



#SabanciofNewGeneration



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

Annual Report 2020



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Report...

2021-2025 Strategy House



Founded 93 years ago, Sabancı today strides confidently towards the future, driven by its historical success and its culture, to become the Sabancı of New Generation.

Sabancı Group has continuously strengthened its foundations by hoarding valuable experiences by overcoming various challenges over the years. This effective structure enabled Sabancı Group not only to endure but also to grow in the extraordinary pandemic conditions.

Sabancı Group successfully achieved its **growth, return** and **sustainability** targets and is recognized as one of the few institutions that come to mind in terms of trust. While making our claim to be Sabancı of New Generation, we unite Turkey and the World for a sustainable life with leading enterprises.

GROWTH

Solid global footprint and sustainable growth in balanced businesses

Competing in global markets, to be substantive and representing Turkey on the global scale have always been top priorities for Sabancı Group. In 2020, we have executed our strategic goals while expanding our businesses with international partnerships. Thanks to our strong brands that have achieved remarkable success in multiple geographies, our influence across the globe has expanded even further.

40
Million+
Customers

9
Global
Partnerships

14
Countries

60
Thousand+
Employment



RETURN

Succeeding and sharing in challenging conditions

We maintained our growth trajectory during the pandemic, which continued to affect ways of doing business in Turkey and the world. Our sound financial results once again confirmed that we are on the right path. We managed to improve our results in this challenging environment thanks to our solid financial structure, balanced businesses and strong cash generation. With robust and transparent cash management and continuous dividend payments, we once again met all our stakeholders' interests.

Growth in Consolidated Net Income

26%

2020

Growth in Operational Cash Flow^(*)

13%

2020

Net Financial Debt/EBITDA^(**)

1.5x

2020 Year-End

Growth in Dividend Per Share

22%

2016-2020 CAGR^(***)

^(*) Non-bank combined; excluding financial services, banking and other segment.

^(**) Excluding one-off income/expenses, IFRS16 impact, banking and net cash position of financial services.

^(***) CAGR: Compound Annual Growth Rate

SUSTAINABILITY

Sustainable actions for Sabancı of New Generation

Sabancı Group considers sustainability as an integral part of its mission and strategy. We prioritize efficiency and cyclical economy practices throughout our value chain. We also support sustainable investments with our financial services. As Sabancı of New Generation, we underpin our mission to be a model and a pioneer with our long-term goals for 2030 and 2050.

Until 2030

Until 2050

Sustainable Loan financing

TL **200** billion

Sustainable Investment Funds

TL **15** billion

Increase circular business models and **Zero Waste**

Net Zero Emission throughout all operations



2020 at a Glance

Increasing its consolidated net income by 26% in 2020, Sabancı Holding's operational cash flow rose more than 2.5 times in five years and reached TL 10.7 billion.

Sabancı Holding Key Indicators (TL Billion)

Sabancı Holding Summary Financials	2016	2017	2018	2019	2020	CAGR (2016-2020)
Combined Net Sales	53.8	65.6	88.1	97.6	104.0	18%
Combined EBITDA	11.2	15.0	14.6	17.5	20.3	16%
Combined EBITDA ⁽¹⁾	10.8	14.2	15.4	17.1	20.9	18%
Consolidated Net Income (Share of Parent Company)	2.7	3.5	3.8	3.8	4.8	16%
Sabancı Holding Solo Cash Position	1.1	1.7	2.6	1.7	1.1	
Combined Net Financial Debt ⁽²⁾	16.6	18.1	18.6	18.7	17.3	
Combined Net Financial Debt/EBITDA ⁽²⁾	3.7	3.1	2.3	2.2	1.5	

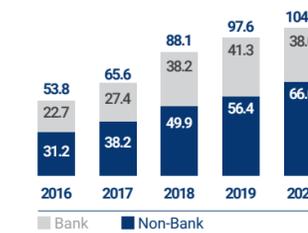
⁽¹⁾ Excluding one-off income/expenses.

⁽²⁾ Excluding one-off income/expenses, IFRS16 impact, banking and net cash position of financial services.

CAGR: Compound Annual Growth Rate

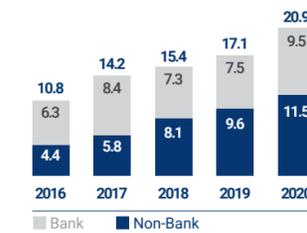
Combined Net Sales (TL Billion)

18%↑
CAGR (2016-2020)



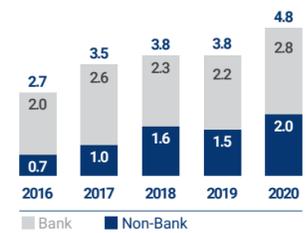
Combined EBITDA⁽¹⁾ (TL Billion)

18%↑
CAGR (2016-2020)



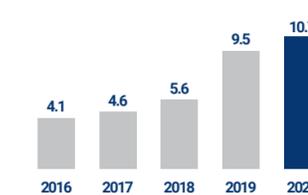
Consolidated Net Income (Share of Parent Company) (TL Billion)

16%↑
CAGR (2016-2020)



Operational Cash Flow⁽¹⁾ (TL Billion)

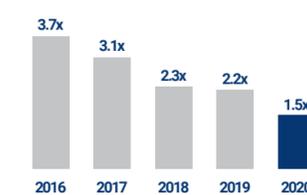
25%↑
CAGR (2016-2020)



⁽¹⁾ Excluding financial services, banking and other segment.

Combined Net Financial Debt/EBITDA⁽¹⁾

20%↓
CAGR (2016-2020)



⁽¹⁾ Non-bank; excluding one-off income/expenses, IFRS16 impact, banking and net cash position of financial services.

Dividend Per Share (TL)

22%↑
CAGR (2016-2020)



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



40 Million+ Customers^(*)

9 Partnerships

14 Countries

60 Thousand+ Employment

^(*) Including Enerjisa, Akbank, Teknosa and Carrefour's customers, excluding intra-group common customers.

Bank



AKBANK

EUROMONEY - WORLD'S BEST DIGITAL BANK (2019)



EUROMONEY - BEST BANK IN THE EMERGING MARKETS (2020)

Number of customers
~18 million

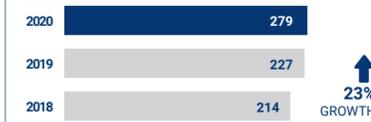
Number of digital customers
5.5 million

Number of branches
716

Number of ATMs
~5,000

Number of POS terminals
600 thousand+

Loans^(*) (TL billion)

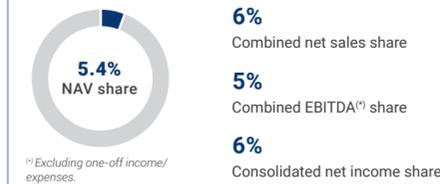


Capital Adequacy Ratio



^(*) Gross cash loans

Financial Services



AKSigorta

LEADER IN DIGITALIZATION AND NON-LIFE INSURANCE

Market share
8.3%

Number of customers
3.3 million

Number of agencies
3 thousand+

Premium production
TL 5.3 billion (18% growth)

ROE
43%

AVIVA SA

AMONG THE LEADING PLAYERS IN PENSION MARKET

Market share and position
Leader in PPS with 18.6% market share

Number of total customers
2.4 million

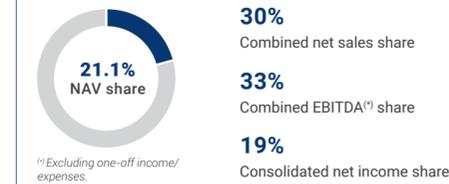
Life insurance premium production
TL 1.27 billion (40% growth)

Assets under management^(*)
TL 29.4 billion (32% growth)

ROE
36%

NAV: Net Asset Value
PPS: Private Pension System
^(*) Excluding auto-enrollment.

Energy



ENERJİSA

INDUSTRY LEADER IN ENERGY DISTRIBUTION

Market share and position
Leader with 23% market share
(compared to the total distributed energy)

Regulated asset base
TL 9.4 billion (11% annual growth)
(Investment Payment (10 years) and Inflation + WACC^(*) (12.30%) return on investment)

Distribution network
21.6 million people in 14 provinces

Number of customers
10.1 million

Distribution area
109,663 km²

^(*) Weighted Average Cost of Capital

ENERJİSA ÜRETİM

LEADER IN RENEWABLE GENERATION

Market share and position
Turkey's largest private-sector energy generator with 5%^(*) market share considering the total electricity generation

Installed capacity
3,607 MW

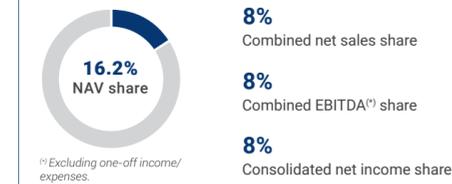
Portfolio



Share of foreign currency based income within EBITDA
~70%

^(*) According to the EPIAŞ Transparency Platform data.

Industrials^(**)



BRİSA

LEADING TIRE PRODUCER AND EXPORTER OF TURKEY

Market share and position
Leader with 32% market share
(Domestic sell-out tire for passenger cars market share)

Production capacity
Izmit: 11 million, Aksaray: 2.5 million

Export share within net sales income
36%

KORDSA

WORLD'S LEADING TIRE REINFORCEMENT PRODUCER

Market share and position
Leading the international market with 27% in Nylon 6.6 and 9% in Polyester

Production areas
Tire reinforcement in 7 facilities in Turkey, Brazil, Indonesia, Thailand and the USA;
Composite production in 5 facilities in the USA and Turkey

R&D
183 patents

TEMSA

TURKEY'S PICKUP MARKET LEADER

Area of activity
Sales, marketing, service and spare part services of Mitsubishi Motors branded passenger and commercial vehicles

Distribution network
27 authorized dealers and 52 authorized services in Turkey



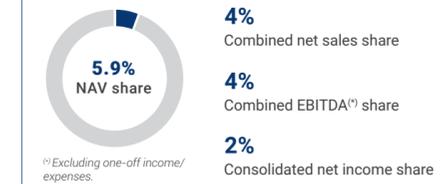
LEADING INNOVATIVE BUS AND MIDIBUS MANUFACTURER

Area of activity
Bus, midibus, battery package and software, electric bus production

Areas of Activity
Export to 70 countries including the USA, France, UK and Germany

^(**) Including Philips and PMSA.

Building Materials



AKÇANSA

TURKEY'S HIGHEST CEMENT EXPORTING COMPANY FROM MULTIPLE PORTS

Production capacity
9.2 million tons of cement

Production facilities
3 integrated plants, 1 grinding plant, 6 domestic terminals, 2 ports

Export share within net sales income
44%

ÇİMSA

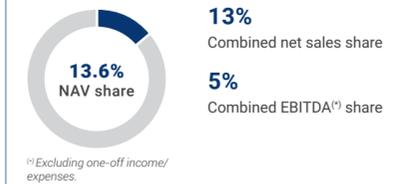
THE FIRST CEMENT COMPANY ADMITTED TO TURQUALITY PROGRAM

Production capacity
6.9 million tons of cement
(1.7 million tons of white cement, including convertible)

Production facilities
5 integrated cement plants, 2 grinding plants, 7 international terminals

Export share within net sales income
55%

Retail



Carrefour SA

LEADING FOOD RETAIL COMPANY

Market share
4.52%
(Modern Trade FMCG market share)

Number of Stores
699 (52 provinces)

Sales area
525 thousand m²

Turnover per square meter
TL 15.5 thousand (21.1% growth)

Number of customers
138 million

TEKNO SA

LEADING PLAYER IN TECHNOLOGY RETAILING

Market share
7%
(Technology products panelmarket)

Number of Stores
211 (68 provinces)

Sales area
97 thousand m²

Turnover per square meter
TL 42 thousand (23% growth)

Number of visitors
175 million

Free float ratios of Sabancı Group companies^(*)

BANK

AKBANK 51%

FINANCIAL SERVICES

AKSİGORTA 28%
AVİVASA 20%

ENERGY

ENERJİSA ENERJİ 20%

INDUSTRIALS

KORDSA 29%
BRİSA 10%

BUILDING MATERIALS

AKÇANSA 21%
ÇİMSA 36%

RETAIL

TEKNOSA 50%
CARREFOURSA 5%

^(*) As of 31.12.2020.

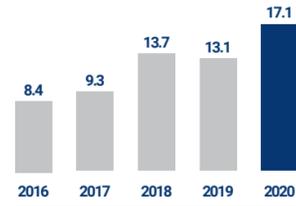
Maintaining the upward trend in consolidated return on equity, Sabancı Holding's non-bank return on equity reached a five-year-high level of 17.1% in 2020.

Sabancı Holding Consolidated ROE^(*)
(%)

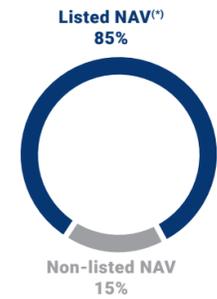


^(*) Excluding one-off income/expenses.
ROE: Return on equity.

Non-Bank Consolidated ROE^(*)
(%)

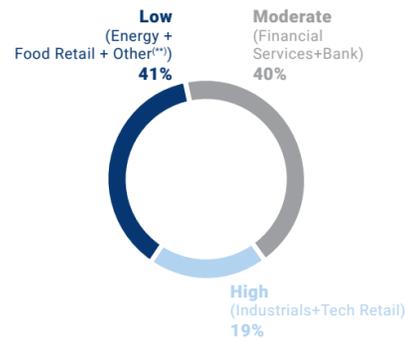


PUBLIC COMPANIES MAKE UP 85% OF THE NET ASSET VALUE.



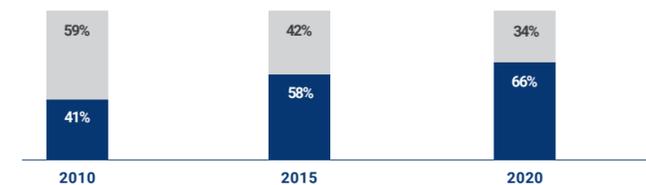
^(*) Including Holding solo net cash position.

BUSINESSES WITH LOW AND MODERATE CYCLICALITY MAKE UP 81% OF THE NET ASSET VALUE^(*).



^(*) Excluding Holding solo net cash position.
^(**) Philsa, Exsa, Tursa, AEO and digital

NON-BANK BUSINESSES, LED BY ENERGY BUSINESS, MAKE UP 66% OF SABANCI HOLDING'S NET ASSET VALUE (NAV)^(*).



■ Bank ■ Non-Bank

^(*) Excluding Holding solo cash position. Book value and the average of independent research reports are used for companies that are not publicly traded.

Sabancı of New Generation 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



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.



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.



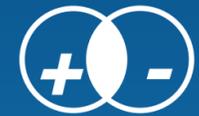
Passion

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.



Inclusion

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş. AGENDA FOR THE 2020 ORDINARY GENERAL ASSEMBLY MEETING TO BE HELD ON 30 MARCH 2021, AT 2.00 P.M

1. Opening and formation of the Meeting Council,
2. Reading and discussion of the 2020 Annual Report of the Board of Directors,
3. Reading the 2020 Auditor's Reports,
4. Reading, discussion and approval of the 2020 Financial Statements,
5. Release of the members of the Board of Directors with regard to the 2020 activities,
6. Determining the use of the 2020 profit and rate of dividend to be distributed,
7. Election of the members of the Board of Directors, determination of their term 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. Amending Articles 10 and 16 of the Articles of Association for the purposes of extending the validity of authorized capital and enabling the Board of Directors' meetings to be held by electronic means, as per the permissions obtained from the Capital Markets Board and the Ministry of Commerce,
11. Informing the General Assembly regarding the donations and grants made by the Company in 2020,
12. Determination of the upper limit for donations to be made in 2021,
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

In Sabancı Group companies most of which are leaders in their respective sectors, a high performance culture and ecosystem collaborations are embraced and value-add is achieved for all stakeholders by observing the principles of sustainability.

Hacı Ömer Sabancı Holding A.Ş., one of Turkey's leading conglomerates, is the parent company and manages Sabancı Group's companies with a strategic approach. Sabancı Group's main business areas are banking, financial services, energy, industrials, building materials and retail. Sabancı Group companies are market leaders in most of their respective sectors.

Sabancı Holding's executive activities are carried out by the Executive Committee, consisting of the CEO, CFO, Strategic Business Unit Presidents and and the Group President of Human Resources and Sustainability. The Executive Committee reports to the Board of Directors.

Sabancı Holding is responsible for:

- Coordinating and supporting the financing, strategy, business development and human resources functions in accordance with corporate governance principles,
- Fostering career development of the Group's senior and mid-level executives,
- Determining the Group's strategies,
- Deploying a performance culture across the Group,
- Creating shareholder value through intra-Group ecosystem collaborations.

Sabancı Holding prioritizes a performance culture. With the aim of creating value for all stakeholders, a short-term and long-term management incentive system is adopted across the organization.

On an annual basis, performance evaluation entails a number of performance criteria including revenue, operating income, net income, change in market capitalization compared to peers for the listed companies and also the market share, cash flow

 Employment
60 thousand+

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

management, working capital efficiency, and employee engagement are among other KPIs. Long-term incentive compensation is determined based on Sabancı Holding stock's total shareholder return (TSR) and discount to Net Asset Value (NAV).

The Audit, Corporate Governance and Early Detection of Risk Committees report to Sabancı Holding Board of Directors. The Portfolio Management Committee was terminated in 2020 in order to empower the decision-making mechanism of the senior management. Certain duties of the Committee in question were transferred to the Corporate Governance and Early Detection of Risk Committees.

Sabancı Holding assesses business development projects both financially and strategically and prioritizes projects where there is high-value creation, real growth potential, projects in which current competencies within the Group can be utilized effectively as well as sustainable investment projects.

The Sabancı Leadership Development Programs garnered Sabancı Holding awards in the categories of "Leadership Development Achievement," "Most Innovative Leadership Program" and "Leadership Training" at the Stevie Awards competition. Sabancı Holding also received a Gold award in the "Best Progress in Leadership Development" and "Best Learning Program Supporting

Transformation in Business Strategies" categories at the Brandon Hall Group Excellence Awards.

Sabancı Group companies operate in 14 countries as of year-end 2020 and supply their products in regions across Europe, the Middle East, Asia, North Africa, North and South America. Sabancı Group - thanks to its solid reputation, positive brand image, strong joint ventures, extensive experience and know-how about the Turkish market - has fostered its core businesses over the years. These enterprises collectively contributed significantly to the development of Turkey's economy.

Sabancı Holding's multinational business partners include prominent global companies such as Ageas, Aviva, Bridgestone, Carrefoursa, E.ON, Heidelberg Cement, Marubeni, Skoda and Philip Morris.

In 2020, Sabancı Group posted combined net sales of TL 104 billion and consolidated net income of TL 4.8 billion.

Sabancı Holding's own shares, as well as the shares of its 11 subsidiaries, are listed on Borsa Istanbul (BIST) and constitute 6.1% of the total market capitalization of the Turkish equity market.

The Sabancı Family is collectively Sabancı Holding's majority shareholder. As of year-end 2020, 48.5% of Sabancı Holding's shares are publicly traded.

SABANCI HOLDING INVESTMENT CRITERIA

Potential for geographic/sector-specific value creation
ROIC>WACC + 1-3%

- Growth potential > Real GDP growth
- Emerging stage of life-cycle
- Transferability of current competencies
- Sustainable investment

ROIC: Return on Invested Capital
WACC: Weighted Average Cost of Capital

SABANCI HOLDING PERFORMANCE CRITERIA

Short-Term KPIs

Revenue, Operational Profitability, Net Income, Comparative Change in Market Capitalization, Market Share, Cash Flow, Working Capital, Employee Satisfaction, et. al.

Long-Term KPIs

SAHOL Total Shareholder Return, SAHOL Net Asset Value Discount

Letter from the Chair

In 2020, Sabancı Group continued its business operations by implementing anti-COVID-19 measures at the highest level. We maintained our strong financial performance in this extremely challenging year thanks to the outstanding efforts of our employees.

Esteemed investors, business partners and valued employees,

2020 was an especially difficult year marked by extraordinary developments the world over.

The COVID-19 pandemic, raging across the globe since the early days of the year, adversely affected the health of millions while upturning everyday life and economies worldwide. We experienced periods when physical borders of different geographies were closed. The movement of people and goods ceased completely from time to time during the year.

It was inevitable for Turkey to be affected by such a major and wide-ranging global crisis. Especially in the second quarter of the year, issues and uncertainties experienced in the operating environment had a significant impact on Turkey's economy. However by third quarter, domestic economic activity started to rebound. The resilient attitude shown by Turkish industry in this challenging time limited the economic impact of the global crisis on our country in spite of partial shutdowns and standstills.

At Sabancı Group, we specified our strategy around the awareness that the health and well-being of our employees is our top priority. Monitoring our employees'

health closely and continuously, we did not leave anyone behind at Sabancı Group. We continued our business operations by implementing anti-COVID-19 measures at the highest level. We also maintained our strong financial performance in this extremely challenging year thanks to the outstanding efforts of our employees.

Owing to our investments in digital transformation of recent years, we significantly reduced many of the challenges brought about by the pandemic. In fact, Sabancı Group recorded many successes in 2020 in line with its long-term strategy.

We are investing in renewable energy while maintaining our efforts to boost operational excellence. In our Industrials business, Kordsa became one of the world's leading companies in advanced material technologies. Today, we are delighted to see Kordsa as a major global player in space technologies. Following the completion of the Buñol plant acquisition in 2019, Çimsa is set to become the world leader in the white cement market. In addition to this acquisition, we established a new organizational structure abroad to further consolidate Çimsa's global corporate identity. In 2020, Sabancı Ventures, our corporate venture capital fund, completed its first investment as the new entrant to the Turkish entrepreneurship ecosystem.

Always seeking the better, pursuing quality, development, and transformation and adapting to ever-changing conditions are Sabancı Group's core values which constitute our corporate culture. This forward-looking approach made our major successes possible in this reporting period.

We are working to transform Sabancı Holding into a Group that creates more value for its investors, customers and business partners both in 2021 and also in the future. We prioritize providing benefit to society and the world as much as achieving commercial success. We are committed to demonstrating Sabancı Group's vision of being "exemplary" and a "pioneer" in all aspects of sustainability.

I would like to extend my gratitude to our employees, business partners, customers and stakeholders for their valuable contributions to our successful results in 2020.

Güler Sabancı
Chair





CEO's Letter

In line with its rapid and exemplary transformation based on technology and sustainability, we changed our purpose to “We unite Turkey and the World for a sustainable life with leading enterprises.”

Esteemed Investors, Dear Business Partners and Employees,

2020 significantly transformed countries, communities, companies and consumers around the globe. Many nations across the world faced major crises during these unprecedented times under the shadow of the COVID-19 pandemic. Turkey felt the significant effects of this pandemic as well.

From the day of the first domestic detected case of coronavirus, Turkey has endured a period where production became far more difficult, barriers to trade skyrocketed and consumer confidence plunged. The Turkish economy contracted 9.9% in second quarter – a stark demonstration of this adverse environment. In third quarter, strong signals indicated that Turkey's economy had returned to its sustainable growth path. Despite the many challenges of the pandemic throughout the entire year, there are now signs of hope. The industrial sector's solid performance, robust exports, high production capacity utilization, a strong recovery in consumer confidence and encouraging results from vaccine trials are cause for optimistic macro expectations in 2021.

While facing the myriad challenges from the coronavirus pandemic, Sabancı Group put the health and well-being of its employees at the heart of all its business activities. In line with our approach of “Not leaving anyone behind,” we immediately took necessary measures to counter the pandemic and implemented them with determination.

Sabancı Group managed to exit this unprecedented year with successful results. Key factors underlying our success included the technology investments and digital transformation processes implemented across Sabancı Group in recent years. Our innovative approach started to yield positive returns during the pandemic. We are proud to have reached our annual targets in all our strategic business units. In addition, we successfully implemented transformation processes for our areas of activity.

In 2020, Sabancı Group achieved yet another milestone in its efforts to integrate its rapid and exemplary transformation based on technology and sustainability across the organization. As an indicator of our vision on this journey, we changed our Group's purpose to “We unite Turkey and the World for a sustainable life with leading enterprises.” We also recorded great progress in terms of environmental, social and governance aspects of sustainability. Sabancı Holding boosted its sustainability rating by one notch in the MSCI index. In addition, Sabancı Holding was admitted as the only Turkish member to the World Business Council for Sustainable Development (WBCSD) in 2020. These major achievements demonstrate that we are on the right track in the sustainability arena.

 Combined net sales
TL **104** Billion

In 2020, our combined EBITDA reached TL 20.9 billion, up by 22% year on year.

CEO's Letter

While struggling with pandemic-related challenges, we put the health and well-being of our employees at the heart of all our business activities in line with our approach of “Not leaving anyone behind.”

This reporting period, we clearly maintained our strong performance in our core business areas. At the same time, we took further steps to consolidate the global leadership of our Group companies. In our Energy business, the operational excellence and financial restructuring efforts of Enerjisa Enerji and Enerjisa Üretim moved forward with success. Our investments of recent years ensured the long term financial sustainability of these two companies. As a result, our Energy business forms the foundation of the Group's sound business model today.

In addition to these transformation efforts, Enerjisa Üretim expanded its renewable energy portfolio to 45% of its total – a key indicator of our Group's sustainability targets. We expect this percentage to reach 50% following the completion of Aydın WPP and Çanakkale WPP projects, which were awarded to us in 2019.

Enerjisa Üretim entered into a significant financing agreement that will support its renewable energy investments. The transaction is Turkey's largest sustainability loan agreement with total financing of EUR 650 million and features the participation of seven banks.

During the year, Sabancı Group once again demonstrated its determination to expand in advanced material technologies and composites. Consolidating its global competitive position, Kordsa reached the competence to produce reinforcement

materials for Orion – NASA's multi-purpose spacecraft – via its subsidiary Fabric Development Inc. based in the United States. Efforts are underway to transform Kordsa into an innovation-oriented company that produces, develops and markets technology on its own. The undisputed leader of the Turkish tire market, Brisa moved ahead on its transformation journey to become a company providing mobility solutions in 2020. During the pandemic, Brisa has developed innovative solutions and became central to our strategy of providing customers with a comprehensive experience. Another major development in our Industrials business was the reacquisition of Temsa by Sabancı Group. The formal process related to the transfer of Temsa in partnership with Sabancı Holding – PPF Group was finalized in 2020. With the support of Skoda Transportation, a PPF Group affiliate, we aim to transform Temsa into a service provider operating in various areas of public transportation and a company that shapes the future of transportation by embracing electrification.

In 2020, the Building Materials Group decided to set up a structure that will position Çimsa as a leader in the global white cement market. We will further bolster our global position in this market with our Netherlands-based company Çimsa Sabancı Cement BV, established in partnership with Çimsa and Sabancı Holding, as well as finalization of the Buñol Factory acquisition we made in Spain a year earlier.

Akbank achieved the lowest cost/income ratio in the banking industry thanks to its smart digital banking applications. Despite the many challenges due to the COVID-19 pandemic, Akbank maintained its strong balance sheet and remained the best in its class in terms of operational efficiency. We are also delighted to see Akbank rank among the industry's leading banks in sustainability. By 2030, we plan to provide TL 200 billion of sustainable project funding to Turkey via Akbank. In addition, we aim to grow Akbank's mutual funds in the sustainable investment category to TL 15 billion. With advanced technologies developed by Aksigorta, such as robotic process automation, artificial intelligence and digital twin, we provided all our stakeholders, including customers, distribution channels and employees, with a productive and need-oriented insurance experience. Teknosa and Carrefoursa were the first retail companies to take action to meet the many challenges arising from the coronavirus pandemic. Teknosa attracted attention as the first technology retailer to close all its stores in response to the fast-spreading pandemic. Some of our Teknosa staff also started work at Carrefoursa stores to meet increased demand there.

SabancıDx is the driving force behind Sabancı Group's digital processes and efforts. In 2020, we completed SabancıDx's transformation from a system integration company into a next-generation solution provider. Combining its competencies in data analytics, IoT and cyber security under different products and solutions, SabancıDx leads the generation of Sabancı Big Data Lake and value creation with the Sabancı ecosystem. SabancıDx is also charged with facilitating and accelerating digital and analytical transformation across the Group.

Sabancı Holding's corporate venture capital fund (Sabancı Ventures), which boasts a fund size of USD 30 million, obtained its operating permit in 2020. We made our first investment through Sabancı Ventures in a wearable-electronics firm: Thread in Motion (TIM). We aim to make additional investments via Sabancı Ventures in the future.

