training program for NEET women was designed and trainings have already commenced in the pilot cities of Adana, Diyarbakır, and İzmir. A digital portal for the effort was launched at www.geleceginikurangenckadinlar.org this year. The portal includes an Opportunities Map that enables young women to easily access job, training, internship, and entrepreneurship opportunities. Many major organizations, especially Sabancı Group companies, joined the Opportunities Map platform, highlighting their employment, internship, and training opportunities for young NEET women across Türkiye.

In 2022, the Türkiye's Changemakers Program, which highlights the stories and efforts of individuals who make significant contributions to social development and inspire society in the country, successfully completed its 13th year. From more than 10 thousand applications, the Türkiye's Changemakers Program has selected and video recorded 204 Changemakers since its launch in 2009. The videos were shared on the program's website, Facebook, Twitter, Instagram, and YouTube channels.

Sabancı Foundation

Over the past 48 years, the Foundation has built more than 120 institutions in 78 districts throughout Türkiye.

Following the successful publication of a series of children's books about animal rights in 2020, the Foundation published a new series of books for children on environmental issues in 2021. Centered around stories about a rabbit named Papuduk, the environmental children's books were distributed free of charge to civil society organizations working with children and to state schools located in disadvantaged areas. In addition, the Foundation held both in-person and online workshops to support the environmental themes of the book series with children throughout the year. An activity book on animal rights was also prepared during the year for children aged 4-5 with the aim of enhancing their awareness and skills on this emerging issue.

Over the last three years, the Sabancı Foundation has started to address the climate emergency by reviewing all its programs through a climate lens and creating a road map with the approach of "All foundations are climate foundations no matter what their area of work." On 1 December 2022, the 15th Sabancı Foundation International Philanthropy Seminar was held around the theme "Climate, Naturally." By bringing together civil society, academia, private sector and public agency representatives with national and international experts, the International Philanthropy Seminar

facilitates experience sharing regarding new approaches in philanthropy and civil society. To strengthen its activities related to the climate emergency, the Foundation signed the "International Philanthropy Commitment on Climate Change" – the first signatory organization from Türkiye.

This year, Sabancı Foundation hosted 2022 PEXforum in İstanbul, co-organized by Philea and the Third Sector Foundation of Türkiye (TÜSEV). This major event brought together 106 participants representing 69 organizations from 20 countries to jointly advance the European philanthropy ecosystem.

The Foundation continues to participate and contribute to the work in disability rights and gender networks at Philea.

Institutions

Over the past 48 years, the Foundation has built more than 120 institutions in 78 districts throughout Türkiye, including schools, student dormitories, healthcare facilities, cultural centers, sports facilities, libraries, teachers' centers, social facilities as well as Sabancı University – one of the most significant investments undertaken by the Sabancı Foundation.

In 2022, 20 of these institutions received repair and maintenance and other kinds of support from the Foundation.

Construction of two vocational and technical high schools in İstanbul and Hatay moved forward this year. The schools are being constructed by the Sabancı Foundation with funding donated by Enerjisa. Reconstruction of Sakıp Sabancı Secondary School in Adana began in 2022. Construction of an additional building for Sabancı Vocational and Technical High School in Kocaeli also commenced during the year.

Culture & the Arts

Through the years, the Sabancı Foundation has extended long term support in the area of culture and the arts. The Foundation has supported state theater via the Sabancı International Adana Theater Festival for the last 23 years, the Metropolis Ancient City excavations for the last 19 years, the International Ankara Music Festival for 14 years, and the Türkiye Youth Philharmonic Orchestra for the last 14 years.



**THEME:
CLIMATE,
NATURALLY**

15TH SABANCI FOUNDATION INTERNATIONAL PHILANTHROPY SEMINAR DECEMBER 1, 2022

The Sabancı Foundation Short Film Competition was launched in 2016 with the motto "A Short Film, a Long Impact." This popular competition raises 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 sixth Short Film Competition was held in January 2021 under the theme "New Jobs in the New World." Applications for the seventh edition of the Sabancı Foundation Short Film Competition were accepted in 2022 under the theme "First Time in the Lead Role" in conjunction with the Foundation's big impact project "Young Women Building Their Future."

In 2022, Sabancı Foundation celebrated 23 April Children's Day for the first time with a kite festival themed "There's a Festival in the Sky!" A kite featuring Atatürk was flown by children with disabilities and youth from disadvantaged regions.

Scholarships and Awards

Over the course of its 48-year history, the Foundation has provided 52,500 scholarships to students demonstrating academic excellence through its scholarship program. Currently, Sabancı Foundation scholarships support around 1,500 students each year, 350 of whom are first time recipients.

The Sabancı Foundation Awards Program recognizes individuals with awards for their exceptional performance in education, sports, arts, and culture both in Türkiye and abroad. To date, more than 1,200 Sabancı Foundation Awards have been presented to outstanding and accomplished individuals around the world.

Sabancı University

SABANCI ÜNİVERSİTESİ

**Türkiye's most
entrepreneurial and
innovative foundation
university**

Share of budget
spent on R&D
30.66%

Active research
projects in 2022
291

139 students
from the top 1000
in national entrance
examination in 2022

22%
of alumni working
abroad

Satisfaction ratio of
employers
94%

Sabancı University

Sabancı University conducts research with an interdisciplinary approach in the fields of science, technology, and art.

Sabancı University executes numerous future-shaping strategic initiatives in pursuit of its vision of becoming a leading global research university. The University is committed to educating self-confident individuals who embrace universal values, show compassion for the needs of society while focusing on creating solutions, internalize cooperation in creation and development, are learners of learning, and are open to continuous development.

One of only three foundation universities in Türkiye officially recognized as a "Research University" by the Presidency of Strategy and Budget and the Council of Higher Education (YÖK), Sabancı University conducts research in faculties, centers, and forums, with an interdisciplinary approach in the fields of science, technology, and art. The University has 10 different centers and forums to contribute to scientific research, economic development, and society. Embracing research as its focus since its founding, Sabancı University has issued more than 7,800 publications* and obtained more than 290 patents*** to date. As of end-November 2022, the University has 291 active research projects with external funding with a total budget of TL 652 million**. According to the YÖK 2022 University Monitoring and Evaluation Report, Sabancı University ranked first among all universities in the country at 30.66% in terms of the share of its budget spent on R&D.

In 2022 alone, Sabancı University faculty members published more than 640 scientific publications* and obtained 31 patents***.

A globally recognized university

In the listings of the world's best universities, including Times Higher Education (THE) and Quacquarelli Symonds (QS), Sabancı University regularly ranks among the top universities in Türkiye.

- Sabancı University appears in the 401-500 band in THE World Universities 2023 rankings. While ranking 251-300 globally in the field of engineering, the University ranks first among all universities in Türkiye in the "International Outlook" and "Industry Income" categories.
- Sabancı University ranks first among Turkish universities in THE 2022 Best Universities in Emerging Economies.
- Sabancı University ranks 78th in THE 2022 Best Universities in Asia rankings and 108th in THE Young Universities 2022 rankings.
- Sabancı University appears in the 531-540 band in 2023 QS World Universities and the 81-90 band in the 2021 QS Universities Under 50, and ranks 21st in the 2022 QS Emerging Europe and Central Asian Countries rankings.

* Data updated: 27.12.2022 (Scopus)

** Data updated: 30.11.2022

*** Data updated: 08.12.2022

Türkiye's most entrepreneurial and innovative foundation university

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

Türkiye's top university for graduate employability

Sabancı University was included in the top 250 universities in the world in the 2022-2023 Global Employability University Ranking and Survey published by Times Higher Education. One of two universities from Türkiye included in the rankings, Sabancı University climbed four places in this year's rankings to become 205th globally – and the top-ranking university in Türkiye.

According to the latest data, 94% of Sabancı University alumni are placed in a job within one year of graduation. Some 22% of alumni continue their graduate studies or their professional careers overseas. In the last three years, Sabancı University recruited 58 full-time faculty members, of whom 85% obtained their PhD from universities outside Türkiye. Of these, 33 are academics who joined the university directly from abroad.

10th Anniversary of the Istanbul Policy Center- Sabancı University- Stiftung Mercator Initiative

10 Years



University-industry collaborations

Since its founding, Sabancı University has emphasized university-industry collaborations. The University has developed pioneering business models and completed many successful projects in partnership with leading companies and institutions. In 2022, Sabancı University initiated new collaborations with Ericsson Research to develop network architectures for use in 6G communications systems in addition to the algorithms and infrastructures necessary to protect the security of these systems. The University also partnered with ASELSAN to introduce groundbreaking innovative technologies to Türkiye. This year, Sabancı University Integrated Manufacturing Technologies Research and Application Center (SU-IMC) started collaborating with Boeing and TEI to develop and increase cooperation on advanced composite technologies in aviation.

Sabancı University signed the Digital Innovation Collaboration Platform protocol, implemented in 2022 under the leadership of the Presidency's Digital Transformation Office, with the support of the Ministry of Industry and Technology and the Ministry of Youth and Sports. This protocol aims to strengthen cooperation between academia, the public sector and industry in digital technologies. In 2022, Digital Hub (D-Hub), established jointly with SabancıDX to support pioneering work in digital technologies, software, and cybersecurity, started its activities with a budget of USD 1.5 million. A pilot study in Electric and Smart Vehicle Technologies was also initiated on the Sabancı University campus in cooperation with TEMSA and Netaş.

Home to the country's best students

More than 5,300 students are enrolled at Sabancı University with 80% engaged in undergraduate study and 20% in graduate programs. In the 2022 Higher Education Institutions Exam, the University's quota of 790 was 100% filled by the country's best students. The student ranking first nationwide in the 2022 Core Proficiency Test of the Higher Education Institutions Exam was admitted to Sabancı University's Faculty of Engineering and Natural Sciences with a full scholarship. In addition, the student ranking seventh in Türkiye according to the equal weighting score was placed at Sabancı Business School. Meanwhile, the eighth ranked student in the country by numerical score was placed in the University's Faculty of Engineering and Natural Sciences with a full scholarship.

Sabancı University

In the listings of the world's best universities, including Times Higher Education (THE) and Quacquarelli Symonds (QS), Sabancı University regularly ranks among the top universities in Türkiye.

According to the 2022 Higher Education Institutions Exam results, Sabancı University admitted students with full scholarship to the Faculty of Engineering and Natural Sciences, Faculty of Arts and Social Sciences, and to the Sabancı Business School with highest scores. As a result, the University successfully attracted and enrolled a significant portion of the top students in Türkiye.

Additionally, 139 students in the top 1,000, 210 students in the top 5,000, 320 students in the top 10,000, and 515 students in the top 50,000 in the country preferred to study at Sabancı University.

"Make a Promise for the Future" Scholarship Program

Sabancı University established a scholarship program to enable a greater number of successful students in need to benefit from its unique and innovative educational experience. The Make a Promise for the Future Scholarship Program was inspired by young people's promises to solve problems for a stronger future and a better world. The new scholarship program was introduced at a major event on the Sabancı University campus with the participation of alumni and representatives from the business world.

2022 Sakıp Sabancı International Research Awards

The Sakıp Sabancı International Research Awards have been granted for 17 years following the will of Sabancı University Honorary President Sakıp Sabancı to recognize value-adding studies in the social sciences. In 2022, the theme of the Sakıp Sabancı International Research Awards was "The Future of Globalization: The Return of the State?" This year, the Special Jury Prize was presented to Professor Pippa Norris, who has taught at Harvard for three decades as the Paul F. McGuire Lecturer in Comparative Politics.

Türkiye's first campus to announce a net zero target

Since its founding, Sabancı University has given priority to energy and climate issues. Now, the University aims to achieve the net zero energy target on its Tuzla campus. Sabancı University is a green campus and features a significant solar energy infrastructure. With the Green Energy Agreement signed with Enerjisa Enerji, the University aims to meet all its energy needs from renewable

energy sources. In 2022, 14,029 MWh of electrical energy consumed by the University was obtained from renewable energy sources. The Tuzla campus has a solar power plant and cogeneration system, which was installed in conjunction with Enerjisa. This system meets 60% of the University's total electricity need. In addition, Sabancı University plans to install solar panels on all building roofs of the Tuzla campus with the target of boosting its total solar energy capacity to 1 MW. The University has a green campus with over 170,000 plants and a natural pond. Currently, 100% of the electrical energy consumed on the Tuzla campus is green energy obtained from sustainable sources.

The Sabancı University campus is included in the Smart Campus Project, an effort implemented under the European Commission EuroGia Energy Cluster and coordinated by Enerjisa.



According to the latest data, 94% of Sabancı University alumni are placed in a job of their preference within one year of graduation.

Pioneering work in social contribution

A panel entitled "Türkiye-EU/Germany Relations: Then, Now and Future" was held as part of the 10th anniversary of the İstanbul Policy Center - Sabancı University-Stiftung Mercator Initiative. Through the Mercator-IPC Research Fellowship Program realized as part of this initiative, researchers conduct academic studies in a wide range of subjects – from climate change to social cohesion of refugees, cultural policies to gender.

Focusing on the current issues of the global energy and climate agenda, Sabancı University İstanbul International Center for Energy and Climate (IICEC) addressed the world's challenging issues of energy crisis and renewable energy at a conference entitled "Global Energy Crisis: Solutions & The Role of Renewable Energy" held in İstanbul. The ways out of the energy crisis and the importance of renewable energy for a sustainable future were discussed at the conference. In addition, a launch presentation was made for the "Türkiye Renewable Energy Outlook 2022 Report" prepared by IICEC – a pioneering study and the first report of its kind in the sector.

Sabancı University Sakıp Sabancı Museum (SSM)

Sabancı University
Sakıp Sabancı Museum
is a point of meeting
which offers
transforming cultural
experiences.

Interaction between
global, regional and
local culture.

Creating common
value with all its
stakeholders

Sabancı University Sakıp Sabancı Museum (SSM)

SSM creates areas of continuous interaction between global, regional and local culture and art heritage.

The Sabancı University Sakıp Sabancı Museum (SSM)

The Sabancı University Sakıp Sabancı Museum is an institution that delivers transformative cultural experiences.

SSM is committed to preserving, researching, developing and interpreting its collections and the holistic art heritage of Türkiye while creating common value with all its stakeholders in its exhibitions and events.

Shaping all its procedures and operations around an environmental awareness and a commitment to sustainability, SSM is Türkiye's only green museum, receiving LEED Gold V4 certification in 2022.

SSM Collections

Sakıp Sabancı Museum presents the Book Arts and Calligraphy, Painting, Decorative Artifacts, Archaeological Artifacts Collections and Archives, which constitute its rich cultural and artistic accumulation, to the society by fulfilling all the requirements of contemporary museology.

Exhibitions held at SSM

The Prince's Extraordinary World: Abdülmecid Efendi

In collaboration with Sabancı Holding, the exhibition titled *The Prince's Extraordinary World: Abdülmecid Efendi* was based on the life and art of Abdülmecid Efendi, a prolific painter and the patron of many artists and artistic institutions. Abdülmecid Efendi also cultivated a fervent interest in calligraphy, music, and literature, leaving his mark on the history of art in Türkiye. A documentary on *The Prince's Extraordinary World: Abdülmecid Efendi*, which was selected as the exhibition of the year by the arts and culture press, was filmed and later broadcast on the SSM YouTube channel. In the documentary, Sakıp Sabancı Museum Director Dr. Nazan Ölçer and several contributors to the exhibition catalog – Prof. Dr. Zafer Toprak, Prof. Dr. Evren Kutlay, Prof. Dr. Ali Satan, Danish Museums Conservation Center expert Filiz Kuvvetli and art historian Ömer Faruk Şerifoğlu – discussed different aspects of Abdülmecid Efendi's life and art.

David Hockney: The Arrival of Spring, Normandy, 2020

In collaboration with Akbank, The Sakıp Sabancı Museum hosted David Hockney, one of the most inspiring artists of the 20th and 21st centuries, with his exhibition titled *The Arrival of Spring, Normandy, 2020*. SSM was the third museum venue for the exhibition, which was previously shown at the Royal Academy of Arts in London and BOZAR in Brussels.

Hockney, experimenting with new technologies and different methods of making art throughout his career, began to draw on an iPhone and iPad in the early 2000s. This exhibition, a culmination of this particular technological journey, includes 116 of the artist's iPad paintings, the subject of which heralds the arrival of spring.

As part of the exhibition, SSM organized conferences that cover David Hockney's entire artistic practice through its various stages.

Prince Abdülmecid Efendi and the Art of Calligraphy

Abdülmecid Efendi was widely known as a painter but also held a deep interest in music and calligraphy. He self-trained in calligraphy by making copies of panels by famous calligraphers in the palace collections, at a time when he was forced to live under surveillance in the palace, cut off from the outside world. *Prince Abdülmecid Efendi and the Art of Calligraphy* exhibition focuses on the sultans who were Prince Abdülmecid Efendi's grandfather, uncle, father and cousin: Mahmud II (r. 1808-39), Sultan Abdülmecid (r. 1839-61), Sultan Abdülaziz (r. 1861-76) and Sultan Abdülhamid II (r. 1876-1909), respectively.

Turkish Painting: In the Pursuit of Modernism

The Sakıp Sabancı Museum Painting Collection is a personal collection focusing on a specific period of Turkish painting as well as a cultural legacy that provides insight into the early development of painting as an art form in Türkiye.

Agnes Denes. The Living Pyramid

Starting from 13 September 2022, the Sabancı University Sakıp Sabancı Museum is hosting *The Living Pyramid* exhibition by Agnes Denes, a pioneer of ecological art. The exhibition is being held under the main sponsorship of Sabancı Holding with communications sponsorship by Çimsa. *The Living Pyramid* portrays our relationship with nature as a metaphor for our existence in the world. Agnes Denes' *Manifesto*, written in 1969, will also be on display in the SSM garden as part of its permanent collection.

Held as part of the exhibition, the "Living Pyramid Talks" conference series brings together art historians, academics and writers to discuss Agnes Denes' artistic practice in its various aspects.



Hussein Chalayan. Prompters

In his new solo exhibition *Prompters*, on display between September 16, 2022 – January 29, 2023; Hussein Chalayan uses new media to focus on the human body and modern anthropology.

The three series presented in the exhibition include *Pre-tension*, inspired by the concept of pretension that is often criticized in popular culture; *Fake Celebrations*, a protest against our escalating "digital isolation" state; and *Post-Colonial Body*, dealing with the

dance movements of certain ethnic groups colonized by the West. For Hussein Chalayan, each object in these installations acts as a "prompter," filling in the gaps within these subjects.

Designed and directed by Hussein Chalayan, the film of the performance titled *Gravity Fatigue* deals with identity, disembodiment, migration, and metamorphosis – all areas of ongoing interest for the artist.

Sabancı University Sakıp Sabancı Museum (SSM)

SSM organizes various workshops and guided tours for school groups covering key subjects such as art movements, painting, science, nature and abstract art.

SSM Learning Programs

Programs for Children

SSM Learning Programs for Children are designed for youth in different age groups and held in the museum and online throughout the year. In addition to workshops organized in parallel with current exhibitions, SSM organizes various workshops and guided tours for school groups covering key subjects such as art movements, painting, science, nature and abstract art.

Programs for Adults

SSM Learning Programs for Adults were conducted in 2022 with a range of topics. Administered by faculty members from the General Art History Department, a 14-week program was held online in collaboration with Istanbul University. The online offering presented a comprehensive art history class that chronologically conveyed all the period of art up to the 20th century.

As part of the David Hockney exhibition, "Botanical Illustration" workshops were held for interested attendees. Concurrent with the Agnes Denes exhibition, therapeutic workshops titled "Art Heals" were held for the first time in Türkiye.

digitalSSM Projects

The 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.

This year, digitalSSM commenced a research initiative: "VARIANT. Documenting New Media Art." A conference series was conducted in conjunction with this effort. The conference series served as a platform for academics, new media artists and digital preservation experts to discuss the archiving processes of new media and artificial intelligence tools, documentation methods and the documentation practices of museums.

Video recordings of the conferences are available on the SSM YouTube channel.

Open Air Events

The Stage at the Museum

Organized with the support of the Sabancı Foundation since 2017, The Stage at the Museum hosts a series of performing arts events of public importance throughout the year. This year, "The World Is a 419 PPM Stage" focused on the climate crisis and ecological destruction between August

10-14, 2022. Although widely described as a red alert for humanity, the theme of climate emergency is absent in Türkiye's performing arts scene. To fill this gap, The Stage at the Museum commissioned three writers to write three plays to be performed in three different stage productions. After their premieres at The Stage at the Museum, the plays were performed at other various venues throughout the season.

In the unique series, Taş (Stone) was written by Şebnem İşigüzel and directed by Zinnure Türe, Libido was written by Nadir Sönmez and directed by Ayşe Lebriz Berkem, and Tek Kullanımlık Hikâye (A Disposable Story) was written by Volkan Çıkıntoğlu and directed by Gülhan Kadim. Each of these climate-crisis themed plays received with their first audience at The Stage at the Museum.

Yoga

A highly popular series every year, "Yoga at the Museum" was held on the terrace of SSM with sweeping views of the Bosphorus between May and September in 2022.



Concerts

Akbank Jazz Festival

As part of the All Year Jazz events of the 32nd Akbank Jazz Festival, trio jazz concerts were held in the SSM garden between May 31 and June 28, 2022.

Istanbul Fringe Festival

SSM hosted the interactive sound performance titled "Mandala" at the Istanbul Fringe Festival between February 26-27, 2022.

IStype Conference

The seventh international IStype Conference was held between November 5-7, 2022 in collaboration with Sabancı University and the University of Reading (UK).