Looking at the financial results of 2020, Sabancı Group posted combined net sales of TL 104 billion. Our combined EBITDA⁽¹⁾ rose 22% to TL 20.9 billion. The Group reported consolidated net income of TL 4.8 billion, an increase of 26% year-on-year.

While focusing on creating further added value with the broad customer base of the Sabancı ecosystem, we remain firmly committed to our mission of being “exemplary” and a “pioneer.” With an agile and flexible management approach, Sabancı Group plans to expand its global and local footprint in the coming year. We also aim to become a world leader in digital and material technologies. In addition, we will prioritize and embrace adapting to the future of people and work within both the Holding and our Group companies while doing so.

I would like to extend my gratitude to our employees and all other stakeholders for their confidence in us and their support that made 2020 a successful year for Sabancı Group.



Cenk Alper
Member of the Board of Directors and CEO

 Net income
TL **4.8** Billion

We recorded in consolidated net income (share of parent company) of TL 4.8 billion.

⁽¹⁾ Earnings before interest, taxes, depreciation and amortization; excluding one-off income/expenses.

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. She has held various executive roles in the Group and currently serves as Chair of Sabancı Holding. She is also the Founding President of Sabancı University, Chair of the Board of Trustees of Sabancı Foundation and Chair of Sakıp Sabancı Museum.

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

EROL SABANCI Vice Chair

Erol Sabancı was born in Kayseri in 1938 and completed his undergraduate education at Manchester College of Commerce in the UK. In addition to his position as the Vice Chair of Sabancı Holding, he is also the Honorary Chair and Consultant to the Board and a Board Member of Akbank where he has been serving since 1967. He is married and has two children.

SERRA SABANCI Board Member

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

SUZAN SABANCI DİNÇER Board Member

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

Suzan Sabancı Dinçer began her career in banking in 1986 and joined Akbank as Executive Vice President in charge of Treasury in 1989. In 1997, she was named Executive Board Member for Treasury and International Banking Relations. Mrs. Sabancı Dinçer was appointed as Executive Board Member to oversee the bank-wide change and transition program in 2001. She was named Chair in March 2008.

Mrs. Sabancı Dinçer is a member of the Institute of International Finance Board of Directors and Emerging Markets Advisory Board, Harvard University's Global Advisory Council, Harvard Business School's Global Leaders Circle, Harvard Kennedy School Mossavar-Rahmani Center for Business and Government's Advisory Council and an emeritus member of the Harvard Business School's Middle East and North Africa Advisory Board. Suzan Sabancı Dinçer is also co-chair of the New York-based American-Turkish Society, a member of the Global Board of Advisors at the Council on Foreign Relations (CFR) and a member of the Board of Managing Directors of Venetian Heritage, Inc.

From 2010 to 2014, Suzan Sabancı Dinçer served as the Chair 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.

Suzan Sabancı Dinçer is strongly committed to corporate social responsibility activities and assumes various positions in the fields of culture, education, and the promotion of entrepreneurship. She is a founding member and board member of the leading high-impact entrepreneurship movement, Endeavor Turkey, and Chair of the Executive Advisory Board and member of the board of patrons of the Contemporary Istanbul Art Fair.

SAİME 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 Turkey until the end of 2018. Saime Gonca Artunkal has extensive risk management experience ranging from credit and market risks to reputational and compliance risks. During her banking career, Gonca has held managerial roles covering various regions including the Middle East, Greece, Israel, Turkey, Central Asia and the Caucasus. She has also worked on transactions in the UK, Europe and the USA. She currently advises Turkish and international companies and families on mergers and acquisitions, corporate finance and corporate governance. She is the Vice Chairperson of FODER - Financial Literacy and Inclusion Association, Member of Audit Committee of KİHP - YC - Women for Women's Human Rights - New Ways and a founding member of 65+ Elderly Rights Association.



GÜLER SABANCI (1)
Chair

EROL SABANCI (2)
Vice Chair

SERRA SABANCI (3)
Board Member

SUZAN SABANCI DİNÇER (4)
Board Member

SAİME GONCA ARTUNKAL (5)
Board Member

CENK ALPER (6)
Board Member and CEO

AHMET ERDEM (7)
Independent Board Member

MEHMET METE BAŞOL (8)
Independent Board Member

NAFİZ CAN PAKER (9)
Independent Board Member

CEO and Strategic Business Unit Presidents

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 Sabancı Group in 1996 as a Process Engineer at Beksa, later taking on managing positions in Belgium and the USA at Beakaert between 2002 and 2007. In 2007, Mr. Alper returned to Kordsa as the Global Technology Director and completed the establishment of its R&D and Innovation division. After serving as COO at Kordsa, he led Kordsa's transformation and initial 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 a Board Member of Sabancı Holding. He is a member of the Turkish Industrialists' and Businessmen's Association, the World Business Council for Sustainable Development (WBCSD) and the International Corporate Governance Network (ICGN).

AHMET ERDEM Independent Board Member

Ahmet Erdem received a bachelor's degree in Civil Engineering from Istanbul Technical University and Engineering Management at Istanbul University Institute of Business Administration Erdem, who started working at Shell in 1990, served in the top ranks in Turkey, the Middle East and Europe. After serving as the Investment Manager of Greece and Turkey, the Retail Sales Manager in Turkey, in 2006, he performed a major role in establishing the Shell & Turcas joint venture in which he is also the Chairman of the Board of Directors. After his duties as Retail General Manager and Executive Board Member during the integration of the Joint Venture, he served as the Country President of Kenya that is the operational center of Shell in East Africa and a Member of the Board of Directors at Shell. He participated in Royal Dutch Shell's risk management training in finance and reputation and has experience of 20 years in risk management.

In addition to his role as the Shell Turkish Country President, he also serves as the Chairman of the Shell & Turcas and an Independent Member of the Board of Directors at Sabancı Holding. Mr. Erdem served as Chairman of the International Investors Association (YASED) for the second term and a Board Member at the World Business Council for Sustainable Development (WBCSD Turkey). He also serves as the Petroleum and Petroleum Products Industry Council President at the Union of Chambers and Commodity Exchanges of Turkey (TOBB); Board Member at United Nations Global Compact Turkey, Oil Industry Association (PETDER) and Energy Efficiency Association (ENVER); and Advisory Board Member at British Chamber of Commerce.

MEHMET METE BAŞOL Independent Board Member

Mehmet Mete Başol was born in 1957. He received a BSc in Economics from Arizona State University. Mr. Başol started his professional career in 1984 at Interbank in Mid-Term Loans Department by making economic evaluations of various investment projects and preparing sector reports. In 1988, he was named Treasury, Fund Management and Foreign Relations Manager at Turk Merchant Bank, established as a joint venture between Bankers Trust Co. New York and İşbank. In 1992, he became Assistant General Manager, assuming the responsibility of the Capital Markets Group as well.

Başol was elected to the Board of Directors and Credit Committee Membership after the acquisition of the bank by the Bankers Trust in 1995. From 1997 to 2001, he served as the Chairman of the Board of Directors. After his duties as Retail General Manager and Executive Board Member during the integration of the Joint Venture, he served as the Country President of Kenya that is the operational center of Shell in East Africa and a Member of the Board of Directors at Shell. He participated in Royal Dutch Shell's risk management training in finance and reputation and has experience of 20 years in risk management.

Between 2001 and 2003, Mr. Başol took office as Managing Director of the Public Banks Joint Executive Board (T.C. Ziraat Bankası, T. Halk Bankası, T. Emlak Bankası). Subsequently, he provided financial and administrative consultancy

services to SMEs at Tridea Consultancy, which he established with two partners. After 2009, Mr. Başol continued to deliver his consultancy services under his own company. He served as Board Member at Galatasaray Sportif A.Ş. (2011-2012), T. İş Bankası A.Ş. (2011-2014), Dedeman Holding A.Ş. (2008-2014) and Dedeman Turizm Otelcilik Yatırım A.Ş. (2012-2014) and Independent Board Member at Coca-Cola İçecek A.Ş. (2012-2018) and Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (2012-2018). Currently, Mr. Başol is a Board Member at Enerji Yatırım Holding A.Ş. (2015), Enerya Gaz Dağıtım A.Ş. (2015), Enerya Gaz Ticaret A.Ş. (2015), Nurol Yatırım Bankası A.Ş. (2014) and Independent Board Member at H.Ö. Sabancı Holding (2018) and ENKA İnşaat ve San. A.Ş. (2018).

NAFİZ CAN PAKER Independent Board Member

Nafiz Can Pakar was born in Istanbul in 1942. He received his undergraduate degree from the Technical University of Berlin, an MBA from Columbia University and his Ph.D. in Mechanical Engineering. Since 1971, Mr. Pakar has held top management positions at Türk Henkel A.Ş., serving as General Manager from 1984 to 2004.

Mr. Pakar has served as a Member of Sabancı Holding Board of Directors, Sabancı University Board of Trustees, Turkish Industry & Business Association (TÜSİAD) Board of Directors, TÜSİAD Court of Honor, Istanbul Culture and Arts Foundation (IKSV) Board of Directors, Robert College Board of Trustees, and as Chairman of the Board of Directors at Turkish Economic and Social Studies Foundation (TESEV). Mr. Pakar currently serves as Founder and Executive Shareholder of B.O.Y. Consulting, Chairman of the Board of Directors at Inovent Fikri Mülkiyet Hakları Yönetim Ticaret ve Yatırım A.Ş. (Inovent Intellectual Property Rights Management, Trade and Investment) and as a Member of the Board of Directors at Sabancı Holding A.Ş. He is a Member of Akbank's Board of Directors and a Founding Member of the Center for Public Policy and Democracy Studies (PODEM). Mr. Pakar is married and has one child.

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 Sabancı Group in 1996 as a Process Engineer at Beksa, later taking on managing positions in Belgium and the USA at Beakaert between 2002 and 2007. In 2007, Mr. Alper returned to Kordsa as the Global Technology Director and completed the establishment of its R&D and Innovation division. After serving as COO at Kordsa, he led Kordsa's transformation and initial 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 a Board Member of Sabancı Holding. He is a member of the Turkish Industrialists' and Businessmen's Association, the World Business Council for Sustainable Development (WBCSD) and the International Corporate Governance Network (ICGN).

BARİŞ ORAN CFO

Baris Oran is the Group CFO of Sabancı Holding (Industrial Conglomerate) and Chairman of Teknosa (Technology Retail & E-commerce). He started his career as an auditor at Price Waterhouse Coopers and from 1998 to 2003, worked at Sara Lee Corp in Chicago IL, in audit, finance and treasury/capital markets. Between 2003 and 2006, he worked as Senior Manager at Ernst and Young initially in Minneapolis, MN and then in Europe, Middle East, Africa and India regions. He started working at Kordsa Global in 2006 and held positions of Internal Audit Director, Global Finance Director and CFO respectively. Oran has started at Sabancı Holding in 2011.

He graduated from Boğaziçi University, Department of Business Administration, completed his MBA studies at the University of Georgia and Advanced Management Program at the Kellogg School of Management, Northwestern University. Mr. Oran also serves as the Vice Chairman of the Board of Directors in Philip Morris and Philsa companies and he is a member of the Board of Directors of Carrefoursa, Enerjisa Enerji and Enerjisa Üretim. He is also a Member of the Board of TÜSİAD.

CEVDET ALEMDAR Industry

Between 1993-2002, he worked as Product Leader and then Wire Products Director in Beksa, Sabancı Holding-Bekaert Joint Venture. From 1998 onwards, he additionally took over the role of Beakaert's Sales Manager for Construction Materials in the Middle East. From 2002 to 2005, he worked as Commercial Director in Sakosa. In 2005, he joined Kordsa Global as General Manager of Kordsa Brazil and as Sales and Marketing Director of South America. From 2007 to 2009, based in Bangkok Thailand, he worked as Managing Director for Thai Indo Kordsa and Kordsa Qingdao Nylon Ent., as well as Sales and Marketing Director for the Asia Pacific. In 2009 and 2010, he worked in Shanghai as Global Business Development Director, while maintaining his roles in Kordsa Qingdao Nylon Enterprises and Asia Sales and Marketing. From 2010 to 2013 he took the role of Kordsa Global's Vice President in charge of Technology and Market Development. Between 2013-2017, he was appointed as General Manager of Temsa Construction Equipment. May 2017 onwards, he has been CEO of Brisa, Bridgestone Sabancı JV Tire Company which is the leading tire and mobility solutions company in Turkey serving 80 countries. Alemdar was appointed as Industry Group President effective as of 1st of April, 2020. Cevdet Alemdar graduated from Industrial Engineering Faculty of Boğaziçi University in 1992. He also was granted an MBA degree at Sabancı University.

EYÜP ENGİN Banking

Eyüp Engin joined Akbank in 1978 as Assistant Internal Auditor. Following his auditing assignment, Mr. Engin served as Department Head in Treasury, International Banking and Overseas Financial Institutions. He was appointed Executive Vice President in charge of Corporate Banking in 1996. Subsequently, Mr. Engin served 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 the Bank's subsidiaries as the President of the Audit Committee. He is a graduate of the Middle East Technical University, Faculty

of Economics and Business Administration. Engin was elected as Executive Board Member in March 2019 and he was elected as Vice Chairman and Executive Board Member in March 2020. He is a member of TÜSİAD. Eyüp Engin has served as Vice Chairman of Türk Telekomünikasyon A.Ş. since 2018.

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

HAKAN TİMUR

Hakan Timur has a BA degree in "Economics" from Istanbul University and received his master's degree in "Energy and Technology Management" from Sabancı University. He started his professional career in 1997 at Marsa-Kraft Foods International and pursued his career journey from Human Resources Specialist to Human Resources Manager level here until 2006. After that, he held various roles in Sabancı Group containing different industries, different companies and international responsibilities. He worked as "Human Resources Manager" at Sabancı Food Group, "Human Resources Manager" at H.Ö. Sabancı Holding A.Ş. "Global Human Resources Director" at Kordsa Global, "Human Resources Vice General Manager" at Akçansa and "Chief Officer, Human Resources and Corporate Capabilities" at Enerjisa respectively. He has been working as Sabancı Group HR & Sustainability Group President since February 1st, 2018.

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



HALUK DİNÇER Finance

After starting his career at General Motors Technical Center in 1985, Dinçer joined Sabancı Group in August 1995, serving initially as Executive Board Member, and then in December 1995, as Executive Vice Chairman of Temsa. In October 2001, he assumed responsibilities within the Holding company, first as Food Group Vice President, and six months later, as Holding Executive Board Member and Food Group President. He took over as Food and Retail Group President in September 2004, and after organizational restructuring in March 2011, as Retail and Insurance Group President. In June 2016, 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, Avivasa, Exsa, Tursa and Ankara Enternasyonel Otelcilik, as well as Board Member of Brisa. Haluk Dinçer served as President of TÜSİAD - Turkish Industry and Business Association in 2014-15, and as President of Turkish-American 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. Dinçer has a BSE degree in Mechanical Engineering and an MBA, both from the University of Michigan.

KIVANÇ ZAIMLER Energy

Kivanç Zaimler graduated from Istanbul Technical University Industrial Engineering Department in 1991. He started his career in 1992 and until 2008; he worked in various executive positions in the Turkish Electricity Industry, RAM Foreign Trade and Ayygaz companies respectively. Kivanç Zaimler joined Enerjisa in 2008 and served as Trade Director, Distribution Companies General Manager, Sales Companies General Manager and CEO at Enerjisa respectively. As of July 2018, Zaimler was appointed President of the Energy Group at Sabancı Holding. Taking active roles in NGOs, Zaimler serves as Turkish Vice President at World Energy Council; Chairman at TÜSİAD Energy Working Group; Board Member at YASED, Elder, Sabancı University Istanbul International Energy and Climate Center (IIECC) and Advisory Council Member at SHURA. He is also Chairman of the Board at Enerjisa Enerji and SabancıDX, serves as Deputy Chairman of the Board at Enerjisa Üretim and is a Member of the Board of Directors at Aksigorta.

TAMER SAKA Building Materials

Dr. Tamer Saka completed his undergraduate, graduate and postgraduate studies at the School of Business at Istanbul University. Having held the positions of Manager and Senior Manager in charge of Risk Management Consultancy at

Arthur Andersen and Ernst & Young, respectively, Tamer Saka joined Sabancı Holding in the year 2004 as the Risk Management Director. He served at Willis London during 2010-2011 as the Managing Director in charge of the business development activities of approximately 20 countries including Turkey. Becoming the Strategy and Business Development Coordinator of Kibar Holding as of December 2011, Tamer Saka held the Automotive and Corporate Functions Group Head and Member of Board at Kibar Holding roles as of May 2012. Since 2014, Tamer Saka was the CEO of Kibar Holding. As of March 2018, he was appointed to SBU-President Cement Group Sabancı Holding. Mr. Saka is Building and Materials Group President at Sabancı Holding since 2020. Currently, Mr. Saka serves as Chairman of the Board of Directors at Akçansa and Çimsa; Member of the Board of Directors at Kordsa and Carrefoursa; Chairman at Turkish Cement Manufacturers' Association, Deputy Chairman at American-Turkish Council (ATC), Deputy Chairman at Corporate Governance Association of Turkey (TKYD). He is also a Member of the Board of Directors at Global Cement and Concrete Association (GCCA), Member of the Board at IMSAD (Association of Turkish Construction Material Producers), Member of the Board at CEMBUREAU and Member of TÜSİAD and Member of the Board at Federation of Istanbul Industrialists and Businessmen Associations.

TAMER SAKA (8) Building Materials

GÖKHAN EYİĞÜN (9) Secretary General

BURAK TURGUT ORHUN (10) President of Strategy & Business Development

DUYGU KIRCA (11) President of Risk, Compliance and Legal Affairs

PELİN ERKIRALP (12) President of Corporate Brand Management and Communications

CENK ALPER (1) Board Member and CEO

BARİŞ ORAN (2) CFO

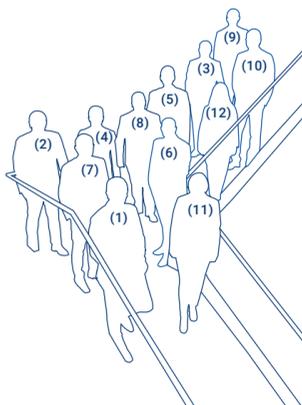
EYÜP ENGİN (3) Banking

HAKAN TİMUR (4) Human Resources and Sustainability

HALUK DİNÇER (5) Finance

KIVANÇ ZAIMLER (6) Energy

CEVDET ALEMDAR (7) Industry



Sabancı Holding Management

COMMITTEE MEMBERS

Audit Committee

Mehmet Mete Başol
Ahmet Erdem

Corporate Governance, Assignment and Compensation Committee

Nafiz Can Paker
Suzan Sabancı Dinçer
Serra Sabancı
Saime Gonca Artunkal
(On behalf of Sakıp Sabancı Holding A.Ş.)
Levent Demirağ

Early Detection of Risk Committee

Mehmet Mete Başol
Suzan Sabancı Dinçer
Serra Sabancı
Saime Gonca Artunkal
(On behalf of Sakıp Sabancı Holding A.Ş.)

SENIOR MANAGEMENT

Gökhan Eyigün

Secretary General

Fuat Öksüz

Head of Audit

Levent Demirağ

President of Finance, Accounting and Investor Relations

Burak Turgut Orhun

President of Strategy & Business Development

Duygu Kırca

President of Risk, Compliance and Legal Affairs

Pelin Erkiral

President of Corporate Brand Management and Communications

Eren Mantaş^(*)

Director - Finance

Filiz Karagül Tüzün

Director - Corporate Communications

İlker Yıldırım

Director - Accounting

Kerem Tezcan

Director - Investor Relations

Mustafa Özturan

Director - Human Resources and Labor Relations

Neslihan Döngel

Director - Planning, Reporting and Financing

Olcay Gürdal

Security Coordinator

Öner Çelebi

Director - Strategy & Business Development

Seval Kor

Director - Human Resources

Şerafettin Karakiş

Director - Financial Affairs

Şermin Mutlu^(*)

Director - Planning, Reporting and Financing

Taner Aytan

Director - Audit

Tuğba Gök

Director - Human Resources

Investor Relations and Dividend Policy

Adopting transparent and close communication with its shareholders, Sabancı Holding met with 231 corporate investors and analysts at various national and international conferences in 2020. Sabancı Holding also reached 197 analysts and investors with capital markets days and sector days throughout the year.

Investor Relations

Sabancı Holding management maintains open and frequent communications with its shareholders. Investor relations activities are designed to increase Sabancı Holding's value for current shareholders and attract new investors. Therefore, Sabancı Holding management is committed to timely and transparent communication of strategic plans and operational results with analysts and investors. The focus on transparency is also reflected in the Holding's management structure. In line with this approach, three independent Board Members serve on Sabancı Holding's Board of Directors.

At Sabancı Holding, investor relations operations are managed by the Investor Relations Department under the Finance Group within the scope of Corporate Governance Principles published by the Capital Markets Board (CMB). The Department handles daily information flow to the investment community. In 2020, the Investor Relations Team responded to numerous investor and equity analyst requests via phone and e-mail. The team also proactively contacted investment community after quarterly results announcements or in an event of any new material development. Sabancı Holding's Investor Relations Department conducts its activities on a global scale. Throughout the year, Investor Relations Department participated in conferences and teleconferences and met with a total of 231 institutional investors and analysts from Turkey, Europe, Asia, the Gulf Arab countries and the USA.

i 12^(*) listed companies

^(*) Including Sabancı Holding.

In 2020, Virtual Energy, Financial Services and Industry Sector Days brought together Sabancı Holding Strategic Group Presidents and public companies with analysts and investors. Relevant Group Presidents and Company CEOs and CFOs informed analysts and investors about major developments in their respective industries and their strategies. In order to announce the new Strategy House and medium-term targets to analysts and investors, Sabancı Holding organized a Virtual Capital Markets Day during the year with the participation of its CEO and the CFO. Some 197 analysts and investors participated in these various events. Additionally, four web conferences were held to announce quarterly financial results to investors and analysts.

Sabancı Holding Investor Relations website that has updated throughout 2020 went live in January 2021. The new website provides visitors with the most up-to-date information about Sabancı Holding in a faster, easier and more user-friendly way. The investor relations website aims to facilitate access to Sabancı Holding's financial results, sustainability activities, corporate strategies, events schedule and information on strategic business units.

Investor Relations Department can be contacted at investor.relations@sabanci.com for all inquiries and needs.



i 22% Growth

Sabancı Holding has increased its dividend payments at a compound annual growth rate (CAGR) of 22% over the last five years.

(TL Million)	2016	2017	2018	2019	2020
Dividends Received	755	884	1,212	601	492
Dividends Paid	306	408	612	612	673
Dividends Paid/Received	41%	46%	50%	102%	137%
Consolidated Net Income	2,660	3,481	3,830	3,780	4,768
Dividends Pay Out Ratio	14%	15%	18%	16%	18%

SABANCI HOLDING SHAREHOLDER STRUCTURE

Shareholder Name	Nominal Value (TL)	Share in Capital (%)	Voting Right Share (%)
Sakıp Sabancı Holding Anonim Şirketi	287,100,000.56	14.07	14.07
Serra Sabancı	147,370,880.8	7.22	7.22
Suzan Sabancı Dinçer	141,566,960.87	6.94	6.94
Çiğdem Sabancı Bilen	141,566,960.87	6.94	6.94
Other	1,322,799,127.9	64.83	64.83
Total	2,040,403,931.00	100.00	100.00

^(*) 31.12.2020 year-end data.

i 6.1%

Sabancı Group companies (including Sabancı Holding) constitute 6.1% of the market value of Borsa Istanbul.

^(*) Planning, Reporting and Financing Director Şermin Mutlu resigned as of December 31, 2020, and Finance Director Eren Mantaş resigned as of January 15, 2021.

Risk Management

Sabancı Group companies adopted corporate risk management principles in order to maximize the value it provides to its stakeholders, to ensure the sustainability of the Group, to identify and measure risks early, and to monitor them continuously and effectively.

Sabancı Group companies have adopted corporate risk management principles in order to maximize the value it provides to its stakeholders, eliminate or minimize the reasons that may jeopardize the existence, development and continuity of the company that may be encountered while achieving the strategic goals determined under the supervision of the H.Ö. Sabancı Holding Board of Directors. This approach to corporate risk management also ensures the sustainability of Sabancı Group.

The Group manages risk in line with the risk appetite levels/attitudes determined through various aspects by using both quantitative and qualitative metrics. By modeling risks that are prioritized according to their importance and impact, the Group aims to keep them within numerically specified tolerance limits and confidence intervals.

In line with the strategic and financial targets set by Sabancı Group, prioritized risks are handled in accordance with the following risk management strategies: risk avoidance, risk transfer, risk reduction and risk acceptance. The risk management framework includes subtopics such as determination and monitoring of corporate risk management mitigation activities, assignment of staff responsible for activities and cost-benefit analysis for action plans. Risk operation results are evaluated periodically by the Board of Directors of Sabancı Holding, the Early Detection of Risk Committee (EDRC) and the Holding's senior management.



The Group manages risk in line with the risk appetite levels/attitudes determined through various aspects by using both quantitative and qualitative measurement metrics.

At Group subsidiary Akbank, risk management is conducted in conformity with Banking Regulation and Supervision Agency legislation, under the responsibility and supervision of the Bank's Board of Directors. The Board fulfills its oversight responsibility via various committees, such as the Audit Committee, Executive Risk Committee and Credit Committee. The Bank's risk-taking levels are determined by the risk limits that are approved by the Board of Directors. The Bank's executive management is responsible to the Board of Directors for carrying out daily activities related to the prescribed risk management processes and risk limits. The Audit Board, Internal Control Department and Risk Management Department, which report directly to the Board of Directors, conduct their respective activities in coordination with the execution units. Nationally and internationally accepted risk models and parameters are used to detect, measure, and monitor risks at the Bank. Internal methods and models are continuously improved and developed to ensure effective risk management. Under extraordinary circumstances, different scenario assessments are made in order to analyze potential risks the Bank might be exposed to; emergency plans are prepared

accordingly. A wide range of techniques to minimize risk are used to limit and safeguard against the Bank's risk exposure.

At the non-financial services companies of Sabancı Group, corporate risks are managed by designated risk management officers and company senior management responsible for risk management processes and activities. These efforts are under the supervision of the Board of Directors and company Risk Committees that report to the Board. Group companies determine potential risks that they may encounter. These risks are ranked according to the probability and the size of the damage that they might cause. Prioritized risks are monitored by each company's management, the Early Detection of Risk Committee and the Board of Directors in the form of periodic reports. Risk management processes, which include measures to be taken, are determined; implementation and results are closely monitored. Financial, strategic, operational and compliance risks of subsidiaries are also overseen and supervised by Legal, Risk and Compliance Group and the relevant Group Presidents as well as Finance Group at the Holding level.

The Risk Management unit is responsible for the management of financial, strategic, operational and compliance risks of H.Ö. Sabancı Holding and guidance of Group companies.

Sabancı Group categorizes monitored risks under these main headings:

Compliance Risks:

This risk type includes legal penalties, reputation loss or material damage that may arise in case of not complying with or violating applicable laws, rules or regulations, code of ethics, or a company's internal policies and directives. To support Group subsidiaries in efficiently managing compliance risks within the determined framework, instructional activities are carried out by the Holding's Legal, Risk and Compliance Group.

Financial Risks:

This category includes risks that may arise as a result of a company's financial position and preferences. Financial risks include those caused by FX rates, interest rates, loans, liquidity and capital access.

FX Risk: Within Sabancı Group, futures contracts are used against foreign currency exchange risk if necessary. Furthermore, to prevent any short term volatility that might be caused by FX risk in cash management, loans in foreign currency to be used for long-term investment projects and sectors where it is possible to make foreign currency revenue,



or revenue indexed to foreign exchange is preferred. Moreover, our investments are divided into phases and extended over a period of time.

Interest Risk: To efficiently manage the interest risk of subsidiaries, interest rates of financial institutions are tracked. Group companies are directed to those institutions that provide more reasonable rates. Besides bank borrowings, support is given at the Holding level to issue corporate bonds.

Loan Risk: Loan risk refers to the risk of financial losses arising from the failure of counterparties to meet their financial liabilities to Group companies in accordance with the agreed amounts and maturities. This type of risk is monitored by performing loan assessments as well as managing and monitoring the guarantees received from counterparties. Loan risk is handled centrally, with the support of Sabancı Group companies.

Risk Management

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

Liquidity Risk: Liquidity risk is managed by using various funding methods and financial instruments within the Group and the Holding, regular monitoring of assets, and maintaining adequate cash reserves and cash equivalent assets.

Strategic Risks:

This risk group includes structural risks that may prevent a company from reaching its short-, medium- or long-term goals. Strategic business line management risk is assessed within the scope of strategic risks such as economic and political risks, industry risk, regulation risk, governance risk, reputational risk and intellectual property 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 sectors where it is possible to create a competitive advantage in highly profitable and sustainable businesses. Efforts are carried out at the Holding level to diversify the strategic business lines according to key criteria, such as sectors, regions, customer profiles, technology content, exports, and the like.

Operational Risks:

Operational risks are risks that may arise due to the possibility of loss as a result of company business activities and/or the possibility of losses stemming from faults and negligence caused due to failures in a company's control systems. Operational risks also include company management



At the Holding level, strategic risks are efficiently managed with a long-term dynamic strategic business line management approach.

and staff engaging in improper conduct in terms of time and circumstances; managerial errors; disruption of business continuity due to natural disasters such as earthquakes, fires or work accidents; faults and failures in information technology systems. The Audit Department conducts regular control-related activities of company processes and systems to determine and eliminate these risks.

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

Hacı Ömer Sabancı Holding A.Ş. Board of Directors established the Early Detection of Risk Committee with a resolution made on April 25, 2013, to implement the precautionary risk management in publicly traded companies approach stipulated by the Turkish Commercial Code and the Capital Markets Board. The Committee Chairman is Independent Board Member Mr. Mehmet Mete Başol; Committee Members are Board Member Ms. Suzan Sabancı Dinçer, Ms. Serra

Sabancı, Ms. S. Gonca Artunkal and Holding General Secretary Mr. Gökhan Eyigün. The Committee Chairman is Independent Board Member Mr. Mehmet Mete Başol; Committee Members are Board Member Ms. Suzan Sabancı Dinçer, Ms. Serra Sabancı, Ms. S. Gonca Artunkal and Holding General Secretary Mr. Gökhan Eyigün. The purpose of the Committee is: (i) to evaluate the early identification, determination of necessary measures, and management processes regarding strategic risks, operational risks, financial risks and compliance risks can jeopardize H.Ö. Sabancı Holding A.Ş.'s existence, development and continuity; and (ii) to inform the Board of Directors about these issues in order to make decisions accordingly. In line with its purpose, the Committee identifies and evaluates the risks Hacı Ömer Sabancı Holding A.Ş. is exposed to, monitors them via a reporting system and follows up the measures taken to counteract the risks. Risks in subsidiaries' business activities that can impact the Holding's consolidated financial statements and strategic targets are also monitored by the Holding's Risk Committee. The Committee convened six times in 2020 and presented its evaluations for the information of the Board of Directors.



It is ensured that the Group companies are well prepared against ESG risks. Group companies are guided to take measures in their business models against the possible impact of these risks.

Sustainability Risk:

Factors related to environmental, social and governance (ESG) pose threats in all risk categories defined in this section and may directly impact the financial performance of Sabancı Group. Efforts are made to ensure that Group companies are well prepared against ESG risks. Group companies receive guidance on taking measures in their business models against the possible impact of these risks.

- To prevent the effects of climate change within the business lines, the Group evaluates key factors such as high greenhouse gas emissions, renewable energy and energy resource management. The impact of risks that may arise from such factors on operational activities are also evaluated by the Group companies. A specific focus is placed on energy efficiency initiatives, investments are made in renewable energy and the use of alternative fuels is encouraged.
- The Group evaluates threats arising from the water crisis taking into consideration the adverse effects on the respective strategic business line and their impact at the operational level. The most critical risks are water shortages, failure to meet water supply in industrial production and operational failures due to lack of

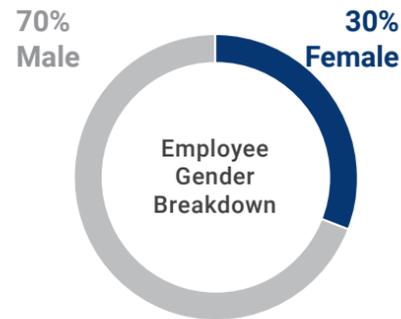
water. Sector-specific practices vary between Group companies. As a result, a variety of practices are implemented to reduce water consumption, such as monitoring efforts, repairing leakages in water lines, and collecting and recycling of surface water.

- Business and operational continuity and key personnel risk refers to the loss of experience and knowledge of employees and the failure to recruit an employee with the same level of experience and knowledge. To mitigate this risk, Group companies develop various practices targeted at retaining highly talented and high-performing employees.
- Sabancı Group categorizes the pandemic threat under occupational health and safety risk and a part of business and operational continuity and key personnel risk. Due to the spread of a contagious disease that affects most employees, business continuity may be disrupted and a loss of production may occur. To manage this risk, Group companies undertake various activities such as monitoring of international and national reports and implementing necessary precautions in the business environment.
- Environmental health and safety risk refers to penalties and compensation obligations that may arise due to Group companies' activities that threaten environmental health and safety, and the adverse impact on the Group's business operations and reputation. To manage this risk, Group companies dispose all hazardous and non-hazardous wastes in accordance with local legal and regulatory requirements. Air pollutants and waste water are regularly measured and analyzed. Efforts are made to ensure that these values are under legally determined thresholds.
- Occupational health and safety risk refers to potential compensation obligations, loss of reputation and other unexpected expenses that may arise due to the Group's failure to provide a healthy and safe working environment. To manage this risk, Group companies implement measures such as ensuring ergonomics and safety in the work environment.

Human Resources and Sustainability

Human Resources

As of end-2020, Sabancı Group provided employment opportunities to more than 60 thousand people, including subcontractor employees.



i Placing equal opportunity and diversity at the center of its sustainability approach, Sabancı Holding leads the way forward with its commitments and targets.

As of the end-2020, Sabancı Group has provided employment opportunity to more than 60 thousand people, including subcontractors' employees. 30% of employees and 38% of managers are women. About 74% of all white collar employees are from Generation Y. Sabancı Group is powered by the highly diverse features and capabilities of its top-caliber human resources.

Adapting to the Future of Work

Sabancı Group's sustainability perspective is based on human capital. The Group maintains its position as the "Employer of Choice" by providing equal, fair and safe workplaces that help employees realize their potential. Sabancı Group prepares its employees for the future of work and aims to attract the best talent to the organization in line with the Sabancı of New Generation vision. Employee performance is managed with accurate planning, succession and career management efforts. Career and development plans are formulated around the Sabancı Leadership Model.

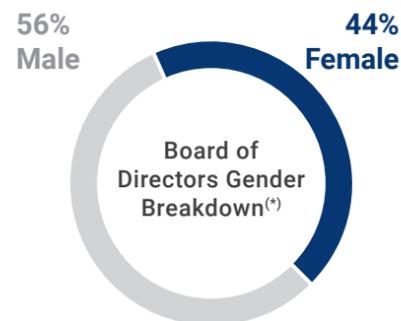
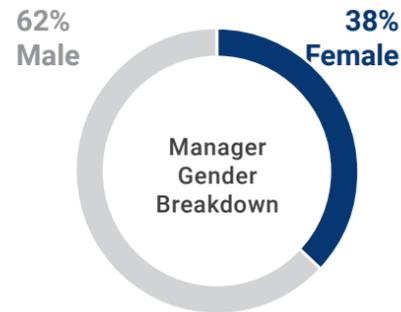
Human Resources Strategy Management
Sabancı Group designed its human resources strategies in line with the Sabancı of New Generation vision to become an organization that is:

- PURPOSE AND CULTURE driven,
- STAKEHOLDER-ORIENTED,
- More AGILE, More RESILIENT, More DIGITAL.

In the new normal, Sabancı Group Companies foresaw what the new working principles would be, not limited to working remotely, considering 7 defined holistic core dimensions of "Future of Work" both in their industries and their current adaptation plans of the future way of doing business. All have started to "Future of Work" projects in 2020 in order to achieve their targets defined under 7 core dimensions. Each of group companies will be expected to set implementation plans and the governance model required to taking actions into live in 2021.

The Group aims to maintain its position as the "Employer of Choice" in a continuous and sustainable way.

In all its human resources efforts, Sabancı Group takes into consideration the 4th (Quality Education) and 8th (Decent Work and Economic Growth) Sustainable Development Goals of the United Nations. In matters related to equality and diversity within the organization, the Group references the 5th (Gender Equality) and 10th (Reduced Inequalities) Sustainable Development Goals.



^(*) Including only Sabancı Holding data.

In the new normal, Sabancı Group Companies foresaw what the new working principles would be, not limited to working remotely, considering 7 defined holistic core dimensions of "Future of Work" both in their industries and their current adaptation plans of the future way of doing business.

Adaptation Model for the Future of Our Work



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Culture Management

To spread the culture, values and competencies that comprise the Sabancı of New Generation vision, Sabancı Group developed and implemented all human resources procedures and systems in line with this perspective in 2020 similar to last 2 years. The Group conducted various projects and programs to spread the culture and values that make up Sabancı of New Generation across the entire organization. Outstanding projects were recognized with awards. Best practices that set an example were communicated at different channels.

To measure the culture and values in terms of deployment, ownership and observability, Sabancı Group carried out the Culture and Values Pulse Survey with the participation of different employee groups from each company, regardless of job position and experience. The general average score of the 1,000 survey respondents regarding the deployment, ownership and observability of the culture and values was 4.2/6.0. 88% of employee survey participants responded positively to the deployment, ownership and observability of Sabancı of New Generation culture and values.

Organizational climate, leadership styles and employee engagement

Aiming to receive employee feedback and identify ways to improve employee engagement, Sabancı Group regularly measures employee engagement and satisfaction via independent firms. Survey results are evaluated in terms of engagement, agility, leadership, talent focus and employee experience. In addition, employee feedback on the organizational climate and the leadership styles of the management team, which have the greatest impact on this climate, are measured by independent firms each year. Leadership style results are a key input to the annual "People and Organization" performance target of the Group's executive management.

Human Resources and Sustainability

Human Resources

In line with the Sabancı of New Generation vision, Sabancı Agile Collaboration Process - X-Teams - was launched to reflect the values of continuous development, passion, inclusion and courage. X-Teams process aims to implement business development projects that will support Sabancı Holding X+5 strategic plan with agile working models.



Sabancı Agile Collaboration System: X-Teams

In line with the Sabancı of New Generation vision, Sabancı Agile Collaboration Process - X-Teams - was launched to reflect the values of continuous development, passion, inclusion and courage. X-Teams process aims to implement business development projects that will support the X+5 strategic plan with agile working models. As part of this effort, Sabancı Holding Executive Committee Members and the General Managers of Group companies participated in the Agility Workshop. X-Teams received training on Agile Working Principles and coaching on implementing these principles. In the X-Teams process in 2020, a total of two cycles were completed; each project cycle lasted three months. With the participation of 208 people from various Group companies, across various functions and at various hierarchical levels, a total of 20 X-Teams were formed at Sabancı Group in 2020.



Sabancı Talks

The Group places great importance on Sabancı of New Generation's value of sincerity. The Sabancı Talks series are designed to foster this key value while supporting Group employees and their families. This year, the series was held online due to the COVID-19 pandemic. In 2020, Sabancı Talks conducted eight events featuring messages from executive management, talks with guests outside the organization as well as concerts. Overall, these various events were viewed 106,756 times.



DnA (Digital and Analytics) Community

Established in 2019, the DnA Community and DnA Platform enable highly competent Sabancı Group employees working in data analytics field to share know-how and support the continuous development of Data Analytics and Digital focused projects across the organization. Growing to 300 members in 2020, the DnA Platform ensures that projects developed within the Group are transformed into learning experiences together. DnA Community meetings, held eight times since its start, have hosted many physical and digital development initiatives. These include 15 data analytics presentations, hackathon and a Design Thinking workshop featuring 26 renowned speakers in the field of data analytics and digitalization. In 2020, for the first time the DnA platform hosted an awards ceremony for the Highest Value Creating Project and the Highest Value Creating Company in data analytics across the Group.

In 2020, when remote working was widely implemented due to the pandemic, Perfx's flexibility and technological capabilities enabled the Group to take quick action in terms of ensuring effective performance management.



Performance Management: Perfx

Performance culture is one of the core principles that create added value in Sabancı Group's X+5 strategic plan. In line with this strategic priority and with the participation of employees from all Group companies, Sabancı Group developed a contemporary, agile and flexible performance management approach. This collaborative and transparent approach is designed to effectively support Group and corporate strategies, commitments and goals, objectives and key results (OKR).

Perfx, a new performance management software system, is also accessible on different platforms. In 2020, this new performance system was implemented to make "Performance Culture" an integral part of working life and to accelerate the adoption of the new performance approach

across Sabancı Group. Perfx was developed and installed with the support of SabancıDx and started to be used by all Group companies during the year. In 2020, when remote working was widely implemented due to the pandemic, Perfx's flexibility and technological capabilities enabled the Group to take quick action in terms of ensuring effective performance management. To minimize issues that can be experienced during remote working and make performance tracking sustainable, Task Management and Instant Mobile Notification functions were introduced in Perfx. The Task Management function aims to ensure that employees can manage their tasks remotely, inform their managers about their respective tasks and not miss task deadlines.

The "instant mobile notification" function provides white collar employees with the opportunity to receive instant mobile notifications when they lack access to a desktop computer.



Sabancı Social

Sabancı Group established an internal digital social network platform – Sabancı Social. The platform was made available to 10,500 Group employees. Sabancı Social was developed in line with the "Human Resources" and "Creating Value from the Ecosystem" components of the Sabancı of New Generation vision. The platform aims to ensure that Group employees communicate and collaborate with each other effectively in a digital environment. Sabancı Social was designed to maintain the core values of sincerity, continuous development and inclusion. The digital platform can be accessed easily via a mobile app as well as web browsers. Sabancı Social allows employees to access the latest news on Sabancı Group and its companies. Users can also obtain information on career opportunities at companies across Sabancı Group.

With more than 100 job adverts published in 2020 for different companies and functions in the Group, Sabancı Group employees were provided with the opportunity to experience different career paths. The platform also enabled employees to socialize with each other through more than 50 groups while learning from each other.

Human Resources and Sustainability

Human Resources

All practices under Rewards and Benefits Management are regularly reviewed and updated through market analyses and benchmarking studies.



The sizes of all roles throughout Sabancı Group are evaluated with objective methods and the job grading structure created based on these values is the basis for remuneration and benefits management.

Recognition & Appreciation, and Total Reward Management

Sabancı Group's Total Rewards and Benefits Management system includes fair and objective recognition and reward practices that bolster high performance and center on employees' work objectives and competencies. The system also encompasses rewarding, motivating and competitive remuneration and side benefits. All practices under Rewards and Benefits Management are regularly reviewed and updated through market analyses and benchmarking studies. The all roles throughout the Group are evaluated with objective methods. The job grading structure is based on these values. This framework serves as the basis for remuneration and benefits management. In 2020, the Group's job grading structure and performance-based bonus system were reviewed to strengthen the organization's competitive edge.

Remuneration

Remuneration at Sabancı Group is conducted in accordance with applicable legal and regulatory requirements, and in line with corporate reward policies. Remuneration policies are formulated in consideration of macroeconomic data, salary trends in the market, the size of each company, as well as corporate long-term goals, individual workloads, and in-house and external salary patterns. To support remuneration models with additional benefits, all Sabancı Group companies run separate side benefits schemes in varying content and flexibility based on role status and requirements in line with employee expectations and needs.

Total Reward		Recognition, Appreciation and Supportive Practices	Flexible Working Career Development Training Support Golden Collar Awards Recognition & Appreciation Programs Work Environment
Total Income Package		Benefits & Allowances	Private Pension Plans with Company Support Private Health Insurance Employee Transportation Support /Fuel Support/ Company Car Mobile Phone/Data Line
Total Cash	Variable Salary		
	Fixed Salary		Base Salary

Short-Term and Long-Term Incentive System

Sabancı Group's Short-Term Incentive System aims to help companies attain their budget goals and outperform their business results targets. The system is also designed to encourage employees to demonstrate superior performance and foster a target-oriented performance culture. For top management positions, a long-term incentive plan boosts the company's share value and helps senior managers gain a shareholder's perspective. Long-term performance and consistency are rewarded at Sabancı Group.

11th Golden Collar Awards

A key part of the Recognition & Appreciation systems, the 11th edition of the Sabancı Golden Collar Awards was held online in October 2020. 148 projects among the Group companies competed in categories such as "Sabancı of New Generation," "Innovation," "Customer Experience," "Lean Transformation & Continuous Development" and "Digitalization." Award winners are selected on the basis of Group employee voting. On behalf of the award-winning projects at the Golden Collar Awards, donations are made to NGOs determined in conjunction with Sabancı Foundation.

Equal Opportunity and Diversity

Ensuring diversity in the workplace and providing all employees with equal rights and opportunities fosters a positive work environment while also contributing to socio-economic development. Any type of discrimination between employees of Sabancı Group based on language, race, skin color, gender, political thought, faith, religion, denomination, age, physical disability or similar reasons is not tolerated. Sabancı Group has also agreed to the Declaration of Equality at Work. Establishing and maintaining a fair working environment for employees is a top priority at Group companies. To ensure the effective participation of women, young people and disabled individuals at Group companies, Sabancı Group implements practices that encourage these target groups to participate while offering equal employment opportunities. The Group provides full support to the Business Against Domestic Violence (BADV) initiative executed by Sabancı University Corporate Governance Forum. Sabancı Group also provides Gender Equality Trainings across the organization. The Group offers and regularly reviews physical facilities necessary for disabled employees to work effectively.



Group	2018	2019	2020
Rate of female employees	30%	31%	30%
Rate of female executives	34%	37%	38%

Generation	Male	Female	Total
BB (1940-1959)	0.4%	0.3%	0.3%
X (1960-1979)	27.6%	19.2%	25%
Y (1980-1999)	71.5%	79.6%	74%
Z (2000 and later)	0.5%	0.9%	0.7%

Talent Management

Employer Brand Management and Talent Acquisition

Employer Brand

Having a strong employer brand perception among both professionals and university students, Sabancı Group maintained its high position in all categories in the list of employers preferred by students according to the "The World's Most Attractive Employers 2020" Research of Unversum, one of the world's most well-known research institutions in this area.

New Generation Career Experience Program

During the challenging COVID-19 pandemic, Sabancı Group launched the New Generation

Career Experience Program to provide third and fourth year university students with the opportunity to work on digital based projects. In August 2020, 36 university students, of whom 42% are women, residing in 16 different provinces across Turkey participated in various digital development programs. The participants graduated from the program by experiencing different elements of the Sabancı Ecosystem. In October, the Group commenced efforts to develop the 6-month version of the program. Selection and placement for the longer edition of program was completed during the year. The Group aims to initiate the 6-month program in January 2021.

Human Resources and Sustainability

Human Resources

The process of the Organizational People Review (OPR) - which forms the foundation of sustainable human resources at Sabancı Group - was conducted again in 2020 in line with potential assessment, succession principles and organizational healthiness criteria in compliance with “Sabancı Leadership Model.”



At Sabancı Group, the Organizational Design and Planning process comprises the regular review of the organizational structure in line with company strategies, targets and needs, as well as necessary design and planning.

Group Internal Job Posting System: Career at Sabancı

At Sabancı Group, vacant job positions are firstly shared with Group employees. Application and candidate nomination processes are conducted on the internal portal Career at Sabancı. The portal allows Sabancı Group employees to experience different sectors, companies and functions within the Group on their career paths.

Organizational People Review (OPR)

The process of the Organizational People Review (OPR) - which forms the foundation of sustainable human resources at Sabancı Group and where all components of talent management on company basis are evaluated each year - was conducted again in 2020 on a company basis. The review was executed in line with potential assessment, succession principles and organizational healthiness criteria in compliance with the “Sabancı Leadership Model.” The Sabancı Leadership Model Establishes from the Competency Model that forms the Sabancı of New Generation vision and traits, drivers and experiences in a holistic manner. Sabancı Leadership Model aims to better determine the potential of employees within the Group and their readiness for higher leadership roles while supporting their career plans and developments with rational criteria.

Sabancı Competency Model



Value Drive Competencies;

Valuing Differences, Being Resilient, Displaying Courage, Learning From Experiences.



Leadership Drive Competencies;

Global And Long-Term Thinking, Cultivating New & Better, Balancing Stakeholders, Agile Decision Making, Driving Vision & Purpose, Building Effective Teams.



Performance Drive Competencies;

These are the competencies, which are precisely determined for each Sabancı Group company and expected to be developed by employees in order to advance their performance.

Sabancı People Review (SAPR) for Top Management

The OBP process continued with the Sabancı People Review (SAPR) for top management of the Group. For critical positions, internal and intercompany succession plans and development plans for successors were created. These plans are monitored regularly. Critical success factors were evaluated with an approach that promotes diversity and inclusion in the workplace to further consolidate the Group’s succession plans.

Continuous Learning and Development Management

The development programs currently being implemented across the Group are based on the competency model created according to the Sabancı of New Generation vision. These development programs are specially aimed at supporting the components of the Sabancı Leadership Model. In line with the core value of continuous development, the Group fully digitized all its learning and development initiatives during the COVID-19 pandemic. In addition, new programs were introduced for the entire Group this year.



X-CELERATE & X-CELERATE NEXT

The X-CELERATE program aims to accelerate the development of top management within the framework of the strategy, culture, values and the Sabancı Leadership Model defined in line with the vision of Sabancı of New Generation. Initiated in 2018 for the General Managers of Group companies, the program was expanded to include Deputy General Managers/Directors in 2020 and held as virtual instructor led classes due to the COVID-19 pandemic. X-CELERATE consists of three modules and is designed as an 8-month journey. The program features many different learning methods - ranging from virtual instructor led classes to personal developmental coaching sessions, company immersions for sharing know-how to business simulation tools.

Aiming to further support X-CELERATE’s top manager graduates in their development journey, Sabancı Group organized the first module of the X-CELERATE NEXT program. Under the initial installment of X-CELERATE NEXT, the topic of “COVID-19 and Leadership” was the first on the training agenda. Virtual trainings were organized with the participation of local and foreign consultants. X-CELERATE NEXT will commence in 2021 with four different focus areas.



X-POSURE

The X-POSURE program was developed in 2019 to improve the leadership potential of Sabancı Group mid-level managers. The 1.5-year training journey features three modules. X-POSURE includes in-class training, webinars, coaching sessions and business simulation practices led by expert instructors. The program also utilizes other diverse learning methods. X-POSURE’s first class of 21 participants graduated in December 2020. A 6-month mentoring program further supports new X-POSURE graduates. In 2021, X-POSURE is planned to continue with its second group.



Talent Pool of Next (TP-X)

In 2019, Sabancı Group developed the Talent Pool of Next (TP-X) program to improve the leadership skills of high potential talent who are almost new on their business careers and are also new to the Group. TP-X is a 1.5-year training journey and features three modules. The program includes webinars, development coaching and business simulation practices with expert trainers. TP-X also utilizes other diverse learning methods. TP-X’s first class of 20 participants graduated in December 2020. A 6-month mentoring program further supports the new TP-X graduates. In 2021, TP-X is planned to continue with its second group.

⁽ⁱ⁾ Photographs on this page were taken before the pandemic.

Human Resources and Sustainability

Human Resources

To analyze potential future scenarios during the COVID-19 pandemic and prepare Group employees for the present as well as the future, Sabancı Group introduced the “X-TEND Online Development Program” in 2020.

**X-TEND**

To analyze potential future scenarios during the COVID-19 pandemic and prepare Group employees for the present as well as the future, Sabancı Group introduced the “X-TEND Online Development Program” in 2020. Many instructors with notable local and international achievements featured in the program. X-TEND was open to all Group employees.

**Industry Leaders (In-Lead)**

The Industry Leaders (In-Lead) Program was developed in collaboration with Sabancı University Executive Development Unit (EDU) to provide professional and leadership development of high-potential technical managers and engineers in Sabancı's Industrials, Building Materials and Energy Group companies. In-Lead is also designed to foster knowledge and experience exchange between these employees. First administered in 2018, the program completed its third term in 2020 following project presentations of the 21 participants. In-Lead's fourth term is scheduled for 2021.

**Advanced Data Analytics Academy**

To support the “Leadership in Digitalization” principle of the X+5 strategic plan, Sabancı Advanced Data Analytics Academy graduated its third class of participants in 2020. The Academy was established with the collaboration of Sabancı University and Sabancı University Executive Development Unit (EDU) to provide well-trained and sustainable human resources for the Group. In 2020, 8-month training journey was fully online due to the COVID-19 pandemic. A total of 56 Sabancı employees were trained in the roles of “Data Scientist,” “Data Engineer” and “Data Translator” during the year.

Training Program on Ethics and Data Protection

Besides protecting the companies and employees, Sabancı Group Business Ethics Code (SA-ETHIC) serves as a guide to the employees regarding the laws, regulations and internal procedures that are decisive in all activities. All new employees in the Group receive the SA-ETHICS training. The university students participating in the New Generation Career Experience Program also receive SA-ETHICS training as well. To continuously update their know-how on SA-ETHICS and raise awareness, current employees join a regular refreshment training every year. At the end of these trainings, written and signed documents which include the statements for compliance with SA-ETHICS are obtained from the employees. The “Personal Data Protection” training, which is held to provide information and raise awareness on Personal Data Protection, continues to be held in Group companies via the online training platform.

Labor Relations Management and Legal Compliance

The researches conducted in Turkey and the world on the changes in working life, statistical data, trends and the legal and administrative regulations in Turkey and the world are shared with all stakeholders via circulars, notification e-mails and the labor relations portal. The information shared is used in human resources planning, development of good practices and determination of labor relations standards. All legislative amendments and developments that affect work life are closely monitored. Sabancı Group companies are informed on proactive measures against the risks that may arise. The Group makes use of all opportunities and incentives, including flexible working models, presented by labor legislation. Developments in this area are closely monitored.

Within the scope of legal regulations that support the prevention of the spread of COVID-19 pandemic and minimize its potential financial consequences, advisory services are provided on remote working, short-time working pay and financial aid support in line with the priorities of Group companies. In accordance with the regulations that are specified in the labor legislation and which take into account the circumstances of this period, necessary initiatives were taken to benefit from flexible working models and incentives.

Sabancı Group respects the rights of its employees in union organizations and collective bargaining agreements. We take an unbiased approach in the union selection and union organization process of our employees. Currently, 92% of our blue-collar employees are affiliated with a union. Effective cooperation and dialogue platform is being established to ensure improvement and continuance of labor peace together with employee and employer unions.

As the leader of TÜSİAD Employment and Social Security Working Group, Sabancı Group prepared a webinar series to inform the private sector on labor legislation. The series was developed in collaboration with academics and leading companies of the sector. Sabancı Group also contributes to TÜSİAD's opinion-making process on developments in Turkey and worldwide regarding labor legislation.

Employee Health and Occupational Safety

Employee health and safety is regarded as a natural part of the work-life and the corporate culture in Sabancı Group and aimed to be improved continuously. Employee health and safety applications are carried out under relevant legal and regulatory requirements, obligations and standards; national and global trends and best practices in this field are constantly monitored and being adapted at the same time. In all our activities, the potential risks are analyzed in advance and proactive approaches to prevent these

risks are adopted. Employee health and safety refresher training is provided to all employees upon recruitment and at certain intervals thereafter. Sabancı Group aims to standardize and continuously improve employee health and safety practices via the sharing of information and experience. The Group extends this compliance and pursuit of excellence toward its workforce and all stakeholders.

Aiming to achieve a “zero-accident workplace” no fatal accidents occurred in 2020 at Sabancı Group.

During the COVID-19 outbreak, Sabancı Group closely monitored developments in Turkey and around the world. From day one, the Group proactively took all necessary precautionary and preventive measures. After the World Health Organization declared COVID-19 as a pandemic, an Emergency Management Committee chaired by the CEO of Sabancı Holding was formed to ensure unified implementation across Group companies with an agile crisis management approach. The Committee strived to safeguard employee health and ensure business continuity in a balanced manner.

Sabancı Group sees providing accurate and timely information on pandemic-related developments, maintaining a unified approach and consistent implementation across Group companies, and reacting immediately to urgent developments as top priorities. Prescribed measures related to employee health by relevant national and international organizations are regularly shared with Sabancı Center and Group companies. The Group worked to ensure that workplace conditions were adapted to these prescribed measures. Necessary working models were implemented accordingly. During this volatile and fast-changing period, Sabancı Group closely monitored the unfolding situation from the very start. The Group continues to learn by constantly informing and sharing examples of best practices.

Human Resources and Sustainability

Sustainability

Sabancı Group’s sustainability approach, embraced throughout the entire organization, helps it deliver long-term shared value for its stakeholders.