Attended by designers and researchers interested in Arabic letter typography as well as graphic artists and typography designers who design in various alphabets, this year's conference was inspired by the book *Arabic Typography: History and Practice*. This groundbreaking book contributes significantly to the field of typography by merging historical research with contemporary design. *Arabic Typography: History and Practice* features chapters that examine the culture of calligraphy based on the works in The Arts of the Book and Calligraphy Collection of Sakıp Sabancı Museum.

SSM Gift Shop

The Sakıp Sabancı Museum Gift Shop features unique products and services that enable art enthusiasts to cherish enduring culture and art experiences.

Open to everyone with its physical and digital venues, SSM Gift Shop closely collaborates with designers and design material suppliers. Through these collaborations, SSM Gift Shop is committed to being accessible, innovative and distinctive in the products and services it offers in conjunction with its permanent collections and temporary exhibitions.

SSM Gift Shop acts with an awareness of its social responsibility and sustainability while conducting its museum retailing activities.

Corporate Social Responsibility Policy and Principles

Sabancı Group considers social responsibility awareness as an unchangeable core element of its management approach in all its activities as a part of its core values of modesty, respect and proximity to people.

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.

Sabancı Group considers social responsibility awareness as an unchangeable core element of its management approach in all its activities as a part of its core values of modesty, respect and proximity to people. We expect all our establishments that constitute Sabancı Group to manage the economic, social and environmental impact of their actions with responsibility and to prioritize the development of the 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 disability 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. Beyond their legal requirements, we ask our companies to apply the best environmental solutions and 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 capital 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 nondiscriminatory, safe and healthy work environment. We undertake efforts to enable 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 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 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 Türkiye 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, including CEO of Sabancı Holding, 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.



Communication Principles

Sabancı Group is committed to maintaining consistent, constant and transparent internal and external communications in order to safeguard and promote the corporate reputation of the Group. Communications at Sabancı Group are managed in line with the Group's business targets and social responsibilities.

Senior management of Sabancı Holding holds public informational meetings at least once a year.

Sabancı Holding shares its first quarter, first half-year, nine-month and year-end financial results with the Capital Markets Board of Türkiye (CMB), Borsa Istanbul (BIST) and the public.

Material disclosures to BIST and press releases are simultaneously posted on the corporate website.

Business 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 are expected to inform Sabancı Holding's Corporate Brand Management and Communications Department before implementation of planned communication activities on a monthly and annual basis.

Sabancı Holding and its subsidiaries are required to adhere to the principles set out in the Corporate Brand and Communications Guidelines in all communications activities.

The principles of Sabancı brand usage are outlined in the Sabancı Corporate Identity Guidelines. Sabancı Holding and its subsidiaries are expected to adhere to these principles in all matters relating to the use of the Sabancı brand.

The frequency of communications activities may vary in line with corporate and operational developments.

Environmental Policy

Our Corporate Environment Policy

- We develop and implement our own environmental standards that exceed legal requirements.
- We aim for excellence by sharing know-how and experience between our companies.
- We adopt a proactive approach in all our business activities to continuously improve our environmental performance.
- We identify and manage environmental risks.
- We aim 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 to further society's development.

Environmental Policy Requirements within the Group

- We comply with environmental legislation and other legal and regulatory requirements.
- We implement environmental practices that exceed legal requirements 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 units and we foster environmental awareness among our employees.

We adopt a systematic approach to our practices and create synergy among our businesses.

- We set our business standards with a proactive approach and facilitate compliance for all relevant stakeholders – including our employees, suppliers, and contractors.
- We proactively identify the risks that may harm the environment when we conduct our business activities, and we aim to promptly and fully take measures to 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.
- We aim for continuous improvement with clean products and clean production technologies.
- We undertake the environmental responsibility of our products and services.
- We aim to prevent biodiversity loss in green field investments by following the international standards.
- We report on our business activities and facilitate access to simplified, understandable 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 acknowledges 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 Türkiye.

On the other hand, Sabancı Holding continued to fully comply with 63 out of a total of 73 discretionary principles, partially comply with 4 while failed to comply with 2 of these principles. Since no activities that fall within the scope of the remaining 4 principles were carried out in 2022, the remaining 4 principles were considered irrelevant and no compliance status could be assessed.

As a result of its efforts, Sabancı Holding achieved 93.5% full compliance and 4.3% partial compliance status while failing to comply with only 2.2% of all Corporate Governance Principles that are relevant and applicable in 2022. Sabancı Holding is committed to continue its efforts to further improve compliance with the remaining corporate governance principles for the benefit of all stakeholders, especially shareholders.

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 for the sake of 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 2022 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.*

4.6.4. *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.*

Compliance of Corporate Governance and Sustainability Principles

Sabancı Holding's compliance status with Corporate Governance Principles in 2022 is summarized in the table below:

Status	Full Compliance	Partial Compliance	Non-Compliance	Irrelevant
Mandatory	24	-	-	-
Discretionary	63	4	2	4
Total	87	4	2	4

These discretionary principles could not be complied with in 2022 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 Türkiye, 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 2022 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 meticulous 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 22 roadshows and investor conferences in 2022, and met with 555 international investors/analysts.

No issues that may cause conflicts of interests between Sabancı Holding and institutions Sabancı Holding receives services such as investment consultancy, audit and rating agencies have been encountered in 2022.

A more detailed content for investor relations activities in 2022 is provided in the Investor Relations section of this Annual Report.

4. Monitoring the Changes in Legislation and Legal Procedures

In 2022, there have been no changes in the legislation that may significantly affect Sabancı Holding's operations. However, the amendments made in 2022 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 2022 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 Türkiye" significant contributions were made to the changes in the financial legislation by prioritizing the interests of the country.

Finally, in 2022, 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.

The Board of Directors must convene at least four (4) times a year.

Compliance of Corporate Governance and Sustainability Principles

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 6 physical meetings between 1 January 2022 and 31 December 2022. The participation rate of the Members of the Board of Directors to these meetings is 96%.

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 2022, 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 2022.

2.1 Skill Matrix Principle of Board of Director

Members on the Board of Directors possess a diverse range of competencies, knowledge and experience strengthens the Board's functioning and benefits decision-making processes. The process of being nominated for the Board of Directors membership is not solely limited to gender equality in terms of diversity and inclusion. The Board of Directors of Company are evaluating the competencies of candidates by considering various factors, such as knowledge of the industry, management experience, knowledge in ESG matters, crisis management experience, and global and long-term thinking. Sabancı Holding has zero tolerance to any discrimination among candidates on grounds of gender, age, ethnicity, religion, language, race, etc., as indicated in its BoD Diversity Policy.

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 9 times in 2022.

Additionally, the Committee has received consultancy services from Egon Zehnder International regarding the determination of nominees for independent members. The costs relating to such service was covered by the Company as there is no conflict of interest between the Company and the consultant or any other relationship between the parties apart from the aforementioned scope of services.

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

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.

Compliance of Corporate Governance and Sustainability Principles

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 2022.

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
Sakıp 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 4 meetings in 2022 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

Sustainability Committee helps the Board of Directors fulfill its duties and responsibilities regarding environmental and social issues in a healthy manner.

Sustainability 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.

Sustainability Board Committee convened 4 times in 2022.

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:

a) 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,

b) Sustainability Performance

- Keeping performance indicators and targets of Sabancı Group up-to-date,

c) 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.

d) 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 Board 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 Türkiye's leading institutions, the Sabancı Group continues to implement a defined risk management system throughout the Group with its strong risk management infrastructure.

To maximize the value created for Sabancı Group stakeholders and ensure the sustainability of the Group, Sabancı Group ensure the early detection, measurement, and continuous and effective monitoring of risks with a corporate risk management approach.

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.

Compliance of Corporate Governance and Sustainability Principles

Risk management is carried out in accordance with risk appetite levels/ attitudes determined in various breakdowns using quantitative and qualitative measurement metrics. Prioritized in terms of significance and impact, the risks are maintained within the tolerance limits and confidence intervals determined numerically by modeling studies. Risks prioritized in accordance with the strategic and financial targets determined by the Group are handled within the frame of the risk management strategies, determined as risk avoidance, risk transfer, risk reduction and risk acceptance. Corporate Risk Management is carried out in breakdowns such as deciding and following up on mitigation actions, determining action responsibilities, and making cost-benefit analyses for action plans. Risk study results are evaluated periodically by the Holding Board of Directors, the Early Detection of Risk Committee and the Holding's senior management.

Ceaselessly continuing to create shareholder value in 2022 owing to the importance it attaches to risk management, Sabancı Group displayed a sustainable growth performance. Sabancı Group commits to manage the potential risks in all business lines in 2023 thanks to its strong capital and effective management understanding.

Similarly, the Internal Control Mechanism has been available since the company was established. At Sabancı Group companies operating in non-financial industries, corporate risk management is carried out by executives responsible for the relevant process and activities and the senior management of the companies under the supervision of the relevant Boards of Directors and their affiliated risk committees. Companies identify the risks they may encounter and prioritize them according to the probability of the risks and the size of the losses they may cause. Prioritized risks are monitored by the Company Management, the Early Detection of Risk Committee and the Company's Board of Directors with periodic reports. Risk management processes, including the measures that will be taken accordingly, are decided, and the implementation and results of these processes are monitored. The management of the financial, strategic, operational and compliance risks of the Group subsidiaries are also monitored and directed by the Holding's relevant Strategic Business Unit Presidents, the Office of the Chief Financial Officer, and the Legal, Risk and Compliance Group.

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 2022, 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 integrates sustainability principles at the core of its business and ensures compliance with the regulations and ethical rules on the environment, consumers and public health. The Company supports and respects international human rights. In 2021, Sabancı Holding redefined its priorities, including environmental and social issues, and disclosed to the public with its 2021 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 2023, 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.

Sabancı Holding's ESG rating has been rated A by MSCI which is one of the most reputable ESG rating companies in regard to responsible investment all over the world. For the purpose of leading this area Sabancı Holding is listed in BIST 25 Sustainability Index where constituents are shares of companies with high performance on corporate sustainability in Türkiye. Sabancı Holding also has achieved a "B" score in both CDP Climate Change and CDP Water Program both in Management Level.

Sabancı Holding has been rated A for 2022 Refinitiv Excellent Performance within more than 50 Companies in Investment Holdings Category and received 13.9 rating which shows Low Risk level from Sustainalytics in Diversified Financials Category.

Besides that, Sabancı Holding became one of 484 companies across various countries in Bloomberg Gender Equality Index 2023 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 Türkiye. This year, Sabancı Group fully complied with 55 out of a total of 57 discretionary principles and partially complied with 1 principle and not relevant for the remaining principle. The efforts to achieve 100% compliance with these principles across Sabancı Group will continue in 2023 as well.

Sabancı Holding's compliance with the Sustainability Principles in 2022 is summarized in the table below

Type	Full Compliance	Partial Compliance	Non-Compliance	Not Relevant
General	12	-	-	-
Environment	25	1	-	-
Social	16	-	-	1
Corporate Governance	2	-	-	-
Total	55	1		1

[2022 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 2022 (TRY)			
		As per IFRS	As per Turkish GAAP
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.			
3. Profit		102,751,493,000.00	8,676,961,117.87
4. Taxes (-)		20,362,002,000.00	845,380,674.32
5. Net Profit for the Period (=)		43,828,379,000.00	7,831,580,443.55
6. Previous Years' Losses (-)		0.00	0.00
7. General Legal Reserves (-)		0.00	0.00
8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD		43,828,379,000.00	7,831,580,443.55
9. Donations Granted During the Year (+)		864,417.00	
10. NET DISTRIBUTABLE PROFIT INCLUDING DONATIONS		43,829,243,417.00	
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		231,886,807.41	
- Members of the Board of Directors		0.00	
- Employees		0.00	
- Non Shareholders		231,886,807.41	
14. Dividends Distributed to the Holders of Usufruct Right Certificates		0.00	
15. Second Category Dividend for Shareholders		3,468,686,682.70	
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	2,235,818,825.87
19. Extraordinary Reserves		40,025,785,313.34	1,793,167,931.02
20. Other Resource Planned for Distribution			
- 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 2022					
	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	3,570,706,879.25	-	8.15	1,750	175.00
NET (*)	3,213,636,191.33	-	7.33	1,575	157.50

(*) Net amount is calculated by assuming 10% withholding tax will apply.

Events After the Balance Sheet Period

In the scope of the share buy-back program started by the Board of Directors on 9 November 2021 based on the matched transactions fulfilled after 31 December 2022 as of the report date, shares worth full TRY9.840, representing 0,48% of the Sabancı Holding Capital, were bought back for TRY391.683, including transaction costs. By the president's decision, with the decision of the Official Gazette dated February 14, 2023, the withdrawal rate made on the shares or partnership shares of the full taxpayer or the partnership shares, the withholding rate was reduced to zero.

Regarding the reporting period that ended on 31 December 2022 after the earthquakes in our country on February 6, a limited time has passed to evaluate the reflections of the disaster on economic activity. All developments closely monitoring in order to manage its negative effect on the Group's consolidated financial situation, consolidated financial performance and consolidated cash flows. Group management predicts that despite the current uncertainties, the Group's business risks, and liquidity reserves will have limited impact.

Akbank's Board of Directors decided to authorize the management to establish a 100% owned subsidiary in the Netherlands named Akbank Ventures BV, with USD 30.000 initial capital, to be able to invest in technology ventures, to undertake required applications and obtain legal approvals for the establishment of the company.

Akbank Board of Directors decided that meeting dated February 16, 2023, in order to support healthy price formations and stability at Akbank shares and to protect the interests of investors; a share buy-back shall be initiated pursuant to Capital Market Board's Communique II-22.1 on Share Buybacks and the decision of the Capital Markets Board and the Principle Decision numbered 9/177 announced by the Capital Markets Board's bulletin numbered 2023/10 dated February 14, 2023, up to 5.200.000.000 shares with a nominal value of TRY52.000 representing 1% of Bank's issued share capital shall be repurchased, total maximum funds allocated for share buy-back transactions shall be determined as TRY1.000.000 the share buy-back shall be put on the agenda of the first following general assembly meeting, and shall be presented to the information of the shareholders at the general assembly, share buy-backs shall be conducted from the date of this decision until December 31, 2023 and the Head Office shall be authorized in matters related to the share buy-backs.

Independent Auditor's Report on the Annual Report



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

To the General Assembly of Hacı Ömer Sabancı Holding A.Ş.

1. Opinion

We have audited the annual report of Hacı Ömer Sabancı Holding A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2022 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report 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. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 1 March 2023 on the full set consolidated financial statements for the 1 January - 31 December 2022 period.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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4. Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- to include the matters below in the annual report:
 - events of particular importance that occurred in the Company after the operating year,
 - the Group's research and development activities,
 - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements and with the information obtained in the course of audit.

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

Gökhan Yüksel, SMMM
Partner

Istanbul, 1 March 2023

**HACI ÖMER SABANCI
HOLDİNG A.Ş.**

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
TOGETHERWITH 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 2022, 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 2022, 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.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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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 TRY 22 billion with respect to receivables from finance sector operations of TRY 629 billion which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2022.</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. The uncertainties arising from these impacts have been evaluated by the management in their judgements and estimations.</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 loans and lease receivables and estimation of impairment in line with the TFRS 9. 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 in respect to segmentation, use of macroeconomic expectations, life time expected credit losses, losses given default.</p>



Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as developing macro-economic scenarios and their weightings, historical loss experiences; the significance of the loan balances; the appropriateness of classification of loans and lease receivables 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 state default 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 a key audit matter.

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.

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.

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.



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 accounted for provision amounting to TRY 935 million for Pension Fund Liabilities in the accompanying consolidated financial statements as at 31 December 2022.</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 actuarial consulting firm for the purpose of valuations of pension obligations. The reason we focused on this area during our audit is; uncertainty of the transfer date, the importance of the actuarial and economic assumptions such as technical interest rate determined by the law, 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 evaluated the adequacy of the disclosures made with respect to Pension Fund in the accompanying consolidated financial statements.</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

- 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 2022 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
- 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.
- 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 1 March 2023.

Additional explanation for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

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

Gökhan Yüksel, SMMM
Partner

Istanbul, 1 March 2023

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Hacı Ömer Sabancı Holding A.Ş

Consolidated balance sheets at 31 December 2022 and 2021

(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 2022	Audited Prior Period 31 December 2021
ASSETS	References		
Current Assets		720.809.364	465.289.463
Cash and Cash Equivalents	5	64.878.197	69.417.883
Balances with the Central Bank of the Republic Turkey		114.589.752	81.792.492
Financial Assets		65.154.120	40.134.206
- Fair Value Through Profit or Loss	6.a	13.779.757	11.288.001
- Fair Value Through Other Comprehensive Income	6.b	28.987.545	15.853.577
- Measured at Amortized Cost	6.c	20.654.473	12.629.008
- Time Deposit	6.d	1.732.345	363.620
Trade Receivables	9	6.606.610	4.254.881
- Trade receivables from related parties		314.353	203.792
- Trade receivables from non-related parties		6.292.257	4.051.089
Receivables from Finance Sector Operations	33	410.059.537	225.676.033
Other Receivables	10	7.702.134	3.753.288
Derivative Financial Instruments	32	10.160.764	23.646.983
Inventories	11	13.450.139	7.520.997
Prepaid Expenses	12	15.932.110	2.353.369
Deferred Commission Expenses		1.019.808	474.946
Assets Related to Current Tax		600.741	136.708
Other Current Assets	22	10.064.237	5.433.104
		720.218.149	464.594.890
Non-current Assets Held for Sale	24	591.215	694.573
Non-Current Assets		525.120.563	354.474.326
Financial Investments		232.511.740	131.979.497
- Fair Value through Other Comprehensive Income	6.b	147.083.960	87.077.994
- Measured at Amortized Cost	6.c	85.427.780	44.901.503
Trade Receivables	9	1.418	6.086
- Trade Receivables from Non-related Parties		1.418	6.086
Receivables from Finance Sector Operations	33	196.986.616	160.936.678
Other Receivables	10	1.593.482	503.230
Derivative Financial Instruments	32	38.719.765	27.349.132
Investments Accounted Through Equity Method	13	17.611.848	8.763.569
Investment Property	14	489.142	383.871
Property, Plant and Equipment	15	15.995.345	10.569.872
Right of Use Assets	17	3.132.198	1.980.324
Intangible Assets		14.946.401	10.480.408
- Goodwill	18	4.460.528	2.522.764
- Other Intangible Assets	16	10.485.873	7.957.644
Prepaid Expenses	12	463.916	46.052
Deferred Commission Expenses		972.698	642.071
Deferred Tax Assets	31	1.456.257	660.696
Other Non-Current Assets	22	239.737	172.840
Total Assets		1.245.929.927	819.763.789

These consolidated financial statements have been approved for issue by the Board of Directors on 01 March 2023 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.

Hacı Ömer Sabancı Holding A.Ş

Consolidated balance sheets at 31 December 2022 and 2021

(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 2022	Audited Prior Period 31 December 2021
LIABILITIES	References		
Current Liabilities		902.103.780	606.207.659
Short Term Borrowings	7	25.356.285	26.193.026
Short Term Portion of Long-Term Borrowings	7	37.578.916	27.179.115
Liabilities from Leasing Transactions	8	630.347	382.607
Trade Payables	9	15.486.832	8.739.683
- Trade payables to related parties		515.832	109.484
- Trade payables to non-related parties		14.971.000	8.630.199
Payables of Finance Sector Operations	37	749.663.848	495.202.504
Payables related to Employee Benefits	21	261.785	133.906
Other Payables	10	35.041.548	16.992.367
Derivative Financial Instruments	32	5.798.902	14.714.467
Deferred Income	12	511.771	248.442
Current Tax Liabilities	31	10.263.913	1.756.390
Short Term Provisions		17.303.456	11.151.910
- Short Term Provisions for Employee	21	1.778.295	768.587
- Insurance Technical Provisions	19	14.539.144	9.328.281
- Other Short-Term Provisions	19	986.017	1.055.042
Other Short-Term Liabilities	22	4.192.286	3.513.242
		902.089.889	606.207.659
Liabilities Related to Asset Group Held for Sale	24	13.891	-
Non-current Liabilities		143.593.588	109.951.948
Long Term Borrowings	7	73.982.765	64.396.093
Liabilities from Leasing Transactions	8	2.897.906	1.844.517
Payables of Finance Sector Operations	37	24.639.838	17.327.199
Other Payables	10	16.075.205	7.145.569
Derivative Financial Instruments	32	9.308.148	11.219.270
Government Incentives		28.737	-
Deferred Income	12	505.021	221.404
Long Term Provisions		13.012.271	6.380.764
- Long Term Provisions for Employee Benefits	21	2.973.784	1.051.410
- Insurance Technical Provisions	19	8.373.738	4.766.880
- Other Long-Term Provisions	19	1.664.749	562.474
Taxes and Funds Payable		10.829	10.233
Deferred Tax Liabilities	31	2.590.383	1.382.161
Other Long-Term Liabilities	22	542.485	24.738
EQUITY		200.232.559	103.604.182
Equity Attributable to The Parent	23	100.832.151	51.416.916
Share Capital	23	2.040.404	2.040.404
Adjustments to Share Capital		3.426.761	3.426.761
Share Premium		22.237	22.237
Treasury shares (-)	23	(944.255)	(298.646)
Other Equity Reserves		30.912	-
Other Comprehensive Income or Expenses That			
Will Not Be Reclassified to Profit or Loss		(1.220.212)	(238.606)
- Actuarial Gain/Loss		(1.220.212)	(238.606)
Other Comprehensive Income or Expenses			
Will Be Reclassified to Profit or Loss		11.174.690	3.521.468
- Currency Translation Reserve	23	10.995.205	6.690.649
- Gains/Losses on Hedge	23	(2.992.643)	(2.450.148)
- Revaluation Reserve	23	3.172.128	(719.033)
Restricted Reserves	23	2.822.896	1.532.498
Retained Earnings		39.650.339	29.378.702
Net Income for the Period		43.828.379	12.032.098
Non-controlling Interests		99.400.408	52.187.266
TOTAL EQUITY AND LIABILITIES		1.245.929.927	819.763.789

The accompanying notes form an integral part of these consolidated financial statements.