Sustainability Roadmap

In line with the Sabancı of New Generation vision, the Group created a Sustainability Roadmap in 2020. A summarized version is presented below.

In this Roadmap, there are three focus areas to guide the sustainability transformation of Sabancı Group companies:

- Acting on climate crisis with pioneering efforts on emission reduction and circular practices,
- Maximizing positive impact with a community and human-centric approach,

- Fostering sustainable business models with a ‘do no harm’ and ‘positive impact’ approach.

Digitalization, technology and innovation are accelerating the implementation of the Sustainability Roadmap and help the Group reach its long-term goals faster.

Sabancı Group’s human capital and governance approach are the foundations of its Sustainability Roadmap.

Talent and culture management, alongside with diversity and inclusion are among the building blocks of the Group’s human capital approach, of which the concept of ‘future of work’ is at the core. Sabancı Group also sees continuously advancing in its corporate governance practices as well as integrating sustainability at the core of its business through an effective sustainability governance model as the other foundations of its superior performance.

With its new Sustainability Roadmap, Sabancı Group proactively contributes a total of 10 Sustainable Development Goals.

Sustainability Roadmap: Focus Areas, Accelerators and Foundations

 <p>1 Act on Climate Crisis</p> <p>Become ‘Net Zero Emissions’ and ‘Zero Waste’ by 2050 at the latest</p> <p>Review and renew our processes from a circular economy perspective</p>	 <p>2 Maximize Positive Impact</p> <p>Create shared value for all stakeholders, with social programs and partnerships, leading to a high positive impact</p>	 <p>3 Foster Sustainable Business Models</p> <p>Develop innovative products, services and business models that help accelerate the transition towards a more sustainable economy</p>
 <p>ACCELERATORS to help us reach our goals faster</p>	 <p>4 Digitalization</p>	 <p>5 Technology & Innovation</p>
 <p>FOUNDATIONS of our superior performance</p>	 <p>6 Human Capital</p> <p>Provide development opportunities and experiences that will shape the Future of Work</p> <p>Become a leader in Diversity & Inclusion</p>	 <p>7 Governance</p> <p>Continuously improve our corporate governance structure</p> <p>Adopt an effective sustainability governance model</p>

Materiality analysis, which formed the basis for Sabancı Holding’s Sustainability Roadmap, identified the topics that are material to both stakeholders and Sabancı itself.



In the external trend analysis, Sabancı Holding reviewed the main trends that are at the top of global agenda as well as the driving forces behind the latest developments on sustainability.

Materiality Analysis

A review of stakeholder priorities in Sabancı Holding’s materiality analysis included the following:

- Different perspectives on potential material sustainability issues were gathered from employees in Group companies and external stakeholders through a stakeholder analysis. The opinions of many different groups were solicited, from universities to non-governmental organizations, suppliers to investors. The stakeholder analysis was based on AA1000SES and surveyed 1,167 people; 44% of contacted stakeholders participated in the study.
- The Holding evaluated top trends with an external trend analysis and reviewed the main issues that drive sustainability agenda. The literature review referenced and analyzed the following:
 - Sustainable Development Goals, EBRD and World Bank in Turkey strategies,
 - Eleventh Development Plan,
 - World Economic Forum Global Risks Report,
 - World Business Council for Sustainable Development (WBCSD) Macrotrends & Disruptions Report,
 - Sustainability Accounting Standards Board (SASB)’s Materiality Map for different sectors.

In addition, Sabancı Holding referenced the following studies, which were deemed relevant:

- Morgan Stanley Capital International (MSCI) ESG performance priorities,
- Vigeo EIRIS assessment approach,
- Dow Jones Sustainability Index criteria and the principles of the Task Force on Climate-Related Financial Disclosures (TCFD),
- Principles on Responsible Investment & United Nations Principles on Responsible Banking.

In analyzing the materiality of issues for Sabancı Group, the following actions were taken:

- The strategic perspective of executive management was solicited with face-to-face discussions.
- Investment areas were taken into account by evaluating Sabancı Holding’s five-year business strategy.
- With SASB’s Four-Factor Impact analysis, financial impacts and risks, legal impacts, potential of creating competitive advantage and innovation opportunities of the subjects were analyzed.

Priorities identified at the end of the study were fine-tuned according to the most material environmental, social and governance (ESG) criteria for investors. Additionally, the priorities of peer companies, which were identified as part of the efforts to

create the Sabancı Holding Sustainability Roadmap, were taken into account. The material issues that emerged as a result of all these assessments were approved by Sabancı Holding executive management.

The following were identified as the most material issues of Sabancı Group and its stakeholders among a long list of 23 topics: technology and digitalization, innovation, climate crisis, responsible investments, economic performance, risk management, talent management, collaborations and partnerships with stakeholders, corporate governance, circular economy, equality of opportunity and diversity.

Sustainability Roadmap and Goals

The Sustainability Roadmap, as summarized on page 50, was approved by the Executive Board and the Board of Directors in 2021. The relation between the focus areas, accelerators and foundations specified in the Sustainability Roadmap with the material issues and Sustainable Development Goals are presented in the table below. Long-term goals for each heading are also explained.

Sustainability indicators for 2018-2020 are presented under the Performance section on the Investor Relations website.^(*)

In 2021, Sabancı Group plans to start taking around 80 comprehensive actions developed as part of the Sustainability Roadmap.

The Group also aims to commence measuring the key performance indicators (KPIs) for each heading specified in the table below in the coming year. The Group plans to report and publicly disclose these KPIs in 2022 at the latest.

With these various actions, Sabancı Group contributes to a total of 10 Sustainable Development Goals (Goals 4, 5, 7, 8, 9,10, 11, 12, 13 and 17).^(**)

^(*) <https://yatirimciliskileri.sabanci.com/en/sustainability/detail/Social-Performance-Indicators/178/474/0>

^(**) Since all these activities indirectly contribute to the 16th Sustainable Development Goal, it was not stated separately.

Human Resources and Sustainability

Sustainability

Sabancı Holding has taken into consideration the views of both Group company employees and external stakeholders via a stakeholder analysis as part of the materiality analysis.

In 2020, Sabancı Group established a new governance model across the organization in order to implement the Sustainability Roadmap and develop best-in-class, market leading practices.



In 2020, the material sustainability topics were identified with an inclusive and comprehensive approach based on prevailing international standards.



The Sustainability Leadership Committee is responsible for ensuring that Sabancı Holding and the Group companies are aligned in relation to their sustainability goals and actions.

ASSOCIATIONS BETWEEN THE SUSTAINABILITY ROADMAP, MATERIALITY ANALYSIS AND LONG-TERM GOALS

	Long-Term Goal	Material Issue ^(***)	Relevant SDG
1	Achieving Net Zero Emissions by 2050 Achieving Zero Waste by 2050 Review and renewal of our processes from a circular economy perspective	Climate Crisis Circular Economy	
2	Conducting measurable, high impact social programs with continuous improvement efforts (min. SROI ^(*) ≥ 1)	Collaboration and Partnerships with Stakeholders Equal Opportunity and Diversity	
3	Developing sustainable products, services and business models TL 200 billion sustainable loan financing by 2030 ^(**) Increase sustainable investment funds to TL 15 billion by 2030	Climate Crisis Circular Economy Responsible Investments	
4	Reaching our sustainability goals faster through the use of digitalization for higher flexibility, quality and efficiency	Technology and Digitalization Innovation	
5	Boosting the Group's sustainable product and service potential by making use of its R&D and innovation capacity alongside with technology		
6	Providing development opportunities and experiences that will shape the Future of Work Becoming a leader in Diversity & Inclusion	Talent Management Equal Opportunity and Diversity	
7	Continuously developing the Group's corporate governance structure Adopting an effective sustainability governance model	Risk Management Corporate Governance	

^(*) SROI: Social Return on Investment

^(**) Sustainable finance pledges are made by Akbank.

^(***) Since the material issue named Economic Performance relates to the entire Sustainability Roadmap, either directly or indirectly, it was not specified separately.

Sustainability Governance Model

Sabancı Group established the Sustainability Leadership Committee in order to effectively manage the efforts related to the Sustainability Roadmap. Reporting directly to the CEO, the Committee is supported by Thematic Task Forces and has an Advisory Board to provide information to the Committee on sustainability trends. Chaired by the Human Capital and Sustainability Group President, the Sustainability Leadership Committee ensures that Sabancı Holding and Group companies are aligned in relation to their sustainability goals and actions.

The Committee is also responsible for monitoring the progress in goals and actions in the Group's Sustainability Roadmap and the efforts on the management of environmental, social and governance risks that may adversely affect Sabancı Group's reputation and businesses. The Committee closely monitors international developments, regulations and trends related to sustainability and when necessary, advises the Thematic Task Forces. The Sustainability Leadership Committee promotes expertise and good practices among Group companies. The Chairman of the Committee provides updates to Sabancı Holding's Board of Directors and

Corporate Governance, Appointment and Remuneration Committee every six months and receives their guidance and approval. The Committee's permanent members include relevant Group Presidents, the Corporate Brand Management and Communications Department President and the Investor Relations Director. When necessary, relevant stakeholders are also invited to attend and participate in committee meetings. The Advisory Board, which consists of experts in the focus areas of the Sustainability Roadmap, is responsible for supporting the Sustainability Leadership Committee. Sabancı Group's Sustainability Directorate holds the responsibility for coordinating these efforts.

Sustainability Governance Model



^(*) CGC: Corporate Governance, Appointment and Remuneration Committee

^(**) HBoD: Holding Board of Directors

Human Resources and Sustainability

Sustainability

The energy business, which plays a key role in combating the climate crisis, is prioritizing production from renewable energy sources. In other businesses, projects and practices are under development to reduce carbon emissions and boost energy efficiency.

Sabancı Group responds to the rapid developments in circular economy practices through its support to technology investments and innovation efforts.



In 2020, Akbank issued a green bond which amounts to USD 50 million and set a goal to become carbon neutral by 2025.

The Sustainability Leadership Committee established Thematic Task Forces as a supporting structure for the Sustainability Roadmap's focus areas. The Task Forces are comprised of experts working in Group companies and operate in an agile manner. The Committee's Thematic Task Forces are responsible for developing program and project designs related to the actions included in the Sustainability Roadmap. The Task Forces report directly to the Sustainability Leadership Committee. In 2020, Sabancı Group included sustainability in its executive management performance targets at a rate of 10% for Group Presidents and 15% for CEOs.

Acting on Climate Crisis with Pioneering Efforts

Climate Crisis

Extreme weather conditions and changes in precipitation due to global warming are quickly turning climate change into a major world crisis that needs to be managed effectively. Developments in 2020 demonstrate that the effects of the climate crisis are occurring faster and more destructively than foreseen in previous scenarios. The current strategies for combating climate change are inadequate. To reduce the impact of the looming crisis, we must support low-carbon economy models, invest in clean technologies and renewable energy.

In addition to the financial and non-financial risks originating from the climate crisis, the unfolding situation also contains opportunities for the private sector. The building materials sector has a significant opportunity to expand in low-carbon innovative products and production methods. Meanwhile, the banking and insurance sectors are developing tools for green energy and climate-resilient infrastructure and investment financing. The energy sector, which plays a key role in combating the climate crisis, is prioritizing production from renewable energy sources. In other sectors, projects and practices are under development to reduce carbon emissions and boost energy efficiency. Some major developments at Sabancı Group include the following:

- Enerjisa Enerji expanded its network of charging stations, the first and fastest of its kind in Turkey, with Eşarj. Having a specific focus on renewable energy in its new investments, Enerjisa Üretim executed Turkey's sustainability linked loan agreement with seven banks in 2020.
- For the fourth year in a row, Brisa was named as CDP Turkey Climate Leader.
- In 2020, Akbank issued a green bond amounting to USD 50 million and set a goal to become carbon neutral by 2025.

For detailed information on the Scope 1, Scope 2 and Scope 3 emissions of Sabancı Group for previous years, refer to the 2019 Sustainability Report. Detailed climate change information covering 2020 reporting period will be disclosed in CDP Report and Sustainability Report to be published in 2021.

Detailed actions taken on this issue in Group companies are presented in the "Sustainability" section of each industry in this Report.

Sabancı Group conducts climate change mitigation and adaptation efforts across the organization. In addition, the Group engages in circular economy related activities to support the 7th (Affordable and Clean Energy), 11th (Sustainable Cities and Communities), 12th (Responsible Consumption and Production) and 13th (Climate Action) Sustainable Development Goals.



Circular Economy

Natural resources are being quickly depleted due to population growth, consumption trends and rising industrialization. A significant amount of greenhouse gas is emitted during the extraction, processing and disposal of raw materials. With pollution spiraling out of control coupled with the looming climate and plastic crises, the urgent need for a circular economy model is growing by the day. Innovative technologies and practices developed as part of circular economy efforts help combat the climate crisis while reducing resource consumption and waste generation. In addition, combining expertise from various sectors to support circular business models and to create common value sparks innovation over the long-term.

Sabancı Group responds to the emerging circular economy by supporting its renewable technology investments and innovation efforts. Water and waste management are included in the effective resource consumption approach adopted in the Group's work processes. Detailed actions taken at Group companies related to this issue are specified in the "Sustainability" section of each industry in this Report. Major developments in this



area at the Group include the following:

- Sabancı Holding supports the Business World Plastic Initiative as a way to boost Group performance.
- Having increased its alternative fuel utilization by 67% and biomass utilization by 73% between 2017-2019, Akçansa has used 1 million tons of Istanbul's waste as alternative fuel and raw material since 2015. The company has become a solution partner for the

city's waste.

- PolynSPIRE, a Kordsa project under the Horizon 2020 program, is a plastic recycling effort. Kordsa is among 22 project partner participants. The project aims to recycle plastic in order to support sustainability.

Human Resources and Sustainability

Sustainability

Sabancı Group aims to create long-term solutions to social issues in regions where it operates. The Group also works to boost its positive social impact and to help reduce inequalities in society.



More than 2,500 women from across Turkey participated in trainings provided by Teknosa under the Technology for Women initiative.

Maximizing Positive Impact with a Community and Human-Centric Approach

Since its founding, Sabancı Group has touched the lives of people across Turkey with its diversified business lines. The Group aims to develop long-term solutions to social issues where it operates, boost its positive social impact and help reduce inequalities in the community. The investment programs executed under the Sustainability Roadmap are designed to create value to society and Sabancı Holding. In this way, the Group contributes to social and economic development. Stakeholder collaborations are also key to this approach.

With Sabancı Foundation established in 1974, Sabancı University founded in 1994 and Sabancı University Sakıp Sabancı Museum opened in 2002, the Group supports sustainable development in education, social transformation, culture and arts. These major institutions support active participation of individuals in cultural life and facilitate development of individual and social cultural freedoms in society by protecting the material and moral cultural heritage. They also prepare new generations to the future with superior education initiatives in order to respond to society's expanding need for talent.



Actions taken on this issue are detailed in sections related to Sabancı University, Sakıp Sabancı Museum (SSM) and Sabancı Foundation. Some key developments in this area include the following:

- Sabancı Volunteers was selected as the best example from Turkey in the "Reimagining Volunteering for the 2030 Agenda" held by the United Nations. The number of Sabancı Volunteers rose to 2,000 during the year.
- Since 2007, Teknosa has provided digital literacy trainings to more than 20 thousand women as part of the Technology for Women project. In 2020, more than 2,500 women from across Turkey participated in the trainings provided online during the pandemic.

Boosting the positive social impact, Sabancı Foundation, Sabancı University, Sabancı University Sakıp Sabancı Museum and Sabancı Volunteers support the 4th (Quality Education), 5th (Gender Equality), 10th (Reduced Inequalities) and 17th (Partnerships for Goals) Sustainable Development Goals.



- Collaborating with Kızılay, Avivasa reached out to 3,000 households of elderly citizens who have difficulties in meeting their basic needs due to the pandemic restrictions. Avivasa provided an aid package to meet their food needs for one month.

Fostering Sustainable Business Models

To facilitate transition to a low-carbon, circular and inclusive economy model, innovative and sustainable products, services and business models must be developed and widely adopted.

Sustainable solutions developed in the banking, financial services, retail, energy, industry and building materials sectors help stakeholders, and the broader community, to reduce their environmental impact while providing social benefits.

Sabancı Group sees technology and innovation as critical enablers for sustainable development. With its various efforts in this area, Sabancı Group reduces its negative impacts and designs new products, services and processes with high environmental and social value.

- Making use of state-of-the-art practices, Brisa increased its control over energy consumption with IoT technologies, such as Smart Heating and Smart Press. Brisa also reduces costs by switching to LED lighting systems in factories.
- Aksigorta developed the Online Health Consultancy system as part of its digitalization efforts, which have accelerated further during the COVID-19 pandemic. The program was launched to prevent overcrowding that will occur in hospitals due to the pandemic. Aksigorta provided its customers with the opportunity to chat online with nearly 50 specialist doctors, dietitians and psychologists in 14 different medical areas.
- Combining its R&D capabilities with Continental, Kordsa modified the century-old formula used to bond textile reinforcement materials with rubber-based compounds. With an eye toward innovation, Kordsa continues work on Cokoon technology, which is a greener bonding solution that does not contain resorcinol or formaldehyde.

Detailed actions taken on this issue at Group companies are given in the "Sustainability" section of each industry in this Report.

Sabancı Group supports the 9th (Industry, Innovation and Infrastructure), 12th (Responsible Consumption and Production) and 13th (Climate Action) Sustainable Development Goals by fostering sustainable business models with digitalization, technology and innovation.



Sabancı Volunteers Program

Having conducted hundreds of projects to add value to society and address social issues since its establishment, Sabancı Group touches the lives of thousands of people and embraces the title “Turkey’s Sabancı” with great pride.

At Sabancı Group, employees are encouraged to participate in social responsibility projects in order to strengthen their bonds with Group companies, boost their social sensitivity and create social value. For this purpose, Sabancı Volunteers was founded in 2015. Today, the program include 2,000 Group employee volunteers.

Sabancı Group works to achieve operational continuity while also contributing to the society where it operates. Having conducted hundreds of projects to add value to society and address social issues since its establishment, Sabancı Group touches the lives of thousands of people and embraces the title “Turkey’s Sabancı” with great pride. Taking steps to contribute to its homeland, further develop society and safeguard the environment, Sabancı Group carries out numerous social initiatives, spanning education to culture, the arts to sports. The Group aims to touch the lives of people – especially women, youth and the disabled – by implementing lasting, innovative and authentic initiatives that make a difference in people’s lives at every opportunity and on multiple platforms. Sabancı Group’s mission is to “Share what we have obtained from this country with its people, to grow and develop together.”

Conducting its philanthropy activities via Sabancı Foundation since 1974, Sabancı Group executes its business operations with the objective of sharing what it has obtained from Turkey with its people. From day one, Sabancı Group had strived to add value to the lives of women, youth and

Number of Sabancı Volunteers
2,000

Sabancı Group works to achieve operational continuity while also actively contributing to the society where it operates.

the disable people in every corner of the country. With the aim of promoting social responsibility and volunteer activities with its employees, Sabancı Volunteers was established in 2015. The program includes online trainings delivered to all Sabancı Group employees in order to raise awareness on gender equality and social responsibility projects carried out through volunteer teams.

Group employees serves as social minded citizens in line with Sabancı’s corporate principle. They contribute to society by touching the lives of disadvantaged people in the provinces and regions where they work. Employees also develop their own volunteer projects. In addition to carrying out volunteer efforts, employees have the opportunity to improve themselves in the teamwork, leadership, project and budget management. Sabancı Volunteers aims to contribute to the personal development of employees while adding value to society.

Sabancı Group employees, their immediate relatives, suppliers and business partners of employer companies are eligible to participate in the Sabancı Volunteers program.

In its first year, Sabancı Volunteers focused on the theme of “Women.” To date, the program has provided support to over 2,000 women in the areas of employment, education, personal development, psychosocial support and healthcare. These efforts include 45 projects with the participation of 1,000 volunteers from 12 provinces across Turkey.

More than 40 thousand Group employees have received online training on gender equality. The topics of the online trainings included: “Concepts and Definitions,” “Education and Gender Equality,” “Business and Gender Equality,” “Violence Against Women” and “Forced and Early Marriage.”

In addition, 500 Sabancı Group employees from 27 different provinces across the country received training on key project cycle management - such as working with NGOs and volunteers as well as project management processes. These training sessions were held in Ankara, Istanbul, Izmir and Adana. Volunteers who attended this training series started to implement projects by forming their own teams. Rather than simply adding employees to existing projects, these employee volunteers improved their capacities and skills to develop and run their own volunteer projects.

- 1 At the virtual Global Technical Meeting on “Revitalizing Volunteerism for the 2030 Agenda” which was held by the United Nations Volunteers (UNV) and the International Federation of Red Cross and Red Crescent Societies (IFRC), Sabancı Volunteers was presented as best practice from Turkey.
- 2 Sabancı Volunteers was presented with the “Most Successful Volunteer Program” award at the “Gönülden Ödüller (Awards from the Heart)” competition. In 2020, this competition was held for the 10th time by the Private Sector Volunteers Association to recognize excellence in corporate volunteer activities and outstanding employee volunteers.
- 3 Sabancı Group garnered the “Gender Equality Special Award” at the TİSK Corporate Social Responsibility Awards held by the Turkish Confederation of Employers’ Associations (TİSK). This competition aims to raise awareness on corporate social responsibility and encourage companies to support important social issues.
- 4 Sabancı Volunteers won the grand prize in the “Giving to the Community” category from London-based Peer Awards.

AWARDS AND ACHIEVEMENTS

Sabancı Group firmly believes that women play a central role in Turkey’s development. For this reason, the Group aims for women take part in education, economic, political and social life with equal opportunities. Women’s empowerment is also prioritized by the Group. Ensuring gender equality requires a significant mentality shift across society first of all. Sabancı Group is aware that this transformation is only possible by understanding the positive impact that women have on the economy, politics and the community.

Launched in 2015, Sabancı Volunteers continues to move forward with the devoted efforts of Group employees. The second phase of the program will focus on “Youth.” 1,000 Sabancı Volunteers have started their projects in which young people will benefit. Taking into consideration the new normal conditions due to the pandemic, Sabancı Volunteers developed a new framework for future voluntary activities.

Quickly spreading across the world from the start of 2020, the COVID-19 pandemic served as a reminder the delicate balance of humanity’s life on earth and humankind’s fragility in the face of the natural environment.



Sabancı Group aims to learn important lessons from this unprecedented global event and implement necessary solutions for a more sustainable and safer future without delay.

While voluntary activities were also impacted during the pandemic, this worldwide public health crisis also made clear the importance of these efforts. By working remotely online, 43 Sabancı Volunteers supported nine non-governmental organizations during the year.

In the second phase of the Sabancı Volunteers program, 500 Sabancı Group employees received volunteer training and developed 27 youth-oriented projects. Volunteers are supporting young people in their personal development, education and employment. With the mentorship program developed by the Corporate Brand Management and Communications Department, Sabancı Volunteers project teams are being supported in every aspect by the Group.

Sabancı Volunteers Program

Sabancı Group takes into account online training participation rates, number of training participants, number of projects and project continuity when analyzing the achievements, effectiveness and follow-up of its corporate volunteer efforts.



Number of Sabancı employees who have received social gender equality training

40 thousand+

Sabancı Volunteers successfully demonstrated its resource generation methods during voluntary trainings on creating project budgets.

Monitoring and Assessment

Sabancı Group is committed to developing a corporate volunteerism culture across the organization and adding value to society as well as its employees in their development journey.

The Group takes into account online training participation rates, number of training participants, number of projects and project continuity when analyzing the achievements, effectiveness and follow-up of its corporate volunteer efforts. These figures are reported regularly and actions are taken in line with the results. Before volunteer projects commenced, a survey was conducted in December 2015 on the perception of volunteering at the Group. This survey was re-administered in March 2017 to monitor the positive change in the perception.

The effectiveness and success of civil society, volunteerism and project management training, which is provided to all Sabancı Volunteers before they start work on projects, was monitored with surveys conducted pre- and post-training.

Every six months, project teams report their progress toward project goals to the Sabancı Volunteers Coordinator in detailed assessment reports. With one-on-one meetings and workshops with volunteers, Sabancı Volunteers identifies project needs



and recommendations. Necessary actions are taken in matters where further support is required.

The six-month assessment reports from project teams include any issues encountered, solutions for these issues, stakeholder feedback, financial resources generated for the project and budget management. Assessment reports make it possible to improve current projects while providing guidance for future ones.

Annual meetings are held with project teams to evaluate the year's activities and identify action steps to improve projects.

Under the Sabancı Volunteers program, public institutions, NGOs and academics also actively participate in projects as

stakeholders. Meetings are held with non-governmental organizations supported within the scope of Sabancı Volunteers projects. Sabancı Group ensures active participation of stakeholders at relevant events organized by the Group.

Surveys to program volunteers revealed that satisfaction with the Sabancı Volunteers program has increased over the last three years. In addition, employee awareness of various social issues has also risen thanks to Sabancı Volunteers.

Six-month activity reports show that volunteers generate successful solutions to issues with the support they receive from the Group and their own departments.

Sabancı Volunteers successfully demonstrated its resource generation methods during voluntary trainings on creating project budgets.



Banking

Selected as the “Best Bank in Turkey” for the 14th year in a row, Akbank was also named the world’s “Best Bank in Emerging Markets” by Euromoney.

Loans (TL Billion)

2020	279
2019	227
2018	214
2017	210
2016	179

Consolidated Net Income (TL Billion)

2020	6.3
2019	5.4
2018	5.7
2017	6.0
2016	4.9

Total Assets^(*) (TL Billion)

2020	478
2019	387
2018	355
2017	342
2016	295

^(*) Consolidated figures

DEVELOPMENTS IN 2020

AKBANK

Excellence in borrowing experience

The Direkt Loan product accounted for 74% of Akbank’s consumer loans in 2020. Meanwhile, 65% of total credit card sales were made through non-branch channels. With excellence in borrowing experience, three out of every four general purpose loans originate through Akbank’s non-branch channels.

Digital transformation at full speed

For the first time in Turkey, regardless of amount, all transactions can be conducted either contactless or with a QR code via Akbank Mobile POS (Akbank Cebe POS). This innovation by Akbank enables merchants to accept instant payments using the Akbank Mobile POS app, which is downloadable on Android mobile devices, circumventing the need for physical POS terminals.

A year full of awards and successes

- Euromoney Awards for Excellence 2020 – “Best Bank in Turkey” for the 14th year in a row
- Euromoney Awards for Excellence 2020 – “Best Bank in Emerging Markets”
- Global Private Banking Awards 2020 – “Best Private Banking Unit in Turkey”
- The Banker – “Best Bank in Turkey”
- Trade Finance Survey 2020 – “Turkey’s Best Foreign Trade Bank”
- iF Design – Mobile App Design Award
- A’Design Awards – Gold Award in “Mobile Technologies, Applications and Software Design” Category



Banking

Akbank became the first bank in Turkey to launch the “Digital First” program and offer credit cards without numbers to its customers.

Priorities in 2020

In 2020, Akbank's top priority was protecting the health and well-being of its customers and employees. During the COVID-19 pandemic, the Bank provided uninterrupted service thanks to its solid financials, advanced technology infrastructure and highly skilled employees. Service quality did not suffer in this very challenging year. Adapting quickly to the pandemic, Akbank stood by its customers to meet all their banking needs. Community investments and innovative solutions continued apace in this period without interruption.

Performance in 2020

While preparing for the future, Akbank did not compromise its responsible and trust-oriented banking approach. In 2020, the Bank provided loans to the economy totaling TL 331 billion, of which TL 279 billion were cash loans. Total deposits rose to TL 293 billion while total assets climbed to TL 478 billion.

Akbank has one of the strongest capital structures in the industry, with a capital adequacy ratio of 20.7%. With the support of this solid structure, Akbank significantly contributed to the development of the real sector with loans provided to companies. Akbank reported consolidated net income of TL 6 billion 260 million after provisioning TL 2 billion 25 million for taxes.

In 2020, Akbank was deemed worthy of major awards from prestigious international platforms. Akbank became the first Turkish bank to be named the “Best Bank in Emerging Markets” by Euromoney.

At the Stevie Awards, Akbank was recognized for its excellence in the categories of “Leadership Development Achievement,”



Capital adequacy ratio
20.7%

During the pandemic, Akbank provided uninterrupted service thanks to its solid financials, advanced technology infrastructure and highly skilled employees.

“Most Innovative Leadership Program” and “Leadership Training.” Sabancı Holding received a Gold award in the “Best Progress in Leadership Development” and “Best Learning Program Supporting Transformation in Business Strategies” categories at the Brandon Hall Group Excellence Awards. Akbank garnered one Gold and six Bronze awards in addition to three other awards in the “Customer Experience” category at the 14th annual Stevie Awards for Sales & Customer Service. The Bank received Bronze awards in the “Contact Center of the Year,” “Best Customer Engagement Initiative” and “Front-Line Customer Service Team of the Year” categories at the Stevies.

Digitalization, Technology and Investments

During the year, Akbank engaged in efforts to further consolidate an innovation culture across the organization and make it an integral part of its business operations. These efforts resulted in distinctive innovations. Akbank became the first bank in Turkey to launch the “Digital First” program and offer credit cards without numbers to its customers. Another groundbreaking innovation of the Bank was the launch of Akbank Mobile POS (Akbank Cebe POS), which is positioned to make a big difference in the digital payments arena. With the Akbank Cebe POS mobile app, member merchants can receive payments either contactless or with a QR code.

In 2020, Akbank customers started to perform more of their banking transactions through digital channels, especially due to the pandemic. As a result, the Bank's digital customer base rose to 5.5 million. The Direkt Loan product accounted for 74% of Akbank's consumer loans. Meanwhile, 65% of total credit card sales were made through Akbank's non-branch channels. With excellence in borrowing experience, three out of every four general purpose loans originate through Akbank's non-branch channels.

People and Sustainability

Akbank Academy, one of the first internal corporate training centers in Turkey, helps Akbank provide its employees with development opportunities to prepare them for the business world of the future. During the year, Akbank was presented with the Employee Engagement Special Award by Kincentric, at the Best Employers awards competition held in Turkey.

Akbank is keenly aware of its corporate responsibility to combat climate change and protect natural resources. To this end, Akbank applies the principles of sustainability in its loan processes. Loans allocated to customers in the Corporate and Commercial Banking segments through the Environmental and Social Impact Assessment (ESIA) program are subject to a detailed environmental and social risk assessment. Furthermore, Akbank has a distinctive position vis-à-vis general sector-wide practices thanks to the social and environmental risk assessments conducted for all SME customers.



Sustainability-Linked Loan Deal
EUR 650 million

In 2020, Akbank continued its focus on financing qualified energy projects. As in the previous four years, Akbank extended 100% of the financing allocated to projects that are in the construction stage to renewable projects. Meanwhile, renewable energy projects constituted 76% of the overall energy lending portfolio. As of year-end, Akbank's energy portfolio consisted of 2,967 MW of hydroelectric, 955 MW of wind, 320 MW of geothermal, 181 MW of solar, and 9 MW of biomass projects.

During the year, Akbank participated in Turkey's largest sustainability-linked loan deal – a lending agreement worth EUR 650 million. Akbank supported renewable energy investments with the sustainability-linked loan mechanism, one of the fastest growing sustainable borrowing instruments despite the COVID-19 pandemic.

By issuing a USD 50 million green bond with a maturity of 4 years and 110 days, Akbank became the first issuer of a green bond in the Turkish banking industry since the onset of the COVID-19 pandemic.

2021 Priorities and Industry Strategy

Akbank plans to further support Turkey's economic activity in 2021. The Bank also aims to pursue sustainable growth while maintaining its asset quality. Akbank is

HEPP: Hydroelectric Power Plant
WPP: Wind Power Plant
GPP: Geothermal Power Plant
SPP: Solar Power Plant

In the coming year, Akbank plans to provide further resources to Turkey to facilitate its transition to a sustainable economy.



committed to retaining its sector leadership position by capitalizing on its innovation capabilities, advanced technology infrastructure and highly qualified human resources.

Akbank plans to launch an array of innovative services across all its digital customer interaction platforms. The Bank is moving forward on its digital transformation journey with ongoing improvements, upgrades and solutions. By leveraging its analytical infrastructure, Akbank aims to provide its customers with the most appropriate and effective solutions.

In the coming year, Akbank plans to provide further resources to Turkey to facilitate its transition to a sustainable economy. The Bank targets extending TL 200 billion in funding by 2030 for use in this area. Akbank is committed to expanding its sustainable investment funds to TL 15 billion by 2030. As a result, Akbank is the first Turkish deposit bank to make a long-term commitment on sustainable financing. Continuously developing its portfolio of innovative digital products and services, Akbank aims to further support the economy in terms of financial inclusion by boosting the number of people it has financially empowered by 2030.

Banking

Working harder than ever to maintain customer satisfaction, Akbank AG focused on safeguarding the health and well-being of its employees and customers in 2020.

SUBSIDIARIES

AKBANK AG

Akbank AG, a 100% subsidiary of Akbank, actively encouraged its stakeholders to take preventative and precautionary measures to guard against the COVID-19 pandemic. During the year, Akbank AG worked harder than ever to maintain customer satisfaction while also committing to business continuity. In the challenging pandemic environment, Akbank AG prioritized the health and well-being of its employees and customers.

Akbank AG capped fiscal year 2020 with success in terms of both business diversification and profitability. Akbank AG's total assets are EUR 3.7 billion and shareholder's equity reached to EUR 776 million as of December 2020. Akbank AG's contribution to the national economy in the form of loans exceeded EUR 2.8 billion. Akbank AG boasts the largest balance sheet among banks with Turkish capital in Europe and has a strong capital structure.

AK INVESTMENT

Embracing a next-generation investment concept, Ak Investment moved forward with its technological investments in 2020. The company digitized its business processes and renewed its digital trading platform, TradeAll. By redesigning its business processes with automated workflows, Ak Investment provided its investors with uninterrupted access to market and product data via its notification services. Offering all markets to investors on a single platform, Ak Investment recorded exceptional success in 2020 in terms of app downloads, customer numbers and channel income. At year's end, Ak Investment reported over 460 thousand customers. Some 15% of its customers enjoyed easy access to all markets with



In 2020, Ak Asset Management reported total assets under management of TL 59.8 billion.

TradeAll – a trading application downloaded around 300 thousand times. Customers utilize the TradeAll digital platform for a wide range of transactions. In 2020, Ak Investment generated 20% of its domestic sales income from TradeAll TR, 77% of its international markets income from TradeAll UP and 98% of its forex markets income via TradeAll FX.

AK ASSET MANAGEMENT

As of year-end 2020, Ak Asset Management's total assets under management rose to TL 59.8 billion. Increasing its total assets under management by 35%, above the industry average, Ak Asset Management's total asset size is around the asset size of some important medium-scale banks in Turkey. Posting 37% growth in investment funds, the company managed TL 18.1 billion in investment fund assets in 2020. Managing 58 pension funds chartered by a number of global pension companies, Ak Asset Management maintained its position as the sector leader among private institutions with a fund size of TL 31.8 billion and a market share of 18.6%.

AK FİNANSAL KİRALAMA A.Ş.

In 2020, Aklease continued to provide leasing services in line with customer satisfaction principles. The company boasts a strong financial and partnership structure, robust shareholders' equity, 10 branch locations, an extensive funding network and most importantly, its highly specialized and dynamic workforce. Targeting wind and

solar power projects, Aklease mediates major investments in the sustainable energy sector. For this purpose, the company obtained USD 25 million in funding with a five-year maturity from the Dutch Development Bank (FMO) in 2020 – the first such loan provided to the Turkish finance sector to support sustainable energy. Aklease provides significant ongoing support to Turkey's economy by allocating funds to investments in the country's future. These include machinery and equipment investments across all sectors, in addition to subway systems, highways and other infrastructure/superstructure works that constitute the core of intracity and intercity transport networks.

AKÖDE A.Ş.

In September 2019, AkÖde launched a digital wallet, Tosla – its first product. Tosla was developed with the vision of meeting the basic financial needs of young innovative-minded people in an easy, fast and fun way. In 2020, Tosla's strong digital value proposition and marketing activities were designed in line with user needs. AkÖde simplified the digital wallet's processes and introduced new features. Strategic collaborations were made with online contests, gaming platforms, grocery delivery service providers and e-commerce firms to further boost Tosla's appeal.

With these various innovations offered to customers in addition to its strategic activities and special design efforts, AkÖde made a difference in the market in 2020.



Number of Ak Investment customers

460 thousand+

AKBANK



Turkey's Akbank is
the best bank
in emerging markets

AKBANK

Areas of activity

Corporate and investment banking, commercial banking, SME banking, retail banking, payment systems, Treasury transactions, private banking and international banking

Countries of activity

Turkey, Germany, Malta

Number of employees

12 thousand+

Number of customers

~18 million

Number of digital customers

5.5 million

Number of branches

716

Number of ATMs

~5,000

Number of POS terminals

600 thousand+

R&D investments

USD 150 million

Digital distribution channels

Internet Banking, Mobile Banking, Digital Branches

Sabancı Holding Share

40.75%

Website

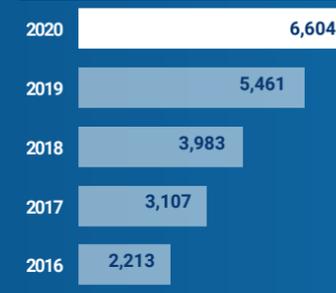
www.akbank.com

According to data as of 31.12.2020.

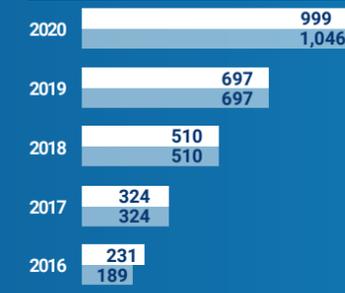
Financial Services

Despite the pandemic, Aksigorta and Avivasa extended their solid performance thanks to comprehensive digitalization efforts.

Combined Net Sales (TL Million)

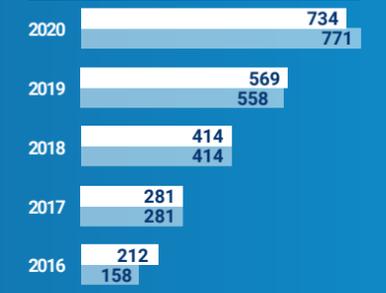


Combined EBITDA (TL Million)



■ EBITDA ■ EBITDA*
*) Excluding one-off income/expenses

Combined Net Income (TL Million)



■ NET INCOME ■ NET INCOME*
*) Excluding one-off income/expenses

DEVELOPMENTS IN 2020



Improved income

In 2020, Aksigorta boosted its income with the reduction in vehicle insurance claims due to the COVID-19 pandemic.

Ecosystem collaborations

Aksigorta entered into pioneering collaborations in the insurance ecosystem with Telcosurance and Fiat Connect.

Digital risk awareness initiative

During the year, Aksigorta launching an important corporate responsibility effort in conjunction with Boğaziçi University to raises societal awareness of digital risks. Aksigorta's Digital Security platform aims to provide information on risks in the digital environment via online training sessions and informational content.

DEVELOPMENTS IN 2020



Sector leadership

Avivasa expanded further by maintaining market leadership in fund size among private companies.

Strong growth

In 2020, Avivasa's growth rate outperformed the sector average.

Corporate social responsibility (CSR) projects that raise social awareness

Avivasa is the first private insurance provider to focus on aging and age discrimination as a social issue. During the year, Avivasa launched the #yaşiyok (#noage) campaign to promote its "At All Ages" CSR initiative.

Total Fund Size of Turkey^(**) (TL Billion)

27%^(*) Increase ↑



Total Non-Life Premium Production in Turkey (TL Billion)

18%^(*) Increase ↑



(*) 2016-2020 CAGR
(**) Excluding auto-enrollment.

(*) 2016-2020 CAGR



Financial Services

In 2020, digitalization became a must in the financial services sector due to the coronavirus pandemic. Aksigorta successfully digitalized all its business processes and further increased customer satisfaction during this challenging year.

Developments in 2020

Fundamental Changes in the Sector

In 2020, the COVID-19 pandemic negatively affected the entire world and caused major changes in the insurance industry. During a time when concern for the future preoccupied much of the population, individuals better understood the importance of insuring themselves, their loved ones and their personal belongings. The year's prominent themes in the insurance sector included "quick adaptation to changes," "customer-orientation," "digitalization," "sustainability" and "new business models."

Strong Growth in the Insurance Sector

In 2020, the Turkish insurance industry produced a total of TL 65.4 billion in non-life insurance premiums. The sector recorded total growth of 18%: 9% in the motor third party liability, 15% in MoD, 26% in non-motor and 21% in health insurance.

In private pensions, the total PPS participant base including auto-enrollment climbed to about 12.6 million. Total funds under management grew to TL 170 billion, including government contributions. Growth in life insurance reached a record high 25%, especially due to the acceleration in housing and personal loans.

Priorities in 2020

Since its founding, Aksigorta has differentiated in the insurance sector with its well experienced staff. During the year, the company adopted the remote working method to safeguard the health and well-being of its employees. Aiming to develop practices that will improve performance while working at home, Aksigorta transformed the remote working

Non-life Insurance

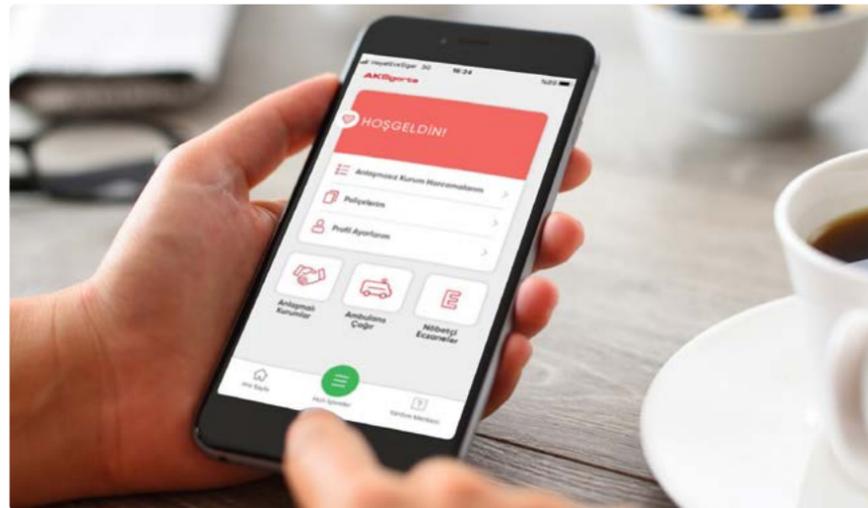
Market share
8.3%

Number of customers
3.3 million

Number of agencies
3 thousand+

Premium production
TL 5.3 billion 18%↑

ROE
43%



model into an opportunity for continuous improvement. The company was committed to keeping employees engaged and ensuring team cohesiveness in the remote working environment. To this end, Aksigorta launched numerous practices to consolidate the motivation and performance of its employees while they worked from home.

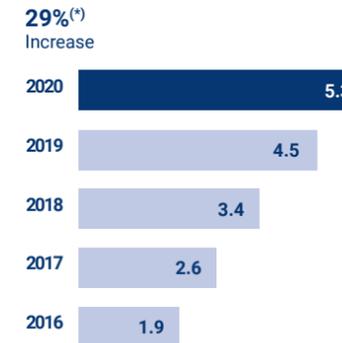
Sustainability and "Good Deed" Projects from Avivasa

In line with its approach of being a good corporate citizen, Avivasa implemented a wide range of supportive actions and projects for its employees, customers, agencies and society during the pandemic.

Quickly adopting the remote working method, Avivasa launched the Employee Support Program. This effort is designed to address key areas – with psychological counseling services, medical advisory, family counseling, child and adolescent counseling – to support its employees. In 2020, Avivasa demonstrated the strong bond it has with its staff by reporting an employee engagement rate of 91%.

During this challenging year, Avivasa provided support to its agency network in terms of both business operations and agency staff. This assistance included technical equipment, training, market information, health measures and

Aksigorta's Premium Production Increase (TL billion)



© 2016-2020 CAGR

Completing over 90 work processes in eight different departments in 2020, ADA received the "Best Cost-Cutting IT Project" award from IDC.



motivational support. Additionally, Avivasa made LEAP, a guidance and psychological counseling service specially designed for company employees, available to its agencies in 2020.

In response to the pandemic, Avivasa directly communicated with its customers one-on-one via telephone to relieve their growing concerns. The company demonstrated a sensitive and responsible approach in its brand communications by sharing health, nutrition and family-related content via its social media accounts.

Avivasa ensured that the policies of customers facing difficulties in paying their health insurance premiums due to the COVID-19 pandemic were not canceled. Procedures where an original signature or paper based documentation is mandatory can now be completed via voice approval, e-mail or via WhatsApp to facilitate claims and support processes. Life insurance policyholders are provided the opportunity to access additional benefits in health, child development and education. This comprehensive support includes flexibility in utilization of these benefits.

Performance in 2020

Aksigorta, moving forward with the vision "Making insurance simple, lean and accessible," boosted its premium production to TL 5.3 billion in 2020, an increase of 18% year-on-year. Total assets climbed to TL 9,165 million. In this challenging year, Aksigorta reported net income of TL 374 million by focusing on innovation, analytics, artificial intelligence and new technology investments with a customer-oriented approach. Aksigorta achieved growth of 11% in motor third party liability, 23% in MoD, 20% in non-motor section and 21% in health. By taking proactive steps to reach its targets, Aksigorta maintained its 8.3% market share.

In 2020, digitalization became a must in the financial services sector due to the coronavirus pandemic. Aksigorta successfully digitalized all its business processes and further increased customer satisfaction during this highly challenging year. In addition, Aksigorta's customer-oriented technology initiatives were recognized with prestigious awards in 2020.

Avivasa demonstrated a robust and flexible stance in a year full of unprecedented challenges and uncertainties. The company recorded stable growth by maintaining its financial strength. Since 2015, Avivasa has been the private sector market leader in PPS including auto-enrollment. In 2020, the

company reported a PPS fund size of TL 30.5 billion. At year's end, Avivasa registered premium production of TL 66 million in non-life, and TL 1,257 million in life insurance. By recording 2.1 million active non-life policies and 1.3 million life policies, Avivasa boosted its net income by 36% as of year-end 2020.

Digitalization, Technology and Investments

Digital Security Platform

The convenience provided by technology has accelerated digital transformation in Turkey, and across the world. However, this technology-based environment has dramatically increased digital security risks. Launching a major sustainability initiative in digital security, Aksigorta helps inform society about growing risks in the digital world with its Digital Security platform. The company collaborated with Boğaziçi University Lifelong Learning Center and Boğaziçi University Management Information Systems Cybersecurity Center to develop the informational platform. Free online digital security trainings feature on the platform with special content for each target audience (e.g. home and SME). The Digital Security platform aims to raise society's awareness and knowledge of digital risks, while preparing both institutions and individuals to more securely navigate our increasingly digital world.

Financial Services

In 2020, Aksigorta focused on innovation, digitalization, analytics, artificial intelligence and new technology investments with a customer-oriented approach.

Avivasa PPS Fund Size
(TL billion)

26%^(*)
INCREASE

With a PPS fund size of TL 29.4 billion^(**), Avivasa is the undisputed sector leader in PPS.^(***)

^(*) 2016-2020 CAGR
^(**) Excluding auto-enrollment.
^(***) Among private PPS companies.



Transactions made with ADA over the last two years

4 million+

Fiat Connect Collaboration

In 2020, Aksigorta launched the customized policy era with Fiat Yol Arkadaşım Connect MOD. This innovative offering is a first in Turkey in motor own damage insurance and was developed in cooperation with Fiat. Thanks to this advanced technology application, the motor own damage insurance rate is calculated taking into account the number of days of use and the customer's driving score. Drivers using this app enjoy discounts of over 10% on motor own damage policies depending on the duration of vehicle use. The customer's driving score is calculated by analyzing vehicle usage data. Fiat Connect insurance policies are issued by Aksigorta. During the year, Aksigorta also commenced sales of DASK (Turkish Catastrophe Insurance Pool/TCIP) products via the Vodafone Yanımda mobile app and sales of "Nolur Nolmaz (Just in Case)" insurance through Vodafone Call Center. Aksigorta developed APIs with the Vodafone Yanımda mobile app in order to initiate and finalize the entire sales process on the digital platform. In 2021, Aksigorta plans to add other products to its growing and innovative portfolio.



Chat-Fast Solutions

Aksigorta's ClaimsChat application provides a chat-fast response to customer claims. A WhatsApp group – consisting of an expert, a filing officer, the service provider and the customer service representative – is created by artificial intelligence. Transparent and fast communication is ensured with the WhatsApp group which is formed shortly after notice of a claim. The policyholder sends photographs of the damage to the WhatsApp group; then, the claim document is indexed automatically. Subsequently, the expert asks the customer questions to generate the claims report. The filing officer shares claims and payment information with the WhatsApp group. When the process is complete, the AI executes a sentiment analysis of the conversation and automatically sends the data to the CRM system.

By digitalizing the quotation stage with its chatbot app, Aksigorta continuously improves its defined operational services to be faster and more reliable.

Artificial Intelligence Technologies

As an innovation leader, Aksigorta introduced the use of artificial intelligence to the Turkish insurance industry. Aksigorta started conducting risk pricing processes with the support of AI, a major development for the end-user. Achieving yet another first in the insurance industry, Aksigorta began to price its entire individual MTPL portfolio via artificial intelligence in 2020. With this innovative effort, Aksigorta won the "Best Business Development Project" award at the IDC CIO Awards. The company manages pricing processes with AI especially in motor third party liability



Net income growth

36%

In line with its approach of being a good corporate citizen, Avivasa implemented a wide range of supportive actions and projects for its employees, customers, agencies and society during the pandemic.

insurance, a major step forward in the sector. Aksigorta aims to utilize AI-supported pricing for other products as well in the coming year.

Data Analytics

Finalizing its advanced data analytics investments, Aksigorta conducted joint studies with Sabancı University and SabancıDx on agency behavior prediction and MOD potential analysis. By establishing a data governance structure based on its research, Aksigorta ensured that appropriate data ownership is achieved across the organization. Aksigorta's data analytics management was recognized with an award from IDC CIO.

Customer First

At Aksigorta, a Customer First team is formed to support customers until their issues are resolved. This approach provides Aksigorta customers with a reliable and easy complaint resolution experience. The Customer First team analyzes complaint data in detail and extracts customer insights. Subsequently, the dedicated team prepares and publishes customer stories as case studies. The Customer First team also designs new processes in line with customer expectations by meeting with business units on development areas based on Aksigorta customer stories.

10 Awards in Human Resources, Customer Satisfaction and Technology

Avivasa is widely known for differentiating its customer and employee experience with unique applications and innovative solution. In 2020, Avivasa was deemed worthy of 10



awards by leading platforms – including Stevie Business Awards, Brandon Hall and IDC – for its excellence in customer satisfaction and experience, human resources and business technologies.

Paper-Free Sales with Bi'Tikla

In 2019, Avivasa provided its customers with the opportunity to sign and confirm applications with biometric signature with the launch of Bi'Tikla. Thanks to this e-commerce platform, Avivasa reduced the application-approval process to 10 minutes, down from

around two days previously. With the paper-free e-commerce platform Bi'Tikla, Avivasa aims to conserve 26 thousand m³ of water and save 313 trees annually by using 2.6 million fewer pieces of paper for some 100,000 contracts or policies. The platform started to be used for the sales of the Bright Side of Life Insurance product in 2019. During the pandemic, Bi'Tikla expanded its remote paper-free sales by making it available for PPS.

Financial Services

With the paper-free e-commerce platform Bi'Tıkla, Avivasa aims to conserve 26 thousand m³ of water and save 313 trees annually by using 2.6 million fewer pieces of paper for some 100,000 contracts or policies.

A First in the Sector: Internal Efficiency Ratio

In 2020, the Avivasa Mobile app was presented with the Gold award at the Stevie Awards in the "Innovation in Business Information" category. Continuously improving the application in line with the expectations and needs of its customers, Avivasa introduced new functionality to the app in 2020: Internal Efficiency Ratio. This function enables PPS participants to compare their fund returns according to the inflation rate. The Internal Efficiency Ratio feature is designed to provide participants with the highest efficiency from the PPS based on economic conditions.

Entrepreneurship Support in Insurance Technologies

Avivasa is committed to fostering digitalization in the insurance industry. To this end, Avivasa sponsors the Insurtech Program of ITU Çekirdek – Turkey's largest incubation center. In addition to providing mentorship support to 70 entrepreneurs at ITU Çekirdek, Avivasa is also giving grant support for two initiatives under the program. As part of its innovation and digitalization strategy, Avivasa continued its collaborations with the Turkish Artificial Intelligence platform and BlockChain Turkey in 2020.

People and Sustainability

Turkey's First Private Company to Focus on Aging and Age Discrimination

Avivasa is the first private company in Turkey to target and develop initiatives related to aging and age discrimination. Taking into consideration the evolving needs and emerging agenda items brought about by pandemic, Avivasa launched "At All Ages," a social responsibility initiative that raises awareness on age discrimination. This effort

Number of Avivasa's awards in 2020
10 awards



also includes various projects to support the elderly. With the #noage awareness campaign, Avivasa communicated the key message "We are never too old or young to achieve." Digital, written and audio communications and content partnerships boosted the effectiveness of the campaign.

During the year, Avivasa delivered online trainings on age discrimination to about 1,000 employees and business partners. In addition, Avivasa commenced efforts to make its business operations and processes more age-friendly by organizing internal workshops and volunteer projects.

Collaborating with Red Crescent (Kızılay), Avivasa reached out to 3,000 households of elderly citizens who experienced difficulties in meeting their basic needs due to pandemic restrictions. Avivasa provided an aid package to meet these citizens' food needs for one month. In December 2020, working in

conjunction with the municipalities of Istanbul, Ankara, Izmir and Bursa, Avivasa provided food, health and hygiene packages to 2,300 people in need over the age of 65. As part of the Psychosocial Support Hotline, young psychologists started to provide psychological support by telephone to elderly citizens in the region under the guidance of a geriatric specialist.

2021 Priorities and Industry Strategy

Future Outlook

Aksigorta plans to create even more value in the future in parallel with its objective to achieve profitable growth. Adopting a customer-oriented approach, Aksigorta pursues sustainable growth by prioritizing digitalization and technology. The company also plans to take steps to bolster its already strong ties with its nationwide agency network. Aksigorta aims to continue its sustainable growth with its transparent and solid balance sheet, robust

TOTAL LIFE INSURANCE PREMIUM PRODUCTION

35% INCREASE

Avivasa recorded premium production of TL 1,332 million in life and personal accident insurance.

capital structure, and balanced product and channel portfolio. Capitalizing on technology and digitalization, Aksigorta targets developing additional innovative products and solutions that will differentiate the insurance experience. Empowering the next-generation insurance with other brand ecosystems, Aksigorta plans to create innovative insurance solutions that add value to consumers. The company is committed to ensuring its future success with customer-oriented products and services. To this end, Aksigorta's strategic priority is effectively using next-generation technologies, such as big data, advanced data analytics, cybersecurity, industrial IoT, robotic workforce, artificial intelligence and blockchain. In the coming year, Aksigorta aims to reach an even wider audience with its Digital Security platform, an effort launched in 2020 to raise societal awareness of the increased risks in the digital world.

Avivasa targets maintaining market leadership in terms of PPS fund size among private pension companies. The company also aims to achieve growth above the sector average in life insurance. In addition to providing financial assurance and customer-oriented services, Avivasa plans to develop innovative business models and projects to ensure sustainable growth of the sector. Embracing digitalization across its operations, Avivasa prioritizes innovation, technology, simplicity and speed in its products, services and business processes. Continuing its efforts for cultural development since 2017, Avivasa aims to further boost employee loyalty and satisfaction. The company places a special focus on social investments as part of its sustainability strategy. Toward this goal, Avivasa plans further projects that will raise societal awareness on old age and aging under its "At All Ages" corporate social responsibility initiative.

AKSigorta

Area of activity:

Non-life insurance activities

Countries of activity:

Turkey

Number of provinces:

81

Distribution channel:

10 regional directorates, more than 3 thousand independent agencies, 716 Akbank branches, 102 brokers and almost 6 thousand contracted institutions

Digital sales channels:

aksigorta.com.tr

Products:

Fire, Marine, Accident, Engineering, Agriculture, Legal Protection, Personal Accident, Health, MTPL, Auto Insurance, Credit, Travel, Building, Cybersecurity, Pati Pet and Loan Insurance etc.

Number of customers:

3.3 million

Number of employees:

668

Total premium production:

TL 5,272 million

Sabancı Holding share

36.0%

Website

www.aksigorta.com.tr

According to data as of 31.12.2020.