Hacı Ömer Sabancı Holding A.Ş

Consolidated statements of profit or loss for the years ended 31 December 2022 and 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 Current Period 1 January - 31 December 2022	Audited Prior Period 1 January - 31 December 2021
CONTINUING OPERATIONS			
Sales (net)	4,25	68.172.356	30.570.352
Cost of Sales (-)	4,25	(54.719.680)	(24.024.838)
Gross Profit from Non-Financial Operations		13.452.676	6.545.514
Interest, Premium, Commission and Other Income	4,25	166.306.807	57.622.046
Interest, Premium, Commission and Other Expense (-)	4,25	(66.700.165)	(27.944.179)
Gross Profit from Financial Operations		99.606.642	29.677.867
GROSS PROFIT		113.059.318	36.223.381
General and Administrative Expenses (-)	26	(25.213.555)	(11.745.337)
Marketing Expenses (-)	26	(5.915.805)	(3.005.986)
Research and Development Expenses (-)	26	(109.311)	(46.937)
Other Income from Operating Activities	28	8.345.623	4.007.197
Other Expense from Operating Activities (-)	28	(3.092.784)	(2.864.189)
Share of Profit of Investments Accounted for Using the Equity Method	13	11.679.714	2.786.514
OPERATING PROFIT		98.753.200	25.354.643
Income from Investing Activities	29	5.795.764	1.847.361
Expense from Investing Activities (-)	29	(23.747)	(9.283)
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		104.525.217	27.192.721
Financial Income	30	726.463	124.809
Financial Expenses (-)	30	(2.500.187)	(1.463.942)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS		102.751.493	25.853.588
Tax Expense from Continuing Operations			
Current Tax Expense	31	(22.268.876)	(4.186.070)
Deferred Tax Income/(Expense)	31	1.906.874	(1.088.408)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		82.389.491	20.579.110
DISCONTINUED OPERATIONS			
Income After Tax From Discontinued Operations			
Discontinued Operations	24	(2.416)	(7.942)
PROFIT FOR THE PERIOD		82.387.075	20.571.168
ALLOCATION OF PROFIT			
- Non-controlling Interests		38.558.696	8.539.070
- Owner of the Company		43.828.379	12.032.098
Earnings per share			
- hundreds of ordinary shares (TRY)		21,48	5,90
Earnings per share from continuing operations			
- hundreds of ordinary shares (TRY)		21,48	5,90

The accompanying notes form an integral part of these consolidated financial statements.

Hacı Ömer Sabancı Holding A.Ş

Consolidated statements of comprehensive income for the years ended 31 December 2022 and 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 Current Period 1 January - 31 December 2022	Audited Prior Period 1 January - 31 December 2021
INCOME FOR THE YEAR		82.387.075	20.571.168
Other Comprehensive Income/(Loss): Items That Will Not Be Reclassified To Profit or Loss			
Actuarial (losses)/gains	31	(1.802.717)	(163.450)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax	31	(180.050)	(15.438)
Items That Will Be Reclassified To Profit or Loss Profit or Loss		17.000.703	4.463.431
Fair value gains/(losses) from financial assets through other comprehensive income, after tax	31	9.911.036	(2.305.662)
Currency translation differences	31	8.181.130	8.234.664
Cash flow hedges after tax	31	1.866.585	2.354.470
Income/(loss) from the derivative financial assets related to net investment hedge in a foreign operation, after tax	31	(2.861.609)	(3.727.101)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax	31	(96.440)	(92.940)
OTHER COMPREHENSIVE INCOME/(LOSS) (AFTER TAX)		15.017.935	4.284.543
TOTAL COMPREHENSIVE INCOME		97.405.010	24.855.711
ALLOCATION OF TOTAL COMPREHENSIVE INCOME			
- Non-controlling Interests		46.905.015	10.555.109
- Equity Holders of the Parent		50.499.995	14.300.602

The accompanying notes form an integral part of these consolidated financial statements.

Hacı Ömer Sabancı Holding A.Ş

Consolidated statements of changes in equity for the years ended 31 December 2022 and 2021

(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										Total		
	Share capital	Adjustment to share capital	Treasury shares	Share premium	Other equity shares	Actuarial gains / losses	Currency translation reserve	Hedge reserve	Revaluation funds	Restricted reserve	Retained earnings	Net income for the year			Equity attributable to the parent
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	-	-	-	-	-	-	-	-	-	-	-	(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)	-	-	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
Balance at 1 January 2022	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
Transfers	-	-	-	-	-	-	-	-	454.318	11.577.780	(12.032.098)	-	-	-	
Dividends paid (*)	-	-	-	-	-	-	-	-	-	(1.558.437)	-	(1.558.437)	(969.815)	(2.528.252)	
Capital increase (**)	-	-	-	-	-	-	-	-	-	-	-	-	640.000	640.000	
Increase / (decrease) due to share-based transactions	-	-	-	-	30.912	-	-	-	-	-	-	30.912	29.546	60.458	
Subsidiary disposals (***)	-	-	-	-	-	-	25.245	-	-	-	-	2.643.361	2.668.606	2.668.606	
Other changes	-	-	-	-	-	-	-	-	-	-	-	88.466	88.466	88.466	
Subsidiary acquisition	-	-	-	-	-	-	-	-	-	-	-	-	239.894	239.894	
Increase / (decrease) due to share buy back transactions (****)	-	-	(645.609)	-	-	-	-	-	836.080	163.828	-	354.299	368.502	722.801	
Total comprehensive income	-	-	-	-	-	(981.606)	4.279.311	(542.495)	3.891.161	-	-	41.185.018	47.831.389	46.905.015	94.736.404
Balances at 31 December 2022	2.040.404	3.426.761	(944.255)	22.237	30.912	(1.220.212)	10.995.205	(2.992.643)	3.172.128	2.822.896	39.650.339	43.828.379	100.832.151	99.400.408	200.232.559

(*) Dividends paid by the Holding per share with a TRY1 nominal value is TRY0,75 (2021: TRY0,35).

(**) Based on the Board of Directors' decision dated August 4, Aksigorta A.Ş.'s current capital of TRY612.000 was increased by TRY360.000 by each of the main shareholders, and TRY280.000 by publicly traded shares, with a total nominal value of TRY1.000.000 to reach TRY1.612.000.

(***) Sabancı Holding's entire shares in Philsa Philip Morris Sabancı Sigara ve Tütünçülük Sanayi ve Ticaret A.Ş. and Philip Morris SA Philip Morris Sabancı Pazarlama ve Satış A.Ş. have been sold to Philip Morris Products S.A. (PM) as of 5 January 2022.

(****) Considering the matching orders within the period regarding the share buy-back transactions shows the net effect buying/selling as of December 31, 2022.

The accompanying notes form an integral part of these consolidated financial statements.

Hacı Ömer Sabancı Holding A.Ş

Consolidated statement of cash flow for the years ended 31 December 2022 and 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 2022	Audited 1 January - 31 December 2021
Net income from continuing operations		82.389.491	20.579.110
Net income from discontinued operations		(2.416)	(7.942)
Adjustments to reconcile income before taxation to net cash provided by operation activities:			
Tax expense/income		20.362.002	5.274.478
Depreciation and amortization expenses	4	3.474.831	2.124.470
Provision for loan losses		20.063.870	5.555.027
Changes in the fair value of derivative instruments		(1.544.289)	(1.377.897)
Interest income/expense and foreign currency gains		(53.568.678)	(7.359.526)
Provision for employment termination benefits		451.056	207.004
Impairment charge on property, plant and equipment,intangible assets and investment property		(3.352)	1.345
Impairment an assets held for sale		125	1.517
Income from sale of property, plant and equipment,intangible assets and investment property		(1.886.264)	(293.921)
Income from associates and joint ventures		(11.679.714)	(2.786.514)
Provision for /(reversal of) inventory impairment		(41.208)	34.011
Provision for /(reversal of) doubtful receivables		(38.892)	4.212
Unrealized foreign currency translation differences		(6.566.279)	(6.095.482)
Adjustments for losses (gains) on disposal of subsidiaries		(2.766.445)	-
Adjustments for share-based payments		60.458	-
Other adjustments related to reconciliation of profit/(loss)		-	(1.359.258)
Net cash provided by operation activities before changes in operating assets and liabilities		48.704.296	14.500.634
Changes in trade receivables		(2.019.551)	(2.424.063)
Changes in inventories		(5.714.528)	(3.739.421)
Changes in other receivables		(5.356.000)	4.110.056
Changes in prepaid expenses		(13.996.605)	(439.246)
Changes in derivative financial instruments		(8.711.101)	(17.047.350)
Changes in other assets		(4.738.272)	(6.044.923)
Changes in trade payables		6.600.791	3.457.571
Changes in other liabilities and other payables		40.738.245	26.682.148
Net cash provided in operating activities of assets classified as held for sale		115.939	(258.043)
Changes in assets and liabilities in finance segment:			
Changes in financial investments		3.572.650	(10.748.503)
Changes in receivables from finance sector operations		(236.831.285)	(117.612.356)
Changes in payables from finance sector operations		266.687.747	190.620.687
Changes in Central Bank of the Republic of Turkey account		(32.797.260)	(39.188.122)
Income taxes paid		(14.225.386)	(3.731.445)
Employment termination benefits paid		(128.159)	(60.114)
Net cash provided from operating activities		41.901.521	38.077.510
Cash flow from investing activities			
Sale / (Proceed) of fair value through other comprehensive income or amortized cost at financial asset		(64.451.830)	(56.891.095)
Capital expenditures		(7.520.336)	(2.520.221)
Proceeds from sales of property, plant, equipment and intangible assets		2.592.874	703.398
Cash inflows (outflows) related to purchase from the sale of investment property		-	(5.550)
Proceeds from related to purchases to gain control of subsidiaries		(1.700.285)	3.499.068
Acquisition of subsidiaries, associates and joint ventures		-	(202.799)
Cash inflows caused by share sales or capital decrease of associates and/or joint ventures		3.069.577	-
Dividends received		2.554.945	1.322.325
Other cash inflows/outflows		163.570	(1.350.705)
Net cash provided from / (used in) investing activities		(65.291.485)	(55.445.579)
Cash flow from financing activities			
Cash inflows from borrowings		30.656.990	48.841.128
Cash outflows from repayments of borrowings		(16.305.228)	(6.401.341)
Cash outflows from payments of lease liabilities		(1.059.073)	(838.749)
Cash inflow/(outflow) from repurchased shares		722.801	(108.176)
Interest received		20.144	5.810
Dividends paid		(2.528.252)	(1.188.467)
Cash inflows from issuance of shares and other equity instruments		640.000	139.339
Net cash provided from / (used in) financing activities		12.147.382	40.449.544
Effect of change in foreign currency rates on cash and cash equivalents		13.530.164	13.209.138
Net increase / (decrease) in cash and cash equivalents		2.287.582	36.290.613
Cash and cash equivalents in the beginning of the period (*)		51.775.624	15.485.011
Cash and cash equivalents at the end of the period		54.063.206	51.775.624

(*) Cash and cash equivalents include interest discount of TRY9.928 (31 December 2021: TRY1.491) in the current period. The blocked deposit was by TRY17.642.259 at the beginning of the current period, and it was TRY10.805.063 at the end of the period (31 December 2021: respectively TRY4.342.775 and TRY17.642.259).

The accompanying notes form an integral part of these consolidated financial statements.

Hacı Ömer Sabancı Holding A.Ş

Notes to the consolidated financial statements for the year ended 31 December 2022 and 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 2022 is 67.375 (31 December 2021: 65.054). 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 İstanbul ("BİST") (previously known as the İstanbul Stock Exchange ("ISE") since 1997. As of 31 December 2022 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 Subsidiaries in these consolidated financial statements and their respective business segments are as follows as of 31 December 2022;

Subsidiaries	Traded Stock Market	Type of Activity	Business Segment	Number of Employees	Country of Registration
Agesa Hayat ve Emeklilik A.Ş. ("Agesa")	BİST	Pension and Insurance	Financial Services	1.712	Turkey
Akbank T.A.Ş. ("Akbank")	BİST	Banking	Banking	18.891	Turkey
Aksigorta A.Ş. ("Aksigorta")	BİST	Insurance	Financial Services	708	Turkey
Ankara Enternasyonal Otelcilik A.Ş. ("AEO")	-	Tourism	Other	2	Turkey
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefoursa")	BİST	Trade	Retailing	13.761	Turkey
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	BİST	Cement	Building Materials	2.182	Turkey
Dx Technology Services and Investment BV ("Dx BV")		Information Technologies	Other	191	Netherland
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa")	-	Trade	Other	59	Turkey
Sabancı Building Solutions ("SBS")	-	Cement	Building Materials	199	Holland
Sabancı Dijital Teknoloji Hizmetleri A.Ş. ("SabancıDX")	-	Information Technologies	Other	274	Turkey
Sabancı İklim Teknolojileri A.Ş. ("Sabancı İklim Teknolojileri")		Energy	Energy	-	Turkey
Kordsa Teknik Tekstil Anonim Şirketi ("Kordsa")	BİST	Tire Reinforcement	Industry	5.008	Turkey
Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	BİST	Trade	Retailing	2.642	Turkey
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. ("Tursa")	-	Tourism	Other	2	Turkey

Hacı Ömer Sabancı Holding A.Ş

Notes to the consolidated financial statements for the year ended 31 December 2022 and 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.

Holding's stand-alone financial statements have been included within the "Other" business segment for the purposes of segment information in Note 4.

Joint Ventures

The nature of business and operating segments of the Joint Ventures which are accounted through equity method in the consolidated financial statements as of December 31, 2022 are as follows:

Joint Ventures	Traded Stock Market	Type of Activity	Business Segment	Ventures	Number of Employees
Akçansa Çimento Sanayi ve Ticaret A.Ş. ("Akçansa")	BİST	Cement	Building Materials	Heidelberg	2.200
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa")	BİST	Tire	Industry	Bridgestone	3.364
Enerjisa Enerji A.Ş. ("Enerjisa Enerji")	BİST	Energy	Energy	E.ON SE	12.693
Enerjisa Üretim Santralleri A.Ş. ("Enerjisa Üretim")	-	Energy	Energy	E.ON SE	1.612
Temsa Skoda Sabancı Ulaşım Araçları A.Ş. ("Temsa Ulaşım Araçları")	-	Automotive	Other	PPF Industry CO. B.V.	1.530

All joint ventures are registered in Turkey.

Hacı Ömer Sabancı Holding A.Ş

Notes to the consolidated financial statements for the year ended 31 December 2022 and 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

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.

POA made an announcement on 20 January 2022 in order to eliminate the hesitations regarding the application of TAS 29 Financial Reporting in Hyperinflationary Economies (IAS 29 Financial Reporting in Hyperinflationary Economies) in 2022 financial reporting period for the entities applying Turkish Financial Reporting Standards ("TFRS"). Accordingly, it has been stated that the entities applying TFRS should not adjust financial statements for TAS 29 Financial Reporting in Hyperinflationary Economies, and no new explanation has been made by the POA regarding the application of TAS 29. Considering that no new explanation has been made as of the date of these consolidated financial statements were prepared, no inflation adjustment was made in accordance with TAS 29 while preparing the consolidated financial statements as of 31 December 2022.

Hacı Ömer Sabancı Holding A.Ş

Notes to the consolidated financial statements for the year ended 31 December 2022 and 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 adopted in preparation of the consolidated financial statements as of December 31, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2022 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs

i) The new standards, amendments and interpretations which are effective as of January 1, 2022, are as follows:

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments must be applied prospectively.

These amendments did not have any significant impact on the financial position or performance of the Group.

Amendments to TAS 16 – Proceeds before intended use

In July 2020, POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

These amendments did not have any significant impact on the financial position or performance of the Group.

Hacı Ömer Sabancı Holding A.Ş

Notes to the consolidated financial statements for the year ended 31 December 2022 and 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)

2.1.2 New and Revised Turkish Accounting Standards (Continued)

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments did not have any significant impact on the financial position or performance of the Group.

Annual Improvements – 2018–2020 Cycle

In July 2020, POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- TFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- TAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

These amendments did not have any significant impact on the financial position or performance of the Group.

ii) Standards issued but not yet effective and not early adopted:

Standards, interpretations, and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

Hacı Ömer Sabancı Holding A.Ş

Notes to the consolidated financial statements for the year ended 31 December 2022 and 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)

2.1.2 New and Revised Turkish Accounting Standards (Continued)

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognized over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. In accordance with amendments issued by POA in December 2021, entities have transition option for a "classification overlay" to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17.

The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

In January 2021 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa.

No significant impact is expected on the Group's financial statements.

Hacı Ömer Sabancı Holding A.Ş

Notes to the consolidated financial statements for the year ended 31 December 2022 and 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)

2.1.2 New and Revised Turkish Accounting Standards (Continued)

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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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 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.2 New and Revised Turkish Accounting Standards (Continued)

Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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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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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 2022 and 2021:

	31 December 2022		31 December 2021	
	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
Agesa	40,00	40,00	40,00	40,00
Akbank	40,75	40,75	40,75	40,75
Aksigorta	36,00	36,00	36,00	36,00
Carrefoursa	57,12	57,12	57,12	57,12
SBS	100,00	83,24	100,00	83,24
Çimsa	63,52	58,10	63,52	58,10
Dx BV	100,00	100,00	-	-
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
Tursa	100,00	100,00	100,00	100,00
SabancıDX	100,00	100,00	100,00	100,00
Sabancı İklim				
Teknolojileri(*)	100,00	100,00	-	-

(*) On June 8, 2022, Sabancı İklim Teknolojileri was established with a capital of TRY250.000, of which the Holding is the sole and founding partner.

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.

Hacı Ömer Sabancı Holding A.Ş

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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 2022 and 31 December 2021:

	31 December 2022		31 December 2021	
	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.

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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. In the current year, there are not any material errors and changes in accounting estimate methods of the Group.

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)

2.3.1 Leases (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) The costs assumed by the Group related to the restoration of the underlying asset to bring it in line with the terms and conditions of the lease (except those assumed for manufacturing inventory).

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 TAS 16 "Property, Plant and Equipment" to amortize the right of use asset and to assess for any impairment.

The Group apply TAS 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.

Extension and termination options

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. The group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment.

Variable lease payments

Group's lease contracts also include variable lease payments which are based on income. These variable lease payments, which are not within the scope of TFRS 16 standard, are recorded as rental expense in the income statement in the relevant period.

Facilitative practices

Lease agreements with lease periods of 12 or fewer months, and agreements related to information technology equipment identified as impaired by the Group (mostly printers, laptops, mobile phones and the like), are considered within the scope of the exemption in the TFRS 16 lease standard, and payments related to these agreements continue to be recognised as expenses in the period in which they occur.

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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 rediscoun 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 2022 (2021: 3% and 8% for all TRY liabilities) The reserve rates for foreign currency liabilities vary between 5% and 31% (31 December 2021: 5% and 26%).

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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.

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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, 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.

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.

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.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.7.3 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 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.

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.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

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.

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).

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

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 be 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.

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 23,24% as of 31 December 2022 (31 December 2021: 21,14%), 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 TRY935.201 identified with a report prepared by an actuary with the actuarial registration (31 December 2021: TRY294.503).

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 2022	31 December 2021
Current value of funded liabilities	(16.151.721)	(9.063.017)
Advance value of future contributions	12.388.781	6.336.667
Total Transfer Liability to Social Security Institution	(3.762.940)	(2.726.350)
Past service obligation	(1.267.060)	(452.546)
Transfer to the Social Security Institution and Additional Liabilities	(5.030.000)	(3.178.896)
Market value of assets	4.094.799	2.884.393
Crate surplus after assets	(935.201)	(294.503)

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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 2022	31 December 2021
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	%0,50	%3,54

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 18 years for men and 24 years for women.

The movement table of the fair value of the assets is as follows:

	31 December 2022	31 December 2021
End of previous period	2.884.393	2.329.229
Real return of fund assets	1.014.061	492.765
Employer contributions	898.934	498.701
Employee contributions	48.683	330.903
Paid compensations	(751.272)	(767.205)
End of period	4.094.799	2.884.393

The distribution of fund assets is as follows:

	31 December 2022		31 December 2021	
Bank placements	487.995	%12	546.798	%19
Tangible assets	44.012	%1	15.955	%1
Securities and shares	3.487.089	%85	1.473.310	%51
Other	75.703	%2	848.330	%29
End of period	4.094.799	%100	2.884.393	%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. For marine policies with an uncertain end date, unearned premium reserve is calculated as 50% of the premiums written in the last three months. 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. Commissions paid for written premium and commissions received from ceded premium that hit future months and future income statements are accounted in prepaid expenses and prepaid expenses for future years respectively in balance sheet, net in operating expenses. According to the Technical Reserves Regulation, foreign exchange selling rates declared in the Official Gazette of the CBRT on the date of accrual of the relevant premium are taken into account in the account of the unearned premiums related to the insurance contracts, which are indexed to beverages, if no foreign exchange rate is specified in the insurance contract.

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.

The company calculated DERK account on the basis of the accounting year as a result of the relevant circular. In accordance with the Circular dated October 24, 2022 and numbered 2022/27, the Loss/Premium ratios used in the calculations of 31 December 2022 DERK calculations have been adjusted, according to best estimation principles made by the company actuary, for each quarter separately. In this framework, the SEDDK's opinion on the appropriateness of the Group's DERK calculation method has been received, and the effects of the additional premium increases in 2022 and the effects of retrospective damage cost increases are included in the Loss/Premium ratio using the indexation method.