AVIVASA

Area of activity

Private pension and life insurance

Countries of activity

Turkey

Number of provinces

81

Digital service channels

avivasa.com.tr and Avivasa Mobile application (iOS and Android)

Distribution Channel

Regional and sales offices in 15 provinces, 716 Akbank branches, 336 agencies

Products

PPS and Life Insurance

Number of customers

2.4 million

Fund size

TL 30.5 billion^(*)

Market share and position

Leader in PPS with 18.6% market share

Number of employees

1,386

Sabancı Holding share

40.0%

Website

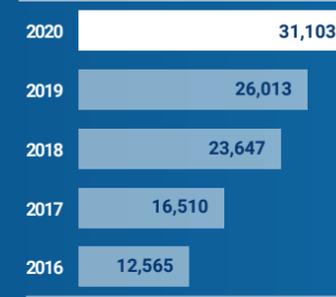
www.avivasa.com.tr

^(*) Including auto-enrollment.
According to data as of 31.12.2020.

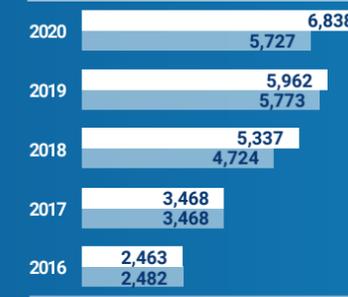
Energy

As the leaders of the Turkish energy industry, Sabancı Energy Group companies demonstrated an impressive performance despite a highly challenging 2020.

Combined Net Sales (TL Million)

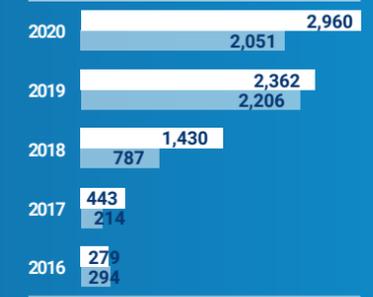


Combined EBITDA (TL Million)



(1) Excluding one-off income/expenses.

Combined Net Income (TL Million)



(1) Excluding one-off income/expenses.

DEVELOPMENTS IN 2020



Ongoing grid investments

Enerjisa Enerji created value for all its stakeholders with grid investment spending of approximately TL 1.8 billion in 2020.

Uninterrupted service in all conditions

In the highly challenging year of 2020, Enerjisa Enerji set up a crisis committee even before the World Health Organization officially declared COVID-19 a pandemic. Providing uninterrupted service to its customers regardless of conditions in the field, Enerjisa Enerji took more than 1,000 preventative and precautionary actions in line with public health and medical guidance.

Extensive E-Charge Network

With a 186 public station network featuring 320 sockets, of which 109 are fast charging, Eşarj boasts the first and fastest station e-charging network in Turkey.

DEVELOPMENTS IN 2020



Turkey's largest sustainability-linked loan deal

Enerjisa Üretim signed Turkey's largest sustainability-linked loan deal with seven banks - a credit facility worth EUR 650 million. With this major facility, Enerjisa Üretim reduced its total debt while also gaining strong support for its future renewable energy investments.

Record electricity generation in a difficult Year

Enerjisa Üretim embraces operational excellence as a strategic priority. In 2020, the company reached the highest availability level in its power plant portfolio with five different technologies. As a result, Enerjisa Üretim reported record high energy generation in 2020.

Advanced technology infrastructure development at full speed

Enerjisa Üretim is further developing its advanced technology infrastructure to add value in diverse areas including processing of sensor data collected from the field, performing trend analyses and especially, conducting predictive maintenance.

Combining operational excellence and business capability

In 2020, price mobility and hydrology were above historic averages. In response to the market environment, Enerjisa Üretim combined its operational excellence and business capability to achieve record high revenue.

Energy

Enerjisa Enerji and Enerjisa Üretim finished the year with a successful performance thanks to their focus on operational excellence. Both companies ensured an uninterrupted supply of electricity throughout 2020.

Priorities in 2020

COVID-19 Pandemic and Measures Taken

The COVID-19 pandemic, quickly spreading across Turkey and the entire globe, once again demonstrated the critically important and essential work performed by energy sector employees. To ensure the continuity of electricity generation and distribution, which power the Turkish economy and everyday life, Enerjisa Enerji and Enerjisa Üretim worked tirelessly during this pandemic year.

Even before the pandemic, employee health has always been a top priority at Sabancı Holding. During this extremely challenging year, both Energy Group companies implemented a wide range of preventive and precautionary measures to combat COVID-19. Enerjisa Üretim obtained the TSE COVID-19 Safe Production Certificate for all its power plants and its headquarters office.

Increasing Network Investments

In 2020, Enerjisa Enerji recorded grid investment spending of TL 1 billion 790 million, up 26% y-o-y compared to the previous year. Thanks to these investments, customers were provided with sustainable solutions that make their lives easier. With the support of its strong balance sheet, Enerjisa Enerji plans additional grid investments to ensure an uninterrupted energy supply in the future.

Sustainability is a strategic priority at Enerjisa Enerji. Toward this end, the company focuses on conventional network and customer operations technologies such as SCADA, GIS, OSOS. Enerjisa Enerji capitalizes on a wide range of advanced technologies, including advanced data analytics, robotics and artificial intelligence.



Grid investments
~ TL 1.8 billion

Even before the pandemic, employee health has always been a top priority at Sabancı Holding.



In 2020, Sabancı Energy Group moved forward with its comprehensive digitalization transformation with the technological support of Information Technologies.

In addition, Enerjisa Enerji invests in innovative solutions such as e-mobility, on-site generation with renewable resources and storage.

Preparing for the New Implementation Period (4th Tariff Period)

In 2020, Enerjisa Enerji commenced preparations for the new implementation period. This is when the income requirement parameters of the electricity distribution and sales industry, especially investment and operational expenses, for the next five years will be determined. Preparing for the new implementation period was one of the company's most important agenda items during the year.

Enerjisa Enerji completed preparations for the five-year master plan to provide customers with the highest quality service possible. The master plan covers key areas including expanding the grid, upgrading the existing grid, investing in technology and conducting R&D. In addition, Enerjisa Enerji was committed to prepare for this new period in the best possible way in collaboration with its stakeholders. The new tariff period commenced with the support of Enerjisa Enerji shareholders and in accordance with the company's strategic plans.

Operational Excellence

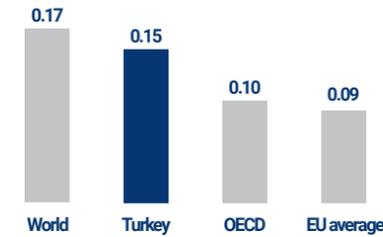
Enerjisa Enerji provides an indispensable service to about 22 million people in its operating region. At the onset of the

pandemic, the company quickly set its top priorities: safeguarding human health and ensuring an uninterrupted energy supply. In 2020, Enerjisa Üretim reached the highest availability level in its power plant portfolio with five different technologies. As a result, Enerjisa Üretim reported record high energy generation in 2020. Thanks to the successful efforts of crisis management teams at both companies, Enerjisa Enerji and Enerjisa Üretim exited this highly challenging year with performances well beyond expectations. Understanding that a crisis cannot be managed during the actual crisis, Enerjisa Enerji and Enerjisa Üretim closely monitored and implemented the precautionary measures announced by the Ministry of Health and the World Health Organization. Great effort was shown at both companies to ensure that their respective services are provided in an uninterrupted and sustainable way.

Turkey's Largest Sustainability-Linked Loan Deal

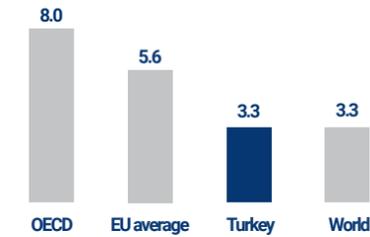
In 2020, Enerjisa Üretim further bolstered its energy portfolio with its sustainability-linked loan deal amounting to EUR 650 million. Seven banks participated in the transaction. With this major lending facility, Enerjisa Üretim reduced its total debt while providing support for future renewable energy investments that are planned to be commissioned in the near future. Thanks to its solid financial structure, Enerjisa Üretim has met the conditions necessary to distribute significant dividends to shareholders.

ENERGY INTENSITY (TON OF OIL EQUIVALENT/USD 2010)



Turkey's energy intensity is higher than the OECD average.

ELECTRICITY CONSUMPTION PER CAPITA (MWh/PERSON)



Source: International Energy Agency, EU statistics, National Energy Efficiency Action Plan.

A Growing Generation Portfolio Focused on Sustainability

Enerjisa Üretim aims to further expand, enrich and diversify its operations in the future with the following activities:

- Expanding its renewable portfolio with YEKA projects.
- Establishing Enerjisa Europe to take its commercial activities in the European market to the next level.
- Transforming its trading experience to create value in foreign markets by obtaining electricity trading licenses in Bulgaria, Romania and Serbia under Enerjisa Europe.
- Introducing a new business model with the commissioning of SENKRON, a control room capable of controlling power plants with different electricity generation technologies at the same time – a first in Turkey. SENKRON currently controls all 12 hydroelectric power plants in Enerjisa Üretim's portfolio. SENKRON also features a control infrastructure that enables access to the control and monitoring systems of thermal, wind and solar power plants in Enerjisa Üretim's portfolio and those owned by other companies. Thanks to this network, SENKRON conducts performance and status monitoring of power plants with an analysis infrastructure where thousands of pieces of data are monitored online.



Performance in 2020

Digitalization, Technology and Investments

In 2020, Sabancı Energy Group moved forward with its comprehensive digitalization transformation with the technological support of Information Technologies. No workforce loss occurred during the pandemic thanks to infrastructure modernization and upgrades that support operation independent of location.

Enerjisa Üretim further developed its advanced technology infrastructure to add value in diverse areas including processing of sensor data collected from the field, performing trend analyses and especially, conducting predictive maintenance. Efforts to replicate key applications in trade and

power plant management to be compatible with cloud environments are nearly complete. Sabancı Energy Group has started to enjoy the flexible, manageable and stable platform advantages of cloud technology. Thanks to investments in augmented reality, Energy Group ensured that operations between power plants and external suppliers are performed remotely and without any loss of functionality and labor. In 2020, Sabancı Energy Group operations continued without interruption despite pandemic travel/visit restrictions thanks to technology solutions. In addition to IT digitalization roadmaps, Energy Group started to develop Digital Journey Maps in line with the needs of each business unit. Over 70 applications were developed and implemented using these maps. Numerous applications that differentiate Enerjisa Üretim in the market were also developed during the year.

Energy

Energy Group companies finished the year with success in line with Sabancı Holding's vision of "sharing what we have obtained from this land with its people."

Beyond conventional investments, the new emerging energy world prioritizes innovations such as distributed generation, storage, e-mobility and digital customer solutions. Enerjisa Enerji consolidated its technology and sustainability-oriented customer solutions under the banner of "Energy of My Business." Eşarj provides environmentally friendly solutions such as SPP, LED lighting, certified green energy, solar and cogeneration to its customers. Regarding its product offerings, Eşarj set its sights on 2030 in the short term and 2050 in the long-term.

Enerjisa Enerji sees significant value in leveraging external agile and entrepreneurial structures from the entrepreneurship ecosystem and a complement to internal corporate resources. To this end, Enerjisa Enerji adopted an entrepreneurship ecosystem that will inject dynamism into the company. This ecosystem is supported with "Nar," its in-house entrepreneurship program, and "İvme (Acceleration)," a program commissioned this year.

The fast-growing electric vehicles market will play a major role in the future of transportation around the globe. Currently, there are 2.5 million hybrid and electric vehicles on the world's roads. This figure is projected to rise to 50 million by 2030. Today, Enerjisa Enerji is planning investments that respond to the expected higher demand on the grid and expand its charging station network. Moving forward with this vision, Enerjisa Enerji acquired a majority stake in Eşarj in 2018. Eşarj continues to grow steadily every year. With a 186 public station network featuring 320 sockets, of which 109 are fast charging,

i Eşarj's target for 2030
2.5 million tons of carbon reduction



Eşarj boasts the first and fastest station e-charging network in Turkey. Thanks to its electric vehicle charging stations, Eşarj is expected to help reduce carbon emissions by 2.5 million tons by 2030 due to the decrease in conventional cars on the roads.

People and Sustainability

Energy Group companies exited the year with success in line with Sabancı Holding's vision of "Sharing what we have obtained from this land with its people." Enerjisa Enerji and Enerjisa Üretim conduct their business activities while closely monitoring global trends and pursuing sustainability. Sabancı Energy Group companies have

set 17 individual goals under the UN Sustainable Development Plan as targets in line with their environmental, social and governance (ESG) performance.

Enerjisa Enerji's vision is to become a leading company in the energy sector with its environmental, social and governance (ESG) performance. The company's vision was developed in a way that integrates sustainability strategies with these metrics. To boost its performance, Enerjisa Enerji places great importance on conducting socially responsible activities and creating social value. These efforts support affordable and clean energy (Goal 7), sustainable provinces and communities (Goal 11) and climate action (Goal 13).

A signatory to the United Nations Global Compact, the world's largest voluntary corporate sustainability initiative, Enerjisa Enerji is also listed in the BIST Sustainability Index and the BIST Corporate Governance Index.

i Sabancı Energy Group develops new and forward-looking OHS approaches in line with its zero occupational accident target.

A signatory to both the United Nations Global Compact, the world's largest voluntary corporate sustainability initiative, and the Women's Empowerment Principles, Enerjisa Enerji was also included in the BIST Sustainability Index and BIST Corporate Governance Index in 2019.

Enerjisa Üretim aims to grow its generation portfolio with renewable power plants. Under the WPP YEKA-2 project in Aydın and Çanakkale with a capacity of 500 MW awarded to Enerjisa Üretim in 2019, the YEKA Usage Rights Agreement was signed with the Ministry of Energy and Natural Resources (MENR) in March 2020. In relation to Erciyes WPP in Kayseri with a capacity of 65 MW awarded in 2017 with the wind power capacity allocation tender, the pre-license process is ongoing. Growth opportunities are also being sought in renewable energy in accordance with new hybrid facilities legislation enacted in 2020.

Sabancı Energy Group embraces occupational health and safety as a top priority. The Energy Group aims to lead the industry by developing new and forward-looking OHS approaches in line with its zero occupational accident target.



In 2020, Enerjisa Üretim continued its wildlife conservation and biodiversity efforts, launched the prior year, despite the adverse conditions due to the pandemic.

The Stevie Awards, a global competition that recognizes the world's best employers and excellence in human resources,

evaluated 700 entrants this year. Enerjisa Enerji won the Gold award in the "Employer of the Year - Energy" category and the Bronze award in the "Achievements in Human Resources Administration" category with its Bonus and Rewarding project.

Energy

Sabancı Energy Group executes its operational excellence strategy to achieve sustainability.

In 2020, Enerjisa Enerji was also presented with the following awards:

- Best Employer of Turkey award at Kincentric Best Employer 2019,
- Silver award in the "Best Benefits, Wellness and Well-being Program" category for its Enerjine Sağlık program, and Bronze award in the "Best Advance in Benefit Strategy and Administration" category for its Bonus and Rewarding project at the Brandon Hall Group Excellence Awards,
- Employee Health and Safety award in the "Value Creating Practices" category at the Peryön Human Value Awards.

Enerjisa Üretim developed and implemented the following initiatives as part of its social responsibility efforts:

- Gender Equality: Equal Energy
- Children: Smiling Eyes
- Afforestation: Greening the Future
- Stray Animals: A Bowl of Energy

2021 Priorities and Industry Strategy

Sabancı Energy Group executes its operational excellence strategy to achieve sustainability. In the coming year, the negative effects of the COVID-19 pandemic are expected to subside with rollout of mass vaccination campaigns. As a result, energy industry demand and dynamics are projected to normalize. With this forecast recovery, the Turkish energy sector is expected to grow in parallel with the country's GDP growth. Sabancı Group remains committed to integrating sustainability into all its business operations and monitors global developments in this arena. Energy Group companies are also working to integrate sustainability into their operations,



Expecting a more stable investment environment in 2021, Enerjisa Enerji and Enerjisa Üretim plan to maintain their appetite for growth in line with market developments.



systems and processes. That same synergy is expected in Sabancı Energy Group's partnership with E-ON, one of Europe's biggest energy players, for a successful year focused on growth opportunities.

Enerjisa Enerji and Enerjisa Üretim anticipate further liberalization for Turkey's energy industry. Expecting a more stable investment environment in 2021, Enerjisa Enerji and Enerjisa Üretim plan to maintain their appetite for growth in line with market developments.

Enerjisa Enerji and Enerjisa Üretim aim to commission the Future of Work initiative and develop a roadmap on the efforts and modifications to be made going forward.

Enerjisa Üretim plans to implement state-of-the-art solutions for price prediction, predictive maintenance and optimization models in data analytics. Enerjisa Europe's active trade volume will be maximized in accordance with market conditions. As long as the market environment permits, Enerjisa Üretim aims to engage in efforts to boost natural gas sales and expand the portfolio volume in terms of electricity last resource supply. Other objectives include developing customer-oriented solutions that will maximize national benefits during the transition to a green economy by closely monitoring international green and carbon markets. To meet the changing needs of customers, efforts are ongoing to include comprehensive internally recognized emission and clean energy certificates in Enerjisa Üretim's growth journey.

Sabancı Energy Group companies plan to maintain market leadership where they operate while pioneering the industry's development in terms of growth, productivity and competitiveness.

A new implementation period encompassing the years 2021-2025 will start in the Enerjisa Enerji distribution business. Investments in the grid, technology and customer satisfaction are scheduled to continue according to the new master plan. Investment spending is expected to increase in 2021 compared to the previous year.

Enerjisa Enerji's sales business aims to expand service diversity in both physical and online channels. During the pandemic, online channels in particular rose in importance. Enerjisa Enerji also plans to further develop user experience in the sales segment. By launching next generation products - distributed generation, productivity and e-mobility - under the brand "Energy of My Business," Enerjisa Enerji aims to raise its profile as customer solution partner in these emerging areas.

Sabancı Energy Group companies plan to maintain market leadership where they operate while pioneering the industry's development in terms of growth, productivity, competitiveness and corporate identity.



Area of activity

Electricity distribution and sales

Market share and position

Leader with 23% market share (depending on the amount of energy distributed)

Countries of activity

Turkey

Number of provinces

14

People served

21.6 million

Distribution connection point

11.4 million

Retail sales volume

34 TWh

Number of customers

10.1 million

Number of employees

10 thousand+

Sabancı Holding share

40.0%

Website

www.enerjisa.com.tr

According to data as of 31.12.2020..



Area of activity

Electric generation and trade

Market share and position

Turkey's largest private-sector electricity generator with 5%^(*) market share considering Turkey's total electricity generation ratio

Countries of activity

Turkey, Bulgaria, Serbia, Romania and Hungary

Installed capacity

3,607 MW (Natural gas 44%, hydro 37%, lignite 12%, wind 6%, solar 1%)

Generation portfolio

12 Hydroelectric power plants, 3 wind power plants, 3 natural gas power plants, 2 solar power plants, 1 domestic lignite power plant

Total generation

15.6 TWh

Number of employees

800+

Sabancı Holding share

50.0%

Website

www.enerjisauretim.com.tr

^(*) According to the EPIAŞ Transparency Platform data. According to data as of 31.12.2020.

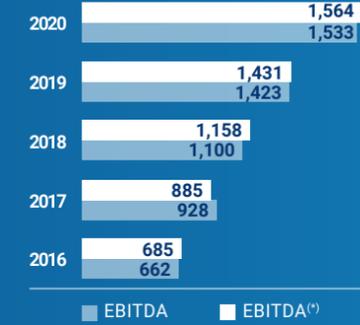
Industrials

Sabancı Industry Group reinforced its leadership in all markets it operates with its agility and excellence-oriented approach.

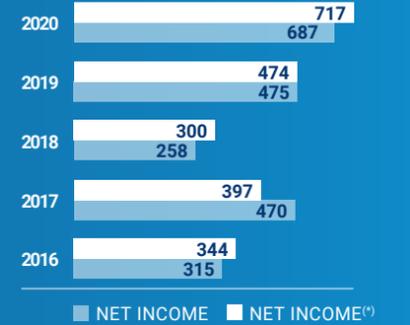
Combined Net Sales (TL Million)



Combined EBITDA (TL Million)



Combined Net Income (TL Million)



Note: Philip Morris is excluded.
(*) Excluding one-off income/expenses.

Note: Philip Morris is excluded.
(*) Excluding one-off income/expenses.

DEVELOPMENTS IN 2020



Significant improvement in profitability through agility

Despite major demand fluctuations in the world and in Turkey due to the pandemic, Sabancı Industry Group Companies managed to improve their profitability in their business lines. This success is a result of successful cost management and agility in supply chain management.

Holistic solutions in the new mobility

In the evolving world of mobility, the Group continued to provide innovative solutions to the new needs of vehicle and service producers as well as end-users. Kordsa contributed with especially light and powerful advanced technology materials, while Brisa contributed with digital fleet management services as well as Otopratik and Propratik to meeting new needs.

Turkey and the world leadership in sustainability

As a result of sustainability efforts, Kordsa and Brisa received Gold and A-sustainability ratings within the scope of global assessments of reputable institutions.



Orion capsule

Industrials

While increasing profitability through effective and agile management in times of high volatility, Industrial Group companies have strengthened their positions in their subsequent markets.

Brisa

Reinforcing its leading position in the Turkish replacement market, its sales in the Export and Original equipment markets reached 45% of the turnover. Brisa focused on digital transformation in its dealer network and sales management system and tire centric total mobility solutions (Digital Fleet Monitoring Systems, Otopratik and Propratik networks).



Kordsa

Kordsa reinforced its leading position in tire reinforcement materials sector during the pandemic, thanks to its proximity to global and regional customers. Kordsa focused on developing products and services for sectors beyond aerospace and aviation in the field of advanced technology composites that it incorporated.



Industry Group EBITDA margin
18%

Industry Group overcame the crisis caused by the pandemic by increasing its profitability with data analysis and effective digitalization in the field, cost and supply chain management.

Temsa Motorlu Araçlar

In 2020, it has reinforced its leadership in the Turkish Pickup market. Significantly increased its share in the passenger cars market and its net sales.

Temsa Ulaşım Araçları

With the partnership made with Czech-based PPF Group, the owner of Skoda Transportation, Temsa Ulaşım Araçları rejoined the group in the last two months of 2020.

Priorities in 2020

In 2020, the top priority of Industry Group companies was agility against fluctuations in demand due to the pandemic. The Companies continued investing for the future. The fluctuations in demand in the world and in Turkey were foreseen with the data analysis models developed in the prior years. Significant profit was also made with a specific focus on supply chains and working capital management.

While achieving successful results in 2020, the agile teams formed within the Industry Group ecosystem, analyzed growth opportunities in innovative adjacent business areas and investments continued.

2020 has been a devastating year for our lives due to the pandemic, however it also brought growth opportunities to Sabancı Holding Industry Group, which had already

started its digital transformation and implements innovative processes and material innovations as part of its daily work.

As the number of digital online meetings rose 60 times, significant improvements have been made in terms of time and cost of internal and external communication. Productivity and reliability of business processes were improved with the Robotic Process Automation (RPA) and therefore employees are able to use their time more effectively for innovation and improvement of existing processes. RPA applications and artificial intelligence assistants of Brisa and Kordsa manage more than 200 processes efficiently.

The digital filtration applications put into practice helped more than 8,500 employees and their families protect their health.

In 2020, Industry 4.0 efforts in companies accelerated. Systems that communicate each other during the production processes, monitor and analyze environment and machine conditions with sensors and trigger actions created predictability and cost advantages.

In the field of digitalization and innovation, the successes of the Industry Group were recognized with many awards.

2020 AT A GLANCE

- 1 Market share and position**
Leader with 32% market share Production capacity
- 2 Production areas**
Izmit: (11 million), Aksaray: (2.5 million) tire production capacity
- 3 Total sales**
TL 4.1 billion (USD 592 million)
Export share: 34%
- 4 Distribution network**
- 1,300 sales points in Turkey
- More than 6 thousand sales points (600 of which have Lassa signs) in 87 countries.
- 5 R&D investments**
TL 40 million

TIRE

With its R&D competency, more than 3,000 employees in Aksaray and Izmit factories that are equipped with Brisa smart technologies and its value added products and services offered to domestic and international markets, Brisa improved the value it offers for its stakeholders. With investments in dealer networks and brands, Brisa once again proved its leadership. 3 new countries were included in the export points while the market share in 13 countries increased.

With these developments, Brisa demonstrated a solid performance in a challenging 2020. Total sales of Brisa reached TL 4,137 million. Despite contractions in international markets, Brisa managed to increase its export volume on TL basis. Generating a strong profit as of the end of the year, Brisa continued its success in cash management. The working capital turnover ratio, which increased from 1.8 to 7 in 2019, reached 14 in 2020. In addition to all these financial successes, Brisa became Turkey's 42nd most valuable brand in Brand Finance's "Most Valuable and Powerful Brands of Turkey" survey. According to the survey, Brisa was the most valuable brand of the tire industry.

Besides their financial success, Brisa's efforts for conserving biodiversity at Izmit and Aksaray plants were rated in the Gold category by BSEMIA (Bridgestone Europe, Russia, Middle East, India, and Africa).

2020 AT A GLANCE

- 1 Market share and position**
Leader in the global market with 27% in Nylon 6.6 and 9% in Polyester
- 2 Production areas**
Tire reinforcement in 7 facilities in Turkey, Brazil, Indonesia, Thailand and USA; composite production in 5 facilities in the USA and Turkey
- 3 Total sales**
TL 4.5 billion (USD 647 million)
(Share of foreign exchange based sales 100%; Share of composite sales 15%)
- 4 R&D investments**
TL 69 million
- 5 Number of patents**
183

REINFORCEMENT



Producing 1 out of every 3 passenger car tires produced in the world, Kordsa demonstrated outstanding performance by maintaining its combined EBITDA levels in its global tire reinforcement and composites (to civil aviation) businesses, which experienced contractions of 17% and 44% respectively. Unlike its competitors concentrated in the Asian market, Kordsa is geographically close to its customers and has strong "customer intimacy." Kordsa attracted a strong customer demand and increased its market share in the last quarter following the contraction.

Axiom Materials, one of the USA-based companies of Kordsa received a new license which will make it possible to supply products for power generation applications in the Oxide-Oxide ceramic composite intermediate materials market.

In the field of composites, the expansion and differentiation efforts were accelerated in the consumer sectors beyond aerospace. With the investments in Turkey, Kordsa started to produce and offer new composite products with very high energy absorption capacity in Europe and Turkey.

Industrials

62 ongoing and 55 completed projects in the field of digitalization returned twice their investment and created value.

The building reinforcement technologies initiative of Kordsa grew 1.8 times in 2020. Kratos branded synthetic fiber reinforcement products provide a total cost advantage to the customer. These products are preferred in infrastructure and superstructure projects due to their energy efficiency, long-term durability and low carbon emission characteristics.

Becoming the market leader in the pick-up sector in 2020 with the Mitsubishi brand, Temsa Motorlu Araçlar improved its net sales and profit compared to the previous year. Regarding Mitsubishi brand's plan to withdraw from European markets in the next 3 years without developing any new models, Temsa Motorlu Araçlar started to develop company transformation plans and after-sales service organization.

Performance in 2020

In 2020, Brisa recorded a turnover of TL 4.1 billion and generated a net profit of TL 541 million. On the other hand, Kordsa generated a turnover of TL 4.6 billion and a net income of TL 149 million in 2020.

Creating an operational cash flow of TL 819 million, Kordsa reduced its net debt from USD 387 million in 2019 to USD 331 million with the acquisition of composite companies. Brisa, on the other hand, created an operational cash flow of TL 1 billion, reducing its net debt from TL 1.2 billion in the previous year to TL 661 million.

Digitalization, Technology and Investments

Industrial companies, which are in a cultural transformation to be ready for the new digital age, have proven that



companies that can quickly adapt maintain their operational success in the pandemic period. In the Industry Group, 62 projects associated with digitalization are ongoing, and the outputs of 55 projects that have been actively used since 2015 have yielded twice the return on their investments.

By integrating Microsoft Teams before the pandemic, which is one of its #dijitalisyeri (digital workplace) applications, Brisa was named among Microsoft's global success stories with its efforts. Brisa transformed its success stories into academic case studies within the scope of the BRİKİM project.

The case studies titled "Digital Transformation with Artificial Intelligence," "Empowering Sales Organization with Digital Technologies," "Gaining Competitive Edge with Working Capital" were presented to academicians and students at Markalarfisildiyor.com, a digital case study library.

The "Stay Safe" application, which enables employees to voluntarily record the people they have contacted with location data, was launched by Brisa to ensure that employees can track back whom they have contacted in the event a risk occurs.