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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.

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

Revenue is accounted for in the consolidated financial statements within the scope of the five-stage model below.

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of the transaction price in the contracts,
- Allocation of transaction price to the performance obligations,
- Recognition of revenue when the performance obligations are satisfied.

Group evaluates each contracted obligation separately and respective obligations, committed to deliver the distinct goods or perform services, are determined as separate performance obligations.

Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

- a) Presence of Group's collection right of the consideration for the goods or services,
- b) Customer's ownership of the legal title on goods or services,
- c) Physical transfer of the goods or services,
- d) Customer's ownership of significant risks and rewards related to the goods or services,
- e) Customer's acceptance of goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, 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 on an accrual basis as other operating income.

Banking

Interest income and expenses are recognized in the income statement on an accrual basis by using the effective interest method. When loans and advances to customers are considered doubtful of collection by the management, interest income is suspended, and the discount amounts recorded until the cessation date are canceled and not recorded as income until the collection is made. Fees and commissions received as a result of the service agreements or arising from negotiating or participating in the negotiation of a transaction on behalf of a third party are recognized either in the period when the transaction is realized or deferred based on the type of the underlying transaction. Other commission income and fees from various banking services are recorded as income at the time of realization

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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 (continued)

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.

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.

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 incalculation 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.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Summary of Significant Accounting Policies (Continued)

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:

- 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 acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (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.

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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)

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.

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.

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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)

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 differentiate depending on produced the 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 2022, there are loan and rent receivables totalling TRY629.236.521 (31 December 2021: TRY405.627.216), which constitutes an important part of the assets, and a total impairment provision of TRY22.190.368 (31 December 2021: TRY19.014.505) 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 2022 are as follows:

51% of the shares in Radiflow Ltd., a global cyber security company operating in the Middle East, USA, European and Asian markets, have been acquired by DxBV in consideration for USD 30.729 post customary adjustments as per acquisition and closing procedures which is a company incorporated in the Netherlands of which Holding is the sole and founding shareholder, as of May 30. Moreover, 100% of the shares in SEM İnternet Reklam Hizmetleri ve Danışmanlık A.Ş. and Liberdatum İnternet Reklam Hizmetleri ve Danışmanlık A.Ş, digital marketing companies operating in Turkey, have been acquired by DxBV as of June 30, 2022 in consideration for a total of USD 14.780 post customary adjustments as per acquisition and closing procedures. Both companies became subsidiaries of DxBV after the acquisition.

In this scope, the fair values of the identifiable assets, liabilities, and conditional liabilities of relevant companies as of the reporting period were predicted by preparing financial statements as per TFRS and were reflected in the financial statements as temporary amounts.

As per the TFRS 3 standard, the measuring period was defined to be a maximum of one year as of the date of purchase, and if added information arises following the completion of the report, additional assets and liabilities may be recognized.

Purchase price and recognized assets and liabilities at the date of purchase:

	Radiflow (TRY)
Purchased intangible assets	341.287
Purchased liabilities	175.846
Total net identifiable assets	165.441
Corresponding to 51% of the purchased	84.375
Cash purchase price	504.019
Ownership rate	51%
Goodwill	419.644

Purchase price and recognized assets and liabilities at the date of purchase:

	Sem&Liberdatum (TRY)
Purchased intangible assets	214.345
Purchased liabilities	125.799
Total net identifiable assets	88.546
Cash purchase price	248.141
Ownership rate	100%
Goodwill	159.595

The portion of the purchase price exceeding the fair value of the identifiable assets, liabilities and contingent liabilities acquired because of the purchase amounted by full TRY419.644 and full TRY159.595, respectively, are recorded as goodwill on balance sheet.

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Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

The business combinations between the period 1 January and 31 December 2022 are as follows:

Microtex's shares representing 60% were purchased by the Kordsa from Microtex Composites S.r.l (Microtex) on 5 August 2022 amounted by TRY502.107.

A third-party valuation institution is carrying out a study to determine the fair value of identifiable assets and liabilities via the purchasing method according to TFRS 3 Business Combinations standard (TFRS 3), the allocation of the purchasing amount to tangible and intangible fixed assets and value appraisal studies are ongoing as of the date of the report. In this scope, the fair values of the identifiable assets, liabilities, and conditional liabilities of relevant companies as of the reporting period were predicted by preparing financial statements as per TFRS and were reflected in the financial statements as temporary amounts. As per the TFRS 3 standard, the measuring period was defined to be a maximum of one year as of the date of purchase, and if added information arises following the completion of the report, additional assets and liabilities may be recognized.

Purchase price and recognized assets and liabilities at the date of purchase:

	Microtex (TRY)
Purchased intangible assets	806.172
Purchased liabilities	334.187
Total net identifiable assets	471.985
Corresponding to 60% of the purchased	283.191
Cash purchase price	489.565
Ownership rate	60%
Goodwill	206.374

The portion of the purchase price exceeding the fair value of the identifiable assets, liabilities and contingent liabilities acquired as a result of the purchase amounted by TRY206.374 is recorded as goodwill on balance sheet.

Sabancı Renewables Inc., a 100% subsidiary of İklim Teknolojileri, has taken over all of the shares representing 100% of the capital of Cutlass Solar II LLC (Cutlass) on 7 October 2022 for USD24.708.

A third-party valuation institution is carrying out a study to determine the fair value of identifiable assets and liabilities via the purchasing method according to TFRS 3 Business Combinations standard (TFRS 3), the allocation of the purchasing amount to tangible and intangible fixed assets and value appraisal studies are ongoing as of the date of the report. In this scope, the fair values of the identifiable assets, liabilities, and conditional liabilities of relevant companies as of the reporting period were predicted by preparing financial statements as per TFRS and were reflected in the financial statements as temporary amounts. As per the TFRS 3 standard, the measuring period was defined to be a maximum of one year as of the date of purchase, and if added information arises following the completion of the report, additional assets and liabilities may be recognized.

Purchase price and recognized assets and liabilities at the date of purchase:

	Cutlass (TRY)
Purchased intangible assets	81.326
Purchased liabilities	1.670
Total net identifiable assets	79.656
Cash purchase price	458.561
Ownership rate	100%
Goodwill	378.905

The portion of the purchase price exceeding the fair value of the identifiable assets, liabilities and contingent liabilities acquired as a result of the purchase amounted by TRY378.905 is recorded as goodwill on balance sheet.

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

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 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 2022	1 January - 31 December 2021
Finance	166.306.807	57.622.046
Banking	149.027.855	52.474.958
Financial Services	17.278.952	5.147.088
Industry	18.437.174	7.928.278
Retail	36.502.932	16.814.895
Building Materials	11.068.557	4.370.827
Other	2.163.693	1.456.352
Total (*)	234.479.163	88.192.398

(*) The distribution of income refers to total revenue in the consolidated income statement.

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NOTE 4 - SEGMENT REPORTING (Continued)

b) Segment Assets (Consolidated):

	31 December 2022	31 December 2021
Finance	1.172.837.199	782.773.062
Banking	1.136.749.736	759.925.181
Financial Services	36.087.463	22.847.881
Energy	3.076.939	-
Industry	23.869.268	14.250.722
Retail	14.232.028	8.085.754
Building Materials	16.222.673	8.100.013
Other	10.982.577	6.426.779
Segment assets	1.241.220.684	819.636.330
Assets classified as held for sale	591.215	694.573
Investments accounted through equity method (Note 13)	17.611.848	8.763.569
Unallocated assets	(4.851.745)	(1.349.773)
Less: intersegment eliminations	(8.642.074)	(7.980.910)
Total assets as per consolidated financial statements	1.245.929.928	819.763.789

c) Segment Liabilities (Consolidated):

	31 December 2022	31 December 2021
Finance	1.019.791.009	702.533.005
Banking	991.096.954	685.380.986
Financial Services	28.694.055	17.152.019
Energy	9.018	-
Industry	13.674.523	7.674.087
Retail	14.273.412	8.277.383
Building Materials	9.115.113	5.482.272
Other	2.205.129	1.416.694
Segment liabilities	1.059.068.204	725.383.441
Liabilities associated with		
assets classified as held for sale	13.891	-
Unallocated Liabilities	(2.430.556)	(1.224.908)
Less: intersegment eliminations	(10.954.169)	(7.998.926)
Total liabilities as per consolidated financial statements	1.045.697.370	716.159.607

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NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment:

i) Banking:	Combined(*)	Consolidated (**)	Combined(*)	Consolidated (**)
	31 December 2022	31 December 2022	31 December 2021	31 December 2021
Cash and cash equivalents	51.588.066	51.588.066	66.412.593	66.412.593
Financial investments	280.508.818	280.508.818	163.705.496	163.705.496
Derivative financial instruments	48.846.801	48.846.801	49.786.871	49.786.871
Balances with the Central Bank of the Republic Turkey	114.589.752	114.589.752	81.792.492	81.792.492
Receivables from finance sector operations	605.844.338	605.844.338	385.773.791	385.773.791
Property, plant and equipment	4.074.188	4.074.188	2.296.505	2.296.505
Right of use assets	861.827	861.827	589.516	589.516
Intangible assets	2.706.123	2.706.123	1.499.602	1.499.602
Other receivables and other assets	28.321.036	28.321.036	8.300.611	8.300.611
Total segment assets	1.137.340.949	1.137.340.949	760.157.477	760.157.477
Financial liabilities	123.794.446	123.794.446	110.953.405	110.953.405
Payables of finance sector operations	779.063.732	779.063.732	517.618.535	517.618.535
Derivative financial instruments	15.055.602	15.055.602	25.624.651	25.624.651
Other payables and other liabilities	73.183.174	73.183.174	31.184.395	31.184.395
Total segment liabilities	991.096.954	991.096.954	685.380.986	685.380.986

(*) 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 2022, the cash flows from operating activities of the Bank is TRY30.857.462. (31 December 2021: TRY45.594.269).
As of 31 December 2022, the cash flows from investing activities of the Bank is TRY(42.479.754). (31 December 2021: TRY(45.566.521)).
As of 31 December 2022, the cash flows from financing activities of the Bank is TRY(8.154.097). (31 December 2021: TRY21.883.924).
Accumulated non-controlling interests of Akbank as of 31 December 2022 is TRY86.649.567 (31 December 2021: TRY44.305.071).

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NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment (Continued):

ii) Financial Services:

	Combined(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Cash and cash equivalents	5.997.181	5.997.181	2.940.017	2.940.017
Financial investments	13.402.291	13.402.291	8.268.078	8.268.078
Receivables from finance sector operations	3.245.017	3.242.369	1.832.521	1.832.454
Property, plant and equipment	97.383	97.383	71.435	71.435
Right of use assets	64.215	64.215	47.612	47.612
Intangible assets	3.783.287	3.783.287	3.943.745	3.943.745
Other receivables and other assets	9.368.374	9.500.737	5.614.758	5.744.540
Total segment assets	35.957.748	36.087.463	22.718.166	22.847.881
Financial liabilities	565.473	565.473	116.828	116.828
Payables from finance sector operations	2.829.891	2.829.433	1.065.653	1.065.653
Insurance technical provisions	22.912.882	22.912.883	14.095.161	14.095.161
Other payables and other liabilities	2.385.809	2.383.194	1.874.377	1.874.377
Total segment liabilities	28.694.055	28.690.983	17.152.019	17.152.019

(*) 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.

Hacı Ömer Sabancı Holding A.Ş

Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

(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 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Cash and cash equivalents	12.364.503	1.472.039	3.917.521	-
Financial investments	1.226.266	218.805	409.899	-
Trade receivables	10.854.320	-	7.887.848	-
Inventories	1.917.107	-	688.214	-
Investments accounted through equity method (Note 13)	-	14.898.914	-	7.022.533
Property, plant and equipment	14.038.345	80.452	10.727.754	-
Right of use assets	560.087	-	367.369	-
Intangible assets	5.117.607	-	4.783.912	-
Other receivables and other assets	46.357.054	1.305.643	21.092.408	-
Total segment assets	92.435.289	17.975.853	49.874.925	7.022.533
Financial liabilities	29.429.286	-	19.691.430	-
Trade payables	12.327.003	-	5.817.253	-
Other payables and other liabilities	14.264.206	9.018	8.450.972	-
Total segment liabilities	56.020.495	9.018	33.959.655	-

(*) 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., Enerjisa Üretim Santralleri A.Ş. and Sabancı İklim Teknolojileri.

Hacı Ömer Sabancı Holding A.Ş

Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

(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(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Cash and cash equivalents	4.441.738	799.228	3.539.685	194.805
Financial investments	1.300.739	59.131	134.795	875
Trade receivables	6.259.720	3.859.125	3.675.628	2.615.203
Inventories	7.861.449	5.497.272	4.072.572	2.963.849
Investments accounted through equity method (Note 13)	300.427	1.416.764	540.348	1.007.457
Property, plant and equipment	8.788.223	6.019.326	5.948.195	3.912.528
Right of use assets	534.812	501.413	243.951	233.000
Intangible assets	2.776.737	2.500.212	1.723.316	1.596.855
Other receivables and other assets	7.773.854	4.633.560	5.469.844	3.015.635
Total segment assets	40.037.699	25.286.031	25.348.334	15.540.207
Financial liabilities	15.274.420	8.444.582	9.224.243	4.434.125
Trade payables	7.347.342	2.971.506	4.738.072	1.930.912
Other payables and other liabilities	3.920.408	2.272.326	2.199.648	1.309.050
Total segment liabilities	26.542.170	13.688.414	16.161.963	7.674.087

(*) 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 and Brisa.

Hacı Ömer Sabancı Holding A.Ş

Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

(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 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Cash and cash equivalents	2.796.734	2.796.734	1.583.386	1.583.386
Trade receivables	855.498	855.498	296.256	296.256
Inventories	6.109.249	6.109.249	3.191.507	3.191.507
Investment property	34.772	34.772	34.772	34.772
Property, plant and equipment	941.241	941.241	619.504	619.504
Right of use assets	1.488.127	1.488.127	1.017.297	1.017.297
Intangible assets	173.888	173.888	106.338	106.338
Other receivables and other assets	1.780.863	1.832.519	1.185.038	1.236.694
Total segment assets	14.180.372	14.232.028	8.034.098	8.085.754
Financial liabilities	3.096.752	3.096.752	2.442.905	2.442.905
Trade payables	9.755.849	9.755.849	5.124.517	5.124.517
Other payables and other liabilities	1.420.811	1.420.811	709.961	709.961
Total segment liabilities	14.273.412	14.273.412	8.277.383	8.277.383

(*) 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.

Hacı Ömer Sabancı Holding 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):

vi) Building Materials:

	Combined(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Cash and cash equivalents	5.552.502	4.196.581	866.185	601.222
Financial investments	2.353.066	1.085.941	506.226	64
Trade receivables	4.385.879	1.637.591	2.182.916	1.265.858
Inventories	2.669.542	1.707.359	1.762.987	990.319
Investments accounted through equity method (Note 13)	-	995.742	-	471.118
Property, plant and equipment	5.590.996	4.363.810	4.329.778	3.423.351
Right of use assets	372.346	176.359	176.959	74.411
Intangible assets	1.031.003	971.363	822.947	777.723
Other receivables and other assets	3.270.912	2.083.668	1.614.632	1.147.313
Total segment assets	25.226.246	17.218.414	12.262.630	8.751.379
Financial liabilities	7.765.256	6.023.663	4.452.227	3.661.834
Trade payables	5.271.471	2.271.307	2.625.210	1.268.943
Other payables and other liabilities	1.381.402	820.144	754.803	551.495
Total segment liabilities	14.418.129	9.115.114	7.832.240	5.482.272

(*) 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 SBS.

Hacı Ömer Sabancı Holding A.Ş

Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

(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(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Cash and cash equivalents	5.346.729	5.346.729	3.725.682	3.725.682
Financial investments	22.264.885	2.346.060	13.961.115	97.900
Trade receivables	421.554	412.397	218.035	217.412
Inventories	136.260	136.260	375.323	375.323
Property, plant and equipment	428.143	392.079	255.747	219.683
Right of use assets	40.256	40.256	18.489	18.489
Intangible assets	351.035	351.035	33.416	33.416
Investments accounted through equity method (Note 13)	300.428	300.428	262.461	262.461
Other receivables and other assets	1.798.196	1.957.760	1.645.878	1.738.874
Total segment assets	31.087.486	11.283.004	20.496.146	6.689.240
Financial liabilities	504.549	504.549	18.700	18.700
Trade payables	616.615	603.353	498.829	497.202
Other payables and other liabilities	2.246.382	1.097.227	910.325	900.792
Total segment liabilities	3.367.546	2.205.129	1.427.854	1.416.694

(*) 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, Sabancı DX and Dx BV.

Hacı Ömer Sabancı Holding A.Ş

Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

(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 2022			1 January – 31 December 2021		
	Total Consolidation of segments before elimination	Elimination and consolidation adjustments	Consolidated	Total Consolidation of segments before elimination	Elimination and consolidation adjustments	Consolidated
Total revenue	236.255.472	(1.776.309)	234.479.163	88.965.327	(772.929)	88.192.398
Cost of sales and interest, premiums, commissions and other expenses	(124.564.665)	3.144.820	(121.419.845)	(55.110.181)	3.141.164	(51.969.017)
General administration expenses	(25.661.686)	448.131	(25.213.555)	(11.952.523)	207.186	(11.745.337)
Sales, marketing and distribution expenses	(5.948.758)	32.953	(5.915.805)	(3.026.198)	20.212	(3.005.986)
Research and development expenses	(109.311)	-	(109.311)	(46.937)	-	(46.937)
Other operating income/(expense) - net	5.275.875	(23.036)	5.252.839	1.199.911	(56.903)	1.143.008
Interest in income of joint ventures	11.679.714	-	11.679.714	2.786.514	-	2.786.514
Operating profit	96.926.641	1.826.559	98.753.200	22.815.913	2.538.730	25.354.643
Income/(expense) from investing activities - net	7.777.868	(2.005.851)	5.772.017	4.493.236	(2.655.158)	1.838.078
Operating profit before financial expense	104.704.509	(179.292)	104.525.217	27.309.149	(116.428)	27.192.721
Financial income/(expense) net	(1.950.621)	176.897	(1.773.724)	(1.454.552)	115.419	(1.339.133)
Income before tax	102.753.888	(2.395)	102.751.493	25.854.597	(1.009)	25.853.588
Tax	(20.362.002)	-	(20.362.002)	(5.274.478)	-	(5.274.478)
Profit/(loss) after tax from discontinued operations	(2.416)	-	(2.416)	(7.942)	-	(7.942)
Income for the period	82.389.470	(2.395)	82.387.075	20.572.177	(1.009)	20.571.168
Net income attributable to equity holders of the parent			43.828.379			12.032.098

Hacı Ömer Sabancı Holding A.Ş

Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

(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:

i) Banking:

	Combined(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Interest, commission and other income	150.384.009	150.384.009	53.006.038	53.006.038
Interest, commission and other expenses	(50.328.343)	(50.328.343)	(26.580.487)	(26.580.487)
General administration expenses	(20.752.909)	(20.752.909)	(9.898.995)	(9.898.995)
Other operating income/(expense) - net	916.401	916.401	379.256	379.256
Operating profit	80.219.158	80.219.158	16.905.812	16.905.812
Income/(expense) from investing activities - net	91.618	91.618	137.176	137.176
Profit before tax	80.310.776	80.310.776	17.042.988	17.042.988
Tax	(20.253.095)	(20.253.095)	(4.550.547)	(4.550.547)
Net income	60.057.681	60.057.681	12.492.441	12.492.441
Net income attributable to equity holders of the parent		24.473.505		5.090.670
EBITDA	81.473.173		17.688.307	

(*) 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 2022 is TRY35.584.176 (31 December 2021: TRY7.401.771).

Hacı Ömer Sabancı Holding A.Ş

Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

(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 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Gross premiums	8.341.746	8.341.746	5.228.191	2.756.366
Gross written premiums	17.280.346	17.280.346	9.007.720	5.147.088
Unearned premiums reserves	(8.938.600)	(8.938.600)	(3.779.529)	(2.390.722)
Premiums, commission and other expenses	(10.436.003)	(10.436.003)	(4.577.450)	(2.077.360)
General administration expenses	(2.168.607)	(2.163.419)	(1.127.313)	(706.492)
Other operating income/(expense) - net	4.736.986	4.736.986	1.515.927	567.482
Interest in income of joint ventures (Note 13)	-	-	-	157.766
Operating profit	474.122	479.310	1.039.355	697.762
Income/(expense) from investing activities - net	512.982	512.982	179.095	99.159
Operating profit before financial expense	987.104	992.292	1.218.450	796.921
Financial income/(expense) - net	(263.639)	(263.639)	(67.727)	(27.480)
Profit before tax	723.465	728.653	1.150.723	769.441
Tax	(5.602)	(5.603)	(260.999)	(132.020)
Net income	717.863	723.050	889.724	637.421
Net income attributable to equity holders of the parent		296.919		338.642
EBITDA	780.137		1.263.868	

(*) 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.

Hacı Ömer Sabancı Holding A.Ş

Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

(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 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Sales revenue (net)	140.515.678	-	46.986.667	-
Cost of sales	(116.696.652)	-	(35.999.325)	-
General administration expenses	(8.258.656)	(30.491)	(3.573.269)	-
Other operating income/(expense) - net	1.324.967	27.037	(134.145)	-
Interest in income of joint ventures (Note 13)	-	10.144.948	-	1.773.341
Operating profit	16.885.337	10.141.494	7.279.928	1.773.341
Income/(expense) from investing activities	81.508	-	1.324	-
Operating profit before financial expense	16.966.845	10.141.494	7.281.252	1.773.341
Financial income/(expense) - net	(5.381.533)	(936)	(2.527.175)	-
Profit before tax	11.585.312	10.140.558	4.754.077	1.773.341
Tax	11.599.814	-	(750.920)	-
Net income	23.185.126	10.140.558	4.003.157	1.773.341
Net income attributable to equity holders of the parent		10.140.558		1.773.341
EBITDA	18.433.862		8.720.529	

(*) 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.