Brisa operating profit
TL 625 milyon

In 2020, dealer network, sales management system, digital transformation and tire centric total mobility solutions (Otopratik) were the focus areas of Brisa.



Kordsa operating profit
TL 434 milyon

Kordsa reinforced its leadership position in the tire reinforcement market by using its "being close" to the customer both geographically and also with customer intimacy.

Brisa introduced an improved version of Filofix roadside assistance service, which is one of the success stories in the Digital Fleet era it has initiated. With Filofix, Brisa offers around-the-clock roadside assistance with one click, regardless of where the customers are.

Every year, about 150 new entrepreneurs and the technology/services they offer are integrated with the business units in Brisa. 30 entrepreneurs were integrated into the system to solve the issues of business units such as Marketing, Mobility, R&D, IT, etc. Collaboration with about 10 of these startups continues in 2021.

Combining its R&D competency with Continental, Kordsa managed to change the formula used to bond textile reinforcement materials with rubber-based compounds for about a century. With innovation in mind, Kordsa continues to work on Cokoon, which is a greener adhesion technology that does not contain Resorcinol and Formaldehyde. More than 70 companies in the industry are interested in this "open source" technology. 24 of these companies signed NDAs to receive information on the study and benefit from the know-how. Two companies besides Kordsa and Continental are in the patent pool.

As part of digital transformation, 17 Kordsa employees including Data Scientists, Data Engineers and Data Translators who participated in Sabancı University's Advanced Data Analytics Program have carried out advanced data analytics projects since 2019. In 2020, Kordsa conducted data analytics studies on energy optimization and waste management in cooperation with SabancıDx and other international consulting companies. As a result of these studies, Kordsa created significant value from data.

People and Sustainability

For more than 5 years, Brisa and Kordsa have been listed in the BIST Sustainability Index, which includes companies with the highest corporate sustainability performances. Growing with technology investments and creating economic value for their stakeholders, Sabancı Industry Group companies are building a sustainable future by using natural resources responsibly. Reporting to CDP Climate Change and Water Programs since 2016, Kordsa and Brisa were rated A- in climate change and A- and B in the field of water programs respectively. These ratings demonstrate their global leadership in these areas. Being awarded the highest rating "A" by CDP in the

"Supplier Communication Rating" category, Brisa was the only Turkish company to be among global leaders in this field.

Brisa and Kordsa were among the companies that partnered with Ecovadis to ensure the sustainability of the global supply chain. As a result of the evaluation of more than 40 thousand companies in terms of sustainability studies, Kordsa was rated "Gold Company" and Brisa was rated "Silver Company" by Ecovadis. Industry Group companies continue to create value for all their stakeholders and develop environmentally-friendly projects. With success in the systematic assessment where environment, employee rights, ethical and sustainable supply practices are taken as a basis, the Industry Group companies prove that they have sustainability in mind in every step they take.

Brisa's efforts for conserving biodiversity at Izmit and Aksaray plants were rated in the Gold category by BSEMIA (Bridgestone Europe, Russia, Middle East, India, and Africa). Aiming to reduce the damage caused by Hatay fires, Brisa donated 4,000 saplings with the support of OGEM-VAK (Foundation for Supporting Forestry Development and Fighting Forest Fires) on behalf of their dealers. The Brisa team,



Industrials

Brisa and Kordsa’s sustainability management systems and practices are rated by Ecovadis and CDP at “leadership” level.

Expansion of holistic services towards total customer experience will continue with a particular focus on leveraging digital transformation, advanced material technology and sustainability.



Our focus on people and society has been crowned with many awards. While the Brazilian factory of Kordsa was selected as “the most amazing place to work,” Brisa’s biodiversity conservation efforts were evaluated in the Gold Category in the Bridgestone EMIA region.

which was established in cooperation with the ROBOTEL Foundation, which offers prostheses to children who cannot use their hand and arm limbs, completed its first training. In 2021, Brisa will continue to print hands with 3D printers to to replace the prosthesis. At Brandonhall Group Excellence Awards, Brisa was deemed worthy of the Gold award in the “Excellence in Sales Performance” category.

In 2020, Kordsa was included in the “most amazing place to work” list in Brazil thanks to high employee satisfaction rates. The list was compiled by São Paulo University Foundation Institute of Administration (FIA) and Universe OnLine (UOL), the largest content, technology, digital payments, media and services company in Brazil as a result of research conducted with 150 thousand employees working in top 100 companies of Brazil.

2021 Priorities and Strategy

Industry Group will have a stronger mobility positioning in 2021 while achieving geographical and industrial expansion.

In order to further consolidate its leadership in the Turkish market, Brisa will increase its market share in original equipment and premium tire categories while maintaining its share in the economy segment. With Otopratik and Propratik chains in Turkey, Brisa will continue its journey also as the total mobility solutions leader.

With its geographical proximity and agility advantages, Kordsa aims to increase its market share in nylon and polyester reinforcement materials. Aiming to transform into an advanced materials company, Kordsa will increase its sales in composite technologies to industries other than the aerospace industry.



Area of activity

Tire production for passenger vehicles, light commercial vehicles, buses, trucks, agricultural and construction vehicles

Market position

Leader: the provider of one out of three tires reaching the final consumer

Countries of production

Turkey

Number of facilities

2 (Kocaeli and Aksaray)

Number of produced covered area

507 thousand m²

Number of exported countries

87

Number of employees

3,122

R&D investments

TL 40 million R&D investment, 88 R&D employees, 16 patents, utility models, design registration, software

Sales network

1,300 + sales points with Lassa sign domestically, sales in 6 thousand + points in 87 countries including 600 with Lassa sign

Sabancı Holding share

43.6%

Website

www.brisa.com.tr

According to data as of 31.12.2020.



Area of activity

Tire and construction reinforcement, composite technologies

Market position

1 out of 3 automobile tires and 2 out of 3 aircraft tires are reinforced by Kordsa.

Countries of production

Turkey, Brazil, Indonesia, Thailand and the USA

Number of facilities

12

Number of produced covered area

580 thousand m²

Number of exported countries

38

Number of employees

4,497

Products

Tire reinforcement products (for passenger, agricultural and industrial vehicles, buses, trucks, aircraft and motorcycles), construction reinforcement products (Kratos macro and micro), composites

R&D investments

TL 69 million R&D investments, 183 patents

Sabancı Holding share

71.1%

Website

www.kordsa.com

According to data as of 31.12.2020.



Area of activity

Sales, marketing, service and spare part services of Mitsubishi Motors branded passenger and commercial vehicles

Countries of activity

Turkey

Distribution network

27 authorized dealers and 52 authorized services

Website

www.temsamotorluaraclar.com.tr

According to data as of 31.12.2020.



Area of activity:

Bus, midibus, battery and electric bus production

Countries of activity

Logistics center in the USA and Germany, activities in around 70 countries

Number of employees

1,374

Website

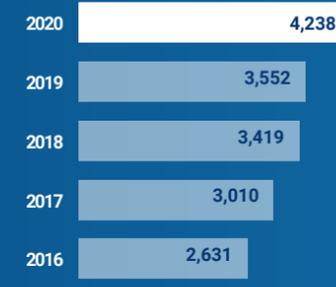
www.temsa.com

According to data as of 31.12.2020.

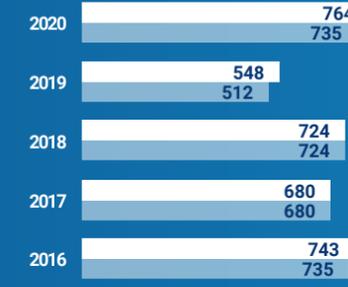
Building Materials

Turkey's cement giants Akçansa and Çimsa focused on creating value to the environment, society and the national economy while carrying out their activities in 2020.

Combined Net Sales (TL Million)

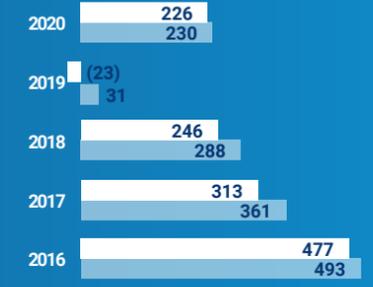


Combined EBITDA (TL Million)



■ EBITDA ■ EBITDA⁽¹⁾
⁽¹⁾ Excluding one-off income/expenses

Combined Net Income (TL Million)



■ NET INCOME ■ NET INCOME⁽¹⁾
⁽¹⁾ Excluding one-off income/expenses

DEVELOPMENTS IN 2020



Strong export performance

With logistics advantage and effective port management, Akçansa demonstrated a successful export performance in 2020.

Leading supplier of the US market

With the export of special cement produced at the Çanakkale Plant, Akçansa is the leading supplier of the US market.

For a livable world

Reducing its carbon footprint with various practices in production for a livable world, Akçansa continues to reduce its environmental footprint with the use of low clinker cement and higher mineral additives.

DEVELOPMENTS IN 2020



New expansions

In 2020, it was decided to establish a company with the title "Çimsa Sabancı Cement BV" in the Netherlands. Sabancı Holding owns 60% and Çimsa owns 40% share in the company.

Pioneering investments

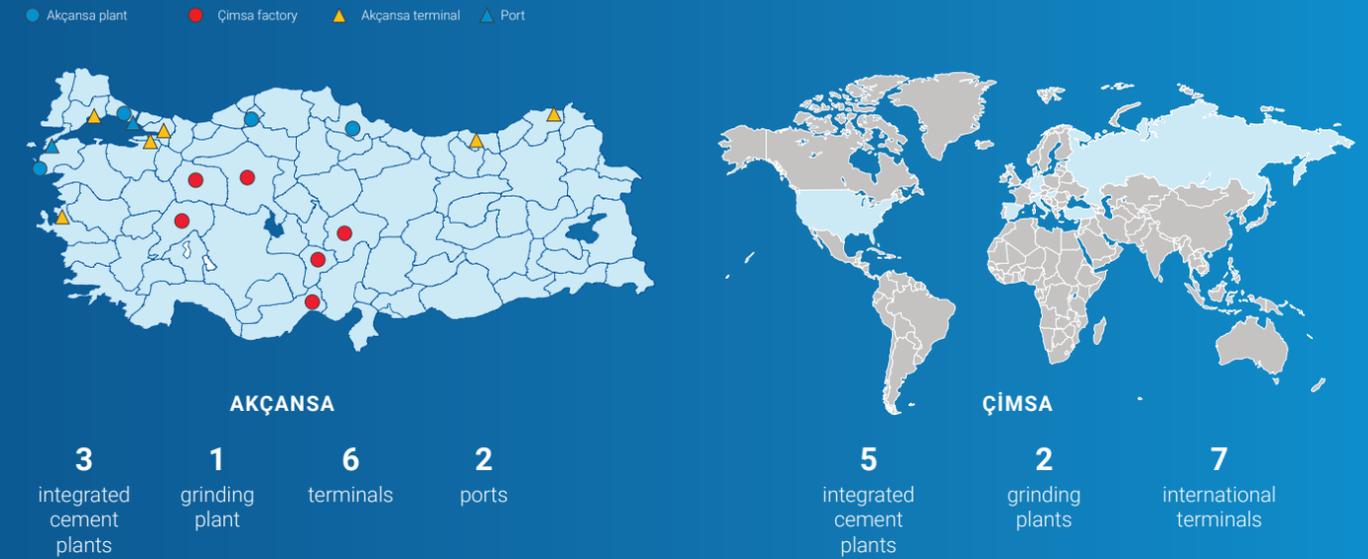
Established by Sabancı Holding and Çimsa, Çimsa Sabancı Cement BV made an important investment with the acquisition of Buñol Plant located in Valencia/Spain for USD 154.5 million.

First cement company to be admitted to Turquality

Turquality is the first and most comprehensive government-sponsored brand development program globally. In 2020, Çimsa made a significant achievement by becoming the first cement company to be admitted to the Turquality program.

Building Materials

In 2020, Building Materials companies contributed to the national economy with a combined export volume of TL 2 billion.



Developments in 2020

Overseas Organization

In line with the long-term strategy of Sabancı Group to become a leading global player in the white cement trade, Çimsa Sabancı Cement BV was established by combining financial power with operational competence. Çimsa Sabancı Cement BV is a productive and financially sound platform operating overseas.

Flexible Business Model During the Pandemic

Akçansa and Çimsa met the demands in the domestic market and export by continuing production at full capacity with flexible business models despite the impact of the pandemic in 2020. Exporting to 17 countries in 4 continents from 3 ports at a record level, Akçansa achieved great success by reaching the highest monthly export volume in the Turkish cement industry's history.

Technology-Oriented and Sustainable Production

Focusing on smart plant systems, data analytics and energy efficiency with the digital strategies they have developed, Akçansa and Çimsa produced greener products by increasing the use of waste as an alternative fuel source.



Priorities in 2020

Industry and Sabancı Building Materials Group companies

Turkish cement industry ranks first in Europe with 55 integrated production facilities, 22 grinding plants and a total annual production capacity of 100 million tons. With the recovery in the domestic market in 2020 after the contractions in 2018 and 2019, there has been an increase in the export volume of the Turkish cement industry.

Akçansa and Çimsa represent 16% of total Turkish clinker capacity

Akçansa produces cement and ready-mixed concrete in the Marmara, Aegean and the Black Sea regions. Akçansa operates 6 cement terminals in Ambarlı, Aliağa, Yalova, Derince, Trabzon and

Marmara Ereğlisi in addition to Istanbul, Çanakkale and Ladik plants. Operating in the Marmara, Aegean and Black Sea regions of Turkey, Akçansa produces ready mix concrete at 26 ready mix concrete plants under the "Betonasa" brand and aggregate in the Saray, Kemerburgaz, Samsun and Bursa aggregate quarries under the "Agregasa" brand. Also, Karçimsa Cement Grinding and Packaging Facility has been established with the partnership of 51% Akçansa and 49% Karabük Demir Çelik İşletmeleri.

Çimsa operates in the cement and building materials industry with integrated plants in Kayseri, Mersin, Eskişehir, Niğde and Afyonkarahisar; two grinding plants in Houston/USA and Ankara; 21 ready mix concrete facilities and international cement terminals.

Focusing on sustainable production in 2020, Building Materials Group companies continued to create value to their stakeholders.

2020 Performance

In 2020, Building Materials companies contributed to the national economy with a combined export volume of TL 2 billion.

Exceeding its record in the history of the Turkish cement industry, Akçansa reached an export amount of 4.1 tons in 2020 thanks to the logistical advantage provided by Çanakkale and Ambarlı ports. Operating in important export markets with its effective port management and long-term customer portfolio, Akçansa's export revenue rose by 26% compared to the previous year.

A world-renowned brand in white cement, Çimsa maintained its contributions to the Turkish economy in 2020. Via its seven terminals and one grinding plant abroad, Çimsa exports white cement and specialized products to more than 65 countries - especially in the Middle East, Europe, North Africa and North America. With the logistical advantage of its Mersin Plant, Çimsa increased its export revenue in 2020 compared to the previous year.

Operating at full capacity thanks to domestic and international sales, the sales income of the companies rose over



the prior year. Despite the rising energy costs due to the exchange rates, Building Materials Group companies managed to make a difference in the industry with the improvements in fuel and raw material usage recipes while making use of the advantages of their logistics networks.

With Buñol Plant joining the production and distribution network, Building Materials Group aims to establish a sound export network in North Africa and South America markets as well as Europe by having a say in a wider geography. With a 40% increase in production capacity thanks to this investment, it is expected that the group will rise to the leading position in the global white cement trade.

In 2020, the highest alternative fuel usage rate has been achieved

With an alternative fuel use of 19% in Akçansa and 7% in Çimsa (including Afyon factory), the Group reached the highest level in its history in the use of alternative fuel. Akçansa Büyükçekmece plant is positioned as the solution partner of Istanbul's waste issue. By using most of the dried sludge from the treatment plants of İSKİ in Istanbul and the fluid waste from ships in the Sea of Marmara with the collaboration of İSTAÇ as fuel in the Büyükçekmece plant, energy recovery is provided. At the Sabancı Golden Collar Awards, Akçansa received the first prize in the Lean Transformation category with its Alternative Fuel Project.

Building Materials

Achieving a first in Turkey, Betonsa monitors the quality of concrete instantly and remotely. Betonsa continues to lead the sector in digitalization and innovation with its Smart Concrete product.

Akçansa is the strategic solution partner in 1915 Çanakkale Bridge

Akçansa is among the suppliers of 1915 Çanakkale Bridge, which will be the "World's largest suspension bridge with a span." After the completion of the tower constructions, the construction of the concrete structures on the approach viaducts continued in 2020. A total of 480 thousand cubic meters of concrete was used in the project, including the construction of the approach viaduct decks. 1915 Çanakkale Bridge Project is an exemplary project with innovative product studies and zero-error project management while leaving a legacy to the generations to come.

Digitalization, Technology and Investments

Pioneer in technology-oriented and innovative production

By breaking new ground in the sector as a result of long-term R&D studies, Akçansa digitalized the traditional sampling management and launched the Smart Concrete product. The quality of the concrete is measured with digital sensors placed inside the concrete. As the first concrete company to prove the sustainability of its quality and share it with its customers thanks to the technological infrastructure provided by Vodafone Business, Betonsa controls the quality of the concrete used in its projects remotely with the application installed on customers' mobile devices.

Building Materials companies created a cloud infrastructure to develop projects with big data, within the scope of the Advanced Data Analytics program



As the leading building materials companies in Turkey, Akçansa and Çimsa continue to invest by prioritizing sustainability and technology.



commenced with SabancıDx. The company developed a machine learning initiative to reduce electricity consumption in kiln, cement and raw meal mills.

Focusing on Industry 4.0 projects by prioritizing smart factory systems, data analytics and efficiency in line with its digital strategies, Çimsa's R&D Center Formula Center continues its activities inside the Mersin Plant as a global solution center for the needs of cement users.

The production of "Duro," which is the most recently developed product in the Formula Center, is only carried out by Çimsa in Turkey. With a low melting point,

Duro helps to clean steel melts at 1,375°C and does not include fluorine. Duro was offered to the iron and steel industry as an environmentally-friendly material.

Another project of Çimsa, "Forge" became one of 8 projects supported by the EU Commission within the scope of "nanotechnology, advanced materials, biotechnology, advanced manufacturing and processing technologies" areas under TÜBİTAK Horizon 2020 Program's Industrial Leadership and Competitiveness category.



Reduction in environmental impact with 1803 Concrete product

55%

Completing the environmental product declaration process conducted by Global Cement and Concrete Association for its ready mix concrete products, Akçansa became the first company to obtain this certificate.

People and Sustainability

Sustainability

In line with the solution-oriented strategy adopted in the field of climate change at Akçansa and Çimsa; environmental and economically effective solutions such as alternative fuel and raw material use are implemented in addition to energy efficiency and emission reduction practices.

As a result of studies conducted with a sustainable product focus, Akçansa used recycled alternative raw materials in the 1803 Concrete product, which was developed especially for 1915 Çanakkale Bridge and possesses superior performance characteristics. Compared to traditional concrete, the product's environmental impact is 55% lower. Akçansa became the first in Turkey and the sixth in the world to receive the "Responsible Use of Resources Certificate - Gold Level" from the International Concrete Sustainability Council (CSC). Therefore, Akçansa was able to improve its image in the eyes of export customers.

Pioneering the industry in the adoption of sustainable and responsible business models, Akçansa completed the environmental product declaration process of the Global Cement and Concrete Association for its ready mix concrete products, becoming the first ready mix concrete manufacturer to obtain this certificate.



Building Materials

Çimsa is focused on creating value to the environment, society and the national economy within the scope of its sustainability studies.

Çimsa is focused on creating value to the environment, society and the national economy within the scope of its sustainability studies. While carrying out the investments, designing the product and service development applications, social and environmental factors are taken into consideration. With its waste policy, Çimsa aims to contribute to a clean environment, to provide value to its main areas of activity, and to protect the health of its stakeholders by managing the disposal of wastes in a modern method.

Gold standard in employee management and development

Akçansa's human resources practices were awarded the Gold Standard by Investors in People (IIP), making it the first company to receive a certificate in the 6th generation. With the Gender Equality policy it has published, Akçansa contributes to the combat against all kinds of discrimination and providing equal opportunities in an inclusive environment. Believing that domestic violence can only be prevented through social gender equality, Akçansa became one of the 12 founders of the "Business Against Domestic Violence, BADV" project, launched by Sabancı University with the support of the United Nations Population Fund (UNFPA).

Corporate social responsibility

Reaching over 35 thousand students, teachers and parents for the last 4 years, Akçansa's mobile education program conducted within the scope of "My Neighborhood" went digital due to the disruption of education during the pandemic, the increased free time of



Reaching over 35 thousand students, teachers and parents for the last 4 years, Akçansa's mobile education program conducted within the scope of "My Neighborhood" went digital.



students and their changed habits. Going digital in order to create a solution to the problems experienced and to ensure that students spend their time well, "My Neighborhood" project continued to contribute to the education of children with the support of TOÇEV's expert instructors. Akçansa's graffiti mixer set on a journey to wander around the villages in Turkey and distributed boots, coats and toys to children in need.

On the other hand, Çimsa executes social responsibility projects with its sustainability approach focused on creating value for the society and defines education as one of the areas that need corporate support and contribution and prioritizes projects that support children.

With the Yaz Çocukları project, which has been ongoing for nine years, Çimsa contributes to the children who live in rural areas to have a desire to succeed, to

The priorities of Building Materials Group companies in 2021 are to realize their high-added value digital transformation projects and to increase the use of alternative fuel.

develop teamwork and cooperation, while aiming to support their emotional, social and physical development. The project started in 2011 with the participation of the children of Çimsa Niğde Plant employees.

Additionally, Çimsa has made a collaboration with the Mersin Metropolitan Municipality within the scope of the Disability Awareness Week for six years, contributing to the supply of battery-powered wheelchairs for disabled people. In the project, 241 battery-powered wheelchairs have been delivered to those in need.

2021 Priorities and Industry Strategy

With the recovery started in the domestic market in 2020, Akçansa and Çimsa met the domestic demand and worked full capacity while maintaining its export volume. The priorities of the Building Materials Group companies in 2021 are to realize their high-added value digital transformation projects and to increase the use of alternative fuel. In this context, studies involving smart factory systems and cloud solutions are progressing at full speed to increase production and efficiency in energy usage. The Buñol Plant, which is a leading global white cement production facility, will be integrated into the Building Materials network.

AKÇANSA

Area of activity

Grey cement and clinker production, ready mix concrete

Countries of activity

Turkey

Cement and clinker plants

3 integrated plants (Istanbul - Büyükçekmece, Çanakkale and Samsun - Ladik)

Terminals

6 Terminals (Istanbul-Ambarlı, Izmir- Aliağa, Yalova, Trabzon, Derince and Marmara Ereğlisi)

Total capacity

9.2 million tons/year cement

Ready mix concrete and aggregate plants

25 concrete plants and 2 aggregate quarries

Number of employees

1,009

Sabancı Holding share

39.7%

Website

www.akcansa.com.tr

According to data as of 31.12.2020.

ÇİMSA

Area of activity

Grey and white cement and clinker production, calcium aluminate cement production, ready mix concrete

Countries of activity

Turkey, Germany, USA, Italy, Spain, Russia, Romania and TRNC

Cement plants

5 integrated plants (Mersin, Eskişehir, Kayseri, Niğde and Afyonkarahisar), 1 overseas grinding plant (Houston/USA), 1 domestic grinding plant (Ankara), 7 International terminals (Hamburg/Germany, Trieste/Italy, Seville and Alicante/Spain, Famagusta-TRNC, Constanta-Romania and Novorossiysk-Russia)

Ready mix concrete plants

21 concrete plants

Total capacity

5.2 million tons/year grey cement, 1.7 million tons/year white cement

Number of employees

1,100

Sabancı Holding share

54.54%

Website

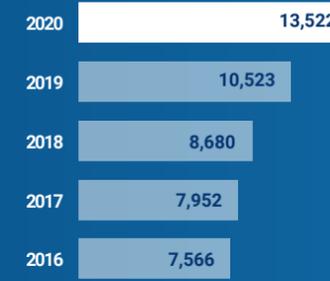
www.cimsa.com.tr

According to data as of 31.12.2020.

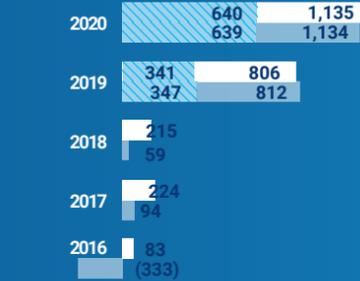
Retail

In 2020, Sabancı Retail Group companies Carrefoursa and Teknosa managed to increase their online sales volume 4 times through their digital platforms.

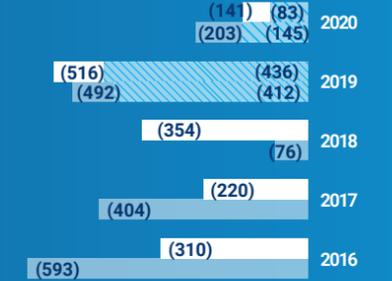
Combined Net Sales (TL Million)



Combined EBITDA (TL Million)



Combined Net Income (TL Million)



■ EBITDA ■ Excluding IFRS16

■ EBITDA(*)

(*) Excluding one-off income/expenses.

■ NET INCOME ■ Excluding IFRS16

■ NET INCOME(*)

(*) Excluding one-off income/expenses.

DEVELOPMENTS IN 2020



Significant steps in online shopping

Receiving a great demand from its online channel due to the COVID-19 pandemic, the share of e-commerce revenue in the total turnover of Carrefoursa increased more than two times.

Lezzet Arası

Providing gastronomic freedom to its customers in market prices with a total of 13 Lezzet Arası restaurants, Carrefoursa launched a delivery service, taking into account the measures of the pandemic.

New franchising system

In order to include the esteemed entrepreneurs in its market chain, Carrefoursa has taken an important step this year and initiated a franchising system including Super and Mini market formats.