Hacı Ömer Sabancı Holding A.Ş

Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

(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 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Sales revenue (net)	32.520.244	18.439.744	14.562.540	7.928.278
Cost of sales	(24.886.103)	(15.078.041)	(10.797.784)	(6.179.462)
General administration expenses	(1.241.304)	(851.606)	(589.075)	(404.796)
Marketing expenses	(2.136.039)	(897.852)	(1.005.985)	(418.931)
Research and development expenses	(98.936)	(68.751)	(42.423)	(40.868)
Other operating income/(expense) - net	(456.224)	108.998	(140.500)	459.172
Interest in income of joint ventures (Note 13)	-	864.029	280.897	719.193
Operating profit	3.701.638	2.516.521	2.267.670	2.062.586
Income/(expense) from investing activities - net	97.243	4.800	1.522	2.342
Operating profit before financial expense	3.798.881	2.521.321	2.269.192	2.064.928
Financial income/(expense) - net	(333.950)	(55.884)	(143.019)	(385.922)
Profit before tax	3.464.931	2.465.437	2.126.173	1.679.006
Tax	37.830	(87.414)	34.921	(84.192)
Profit after tax from discontinued operations	(2.416)	(2.416)	(7.942)	(7.942)
Net income	3.500.345	2.375.607	2.153.152	1.586.872
Net income attributable to equity holders of the parent		1.780.778		1.274.223
EBITDA	5.166.583		3.176.095	

(*) 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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Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

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NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

v) Retail:

	Combined(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Sales revenue (net)	36.639.296	36.551.677	16.887.586	16.841.255
Cost of sales	(28.935.304)	(28.847.685)	(13.041.673)	(12.995.406)
General administration expenses	(626.117)	(626.117)	(292.129)	(291.968)
Marketing expenses	(4.872.933)	(4.872.933)	(2.550.729)	(2.550.729)
Other operating income/(expense) - net	(867.932)	(867.932)	(579.053)	(579.053)
Operating profit/(loss)	1.337.010	1.337.010	424.002	424.099
Income/(expense) from investing activities - net	192.625	192.625	150.559	150.559
Operating profit/(loss) before financial expense	1.529.635	1.529.635	574.561	574.658
Financial income/(expense) - net	(1.098.142)	(1.098.142)	(714.076)	(714.076)
Profit/(loss) before tax	431.493	431.493	(139.515)	(139.418)
Tax	(50.380)	(50.380)	292	292
Net income/(loss)	381.113	381.113	(139.223)	(139.126)
Net income/(loss) attributable to equity holders of the parent		183.527		(88.883)
EBITDA	2.780.589		1.448.346	

(*) 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.

Hacı Ömer Sabancı Holding A.Ş

Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

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NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

vi) Building materials:

	Combined(*) 31 December 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Sales revenue (net)	21.590.968	11.068.691	7.916.114	4.370.902
Cost of sales	(18.096.170)	(9.067.579)	(6.737.763)	(3.614.021)
General administration expenses	(899.935)	(664.690)	(506.424)	(396.962)
Research and development expenses	(10.736)	(10.736)	(6.069)	(6.069)
Marketing expenses	(64.354)	(15.971)	(30.016)	(13.224)
Other operating income/(expense) - net	208.367	245.248	202.346	252.700
Interest in income of joint ventures (Note 13)	-	596.838	-	120.468
Operating profit	2.728.140	2.151.801	838.188	713.794
Income/(expense) from investing activities - net	1.752.146	1.750.295	161.850	122.086
Operating profit before financial expense	4.480.286	3.902.096	1.000.038	835.880
Financial income/(expense) - net	(675.007)	(459.174)	(354.368)	(303.478)
Profit before tax	3.805.279	3.442.922	645.670	532.402
Tax	841.627	278.555	167.550	97.440
Net income	4.646.906	3.721.477	813.220	629.842
Net income attributable to equity holders of the parent		2.365.794		371.050
EBITDA	2.983.111		953.615	

(*) 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 2022	Consolidated (**) 31 December 2022	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021
Sales revenue (net)	4.640.103	2.531.005	3.245.204	1.671.765
Cost of sales	(1.871.810)	(1.868.415)	(1.275.293)	(1.272.722)
General administration expenses	(590.533)	(572.454)	(262.524)	(253.310)
Marketing expenses	(162.443)	(162.001)	(43.672)	(43.313)
Research and development expenses	(29.824)	(29.824)	-	-
Other operating income/(expense) - net	124.476	105.688	129.444	120.353
Shares in profits of joint ventures (Note 13)	73.897	73.897	15.746	15.746
Operating profit	2.183.866	77.896	1.808.905	238.519
Income/(expense) from investing activities - net	5.216.214	5.225.548	3.990.278	3.981.914
Operating profit before financial expense	7.400.080	5.303.444	5.799.183	4.220.433
Financial income/(expense) - net	(72.846)	(72.846)	(23.596)	(23.596)
Profit before tax	7.327.234	5.230.598	5.775.587	4.196.837
Tax	(244.065)	(244.065)	(605.454)	(605.454)
Net income	7.083.169	4.986.533	5.170.133	3.591.383
Net income attributable to equity holders of the parent		4.587.299		3.273.053
EBITDA	2.186.888		1.786.866	

(*) 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)

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 2022	31 December 2021
Banking	24.473.505	5.052.766
Financial Services	403.126	360.483
Industry	1.653.241	1.198.596
Building Materials	809.678	241.188
Energy	5.074.197	1.931.324
Retail	127.425	(120.536)
Other	2.039.010	997.316
Total	34.580.182	9.661.137

A reconciliation of adjusted net income attributable to equity holders of the Parent is as follows:

	31 December 2022	31 December 2021
Adjusted net income for reported operating segments (Equity holders of the Parent)	34.580.182	9.661.137
One off income/(expenses) related to Enerjisa Enerji(*)	4.014.491	(53.012)
One off income/(expenses) related to Holding (**)	2.524.596	2.280.595
One off income/(expenses) related to Çimsa(***)	1.229.241	102.334
One off income/(expenses) related to Enerjisa Üretim(*)	1.074.125	(104.970)
One off income/(expenses) related to Carrefoursa	63.861	21.113
One off income/(expenses) related to Agesa	(85.573)	(59.362)
Other	427.456	184.263
Net income (Equity holders of the Parent)	43.828.379	12.032.098

(*) In 2022, a significant portion of one-time income/expenses related to Enerjisa Enerji and Enerjisa Üretim consists of the deferred tax income effect accounted by the revaluation of depreciable economic assets in the legal financial statements.

(**) A significant portion of the one-time income/expenses related to the Holding in 2022 consists of the sales gains of its shares on Philsa and PMSA capital.

(***) It consists of income from investment activities obtained from assets sold in the Kayseri-Niğde region in 2022.

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NOTE 4 - SEGMENT REPORTING (Continued)

h) Combined EBITDA Detail

31 December 2022	Profit Before Tax	Depreciation Expenses	Income/(expenses) from Investing Activities - net	Financial income/(expense) - net	Operational foreign Exchange differences/interest	EBITDA
Banking	80.310.776	1.254.015	91.618	-	-	81.473.173
Industry	3.464.931	899.616	97.243	(333.950)	(565.329)	5.166.583
Building Materials	3.805.279	442.301	1.752.146	(675.007)	187.330	2.983.111
Retail	431.493	699.798	192.625	(1.098.142)	(743.781)	2.780.589
Energy	11.585.312	1.220.238	81.508	(5.381.533)	(328.287)	18.433.862
Financial Services	723.465	494.778	512.982	(263.639)	188.763	780.137
Other	7.336.001	92.218	5.216.214	(72.846)	97.963	2.186.888

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

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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)

i) Depreciation and amortisation charges, impairment and capital expenditures (Consolidated):

1 January – 31 December 2022

	Finance		Financial Services	Industry	Building Materials	Energy	Retail	Other	Total
	Banking								
Depreciation and amortization	1.254.015	494.778	610.941	314.314	-	699.798	100.985	3.474.831	
Capital expenditures	4.180.135	348.496	888.533	1.071.081	80.452	669.167	282.470	7.520.334	

1 January – 31 December 2021

	Finance		Financial Services	Industry	Building Materials	Energy	Retail	Other	Total
	Banking								
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	

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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)

j) Depreciation and amortisation charges, impairment and capital expenditures (Combined):

1 January – 31 December 2022

	Finance		Financial Services	Industry	Building Materials	Energy	Retail	Other	Total
	Banking								
Depreciation and amortization	1.254.015	494.778	899.616	442.301	1.220.238	699.798	100.985	5.111.731	
Capital expenditures	4.180.135	348.496	1.899.423	1.510.079	8.965.211	669.167	282.469	17.854.980	

1 January – 31 December 2021

	Finance		Financial Services	Industry	Building Materials	Energy	Retail	Other	Total
	Banking								
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	

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Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 5 - CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents at 31 December 2022 and 2021 are as follows:

	31 December 2022			31 December 2021		
	Financial	Non-financial	Total	Financial	Non-financial	Total
Cash	11.751.683	132.699	11.884.382	10.094.281	35.178	10.129.459
Banking						
Bank - time deposit	13.141.634	9.201.368	22.343.002	5.067.662	1.085.273	6.152.935
Bank - demand deposit	25.232.372	1.270.090	26.502.462	48.402.039	986.570	49.388.609
Receivables from repo transactions	1.462.376	-	1.462.376	2.848.611	-	2.848.611
Other cash and cash equivalents	-	2.685.975	2.685.975	-	898.269	898.269
Total	51.588.065	13.290.132	64.878.197	66.412.593	3.005.290	69.417.883

Effective interest rates of USD, EUR and TRY denominated time deposits are 1,86% (31 December 2021: 0,24%), 1,87% (31 December 2021: 0,07%) and 22,75% (31 December 2021: 19,78%), respectively.

The maturity analysis as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Demand deposit	39.503.013	60.384.397
Up to 3 months	25.375.184	9.033.486
Total	64.878.197	69.417.883

As of 31 December 2022, 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 TRY10.805.063 (31 December 2021: TRY17.642.259).

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Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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 2022	31 December 2021
Share certificates	6.591.527	1.073.896
Government bonds	621.152	452.316
Eurobonds	646.403	408.228
Other (*)	5.920.675	9.353.561
Total	13.779.757	11.288.001

(*) 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 OTAS.

Later, 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.

As of 10 March 2022, LYY Telekomünikasyon A.Ş. signed a share transfer agreement with the Turkey Wealth Fund regarding the sale of all its shares within Türk Telekomünikasyon A.Ş. In this context, Türk Telekomünikasyon A.Ş. the sale and transfer of 192.500.000.000 Group A registered shares, corresponding to 55% of its capital, to the Turkish Wealth Fund for a price of 1.650.000.000 USD, was realized on 31 March 2022. In addition, pursuant to the Agreement, the amount corresponding to the 55% share to which LYY transferred from the dividend amount decided to be distributed by the General Assembly based on the independently audited 2021 consolidated financial statements of Türk Telekomünikasyon A.Ş. and will be paid to LYY Telekomünikasyon A.Ş.

LYY used the remaining amount from the sales amount, excluding the part required for its liabilities, to pay off its debts to the banks. Receivables amounting to 12.626.511 TRY, which was accounted for under "Other Financial Assets" under "Financial Assets at Fair Value Through Profit and Loss" after collection and fully provisioned, was classified as nonperforming loans as of 30 June 2022, since there is no reasonable expectation for its recovery, it has been deducted from the records together with the amount of special provisions set aside within the scope of TFRS 9. The Bank's participation rate increased to 40,46% with the restructuring on 17 August 2022 and no price has been paid by the bank.

At the General Assembly Meeting of LYY Telekomünikasyon A.Ş. dated 27 December 2022, the liquidation decision was taken and the liquidation of the company was registered by the Istanbul Trade Registry Directorate on 28.12.2022. In this context, the amount of the partnership share, which was provided for in previous years and followed under the item "Non-current assets and disposal groups classified as held for sale", is deducted from the records together with its provision.

TRY 2.041.238 (31 December 2021: TRY 1.313.971) 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 followed at its fair value and the related valuation differences are recognized in profit or loss

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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 6 - FINANCIAL INVESTMENTS (Continued)

a) Financial assets at fair value through profit and loss (Continued)

The Group has made a foreign currency protected deposit amounting to equivalent of TRY 1.191.355. It is accounted for "Other" under "Financial Assets at fair value through profit and loss".

Effective interest rates of TRY are as follow:

	31 December 2022	31 December 2021
TRY	14,07%	18,76%

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 2021:None).

The maturity analysis of financial assets at fair value through profit and loss as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
0 to 3 months	11.007.791	3.147.885
3 to 12 months	2.315.737	7.605.866
1 to 5 years	192.321	407.404
Over 5 years	263.908	126.846
Total	13.779.757	11.288.001

Period remaining to contractual repricing dates:

	31 December 2022	31 December 2021
On demand	11.007.791	3.147.885
Up to 3 months	1.071.960	128.723
3 to 12 months	1.406.010	7.556.599
1 to 5 years	129.900	327.948
Over 5 years	164.096	126.846
Total	13.779.757	11.288.001

b) Financial assets measured at fair value through other comprehensive income

	31 December 2022	31 December 2021
Debt securities		
- Government bonds	83.013.024	35.137.849
- Eurobonds	63.267.732	45.555.941
- Investment funds	1.448.692	822.416
- Other bonds denominated in foreign currency	28.129.690	21.351.614
Sub-total	175.859.138	102.867.820
Equity securities		
- Listed	93.756	27.648
- Unlisted	118.611	36.103
Sub-total	212.367	63.751
Financial assets at fair value through other comprehensive income	176.071.505	102.931.571

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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 5,75% (31 December 2021: 5,32%), 2,86% (31 December 2021: 2,88%), 3,09% (31 December 2021: 3,09%) and 29,35% (31 December 2021: 18,35%), respectively.

The Group's financial assets measured through other comprehensive income subject to funds provided from repo are TRY42.299.686 (31 December 2021: TRY40.231.789). Financial assets through other comprehensive income that are given as collateral because of the Group's financing activities are amounting to TRY60.619.771 (31 December 2021: TRY29.582.153).

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 2022 and 2021 is as follows.

	31 December 2022			31 December 2021		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	1.492.436	-	1.492.436	4.901.224	-	4.901.224
3 to 12 months	23.223.344	623.175	23.846.519	8.356.943	285.086	8.642.029
1 to 5 years	102.802.682	891.505	103.694.187	63.275.695	644.322	63.920.017
Over 5 years	42.807.509	582.264	43.389.773	22.975.320	182.657	23.157.977
On demand	1.501.802	2.146.788	3.648.590	820.369	1.489.955	2.310.324
Total	171.827.773	4.243.732	176.071.505	100.329.551	2.602.020	102.931.571

As of 31 December 2022, and 2021, according to the remaining period until the re-pricing date determined by the contract:

	31 December 2022			31 December 2021		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	34.474.627	106.461	34.581.088	20.772.704	-	20.772.704
3 to 12 months	38.938.246	623.175	39.561.421	17.998.624	285.086	18.283.710
1 to 5 years	71.594.574	891.504	72.486.078	40.326.808	644.322	40.971.130
Over 5 years	25.318.524	392.730	25.711.254	20.411.046	182.657	20.593.703
On demand	1.501.802	2.229.862	3.731.664	820.369	1.489.955	2.310.324
Total	171.827.773	4.243.732	176.071.505	100.329.551	2.602.020	102.931.571

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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 2022	31 December 2021
Government bonds	86.545.652	42.591.645
Other debt securities	19.536.603	14.938.866
Total	106.082.255	57.530.511

The breakdown of financial assets measured at amortised cost is listed below:

	31 December 2022	31 December 2021
Opening balance, 1 January	57.530.511	41.873.322
Additions	15.910.962	20.409.817
Business combination effect	-	2.440.708
Foreign exchange differences in monetary assets	3.327.702	4.555.125
Valuation effect	35.294.189	4.150.640
Disposals through sales and redemptions	(6.056.237)	(15.853.468)
Reversal / (Allowance) for impairment (*)	75.128	(45.633)
Closing balance	106.082.255	57.530.511

(*) Expected loss provision is included.

Effective interest rate of debt securities in USD and TRY are 6,22% and 76,44% (31 December 2021: Effective interest rate of debt securities in USD and TRY are 5,89% and 20,90%).

For financial investments measured at their amortized cost as of 31 December 2022 and 31 December 2021, the remaining period to the maturity dates stated in the contract based on Banking and other sectors is as follows:

	31 December 2022			31 December 2021		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	13.155.161	7.499.312	20.654.473	8.689.414	3.939.594	12.629.008
1 to 5 years	47.499.344	438.202	47.937.546	19.693.698	989.429	20.683.127
Over 5 years	37.448.455	41.781	37.490.236	24.183.456	34.920	24.218.376
Total	98.102.960	7.979.295	106.082.255	52.566.568	4.963.943	57.530.511

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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 2022 and 2021 is as follows:

	31 December 2022			31 December 2021		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	41.434.196	391.641	41.825.837	18.959.492	153.172	19.112.664
3 to 12 months	38.665.799	7.106.747	45.772.546	24.752.525	3.786.422	28.538.947
1 to 5 years	14.935.049	439.127	15.374.176	8.685.943	989.429	9.675.372
Over 5 years	3.067.916	41.780	3.109.696	168.608	34.920	203.528
Total	98.102.960	7.979.295	106.082.255	52.566.568	4.963.943	57.530.511

d) Time Deposits:

The details of long-term deposits of three months are presented below:

	31 December 2022	31 December 2021
3 to 12 months	1.732.345	363.620
Total	1.732.345	363.620

NOTE 7 - FINANCIAL LIABILITIES

Short term funds borrowed, bank borrowings and debt securities:

	31 December 2022	31 December 2021
Short term	25.356.285	26.193.026
Short term portion of long term	37.578.916	27.179.115
Total short term	62.935.201	53.372.141
Long term funds borrowed, bank borrowings and debt securities:		
Long term	73.982.765	64.396.093
Total	136.917.966	117.768.234

Maturity analysis as of 31 December 2022 and 31 December 2021 is as follows:

	31 December 2022	31 December 2021
Up to 3 months	16.244.089	12.110.690
3 to 12 months	46.691.112	41.261.451
Short term borrowings and short-term portion of long-term borrowings	62.935.201	53.372.141
1 to 5 years	54.931.142	43.186.952
Over 5 years	19.051.623	21.209.141
Long term borrowings	73.982.765	64.396.093
Total financial liabilities	136.917.966	117.768.234

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

As of 31 December 2022, and 2021, repayment plans of long-term financial debts are presented below:

	31 December 2022	31 December 2021
1 to 2 years	18.939.293	11.806.626
2 to 3 years	21.231.812	10.308.406
3 to 4 years	12.050.474	13.128.423
4 to 5 years	2.709.563	7.943.497
Over 5 years	19.051.623	21.209.141
Total	73.982.765	64.396.093

As of 31 December 2022, and 2021, the remaining period until the repricing date of the loans determined by the contract:

	31 December 2022	31 December 2021
Up to 3 months	57.198.324	48.083.130
3 to 12 months	32.602.901	29.940.005
1 to 5 years	29.606.588	20.401.230
Over 5 years	17.510.153	19.343.869
Total	136.917.966	117.768.234

Financial liability movement as of 31 December 2022 and 2021 is as follows;

	2022	2021
1 January	117.768.234	72.261.198
Additions	30.656.990	48.841.128
Business combinations	291.265	
Interest capitalization during the period	(16.305.228)	(6.401.341)
Interest accruals	1.617.389	623.846
Foreign exchange effects	2.889.316	2.443.403
31 December	136.917.966	117.768.234

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

The transactions related with the funds and loans as of 31 December 2022 are as follows:

Issued securities:

Securities issued consist of USD and TRY assets.

The repayment plan for USD securities issued is summarized below.

	31 December 2022		31 December 2021	
	USD	TRY	USD	TRY
2022	-	-	1.374.501	18.320.724
2023	577.594	10.800.026	594.934	7.929.876
2024	602.376	11.263.407	623.172	8.306.260
2025	947.765	17.721.596	768.654	10.245.389
2026	482.900	9.029.409	475.608	6.339.379
2027	64.404	1.204.247	414.115	5.519.739
2028	316.955	5.926.520	292.139	3.893.921
2029	21.302	398.311	19.991	266.460
2030	19.895	372.003	18.680	248.986
2031	292.488	5.469.028	273.669	3.647.734
Total	3.325.679	62.184.547	4.855.463	64.718.468

The repayment plan for EUR securities issued is summarized below.

	31 December 2022		31 December 2021	
	EUR	TRY	EUR	TRY
2022	-	-	392	5.914
2023	392	7.814	377	5.691
2024	377	7.515	363	5.478
2025	363	7.236	349	5.268
2026	349	6.957	335	5.054
2027	335	6.679	322	4.858
2028	322	6.419	309	4.662
2029	7.976	159.001	7.667	115.655
Total	10.114	201.621	10.114	152.580

In addition, as of 31 December 2022, the Group issued bonds with 1-3 months maturity of TRY 2.663.511, 3-6 months maturity of TRY 715.365, 1-5 years maturity of TRY 1.280.570 and over 5 years maturity of TRY 1.435.744. (31 December 2021: 1-3 months term TRY 2.749.399, 3-6 months term TRY 3.877.629, 6-12 months term TRY 448.064, 1-5 years term TRY 991.778 and over 5 years term TRY 1.385.587).

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Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

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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 2022:

	Up to 3 months	3 to 12 months	Total
TRY	300.935	260.107	561.042
USD	-	59.097	59.097
EUR	10.208	-	10.208
Total	311.143	319.204	630.347

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 long-term lease transactions as of 31 December 2022:

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
TRY	259.225	326.898	472.998	534.853	716.215	2.310.189
USD	74.673	156.293	24.235	25.780	271.808	552.789
EUR	2.803	3.096	3.411	3.739	21.879	34.928
Total	336.701	486.287	500.644	564.372	1.009.902	2.897.906

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

The movement table of liabilities arising from leasing transactions is as follows:

	2022	2021
1 January	2.227.124	1.934.206
Additions	1.564.835	534.125
Business combination effect	6.979	48.925
Payment	(1.059.073)	(838.749)
Interest accruals	500.409	401.116
Foreign exchange effects	287.979	147.501
31 December	3.528.253	2.227.124

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Short and long-term trade receivables:

	31 December 2022	31 December 2021
Trade receivables from related parties (Note 36)	314.353	203.792
Trade receivables from non-related parties	5.902.261	3.925.569
Notes and cheques	482.437	208.982
	6.699.051	4.338.343
Less: expected credit losses	(91.023)	(77.376)
Total	6.608.028	4.260.967

As of 31 December 2022 and 2021, the maturity analysis of the overdue and expected credit loss reserves within the trade receivables balance is as follows:

	31 December 2022	31 December 2021
Up to 3 months	2.147	-
3 to 6 months	2.922	-
6 to 9 months	4.208	-
Over 9 months	81.746	77.376
Total	91.023	77.376

Short and long-term trade payables:

	31 December 2022	31 December 2021
Trade payables from related parties (Note 36)	515.832	109.484
Trade payables from non-related parties	14.935.495	8.627.336
Expense accruals	35.505	2.863
Total	15.486.832	8.739.683

NOTE 10 – OTHER RECEIVABLES AND PAYABLES

Other short - term receivables:

	31 December 2022	31 December 2021
Receivables form credit card payments	145.100	67.693
Other receivables (*)	7.557.034	3.685.595
Total	7.702.134	3.753.288

Other long - term receivables:

	31 December 2022	31 December 2021
Receivables form credit card payments	117.718	82.920
Other receivables (*)	1.475.764	420.310
Total	1.593.482	503.230

(*) 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 2022	31 December 2021
Other short - term payables:		
Payables related to credit card transactions	12.138.508	7.029.573
Taxes and funds payable	1.620.655	1.177.928
Export deposits and transfer orders	177.388	96.455
Payment orders to correspondent banks	299.353	72.763
Other (*)	20.805.644	8.615.648
Total	35.041.548	16.992.367
Other long - term payables:		
Other (*)	16.075.205	7.145.569
Total	16.075.205	7.145.569

(*) Other payables mainly consist of the collaterals obtained by Akbank for derivative transactions.

NOTE 11 - INVENTORIES

	31 December 2022	31 December 2021
Raw materials	3.213.563	1.985.611
Work in process	667.724	599.092
Finished goods and merchandises	9.030.323	4.333.817
Spare parts	263.413	177.259
Goods in transit	314.004	388.075
Other	143.513	148.071
	13.632.540	7.631.925
Allowance for impairment on inventory (-)	(182.401)	(110.928)
Total	13.450.139	7.520.997

The movement table of allowance for impairment on inventory is as follows:

	2022	2021
1 January	(110.928)	(76.828)
Provisions	(51.808)	(47.269)
Provisions no longer required	10.600	13.258
Currency translation differences	(30.265)	(89)
31 December	(182.401)	(110.928)

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NOTE 12 - PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2022	31 December 2021
Short-term prepaid expenses:		
Prepaid expenses	15.694.821	2.265.963
Advance given for inventory purchases	217.029	79.675
Other	20.260	7.731
Total	15.932.110	2.353.369

	31 December 2022	31 December 2021
Long-term prepaid expenses:		
Advance given for property, plant and equipment purchases	347.633	14.337
Prepaid expenses	62.898	31.607
Other	53.385	108
Total	463.916	46.052

	31 December 2022	31 December 2021
Short term deferred income:		
Unearned commission income	278.938	89.411
Advances received	117.342	90.222
Deferred income	112.426	67.028
Other	3.065	1.781
Total	511.771	248.442

	31 December 2022	31 December 2021
Long-term deferred income:		
Unearned commission income	478.030	221.404
Deferred income	26.991	-
Total	505.021	221.404

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NOTE 13 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Book value of Associates and Joint Ventures is as follows:

	31 December 2022	Share (%)	31 December 2021	Share (%)
Brisa	1.416.764	43,63	1.007.457	43,63
Akçansa	995.742	39,72	471.118	39,72
Enerjisa Üretim Santralleri	6.270.016	50,00	3.282.124	50,00
Enerjisa Enerji	8.628.898	40,00	3.740.409	40,00
Temsa Ulaşım Araçları	300.428	50,00	262.461	50,00
Total	17.611.848		8.763.569	

Share of income from Associates and Joint Ventures included in Holding's consolidated net income is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Brisa	864.029	438.296
Akçansa	596.838	120.468
Enerjisa Üretim Santralleri	4.345.711	860.394
Enerjisa Enerji	5.799.237	912.947
Temsa Ulaşım Araçları	73.899	15.746
Aksigorta (*)	-	54.669
Agesa (*)	-	103.097
Philsa	-	193.355
Philip Morrissa	-	87.542
Total	11.679.714	2.786.514

(*) 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 2022		31 December 2021	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
Brisa	16.149.815	12.902.591	10.796.966	8.487.874
Akçansa	6.945.595	4.425.774	3.186.569	1.987.554
Enerjisa Üretim Santralleri	30.944.176	18.404.142	18.541.284	11.977.035
Enerjisa Enerji	59.188.597	37.616.351	31.333.641	21.982.619
Temsa Ulaşım Araçları	4.141.618	3.141.582	2.876.959	2.146.995
Total	117.369.801	76.490.440	66.735.419	46.582.077

Sales

	1 January - 31 December 2022	1 January - 31 December 2021
Brisa	14.080.500	6.634.262
Akçansa	8.898.660	2.871.404
Enerjisa Üretim Santralleri	56.066.647	16.438.986
Enerjisa Enerji	84.449.031	30.547.681
Temsa Ulaşım Araçları	4.408.739	1.718.531
Aksigorta (*)	-	3.000.041
Agesa (*)	-	860.591
Philsa	-	37.816.210
Philip Morrissa	-	37.608.931

(*) 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 2022	1 January - 31 December 2021
Brisa	1.991.198	1.004.575
Akçansa	1.520.573	303.293
Enerjisa Üretim Santralleri	8.691.423	1.720.789
Enerjisa Enerji	14.498.093	2.282.368
Temsa Ulaşım Araçları	73.897	31.492
Aksigorta (*)	-	151.858
Agesa (*)	-	257.741
Philsa	-	773.420
Philip Morrissa	-	353.704

(*) 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:

	2022	2021
Opening balance, 1 January	8.763.569	8.298.372
Profit/(loss) share	11.679.714	2.786.514
Business combination effect	-	(741.438)
Capital increase	-	150.000
Classification to asset held-for-sale	-	(277.887)
Dividend income from joint ventures	(2.554.945)	(1.322.325)
Other comprehensive income/(expense)	(276.490)	(129.667)
Closing balance - 31 December	17.611.848	8.763.569

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NOTE 14 - INVESTMENT PROPERTY

	1 January 2022	Additions	Currency translation differences	Transfers	31 December 2022
Cost:					
Land	372.807	-	125.571	(18.865)	479.513
Buildings	14.206	-	-	-	14.206
Total	387.013	-	125.571	(18.865)	493.719
Accumulated depreciation:					
Buildings	(3.142)	(1.435)	-	-	(4.577)
Net book value	383.871				489.142

	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

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NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the year ended 31 December 2022 is as follows:

	1 January 2022	Currency translation differences	Additions	Disposals	Transfers (*)	Business combinations and subsidiary purchase effect (**)	Fixed assets held for sale	Impairment	31 December 2022
Cost:									
Land and land improvements	609.974	123.924	19.511	(22.178)	24.120	-	-	-	755.351
Buildings	4.505.287	830.934	90.694	(69.801)	(33.797)	-	-	-	5.323.317
Machinery and equipment	9.497.996	3.114.678	353.889	(38.691)	1.469.024	56.917	-	2.599	14.456.412
Motor vehicles	93.937	8.490	15.490	(5.415)	2.509	562	13.213	-	128.786
Furnitures and fixtures	4.561.495	115.132	3.050.631	(155.141)	(986.323)	6.049	-	6.493	6.598.336
Total	19.268.689	4.193.158	3.530.215	(291.226)	475.533	63.528	13.213	9.092	27.262.202
Construction in progress	386.855	182.074	1.251.770	(20.408)	(553.670)	590	-	-	1.247.211
Total	19.655.544	4.375.232	4.781.985	(311.634)	(78.137)	64.118	13.213	9.092	28.509.413
Accumulated depreciation:									
Land and land improvements	(253.437)	(16.519)	(10.406)	3	-	-	-	-	(280.359)
Buildings	(1.427.526)	(288.866)	(130.010)	4.782	63.745	-	-	-	(1.777.875)
Machinery and equipment	(4.697.298)	(1.643.685)	(570.423)	32.150	(632.299)	-	-	-	(7.511.555)
Motor vehicles	(88.585)	(2.415)	(6.719)	3.854	-	-	(12.028)	-	(105.893)
Furnitures and fixtures	(2.618.826)	(80.761)	(817.501)	128.452	555.990	-	-	(5.740)	(2.838.386)
Total	(9.085.672)	(2.032.246)	(1.535.059)	169.241	(12.564)	-	(12.028)	(5.740)	(12.514.068)
Net Book Value	10.569.872								15.995.345

(*) Amounted to TRY 74.674 transfers from capital expenditures spent during the period are transferred to intangible assets.

(**) Properties, plant and equipments belong to Sem and Radiflow which were purchased by DxBV, Microtex were purchased by Kordsa and Cutlass were purchased İklim Tenolojileri.

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NOTE 15 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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 consolidate 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, Cırgalan, Aksaray, Ereğli and Kahramanmaraş Ready Mixed Concrete Facilities classified as asset held for sales.

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NOTE 16 - INTANGIBLE ASSETS

The movements in intangible assets for the years ended 31 December 2022 and 2021 are as follows:

	1 January 2022	Currency Translation Differences	Additions	Disposal	Business Combinations	Transfers	31 December 2022
Cost							
Rights	859.175	133.752	579.971	(567.949)	9.590	(473.673)	540.866
Customer contracts	482.352	581.610	-	-	298.084	1.035.790	2.397.836
Licenses and softwares	43.724	99.084	12.937	(19.118)	32.484	221.163	390.274
Development investments	50.238	46.328	58.484	-	-	96.268	251.318
Mineral rights	23.175	7.447	-	-	-	-	30.622
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	5.112.068	259.168	2.086.959	(1.360)	286.139	(804.874)	6.938.100
Total	10.098.769	1.127.389	2.738.351	(588.427)	626.297	74.674	14.077.053
Accumulated depreciation							
Rights	(302.909)	(41.123)	(8.935)	1.318	-	204.441	(147.208)
Customer contracts	(15.418)	(73.464)	(102.237)	-	-	(130.550)	(321.669)
Licenses and software	(4.167)	(57.408)	(30.298)	19.118	-	(132.293)	(205.048)
Development investments	(3.171)	(21.982)	(27.897)	-	-	(44.825)	(97.875)
Mineral rights	(1.560)	(1.037)	(3.588)	-	-	-	(6.185)
Bancassurance channel	(30.531)	-	(61.146)	-	-	-	(91.677)
Contractual rights	(97.291)	-	(194.848)	-	-	-	(292.139)
Agency channel	(13.000)	-	(26.036)	-	-	-	(39.036)
Other intangible assets	(1.673.078)	(49.193)	(784.937)	3.774	-	113.091	(2.390.343)
Total	(2.141.125)	(244.207)	(1.239.922)	24.210	-	9.864	(3.591.180)
Net book value	7.957.644						10.485.873

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NOTE 16 – INTANGIBLE ASSETS (Continued)

	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

Hacı Ömer Sabancı Holding A.Ş

Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 17 - RIGHT OF USE ASSETS

The movements in right of use assets for the years ended 31 December 2022 is as follows:

	1 January 2022	Additions	Disposals	Currency translation differences	31 December 2022
Cost					
Real estates	2.742.721	1.475.666	(162.858)	444.358	4.499.887
Fixtures	462	-	-	(116)	346
Motor vehicles	76.868	126.533	(26.209)	44.259	221.451
Other	212.636	13.302	-	(146.957)	78.981
Total	3.032.687	1.615.501	(189.067)	341.544	4.800.665
Accumulated Depreciation					
Real estates	(953.399)	(631.030)	112.599	(65.121)	(1.536.951)
Fixtures	(157)	(156)	-	(282)	(595)
Motor vehicles	(47.233)	(54.673)	16.269	(14.337)	(99.974)
Other	(51.574)	(12.536)	-	33.163	(30.947)
Total	(1.052.363)	(698.395)	128.868	(46.577)	(1.668.467)
Net book value	1.980.324	917.106	(60.199)	294.967	3.132.198

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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 17 - RIGHT OF USE ASSET (Continued)

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 18 - GOODWILL

The movements in goodwill for the years ended 31 December 2022 and 2021 are as follows:

	2022	2021
1 January	2.522.764	1.600.690
Additions	-	58.684
Bussines combination (Note 3)	1.164.518	120.535
Currency translation differences	773.246	742.855
31 December	4.460.528	2.522.764

NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short - term provisions	31 December 2022	31 December 2021
Insurance technical provisions	14.539.144	9.328.281
Provision for liabilities	773.937	816.672
<i>Credit bonus provision</i>	<i>207.918</i>	<i>87.120</i>
<i>Provisions for litigation</i>	<i>108.936</i>	<i>88.517</i>
<i>Uncompensated and not encashed non-cash loans</i>	<i>457.083</i>	<i>641.035</i>
<i>Other short-term provisions</i>	<i>-</i>	<i>-</i>
Other debt provisions	212.080	238.370
Total	15.525.161	10.383.323
Other long - term provisions	31 December 2022	31 December 2021
Insurance technical provisions	8.373.738	4.766.880
Provision for liabilities	1.664.749	562.474
<i>Provisions for litigation</i>	<i>250.535</i>	<i>161.020</i>
<i>Other long-term provisions</i>	<i>1.414.214</i>	<i>401.454</i>
Total	10.038.487	5.329.354
Commitments - other companies	31 December 2022	31 December 2021
Letters of guarantee given	2.983.073	1.439.769
Other guarantees given	1.969.927	1.856.238
Total	4.953.000	3.296.007
Commitments - banking segment	31 December 2022	31 December 2021
Letters of guarantee given	94.586.133	56.987.517
Letters of credit	20.920.385	14.929.427
Foreign currency acceptance	195.108	159.525
Other guarantees given	20.890.444	13.479.998
Total	136.592.070	85.556.467

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Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Repurchase commitments	56.164.084	62.277.199
Transactions for held for trading:	31 December 2022	31 December 2021
Foreign currency purchases	46.225.085	17.229.702
Foreign currency sales	44.329.722	18.190.714
Total	90.554.807	35.420.416
	31 December 2022	31 December 2021
Currency swap purchases	257.579.387	210.418.016
Currency swap sales	286.523.119	224.443.589
Interest swap purchases	131.914.963	133.544.605
Interest swap sales	131.914.963	133.544.605
Total	807.932.432	701.950.815
	31 December 2022	31 December 2021
Spot purchases	3.932.154	10.674.780
Spot sales	3.708.736	10.697.859
Total	7.640.890	21.372.639
	31 December 2022	31 December 2021
Currency, interest and securities options purchases	35.300.285	26.311.953
Currency, interest and securities options sales	35.256.813	27.980.081
Total	70.557.098	54.292.034
	31 December 2022	31 December 2021
Other purchase transactions	57.976.127	40.968.571
Other sales transactions	21.533.139	14.431.941
Total	79.509.266	55.400.512
	31 December 2022	31 December 2021
Future purchase transactions	17.686.319	8.206.775
Future sales transactions	17.324.274	8.114.789
Total	35.010.593	16.321.564

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Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Types of derivative transactions held for hedges:

	31 December 2022	31 December 2021
Interest swap purchases	77.641.216	65.310.465
Interest swap sales	77.641.216	65.310.465
Total	155.282.432	130.620.930

	31 December 2022	31 December 2021
Money swap purchases	23.865.936	21.781.486
Money swap sales	7.902.654	8.752.970
Total	31.768.590	30.534.456

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2022 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	47.494.664	47.091.469	94.586.133
Letters of credits	16.986.591	3.933.795	20.920.386
Acceptance credits	195.108	-	195.108
Other guarantees	9.957.023	10.933.420	20.890.443
Total	74.633.386	61.958.684	136.592.070

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

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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 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The economic sector risk concentrations of the commitments of the Banking segment at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Construction	26.694.688	15.867.126
Wholesale	23.907.994	15.066.387
Other manufacturing	16.165.076	9.901.798
Financial institutions	14.679.746	8.124.805
Small-scale retailers	10.528.248	5.875.656
Steel and mining	8.285.025	5.187.378
Textile	4.761.548	3.971.143
Transportation	4.473.776	2.806.224
Electricity, gas and water	4.439.428	3.187.106
Food and beverage	3.516.814	1.674.154
Automotive	2.659.686	1.934.944
Chemicals	2.242.967	3.960.757
Agriculture and forestry	2.141.067	639.844
Tourism	1.486.055	878.035
Telecommunications	765.402	625.893
Electronics	446.959	463.228
Other	9.397.591	5.391.989
Total	136.592.070	85.556.467

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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 20 – COMMITMENTS

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries at 31 December 2022 is as follows:

	31 December 2022				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	3.619.884	2.314.990	44.257	14.956	179.219
B, Collaterals given on behalf of fully consolidated companies	6.018.845	2.029.201	151.865	52.008	113.255
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	136.600.239	66.037.084	1.843.771	1.642.365	3.347.396
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	146.238.968	70.381.275	2.039.893	1.709.329	3.639.870
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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Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 20 – COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Joint Ventures at 31 December 2022 is as follows

	31 December 2022				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	1.126.190	315.108	39.002	4.104	-
B, Collaterals given on behalf of fully consolidated companies	2.333.183	1.859.213	24.904	416	-
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	-	-	-	-	-
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	3.459.373	2.174.321	63.906	4.520	-
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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Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 20 – COMMITMENTS (Continued)

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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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 20 - COMMITMENTS (Continued)

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	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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Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

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NOTE 21 - EMPLOYEE BENEFITS

Payables related to employee benefits:

	31 December 2022	31 December 2021
Due to personnel	117.055	82.480
Social security premiums payable	143.636	51.426
Other payables	1.094	-
Total	261.785	133.906

Short term provisions for employee benefits:

	31 December 2022	31 December 2021
Unused vacation pay provision	558.501	224.380
Premium provision	228.534	116.240
Other	991.260	427.967
Total	1.778.295	768.587

Long term provisions for employee benefits:

	31 December 2022	31 December 2021
Provision for employment termination benefits	2.867.965	972.839
Unused vacation pay provision	16.132	8.186
Other	89.687	70.385
Total	2.973.784	1.051.410

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 2022, the amount payable consists of one month's salary limited to a maximum of full TRY15.371,40 (31 December 2021: full TRY8.284,51) 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 2022, 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 -0,5% - 1% at the respective balance sheet date (31 December 2021: 3% - 4,5%). 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 TRY19.982,83 which is effective on 1 January 2023.

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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 2022 and 2021 are as follows:

	2022	2021
1 January	972.839	652.408
Charge for the period	426.321	197.693
Business combinations	2.890	30.135
Payments	(128.159)	(120.219)
Interest cost	24.735	9.311
Foreign currency translation adjustments	55.672	516
Actuarial (loss)/gain	1.513.667	202.995
31 December	2.867.965	972.839

NOTE 22 - OTHER ASSETS AND LIABILITIES

Other Current Assets	31 December 2022	31 December 2021
Cheques in clearance	1.485.848	1.370.281
Deductible, deferred and other VAT	631.284	335.344
Other current assets	7.947.105	3.727.479
Total	10.064.237	5.433.104

Other Non-Current Assets	31 December 2022	31 December 2021
Long term tax claims and other legal receivables	-	13.024
Deductible, deferred and other VAT	2.396	2.798
Other non-current assets	237.341	157.018
Total	239.737	172.840

Other Short - Term Liabilities	31 December 2022	31 December 2021
Cheques in clearance	2.671.465	2.579.106
Saving deposits insurance	262.748	134.234
Other short - term liabilities	1.258.073	799.902
Total	4.192.286	3.513.242

Other Long - Term Liabilities	31 December 2022	31 December 2021
Other Long - Term Liabilities	542.485	24.738
Total	542.485	24.738

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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 2021: 204.040.393.100) shares of Kr1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 31 December 2022 and 2021 is as follows:

Shareholders:	Share (%)	31 December 2022	Share (%)	31 December 2021
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
Share buyback (-)		(37.067)		(298.646)
Share premium		22.237		22.237

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 2022, shares with TRY77.868 of nominal value, equivalent to 3,82% of the company capital, were repurchased for TRY1.581.598 thousand, including transaction costs. As of the date of the report, part of the repurchased shares with a nominal value of TRY40.801 representing 2% of the company capital and Sabancı Holding public shares with a nominal value of TRY23.896, representing 1,17% of the Holding capital owned by Exsa, totaling TRY2.391.851 after tax

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 2022	31 December 2021
Reserves for treasury shares(*)	944.255	108.176
Legal reserves	1.535.143	1.080.824
Subsidiary sales profit	343.498	343.498
Total	2.822.896	1.532.498

(*) 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 2022, a legal reserve in the amount of TRY944.255 thousand (31 December 2021: TRY108.176) 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.

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 2022	(719.033)	(144)	(2.450.004)	6.690.649
Increases/(decreases) during the period	5.945.747	880.330	(1.457.633)	4.304.556
Gains transferred to income statement	(1.715.471)	(100.817)	-	-
Net gains & losses included in the income statement due to transfer of financial assets through other comprehensive income	633.675	-	-	-
Tax effect	(972.790)	(155.902)	291.527	-
Balance as of 31 December 2022	3.172.128	623.467	(3.616.110)	10.995.205

	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

NOTE 24 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

1 January - 31 December 2022

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 TRY2.415.900 (full amount) as of 31 December 2022 (31 December 2021: TRY7.942.991 net loss (full amount)). On 31 December 2022 and 31 December 2021, operating results of this company reclassified as income/expense from the discontinued operations in the consolidated financial statements.

No amount for "Assets Held For Sale" is recognised of 31 December 2022 (31 December 2021: full TRY 4.142.037). The amount recognised under "Liabilities Held For Sale" is full TRY 13.890.583 as of 31 December 2022 (31 December 2021: None).

The amount recognised by Çimsa under "Assets Held For Sale" is TRY 2 as of 31 December 2022 (31 December 2021: TRY 180.248). The amount recognised by Akbank under "Assets Held For Sale" is TRY 591.213 as of 31 December 2022 (31 December 2021: TRY 232.296).

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NOTE 24 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

Information on other assets held for sale:

	31 December 2022	31 December 2021
Net book value at the beginning of the term	694.573	262.226
Acquisitions	601.564	200.398
Disposals (-), net	700.655	217.363
Impairment (-)	125	1.517
Other	(18.033)	450.829
Net book value	577.324	694.573

Other part of other assets held for sale originates from Nile Kordsa Company for Industrial Fabrics S.A.E, a subsidiary of Kordsa.

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 full TRY 4.142.037 as of 31 December 2021 (31 December 2020: full TRY 2.925.808). No amount for "Liabilities Held for Sale" is recognised as of 31 December 2021 (31 December 2020: full TRY 4.026.883).

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 TRY 343 has been classified as held for sale (31 December 2020: full TRY 8.522.648).

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 USD 127 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 TRY 179.905 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 full TRY 750.000 and shares representing 24.75% of PMSA capital with a nominal value of full TRY 173.250 were transferred to Philip Morris on 5 January 2022 for amounting to full TRY 2.747.308.823 after adjustments on the closing date, and the transfer fee was collected on the same day. The total registered value of TRY 277.887 of net assets classified under assets valued using the equity method as of 31 December 2021 is transferred to asset held for sale.

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NOTE 25 - REVENUE AND COST OF SALES

Non-finance sector

	1 January- 31 December 2022	1 January- 31 December 2021
Domestic sales	59.274.232	27.496.909
Foreign sales	11.165.297	4.182.600
Less: Discounts	(2.267.173)	(1.109.157)
Total	68.172.356	30.570.352

	1 January- 31 December 2022	1 January- 31 December 2021
Cost of raw materials and merchandises	(44.959.324)	(19.211.745)
Change in finished good, work in process inventory and merchandises	26.240	(191.082)
Personnel expenses	(1.761.538)	(986.623)
Depreciation and amortization expenses	(745.262)	(457.115)
Other	(7.279.796)	(3.178.273)
Total	(54.719.680)	(24.024.838)

Finance sector

	1 January- 31 December 2022	1 January- 31 December 2021
Interest income	134.766.101	45.090.254
Insurance premiums	17.278.952	5.147.087
Commission income	14.261.754	7.384.704
Total	166.306.807	57.622.045

	1 January- 31 December 2022	1 January- 31 December 2021
Interest expenses	(44.747.894)	(22.170.261)
Insurance premiums	(18.296.992)	(4.029.635)
Commission expenses	(3.655.279)	(1.744.283)
Total	(66.700.165)	(27.944.179)

NOTE 26 - EXPENSES BY NATURE

Research and development expenses

Allocation of research and development expenses on nature basis for the years ended 31 December 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expenses	(89.786)	(23.421)
Consultancy expenses	(11.250)	(9.412)
Depreciation and amortization expenses	(3.417)	(4.336)
Repair and maintenance expenses	(823)	(740)
Other	(4.035)	(9.028)
Total	(109.311)	(46.937)

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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 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expenses	(2.341.497)	(1.245.396)
Transportation, logistic and distribution expenses	(715.459)	(331.831)
Depreciation and amortization expenses	(654.085)	(478.676)
Rent expenses	(609.642)	(245.145)
Advertisement expenses	(326.470)	(130.146)
Energy expenses	(218.481)	(180.086)
Maintenance and repair expenses	(127.517)	(65.450)
Consultancy expenses	(100.072)	(74.682)
Outsourced services	(99.855)	(56.913)
Insurance expenses	(10.476)	(2.530)
Material expenses	(9.971)	(4.693)
Communication expenses	(2.250)	(1.934)
Other	(700.030)	(188.504)
Total	(5.915.805)	(3.005.986)

General administrative expenses

Allocation of general administrative expenses on nature basis for the years ended 31 December 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expenses	(9.885.816)	(4.912.203)
Credit card and banking service expense	(4.255.879)	(1.543.195)
Depreciation and amortization expenses	(2.071.675)	(1.184.343)
Maintenance and repair expenses	(2.000.980)	(940.483)
Savings deposit insurance fund expenses	(847.770)	(500.597)
Consultancy expenses	(811.426)	(443.733)
Taxes, duties and fees	(777.571)	(461.756)
Advertisement expenses	(624.587)	(259.478)
Communication expenses	(439.302)	(242.512)
Energy expenses	(281.175)	(107.842)
Insurance expenses	(47.639)	(24.728)
Outsourced services	(25.461)	(29.939)
Other	(3.144.274)	(1.094.528)
Total	(25.213.555)	(11.745.337)

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Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

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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 2022	31 December 2021
Independent audit fee for the reporting period	42.812	18.708
Fees related to tax consultancy services	9.335	747
Other assurance service fees	5.702	3.511
Fees for other independent non-audit services	5.742	1.186
Total	63.591	24.152

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 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign currency gains resulting from operations	2.236.740	2.678.283
Due date income from trade receivables	263.815	160.230
Other income (*)	5.845.068	1.168.684
Total	8.345.623	4.007.197

(*) Other incomes are related to insurance companies' investment income transferred to technical profit.

The details of other expenses from operating activities for the years ended 31 December 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign currency losses resulting from operations	(1.439.596)	(1.982.429)
Due date expense from trade receivables	(882.019)	(550.213)
Provision expense	(30.580)	(29.586)
Other expenses	(740.589)	(301.961)
Total	(3.092.784)	(2.864.189)

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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 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Income on disposals of subsidiary(*)	2.766.445	92.390
Profit from sales on property, plant and equipment	1.891.146	293.921
Fair value change of financial investments(**)	549.264	-
Interest income on time deposits	465.127	76.508
Dividend income	112.106	22.979
Other	11.676	2.305
Fair value gain from business combinations (***)	-	1.359.258
Total	5.795.764	1.847.361

(*) Consists of sales income of Philsa and PMSA shares

(**) It relates to financial assets at fair value through profit or loss

(***) It is the fair value 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 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Loss on sale of fixed assets	(4.882)	(9.283)
Other	(18.865)	-
Total	(23.747)	(9.283)

NOTE 30 - FINANCE INCOME/EXPENSES

Financial income and expenses of non-banking segments:

	1 January- 31 December 2022	1 January- 31 December 2021
Financial income		
Foreign currency gains	644.548	86.503
Interest income	20.144	5.810
Other financial income	61.771	32.496
Total	726.463	124.809

	1 January- 31 December 2022	1 January- 31 December 2021
Financial expenses		
Foreign currency losses	(485.873)	(327.494)
Interest expense	(1.306.361)	(737.545)
Other financial expenses	(707.953)	(398.903)
Total	(2.500.187)	(1.463.942)

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NOTE 31 - TAX ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
Corporate and income taxes payable	22.268.876	4.186.070
Less: prepaid taxes	(12.605.704)	(2.566.388)
Total taxes payable	9.663.172	1.619.682

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 2022, the corporate tax rate has been applied as 23% (2021: 25%) 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.

The publication of the Law No. 7394 in the Official Gazette dated 15.04.2022, for banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies, the corporate tax rate has been permanently increased to 25%, and the tax rate applied to the cumulative earnings of 2022 is considered as 25%.

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 temporary tax quarterly 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.

There is no practice in Turkey to reach an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the relevant tax office until the evening of the 25th day of the fourth month following the month in which the accounting period is closed. Tax inspection authorities can examine the accounting records within five years, and if an erroneous transaction is detected, the tax amounts may change due to the tax assessment to be made regarding the tax to be paid. 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.

The law on amending the Tax Procedure Law and the Corporate Tax Law has been enacted on 20 January 2022 with the code numbered 7532 and it has been decided that the financial statements will not be subject to inflation adjustment in 2021 and 2022, including the temporary accounting periods, and in the provisional tax periods in 2023, regardless of whether the conditions for the inflation adjustment within the scope of the repeated Article 298 are met. Tax Procedure Law.

According to the Tax Law with the code numbered 7352, Financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the inflation adjustment conditions are met or not. Profit/loss difference arising from inflation adjustment in VUK financial statements will be shown in previous years' profit/loss accounts and will not affect the corporate tax base.

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NOTE 31 - TAX ASSETS AND LIABILITIES (Continued)

The assets, which are covered by the reiterated article 298 of the law, will be revalued with the revaluation rate announced in the relevant year and no additional tax will be paid for the valuation difference. For revalued assets, the valuation difference can be depreciated as an expense. Within the scope of the law amendment, deferred tax asset has been recognized in the consolidated statement of financial position based on the revaluation records for fixed assets in the legal book, and the deferred tax income related to difference between legal and TFRS books has been accounted in the consolidated statement of profit or loss.

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

Seventy-five percent 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 23%. 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 2022 and 31 December 2021 are as follows:

	31 December 2022			31 December 2021		
	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax
Fair value of financial assets transferred to the other comprehensive income	12.395.718	(2.479.144)	9.916.574	(2.878.229)	575.646	(2.302.583)
Cash flow hedges	2.204.861	(440.972)	1.763.889	2.823.317	(564.663)	2.258.654
Financial assets related to the hedging of net investment in a foreign operation	(3.577.011)	715.402	(2.861.609)	(4.658.878)	931.777	(3.727.101)
Change in currency translation differences	8.181.849	-	8.181.849	8.234.460	-	8.234.460
Actuarial loss/gain	(2.478.459)	495.692	(1.982.767)	(223.609)	44.721	(178.888)
Other Comprehensive Income	16.726.958	(1.709.022)	15.017.936	3.297.061	987.481	4.284.542

	31 December 2022	31 December 2021
Profit before tax included in the consolidated financial statements	102.760.261	25.853.588
Expected tax charge according to parent company's tax rate 23% (2021: 25%)	(23.632.843)	(6.463.397)
Tax rate differences of subsidiaries	-	14.657
Expected tax charge of the Group	(23.632.843)	(6.448.740)
Revenue that is exempt from taxation (*)	561.689	352.997
Non-deductible expenses	(270.877)	(408.809)
Utilizing carryforward tax losses that are not subject to deferred tax	64.104	99.321
Impact of profits from investments valued by equity method	2.686.334	696.629
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	2.257	34.836
Other	227.334	464.883
Current year tax charge of the Group	(20.362.002)	(5.274.478)

(*) It includes foreign currency protected deposit and subsidiary sale profit exclusions.

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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.

As of the period ending on 31 December 2022, provisional tax of 23% (2021: 25%) 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 2022, the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TRY 538.181 which can be offset against future taxable profits for a period of five years (31 December 2021: TRY 811.459). As of 31 December 2022 and 31 December 2021 carry forward tax losses and the latest annual periods are as follows:

	31 December 2022	31 December 2021
2022	-	410.171
2023	115.026	154.997
2024	154.997	246.291
2025	215.214	-
2026	52.944	-
Total	538.181	811.459

Deferred tax assets/(liabilities) for the years ended at 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Deferred tax assets	1.456.257	660.696
Deferred tax liabilities	(2.590.383)	(1.382.161)
Net Deferred Tax Assets/(Liabilities)	(1.134.126)	(721.465)

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Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

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NOTE 31 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax(Continued)

The movements in deferred income tax assets/(liabilities) for the six-month periods ended 31 December 2022 and 2021 are as follows:

	2022	2021
1 January	(721.465)	400.998
Charged to equity	(2.226.971)	956.524
Business combination effect	(64.131)	(780.817)
Change in foreign currency translation differences	(26.414)	(120.229)
Charged to statement of profit or loss	1.906.874	(1.088.408)
Other	(2.019)	(89.533)
31 December	(1.134.126)	(721.465)

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 2022	31 December 2021	31 December 2022	31 December 2021
Tangible and intangible assets	1.267.600	4.690.390	(314.950)	(938.078)
Inventories	(368.590)	(391.626)	74.790	87.550
Expected credit losses for loans	(11.215.871)	(19.014.505)	2.811.760	3.802.901
Provision for severance pay	(2.866.709)	(780.450)	683.210	162.038
Litigation provisions	(49.218)	28.196	11.012	(7.049)
Carry forward tax losses	(1.223.503)	(785.334)	274.049	187.154
Investment incentives	(517.711)	(275.527)	92.738	43.509
Doubtful receivables provisions	(66.343)	(44.424)	18.819	9.644
Derivative instruments	26.394.486	23.118.838	(6.598.239)	(4.907.561)
Financial lease liabilities	(1.472.246)	(1.041.629)	301.750	213.029
Securities valuation differences	(8.494.526)	(7.079.850)	2.125.890	1.412.735
Fair value differences of financial assets and liabilities	938.295	296.650	(187.658)	(59.352)
Geographical region risk provision cancellation	1.942.437	1.047.522	(531.742)	(282.831)
Other temporary differences	(72.033)	2.370.371	104.445	(445.154)
Deferred tax assets/liabilities (net)			(1.134.126)	(721.465)

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NOTE 32 - DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2022	Fair Value	
	Assets	Liabilities
Derivative instruments held for trading:		
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales transactions	15.576.028	13.822.769
Forward currency purchases and sales transactions	2.275.577	473.494
Currency purchases and sales options	731.855	272.870
Other purchases and sales transactions	5.744.608	-
Total derivative instruments held for trading	24.328.068	14.569.133
Derivative instruments held for hedging:		
Currency and interest rate swap purchases and sales transactions	24.519.881	537.917
Forward currency purchases and sales transactions	6.415	-
Currency purchases and sales transactions	26.165	-
Total derivative instruments held for hedging	24.552.461	537.917
Total derivative instruments	48.880.529	15.107.050

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

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 2022	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	189.016.139	113.902.220	59.692.494	23.149.081	6.313.217
- Disposal	(199.367.202)	(129.764.945)	(61.039.300)	(22.313.757)	(5.827.772)
Interest rate derivatives:					
- Addition	712.536	968.267	5.635.399	8.887.319	1.433.194
- Disposal	(567.448)	(961.813)	(4.373.962)	(7.946.885)	(1.259.393)
Hedging assets					
Exchange rate derivatives:					
- Addition	945.384	303.012	2.379.012	5.980.162	20.591.405
- Disposal	(316.205)	(246.364)	(896.534)	(3.163.337)	(7.337.791)
Interest rate derivatives:					
- Addition	423.413	1.040.097	4.117.787	8.784.124	1.638.450
- Disposal	(412.244)	(790.608)	(2.217.546)	(5.170.987)	(1.486.620)
Total Cash Inflow	191.097.472	116.213.596	71.824.692	46.800.686	29.976.266
Total Cash Outflow	(200.663.099)	(131.763.730)	(68.527.342)	(38.594.966)	(15.911.576)

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)

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NOTE 33 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

Banking and Financial Services

Loans and advances to customers	31 December 2022	31 December 2021
Consumer loans and credit cards receivables	158.919.995	92.939.761
Project finance loans	84.974.910	84.151.374
Financial institutions	51.509.410	24.640.404
Other manufacturing industries	42.066.864	18.315.985
Construction	38.635.076	30.982.020
Small-scale enterprises	24.903.274	14.806.603
Textile	23.840.532	10.944.313
Mining	20.038.388	12.807.071
Automotive	14.700.989	8.502.001
Food and beverage, wholesale and retail	14.458.186	9.962.603
Chemicals	10.133.707	11.615.425
Telecommunication	2.084.710	1.205.127
Other	127.805.247	74.907.707
Total loans and advances to customers	614.071.288	395.780.394
Leasing receivables	11.925.592	8.038.101
Provision for loan losses	(22.190.368)	(19.014.505)
Receivables from insurance activities	3.239.641	1.808.721
Net loans and advances to customers	607.046.153	386.612.711

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 2022	454.078.113	15.999.840	98.139.136	2.940.596	61.854.039	2.965.320	11.925.592	284.612	625.996.880	22.190.368
Loans	405.917.307	1.290.692	92.226.596	911.107	58.220.799	1.448.193	11.179.944	60.317	567.544.646	3.710.309
Stage 1	34.229.913	5.611.706	3.911.213	473.599	2.356.173	538.650	371.485	70.795	40.868.784	6.694.750
Stage 2	13.930.893	9.097.442	2.001.327	1.555.890	1.277.067	978.477	374.163	153.500	17.583.450	11.785.309
Stage 3	309.829.461	608.280	-	-	-	-	-	-	309.829.461	608.280
Financial Asset	34.078.902	56.608	-	-	-	-	-	-	34.078.902	56.608
Other	141.302.034	457.083	-	-	-	-	-	-	141.302.034	457.083
Noncash Loans	139.744.331	145.924	-	-	-	-	-	-	139.744.331	145.924
Stage 1&2	1.557.703	311.159	-	-	-	-	-	-	1.557.703	311.159
Stage 3	939.288.510	17.121.811	98.139.136	2.940.596	61.854.039	2.965.320	11.925.592	284.612	1.111.207.277	23.312.339
Total	939.288.510	17.121.811	98.139.136	2.940.596	61.854.039	2.965.320	11.925.592	284.612	1.111.207.277	23.312.339

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	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

Effective interest rates of loans and advances to customers in US Dollars, Euros and Turkish Lira are annually 8,82% (31 December 2021: 4,79%), 5,85% (31 December 2021: 3,86%) and 18,41% (31 December 2021: 17,62%).

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NOTE 33 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

As of 31 December 2022, the movement table of credit risk provision of banking industry segment is as follows:

	Stage 1	Stage 2	Stage 3
Opening (31 December 2021)	1.635.408	5.579.947	11.799.149
Additions (*)	1.857.581	2.190.759	13.451.129
Disposals (**)	(324.513)	(917.194)	(1.068.292)
Foreign exchange rate effect	86.136	1.618.436	-
Stage 1 and Stage 2 Movements			
Loans classified under Stage 1 in two periods (Model effect)	11.152	-	-
Loans classified under Stage 1 in two periods (Change in balance effect)	451.514	-	-
Transfers from Stage 1 to Stage 2 in two periods (Staging and balance change effect)	(52.141)	423.765	-
Loans classified under Stage 2 in two periods (Model effect)	-	2.651.891	-
Loans classified under Stage 2 in two periods (Change in balance effect)	-	(4.309.145)	-
Transfers from Stage 2 to Stage 3 in two periods (Staging and balance change effect)	59.159	(366.906)	-
Stage 3 Movements			
Transfers from Stage 1 to Stage 3	(13.987)	-	602.044
Transfers from Stage 2 to Stage 3	-	(177.117)	955.269
Transfers from Stage 3 to Stage 2	-	9.894	(193.007)
Loans classified under Stage 3 in two periods (Change in balance effect)	-	-	406.130
Write-offs	-	(9.580)	(14.166.311)
Sold Portfolio effect	-	-	(802)
Closing (31 December 2022) (***)	3.710.309	6.694.750	11.785.309

(*) Loans which are not included in the loan portfolio as of 31 December 2021 and included in the loan portfolio and calculated provisions a of 31 December 2022.

(**) Loans which are included in the loan portfolio and calculated provisions as of 31 December 2021 but which are not included in the loan portfolio as of 31 December 2022

(***) In the calculations the transitions between the records in both periods have been considered by making additions and disposals.

As of 31 December 2022, 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 2022	14.847.739	3.849.495	317.271	19.014.505
Gross provisions	16.046.094	3.817.119	200.657	20.063.870
Collections	(1.490.353)	(1.017.212)	(213.329)	(2.720.894)
Written-off	(13.403.639)	(743.487)	(19.987)	(14.167.113)
31 December 2022	15.999.841	5.905.915	284.612	22.190.368

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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 2022	14.847.739	3.849.495	317.271	19.014.505

The maturity analysis of loans and advances to customers as of 31 December 2022 and 31 December 2021 is presented below:

	31 December 2022	31 December 2021
Up to 3 months	231.405.202	127.580.232
3 to 12 months	171.234.040	93.836.550
Current	402.639.242	221.416.782
1 to 5 years	134.771.472	114.749.045
Over 5 years	54.470.206	40.600.062
Non-current	189.241.678	155.349.107
Total	591.880.920	376.765.889

The repricing schedule of loans and advances to customers at 31 December 2022 and 31 December 2021 are summarized below:

	31 December 2022	31 December 2021
Up to 3 months	312.807.523	179.073.625
3 to 12 months	177.380.741	98.603.836
1 to 5 years	91.534.181	85.074.285
Over 5 years	10.158.475	14.014.143
Total	591.880.920	376.765.889

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NOTE 34 - PAYABLES FROM FINANCE SECTOR OPERATIONS

Banking

	31 December 2022			31 December 2021		
	Demand	Time	Total	Demand	Time	Total
Saving deposits	139.495.538	316.203.140	455.698.678	97.492.447	177.658.897	275.151.344
Commercial deposits	98.055.575	136.478.863	234.534.438	61.300.106	90.569.061	151.869.167
Bank deposits	1.476.193	14.786.134	16.262.327	1.776.500	12.060.042	13.836.542
Funds provided from repo transactions	-	57.277.871	57.277.871	-	63.256.050	63.256.050
Other	3.006.450	4.965.825	7.972.275	1.838.712	5.622.797	7.461.509
Total	242.033.756	529.711.833	771.745.589	162.407.765	349.166.847	511.574.612

Effective interest rates of USD, EUR and TRY denominated customer deposits are %4,81 (31 December 2021: %1,16), %2,77 (31 December 2021: %0,20) and %15,93 (31 December 2021: %17,71).

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 2022, the TRY deposit amount includes TRY 98.451.375 that falls within this scope (31 December 2021: TRY 4.875.953).

As of 31 December 2022 and 2021, deposits and money market borrowings, the analysis of the remaining maturity dates in the contract are presented below:

	31 December 2022	31 December 2021
Up to 1 month	242.033.756	162.407.765
1 to 3 months	471.220.197	306.842.022
3 to 12 months	40.918.882	30.950.347
1 to 5 years	16.412.124	10.034.533
Over 5 years	1.160.630	1.339.945
Total	771.745.589	511.574.612

Financial services

	31 December 2022	31 December 2021
Payables from insurance sector operations	2.558.097	955.091
Total	2.558.097	955.091

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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 2022	31 December 2021
Earnings per share total TRY		
- ordinary share ('00)	21,48	5,90
Earnings per share from continuing operations total TRY		
- ordinary share ('00)	21,48	5,90
Number of treasury shares	(944.255.227)	(298.646.399)
Earnings per share excluding treasury shares (total TRY)		
- ordinary share ('00)	21,49	5,90
Earnings per share from continuing operations excluding treasury shares (total TRY)		
- ordinary share ('00)	21,49	5,90
Weighted average number of shares as of the reporting date (per share of Kr1 nominal value)		
- ordinary share(*)	203.993.184.303	204.033.406.561

(*) Calculated by adjusting repurchased shares

NOTE 36 - RELATED PARTY DISCLOSURES

Related party balances

	31 December 2022	31 December 2021
Receivables from finance sector activities	6.998.277	6.621.682
Trade receivables	314.353	203.792
Trade payables	515.832	109.484
Other receivables	3.100	1.826
Other payables	676.128	177.732
Receivables from finance sector activities	6.266.508	3.577.126

Related party transactions

	31 December 2022	31 December 2021
Goods and services sales	761.161	339.923
Goods and services purchases	(1.999.466)	(634.810)
Interest income	1.206.623	465.001
Interest expense	(403.028)	(151.306)

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 2022, TRY249.264 (31 December 2021: TRY156.574) was the balance of trade receivables arising from the sales relationship between Kordsa and Brisa, and TRY27.785 (31 December 2021: TRY15.277) had arisen from the sales relationship between SabancıDx and Brisa. TRY444.252 of trade payables (31 December 2022: TRY72.371) 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.

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NOTE 36 - RELATED PARTY DISCLOSURES (continued)

As of 31 December 2022, of transactions with related parties, TRY574.218 (31 December 2021: TRY231.197) of product and services sales arises from the sales relationship between Kordsa and Brisa, TRY74.474 (31 December 2021: TRY42.872) from SabancıDX and Brisa, and TRY77.128 (31 December 2021: TRY28.704) from SabancıDX and Enerjisa Enerji. TRY1.317.902 of goods and services purchases (31 December 2021: TRY449.613) arises from Çimsa's purchasing relationship with Enerjisa, and TRY452.249 arises from Kordsa's purchasing relationship with Enerjisa Üretim (31 December 2021: TRY139.374).

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 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Short term benefits	124.385	64.950
Benefits resulted from discharge	2.804	1.015
Other long term benefits	1.032	586
Total	128.221	66.551

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.

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.1 Foreign Exchange Risk (Continued)

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 2022 and 31 December 2021 in terms of TRY are as follows:

	31 December 2022	31 December 2021
Assets	488.236.719	402.476.037
Liabilities	(541.636.916)	(458.478.627)
Net foreign currency balance sheet position	(53.400.197)	(56.002.590)
Net foreign currency position of off-balance sheet derivative financial instruments	64.158.918	68.955.303
Net foreign currency balance sheet and off-balance sheet position	10.758.721	12.952.713

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2022	Total TRY	TRY	USD TRY	EUR TRY	GBP TRY	Other TRY
	Equivalent	Equivalent	Equivalent	Equivalent	Equivalent	Equivalent
Assets:						
Cash and cash equivalents	52.314.899	286.755	29.091.289	17.988.703	409.672	4.538.480
Financial investments	106.726.305	-	97.118.423	7.381.822	-	2.226.060
Receivables from financial operations	210.909.850	-	87.567.511	123.264.615	33.050	44.674
Reserve deposits at central banks	95.135.790	-	55.195.560	36.497.113	-	3.443.117
Trade receivables	2.791.073	292.621	828.700	1.362.244	18.503	289.005
Other assets	20.358.802	12.427	14.527.444	4.578.824	305	1.239.802
Total assets	488.236.719	591.803	284.328.927	191.073.321	461.530	11.781.138
Liabilities						
Funds borrowed and debt securities						
in issue	112.932.618	430.001	92.963.423	19.497.124	-	42.070
Customer deposit	386.252.818	-	225.086.375	113.340.634	7.969.477	39.856.332
Trade payables	2.259.211	302.669	1.374.484	464.537	17.971	99.550
Other payables and provisions	40.192.269	-	34.913.539	4.711.815	29.726	537.189
Total liabilities	541.636.916	732.670	354.337.821	138.014.110	8.017.174	40.535.141
Net assets/(liabilities) foreign currency position of off-balance sheet derivative financial instruments	64.158.918	-	78.698.708	(50.996.001)	7.292.828	29.163.383
Monetary items net assets/(liabilities) foreign currency position	10.758.721	(140.867)	8.689.814	2.063.210	(262.816)	409.380

Net profit effect of the consolidated to the total net foreign currency position is TRY2.767.348 in the long term as of 31 December 2022 (Akbank 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 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 as of 31 December 2021 (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)

37.1.1.1 Foreign Exchange Risk (Continued)

The table below summarizes the situations in which the net foreign exchange position in the Group's balance sheet will reach with changes in the exchange rates for the Group companies that are out of the banking industry division in the years ended 31 December 2022 and 2021:

	Profit/Loss	
	Appreciation of foreign currency	Appreciation of foreign currency
31 December 2022		
Change in TRY by 20%		
TRY net assets/liabilities	(21.694)	21.694
TRY hedge items (-)	-	-
TRY net effect	(21.694)	21.694
Change in USD against TRY by 20%		
USD net assets/liabilities	1.003.162	(1.003.162)
USD hedge items (-)	-	-
USD net effect	1.003.162	(1.003.162)
Change in EUR against TRY by 20%		
EUR net assets/liabilities	(74.043)	74.043
EUR hedge items (-)	-	-
EUR net effect	(74.043)	74.043
Change in GBP against TRY by 20%		
GBP net assets/liabilities	4.171	(4.171)
GBP hedge items (-)	-	-
GBP net effect	4.171	(4.171)
Change in other currency against TRY by 20%		
Other currency net assets/liabilities	(20.892)	20.892
Other hedges items(-)	-	-
Other currency net effect	(20.892)	20.892

	Profit/Loss	
	Appreciation of foreign currency	Appreciation of foreign currency
31 December 2021		
Change in USD against TRY by 20%		
USD net assets/liabilities	1.294.408	(1.294.408)
USD hedge items (-)	-	-
USD net effect	1.294.408	(1.294.408)
Change in EUR against TRY by 20%		
EUR net assets/liabilities	52.217	(52.217)
EUR hedge items (-)	-	-
EUR net effect	52.217	(52.217)
Change in GBP against TRY by 20%		
GBP net assets/liabilities	3.126	(3.126)
GBP hedge items (-)	-	-
GBP net effect	3.126	(3.126)
Change in other currency against TRY by 20%		
Other currency net assets/liabilities	(863)	863
Other hedges items(-)	-	-
Other currency net effect	(863)	863

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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 2022 and 2021, the Group's borrowings at floating rates are denominated in TRY, USD, EUR, and GBP.

As of 31 December 2022, and 2021, the interest position table of the Group's non-banking industrial segments is as follows:

	31 December 2022	31 December 2021
Fixed interest rate financial instruments		
Financial assets	9.201.368	1.085.273
Time deposits	9.201.368	1.085.273
Financial liabilities	9.075.253	4.983.474
Floating interest rate financial instruments		
Financial liabilities	4.914.649	2.421.716

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 2022, 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 2021: none).

If the annual interest rate of loans with floating interest in USD on 31 December 2022 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 TRY21.247 higher/lower (31 December 2021: TRY18.460).

At 31 December 2022, 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 TRY17.842 higher/lower (31 December 2021: TRY13.578).

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 2-3 years, and the remaining amount is USD681.550. 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.

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.3 Liquidity Risk

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 2022 and 2021 the contractual cash flows of the non-derivative financial liabilities in accordance agreement of the Group companies banking segment are as follows:

31 December 2022							
Liabilities	Book Value	Contractual cash flows	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Customer deposits	774.303.686	792.528.555	602.084.433	119.882.185	44.173.419	22.680.664	3.707.854
Funds borrowed and debt securities in issue	123.794.446	136.669.098	867.028	9.411.009	44.739.421	60.442.687	21.208.953
Interbank money market deposits	4.960.574	4.960.574	4.213.065	747.509	-	-	-
	903.058.706	934.158.227	607.164.526	130.040.703	88.912.840	83.123.351	24.916.807

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

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.3 Liquidity Risk (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 2022, and 2021, the Group's analysis of non-derivative financial liabilities of non-banking business segments according to their contractual maturity dates as follows:

31 December 2022	Book value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over 5 years
Financial liabilities	13.989.902	13.964.615	3.390.560	4.169.078	5.762.780	642.197
Financial lease liabilities	2.661.871	3.763.952	749.208	435.325	1.743.125	836.294
Trade payables	15.846.832	15.727.923	14.022.868	1.704.062	993	-
Other payables	3.322.108	3.468.114	3.343.064	82.292	42.758	-
	35.820.713	36.924.604	21.505.700	6.390.757	7.549.656	1.478.491

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

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 2022	31 December 2021
Above average	35,31%	45,79%
Average	51,58%	36,19%
Below average	9,56%	12,54%
Unrated	3,55%	5,48%

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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 2022	31 December 2021
Loans and advances to banks	155.617.489	138.110.805
Loans and advances	603.806.512	384.803.990
<i>Consumer loans and advances</i>	<i>153.968.106</i>	<i>89.408.527</i>
<i>Corporate loans and advances</i>	<i>438.197.427</i>	<i>287.674.635</i>
<i>Financial lease receivables</i>	<i>11.640.979</i>	<i>7.720.828</i>
Financial assets at fair value through profit and loss	10.559.125	10.809.375
Derivative financial assets at fair value through profit and loss	24.326.922	33.597.307
Derivative transactions held for hedges financial assets	24.519.881	16.189.565
Financial assets at fair value through other comprehensive income and financial assets measured at amortized cost	269.930.733	152.896.120
Other assets	3.800.398	2.270.533
Total	1.092.561.060	738.677.695

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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 2022 and 2021. Moody's rating analysis of available-for-sale financial assets and held-to-maturity financial assets is as follows:

31 December 2022	Financial assets through profit or loss	Financial assets through other comprehensive income	Financial assets at amortized cost	Total
Aaa	8.216	10.814.745	-	10.822.961
Aa1, Aa2, Aa3	-	443.456	-	443.456
A1, A2, A3	-	690.854	-	690.854
Baa1, Baa2, Baa3	-	1.551.160	-	1.551.160
Ba1	-	-	-	-
Ba2	-	-	-	-
Ba3	-	-	-	-
B1, B2, B3	1.714.561	158.197.715	98.102.960	258.015.236
C and Below	2.217	-	-	2.217
NR	-	129.843	-	129.843
Total	1.724.994	171.827.773	98.102.960	271.655.727

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

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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 2022 and 2021 are summarized as follows:

31 December 2022	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	120.501.025	9.587.496	13.443.310	12.085.658	155.617.489
Loans and advances	594.223.789	148.737	7.502.318	1.931.668	603.806.512
Consumer loans and advance	153.968.106	-	-	-	153.968.106
Corporate loans and advances	428.614.704	148.737	7.502.318	1.931.668	438.197.427
Financial lease receivables	11.640.979	-	-	-	11.640.979
Financial assets at fair value through profit and loss	10.550.909	8.216	-	-	10.559.125
Derivative financial assets at fair value through profit and loss	7.666.716	140	16.659.060	1.006	24.326.922
Derivative transactions held for hedges financial assets	44.618	-	24.473.951	1.312	24.519.881
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	256.378.804	10.866.459	2.685.470	-	269.930.733
Other assets	3.800.399	-	-	-	3.800.399
Total	993.166.260	20.611.048	64.764.109	14.019.644	1.092.561.061

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
Consumer loans and advance	89.408.527	-	-	-	89.408.527
Corporate loans and advances	279.144.165	889.427	6.936.492	704.551	287.674.635
Financial lease receivables	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

The industrial distribution of the financial assets of banking sector for the years ended 31 December 2022 and 2021 are summarized as follows:

	Financial institutions	Public sector	Wholesale and retail	Manufacturing	Other	Individual	Total
Loan and advances to banks	155.617.489	-	-	-	-	-	155.617.489
Loan and advances	51.024.101	26.160.837	71.778.868	197.233.661	103.640.939	153.968.106	603.806.512
Loan and advances to corporate	50.799.201	26.160.837	71.467.458	190.825.197	98.944.734	-	438.197.427
Consumer loan and expenses	-	-	-	-	-	153.968.106	153.968.106
Financial lease receivables	224.900	-	311.410	6.408.464	4.696.205	-	11.640.979
Financial assets at fair value through profit and loss	1.156.113	602.591	-	143.668	8.656.753	-	10.559.125
Derivative financial assets at fair value through profit and loss	-	-	-	-	-	-	-
Derivative instruments	15.787.976	-	-	-	7.995.783	543.163	24.326.922
Derivative transactions held for hedges financial assets	24.451.959	-	-	-	67.922	-	24.519.881
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	17.202.042	243.849.256	-	8.520.107	359.328	-	269.930.733
Other assets	3.800.399	-	-	-	-	-	3.800.399
31 Aralık 2022	269.040.079	270.612.684	71.778.868	205.897.436	120.720.725	154.511.269	1.092.561.060
31 Aralık 2021	216.447.255	144.007.685	42.220.457	131.429.584	115.090.005	89.482.709	738.677.695

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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 2022 and 2021 is as follows:

31 December 2022	Trade	Receivables	Other	Bank	Derivative
	receivables	from insurance operations	receivables (*)	deposits	instruments
Maximum credit risk exposure as of reporting date (A+B+C)	6.608.028	-	890.193	10.471.458	33.728
Collateralized or secured with guarantees part of maximum credit	-	-	-	-	-
A. Restructured otherwise accepted as past due and impaired	6.605.136	-	890.193	10.471.458	33.728
B. Past due but not impaired net book value	2.892	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-
- Past due (Gross amount)	81.746	-	-	-	-
- Impairment	(81.746)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-

31 December 2021	Trade	Receivables	Other	Bank	Derivative
	receivables	from insurance operations	receivables (*)	deposits	instruments
Maximum credit risk exposure as of reporting date (A+B+C)	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	-	-	-	-	-

(*) 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 2022 and 2021, 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 2022		31 December 2021	
		Gains /Losses	/Shareholders Equity-Losses /Shareholders Equity	Gains /Losses	/Shareholders Equity-Losses /Shareholders Equity
TRY	(400)	4.500.137	2,60%	3.147.922	3,13%
TRY	500	(5.047.887)	(2,92)%	(3.614.936)	(3,60)%
USD	(200)	(402.724)	(0,23)%	(24.617)	(0,02)%
USD	200	558.736	0,32%	663.352	0,66%
EUR	(200)	(561.654)	(0,32)%	159.257	0,16%
EUR	200	596.384	(0,34)%	(1.245.563)	(1,24)%
Total (for negative shocks)		3.535.759	2,05%	3.282.562	3,27%
Total (for positive shocks)		(3.892.767)	(2,26)%	(4.197.147)	(4,18)%

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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.

Var 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 recapitalize 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 2022 and 2021 are as follows:

TRY	31 December 2022	31 December 2021
Total financial liabilities	1.045.697.370	716.159.607
Cash and cash equivalents	64.878.197	69.417.883
Net liability	980.819.173	646.741.724
Equity	200.232.559	103.604.182
Invested capital(*)	1.181.051.732	750.345.906
Net liability/invested capital ratio	83%	86%

(*) 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 2021: 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 2022, 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 2022, 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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Notes to the consolidated financial statements for the year ended 31 December 2022 and 2021

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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 2022 and 2021 are as follows:

31 December 2022	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	540.826	61.765	-	602.591
- Marketable Securities Representing Capital Share	6.591.527	-	-	6.591.527
- Other Financial Assets *	674.946	2.690.062	-	3.365.008
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	142.952.758	-	-	142.952.758
- Other Financial Assets	21.691.084	7.183.931	-	28.875.015
Time Deposit	1.732.345	-	-	1.732.345
Derivative Financial Assets at				
- Fair Value Through Other Comprehensive Income	-	20.877.144	-	20.877.144
- Fair Value Through Profit or Loss	-	28.003.385	-	28.003.385
Borrowings	-	629.170.843	-	629.170.843
Financial Assets measured at amortized cost (Net)				
- Government Debt Securities	132.391.110	-	-	132.391.110
- Other Financial Assets	1.308.045	-	-	1.308.045
Total Assets	307.882.641	687.987.130	-	995.869.771
Derivative Financial Liabilities	-	15.107.050	-	15.107.050
- Reflected on Other Comprehensive Income	-	494.477	-	494.477
- Reflected on Profit or Loss	-	14.612.573	-	14.612.573
Financial Liabilities at Fair Value				
- Customer Deposit	-	654.794.094	-	654.794.094
- Interbank money market deposits, fund borrowed and debt securities in issue	-	123.088.732	-	123.088.732
Total Liabilities	-	792.989.876	-	792.989.876

(*) 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 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	-	25.933.737	-	25.933.737
- 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.

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 2022	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
Financial Assets							
Cash and cash equivalents	5	-	64.878.197	-	-	64.878.197	64.878.197
Trade receivables	9	-	6.608.028	-	-	6.608.028	6.608.028
Other financial asset (*)	6,10	106.082.255	11.027.961	176.071.505	-	293.181.721	328.777.915
Receivables from financial operations	32	-	607.046.153	-	-	607.046.153	629.170.843
Financial Liabilities							
Financial payables	7	-	-	-	136.917.966	136.917.966	136.917.966
Trade payables	9	-	-	-	15.486.832	15.486.832	15.486.832
Other financial liabilities (**)	10	-	-	-	51.116.753	51.116.753	51.116.753
Payables from financial operations	33	-	-	-	774.303.686	774.303.686	775.809.561
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

(*) 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

In the scope of the share buy-back program started by the Board of Directors on 9 November 2021 based on the matched transactions fulfilled after 31 December 2022 as of the report date, shares worth full TRY9.840, representing 0,48% of the Sabancı Holding Capital, were bought back for TRY391.683, including transaction costs. By the president's decision, with the decision of the Official Gazette dated February 14, 2023, the withdrawal rate made on the shares or partnership shares of the full taxpayer or the partnership shares, the withholding rate was reduced to zero.

Regarding the reporting period that ended on 31 December 2022 after the earthquakes in our country on February 6, a limited time has passed to evaluate the reflections of the disaster on economic activity. All developments closely monitoring in order to manage its negative effect on the Group's consolidated financial situation, consolidated financial performance and consolidated cash flows. Group management predicts that despite the current uncertainties, the Group's business risks, and liquidity reserves will have limited impact.

Akbank's Board of Directors decided to authorize the management to establish a 100% owned subsidiary in the Netherlands named Akbank Ventures BV, with USD 30.000 initial capital, to be able to invest in technology ventures, to undertake required applications and obtain legal approvals for the establishment of the company.

Akbank Board of Directors decided that meeting dated February 16, 2023, in order to support healthy price formations and stability at Akbank shares and to protect the interests of investors; a share buy-back shall be initiated pursuant to Capital Market Board's Communique II-22.1 on Share Buybacks and the decision of the Capital Markets Board and the Principle Decision numbered 9/177 announced by the Capital Markets Board's bulletin numbered 2023/10 dated February 14, 2023, up to 5.200.000.000 shares with a nominal value of TRY52.000 representing 1% of Bank's issued share capital shall be repurchased, total maximum funds allocated for share buy-back transactions shall be determined as TRY1.000.000 the share buy-back shall be put on the agenda of the first following general assembly meeting, and shall be presented to the information of the shareholders at the general assembly, share buy-backs shall be conducted from the date of this decision until December 31, 2023 and the Head Office shall be authorized in matters related to the share buy-backs.

SABANCI