DEVELOPMENTS IN 2020



Seamless customer experience

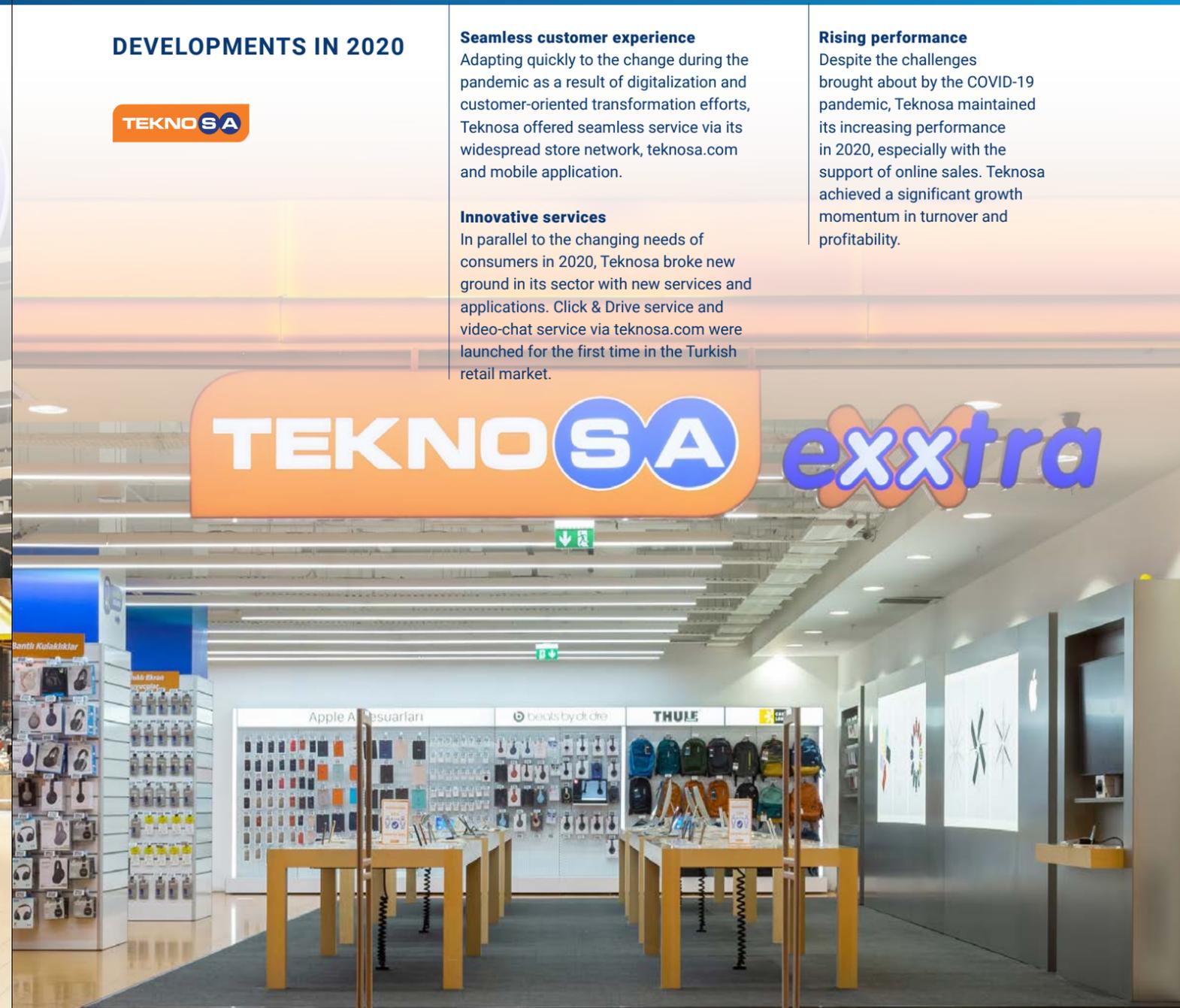
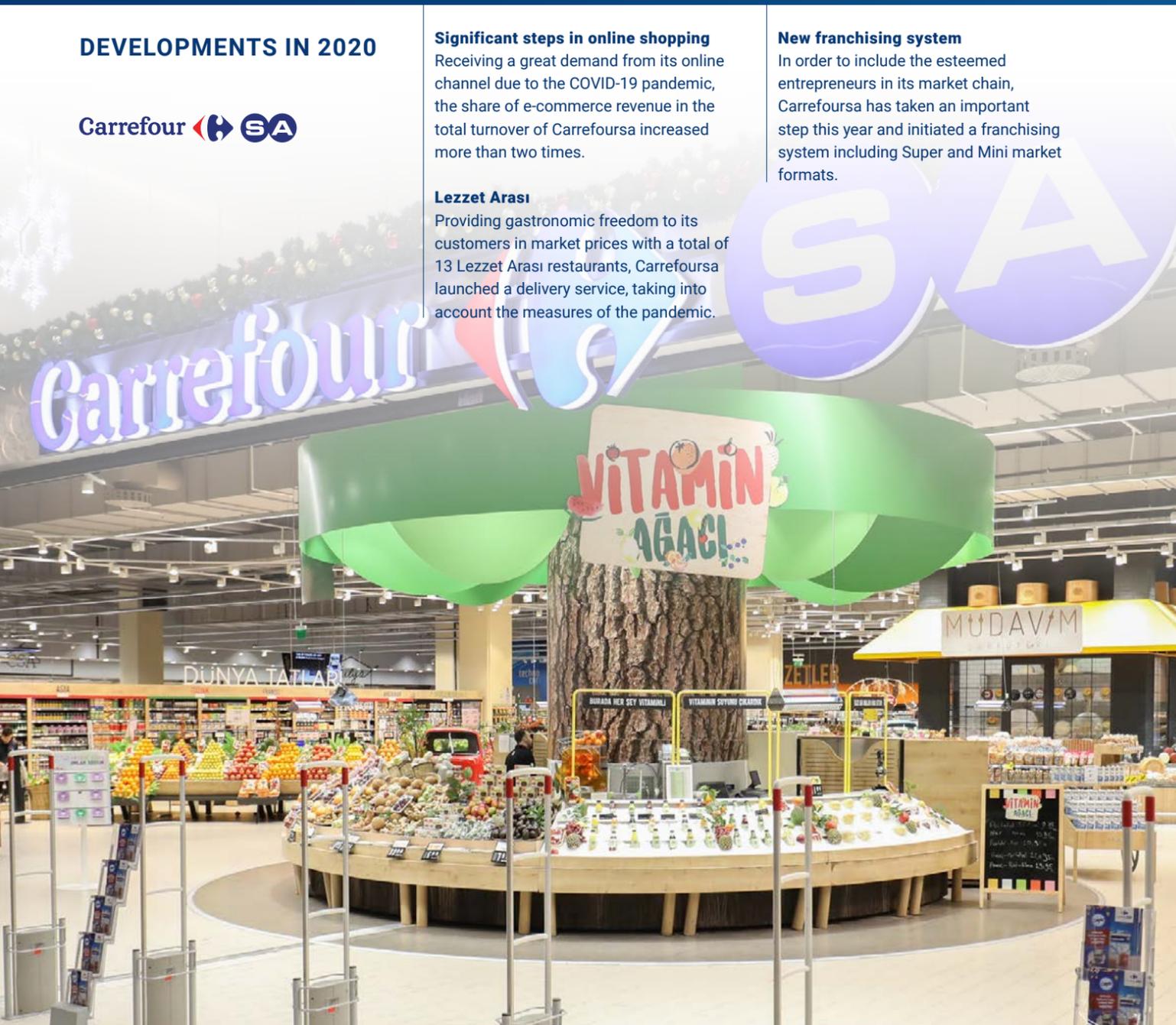
Adapting quickly to the change during the pandemic as a result of digitalization and customer-oriented transformation efforts, Teknosa offered seamless service via its widespread store network, teknosa.com and mobile application.

Innovative services

In parallel to the changing needs of consumers in 2020, Teknosa broke new ground in its sector with new services and applications. Click & Drive service and video-chat service via teknosa.com were launched for the first time in the Turkish retail market.

Rising performance

Despite the challenges brought about by the COVID-19 pandemic, Teknosa maintained its increasing performance in 2020, especially with the support of online sales. Teknosa achieved a significant growth momentum in turnover and profitability.



Retail

As of the end of 2020, Sabancı Retail Group companies serve consumers through 699 food markets and 211 technology stores in 70 cities.

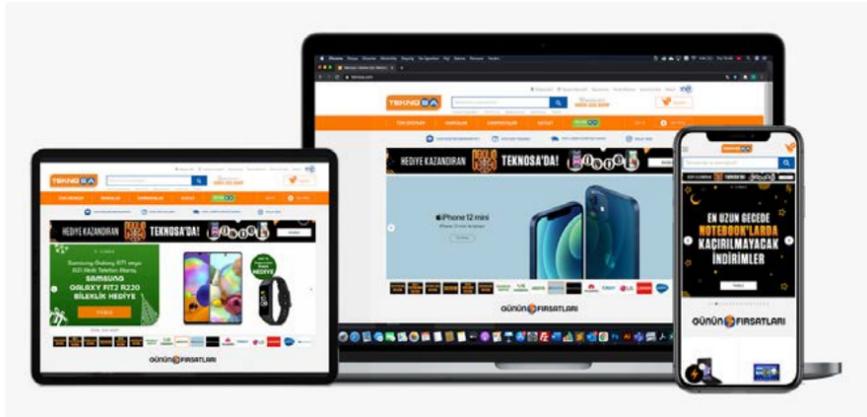
Retail Transformation Program

Thanks to holistic transformation programs executed by Sabancı Holding retail companies - including New Generation Market of Carrefoursa and Teknosa of the New Generation – successful operational results were achieved in 2020.

Carrefoursa improved both its product range and service approach in line with the data obtained through CRM activities and enriched customer experience measurement data.

Teknosa prioritized CRM and data analytics efforts to redesign the systematic processes to be customer-oriented and lean, and to provide customers with the best experience. In line with these efforts, Teknosa improved its customer satisfaction and operational efficiency.

Global pandemic adversely affected economies, sectors and the retail sector all over the world. Besides, the food retail industry, in which Carrefoursa operates, worked uninterruptedly to meet the basic needs of consumers and continued its strong growth. With the transformation in education, economy and social life, and the acceleration of digitalization, technology needs became indispensable in this process. The increasing demand of consumers affected the sector where Teknosa operates positively.



The organized food retail market grew 27.3% compared to the previous year and reached a volume of TL 174 billion. The technology products market reached a volume of TL 89 billion with an increase of 37.8%.

Priorities in 2020

Both companies attached importance to the health of their employees, customers and society and implemented health and safety measures at the highest level since the outbreak of the pandemic. Teknosa and Carrefoursa put all guidelines of the Ministry of Health and the Ministry of Interior into practice to the fullest extent by constantly disinfecting its stores, distributing masks and health kits to its employees and offering services in compliance with social distancing measures.

Ensuring that everyone reaches their vital needs such as food and hygiene products, Carrefoursa continued its services through its stores and online channels without interruption. Teknosa became the first technology retailer that closed its stores in accordance with health measures. Between March 22 and June 1 when Teknosa stores were closed and in times when measures were taken, Teknosa continued its seamless services via teknosa.com and mobile application.

In line with the Sabancı of New Generation vision, Carrefoursa continued its transformation efforts in 2020. As a result of investments made in digitalization for a long time, Carrefoursa's online market can be accessed on the web and on mobile devices. Reaching 6 million visitors today, the online market mobile app was

2020 AT A GLANCE

- 1 Market share**
4.52%
(Modern Trade FMCG market share)
- 2 Number of Stores**
699 (52 provinces)
- 3 Sales area**
525 thousand m²
- 4 Turnover per square meter**
TL 15.5 thousand 21.1%
- 5 Number of customers**
138 million

FOOD RETAILING**2020 AT A GLANCE**

- 1 Market share**
7%
(Technology products panelmarket)
- 2 Number of Stores**
211 (68 cities)
- 3 Sales area**
97 thousand m²
- 4 Turnover per square meter**
TL 42 thousand 23%
- 5 Number of visitors**
175 million

TECHNOLOGY RETAILING

downloaded for more than 150 thousand times. The number of monthly orders placed via the app reached 200 thousand. In this context, new services such as "Priority Delivery," "Hotline Order" and "Pick-Up in Store" were made available to the customers.

Carrefoursa examines customer purchasing habits by analyzing data obtained through Carrefoursa membership cards and offers its customers convenient campaigns in line with their expectations.

In Teknosa, new processes have been introduced to analyze the data with artificial intelligence algorithms and to optimize the customer experience. As of the end of 2020, there are 17.5 million individual customer data at Teknosa. In order to offer consumers the right product mix at the right locations, acquire new customers, increase the productivity of stores, making dynamic pricing, stock and expense optimization, reaching turnover and profitability targets; data-based analyzes were developed and operational efficiency has been increased.

Within the scope of rising online shopping trends, Teknosa developed web-chat, WhatsApp and telesales applications to provide one-on-one service to customers. Launching the first video-chat application in the Turkish organized retail market,



Teknosa provides store experience in the virtual platform. Additionally, Teknosa made a difference in the sector with same-day and next-day delivery services in over 40 provinces.

Dedicated to supporting domestic producers, Carrefoursa procures the right product from the right producer and offers these products with the right pricing policy in line with its new communication strategy "Doğrusu Carrefoursa'da" (Right Choice at Carrefoursa).

In order to include esteemed entrepreneurs of Turkey to its market chain, Carrefoursa initiated a franchising system. Within the scope of the system, franchises of Mini and Super formats were granted and it is aimed to reach a total of 100 franchises by 2021.

Aiming to offer the freshest vegetables and fruits from the field at the most affordable prices, Carrefoursa collaborated with the Ministry of Agriculture and Forestry, General Directorate of Agricultural Enterprises (TİGEM) and General Directorate of Agricultural Research and Policies (TAGEM) in 2020. Carrefoursa supports producers with Turkish seeds and ensures that the safest products are brought to the stores by inspecting the production process. Offering veterinary inspected 100% domestic red meat to its customers, Carrefoursa increased its red meat sales by 26% in 2020. Supporting sustainable fishery, Carrefoursa cooperates with farms, where every process is controlled. Carrefoursa offers different fish species in its stores during the fishing season with the Aquaculture Platform it has established in Gebze.

Retail

Sabancı Retail Group companies are providing seamless services with differentiated formats and multiple channels positioned in line with the needs of the customers.

Performance in 2020

Thanks to the progress achieved in digitalization and customer-focused transformation with the motto "Teknosa of New Generation," Teknosa maintains its healthy and continuously rising performance. Despite a difficult year shadowed by the effects of the pandemic, the 2020 turnover of Teknosa grew by 36% compared to the previous year to TL 5.6 billion. Teknosa's net income rose to TL 85.3 million from a loss of TL 148.6 million - achieving an increase of TL 234 million.

Teknosa's online channel, teknosa.com also had a very successful year by making a difference in service quality. In the second quarter of the year, when the stores were closed for 2 months due to the pandemic, record growth of 580% was achieved in online sales. Teknosa's online revenues grew 3.6-fold annually to exceed TL 1 billion. An increase of 40% was achieved in terms of the number of visitors. As a result, the share of online sales in retail sales reached 19%.

Offering services through 211 stores in 68 cities in addition to teknosa.com and mobile platforms, Teknosa is the most widespread technology retail company in Turkey. The Company welcomed nearly 175 million visitors in its stores and teknosa.com throughout the year.

As of 2020, Carrefoursa boasts a network with 525 thousand m² total net sales area consisting of 30 Hypermarkets, 389 Supermarkets, 28 Gourmets and 228 Mini and 24 franchise markets and recorded a turnover of TL 7.9 billion.

Online sales share
19%

Teknosa increased its revenues by 36 percent compared to the previous year and reached TL 5.6 billion. Its online revenues grew 3.6-fold annually to exceed TL 1 billion.



Carrefoursa has a market share of 4.52% (Modern Trade FMCG market share) and a turnover per square meter of TL 15.5 thousand, with an increase of 21.1%. Closing the year with a total of TL 183 million in investments, Carrefoursa has become a brand that provides 500 thousand people on a daily basis with products and services with its customer-oriented approach and 170 million customers have shopped from its stores in total. Currently, Carrefoursa has 11,032 employees. Sabancı Holding share at Carrefoursa is 57.12%.

Women-Focused Support Projects

Technology for Women Project

Since 2007, Teknosa has provided digital literacy training to more than 20 thousand women as part of the "Technology for Women" project. In 2020, courses were moved to the online platform due to the pandemic and more than 2,500 women across Turkey participated the education program.

As a signatory of the Women's Empowerment Principles (WEPs), a joint initiative of UN Global Compact and UN Women, since 2018, Teknosa has committed to seven principles for establishing corporate policies to promote gender equality and become the first technology retailer from Turkey to have taken part in this platform.

Empowered Women with Carrefoursa

Carrefoursa demonstrated the importance it attaches to gender equality on a global scale by becoming a signatory of the Women's Empowerment Principles (WEPs), an initiative of the United Nations Entity for Gender Equality and the Empowerment of Women (UN WOMEN) and the UN Global Compact. As of today, there are only 9 food retailers in the world, including Carrefour who are signatories of the WEPs Platform.

Environmentally-Friendly Actions

Teknosa continued to work towards the efficient use of natural resources, energy efficiency, waste management, and waste recycling in 2020. Teknosa undertook the following efforts for energy efficiency:

With the automation system installed in 56 stores that does not allow manual intervention, around 15% (1.73 million kW on an annual basis) of energy has been saved.

With the use of LED lighting in the Gebze logistics center and 114 stores, 4.3 million kW of energy has been saved annually. LED lighting was placed in new and renovated stores.

In an attempt to reduce CO₂ emissions, 71% of the vehicles in the rental vehicle pool have been converted to hybrid vehicles.

Disclosing reports on climate change and water for the first time within the scope of the Carbon Disclosure Project (CDP) in 2020, Carrefoursa proved its awareness and commitment to this issue. Carrefoursa supplied 550 tons of products to the "Support Market" established within the scope of collaboration with TİDER. The products supplied reached 22 thousand people. Efforts are underway to obtain the "Basic Level Zero Waste" certificate within the scope of the "Zero Waste" initiative of the Ministry of Environment and Urban Planning. By the end of 2020, a certificate has been obtained for 69 stores.

2021 Priorities and Industry Strategy

Teknosa will focus on providing its customers with a comprehensive and end-to-end experience to meet their increasing technology needs due to the acceleration of digitalization. In this context Teknosa's priorities are to improve the e-commerce

channels, develop new applications where online and physical experiences are blended, offer innovative products and services in line with the expectations of customers and to evaluate alternative channels and business models in the coming period. Teknosa plans to use data analytics effectively and increase the value it creates for its stakeholders by investing human resources and technology.

With the New Generation Market vision, Carrefoursa aims to continue digitalization and provide customers with more access to the online market through all digital channels. Carrefoursa also aims to meet the shopping needs of its customers with new generation services, open 100 new markets in one year with franchising method, maintain its support to the domestic producers and to provide consumers with the right product at the right price.

Carrefour

Area of activity

Food and non-food retailing

Countries of activity

Turkey

Number of provinces

52

Number of Stores

699 (30 Hypermarkets, 389 Supermarkets, 28 Gourmets and 228 Mini and 24 franchise market)

Digital sales channels

carrefoursa.com and mobile application (iOS and Android)

Annual number of customers

138 million

Sales area

525 thousand m²

Number of employees

11,032

Number of loyalty cards

4.1 million+

Sabancı Holding share

57.12%

Website

www.carrefoursa.com

According to data as of 31.12.2020.

TEKNOSA

Area of activity

Technology retailing

Countries of activity

Turkey

Number of provinces

68

Number of Stores

211 stores (including 23 Carrefoursa sales points)

Digital sales channels

teknosa.com and mobile application (iOS and Android)

Number of visitors

175 million

Sales area

97 thousand m²

Number of employees

2,337

Customer data

17.5 million

Sabancı Holding share

50.00%

Website

www.teknosa.com

According to data as of 31.12.2020.

SabancıDx

SabancıDx entered 2020, the beginning of a new decade, with significant investments in digital technologies and achieving important milestones in terms of corporate transformation.

PRIORITIES IN 2020

Transformation

SabancıDx entered 2020, the beginning of a new decade, with significant investments in digital technologies and achieving important milestones in terms of corporate transformation. In the light of 2020 priorities determined as the concept of savings, efficiency and security, SabancıDx focused on developing projects that will benefit people, nature and society and to develop products based on new generation technologies. Thanks to the rapid reflexes provided by the agile transformation journey, there were no disruptions in the services provided to the customers during the COVID-19 outbreak that spread all over the world in the first months of 2020. Standing by our customers, especially those who directly serve to the benefit of the public, we made efforts for them to provide a better service.

Services

In 2020, when the basis of new normal and new habits were set, we did not only improve our current products but also developed new products with the aim of achieving our technology export goal. Besides significant investments made in the field of cybersecurity, it is aimed to expand the cybersecurity team by 30% in 2021. SabancıDx made important efforts in the field of technology with its capabilities such as big data, advanced data analytics and robotic workforce.



Digitalization, Technology and Investments

In order for humanity to maintain its existence in the world, the usual course must change. SabancıDx creates different solutions against crises arising from different elements with new generation technologies, its area of expertise. As a result of these studies, a new artificial intelligence-based product named "CDx" was launched in 2020. CDx saves 1,000 households of energy from one cement

kiln. While digitalizing the production processes in cement plants, which possess 6% of the total energy consumption of Turkey, CDx supported carbon emission strategies as well.

Within the scope of advanced data analytics activities carried out under the name of DnA Platform, total value of TL 330 million was generated in 2020 with 134 analytics projects, carried out with more than 200 Sabancı Group employees.

Total value created by 134 analytical projects with the DnA Platform
TL 330 million

SabancıDx creates value for companies by offering increased productivity focusing on advanced data analytics.

Number of SabancıDx employees
+200

With its agile working understanding and equipment based on garage culture, SabancıDx Digital Campus continued its new generation operation approach in 2020.

It is observed that different dynamics are created with the emergence of Generation Z employees. Taking into consideration the important values and the ways of doing business of our era, a new generation performance management application "Perfx" was launched. As a flexible, transparent and feedback-based performance management platform that complies with the values and strategies of Sabancı Group, Perfx provides important contributions in terms of building positive perceptions, employee experience and achieving common goals.

People and Sustainability

Established in 2019, SabancıDx Digital Campus provides a new generation business approach based on a garage culture equipped with agile operations. The Digital Campus, where entrepreneurship culture, new ideas and collaboration are promoted, helps achieve sustainable benefits. Upon the development of the Design-Oriented Thinking Journey cultural transformation program and the improvement of innovation competencies, COVID-19 and remote working principles were implemented rapidly. As a result of these efforts, SabancıDx received the Great Place to Work (GPTW) certificate. As of the end of 2020, SabancıDx has 219 employees.

2020 was an important year for SabancıDx's brand recognition as well. Especially during the pandemic, SabancıDx

SabancıDx considers offering the digital infrastructures of the new normal to its customers with its solution portfolio that is constantly growing and expanding with new generation technologies, among its top priorities. These technologies include Big Data, Advanced Data Analytics, Cyber Security, Industrial IoT, Robotic Workforce and Artificial Intelligence.

assumed an active role to raise awareness on new generation technologies and guiding companies in their transformation journeys. As a result of the services provided by SabancıDx, steps were taken in line with the mission of "carrying organizations to the future by producing sustainable benefits with innovative digital ideas." As a digital and analytical company, SabancıDx brand is positioned as a major player in its area.

2021 Priorities and Industry Strategy

In 2021, we will experience a transformation to an entirely "new normal." Digitalization and new generation

technologies are going to be the most important topics in the global agenda. Defining digital transformation as an indispensable part of the "new normal" in this exciting journey, SabancıDx assumes the task of being the driving force of this transformation. SabancıDx considers offering the digital infrastructures of the new normal to its customers with its solution portfolio that is constantly growing and expanding with new generation technologies, among its top priorities. These technologies include Big Data, Advanced Data Analytics, Cyber Security, Industrial IoT, Robotic Workforce and Artificial Intelligence.



Others

As of year-end 2020, the Hiltonsa chain of hotels had a 790-room capacity in total: 309 rooms at Ankara Hiltonsa, 295 rooms at Adana Hiltonsa, and 186 rooms at Mersin Hiltonsa.

Tursa/AEO

Tursa, a Sabancı Holding subsidiary, is the owner of Adana Hiltonsa and Mersin Hiltonsa, while Ankara Enternasyonal Otelcilik owns Ankara Hiltonsa. The Group entered the tourism industry with Adana Erciyes Hotel many years ago. The Group first gained traction in the form of a founding partnership with the inauguration of the Ankara Hiltonsa Hotel in 1988. The Group's tourism business expanded further with Mersin Hiltonsa hotel in 1990 and reached its current state with the opening of Adana Hiltonsa in early 2001. As of year-end 2020, the Hiltonsa chain of hotels had a 790-room capacity in total: 309 rooms at Ankara Hiltonsa, 295 rooms at Adana Hiltonsa, and 186 rooms at Mersin Hiltonsa. The hotels are operated by the Hilton Group.

Philsa

Philsa was established in 1991 as a joint venture owned 75% by Philip Morris International (PMI) and 25% by Sabancı Holding. Starting operations in late 1992, the manufacturing facility in the Torbalı district of İzmir has built its reputation as a world-class factory thanks to its specialized staff and investments in state-of-the-art technology. As of the end of 2020, approximately USD 964 million investment was made to this factory. Philsa produces the highest quality for Turkish and foreign markets.

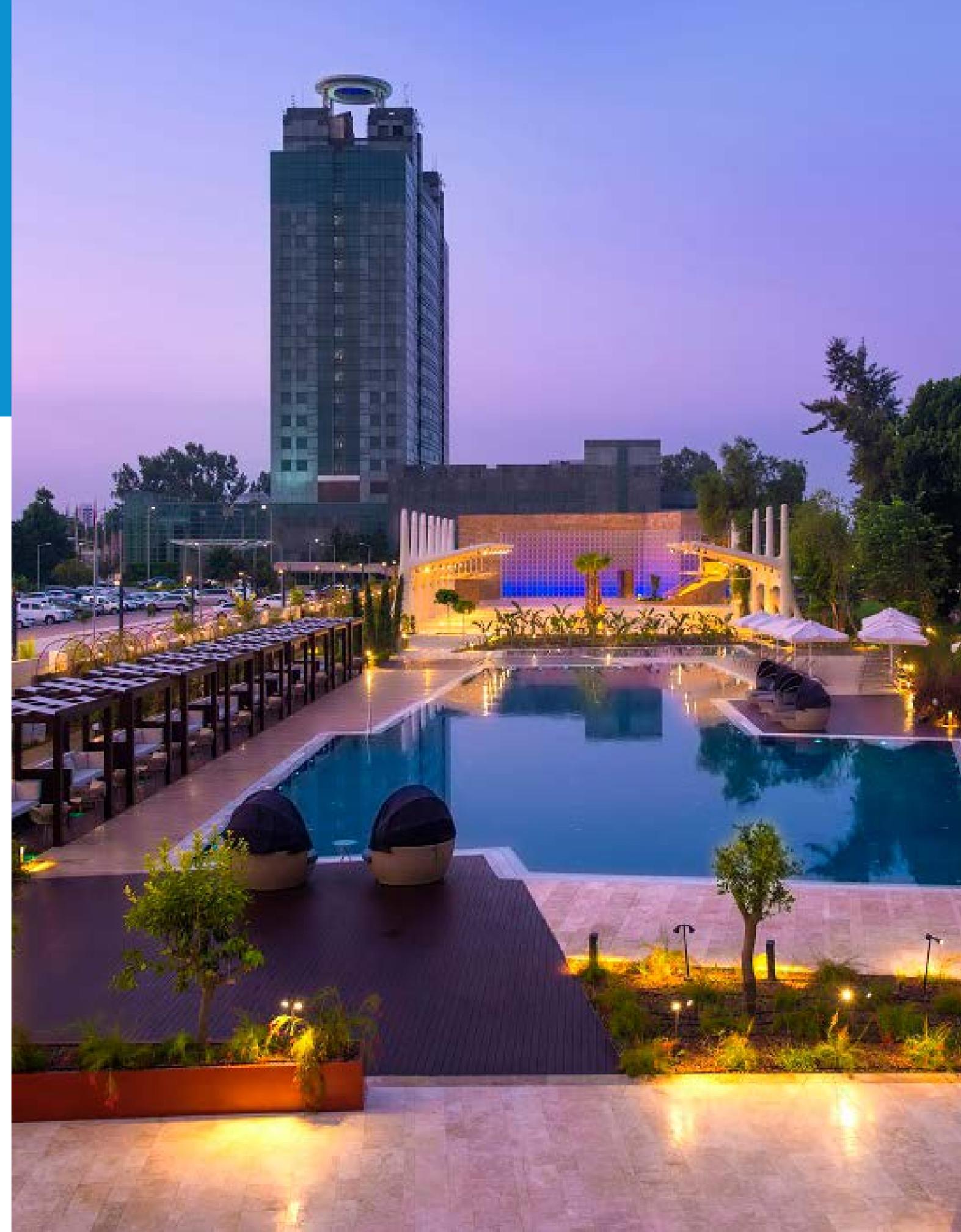
Philip Morrissa

Established in 1994 as a joint venture owned 75% by Philip Morris International (PMI) and 25% by Sabancı Holding, PMSA undertakes the nationwide sales and

distribution of PMI's cigarette brands in Turkey. The company's distribution network includes nearly 150 thousand sales points in 81 provinces. With over 40 distributors and their sales staff, PMSA has one of the largest sales networks in Turkey with approximately 2 thousand sales personnel in the field. As of year-end 2020, PMSA captured a 41.2%^(*) share of the legal cigarette market.

While improving their competitiveness by establishing a lean and effective value chain with digital transformation, PMSA and Philsa have focused on creating long-term value with a sense of responsibility and a sustainability vision.

^(*) Source: Nielsen Retail Audit December 2020



Foundation

We touch the lives of individuals everywhere in Turkey.

HIGHLIGHTS OF SABANCI FOUNDATION'S ACTIVITIES

78
Residential Areas

Grant Programs in
76 Provinces

50 THOUSAND
Scholarships

120
Institutions

173 THOUSAND
Projects

1,190
awards

Embracing the late Hacı Ömer Sabancı's life philosophy of "Sharing What We Have Obtained from This Land with Its People," the Sabancı family established the Hacı Ömer Sabancı Foundation (Sabancı Foundation) in 1974 to organize all their philanthropic activities under one organization.

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

Sabancı Foundation has built more than 120 institutions all around Turkey in 78 residential areas, such as schools, dormitories, teachers' centers, medical facilities, sports complexes, cultural centers and social facilities for 46 years since its foundation. Since 2007, 173 projects of non-governmental organizations have been supported. In the field of culture and arts, long-term supports are being provided particularly for example to State Theaters - Sabancı International Adana Theater Festival which has been organized for 22 years. Having provided nearly 50 thousand scholarships in 46 years, Sabancı Foundation encourages success with awards in the fields of education, art and sports.

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



Sabancı Foundation

In order to help civil society cope with the COVID-19 crisis, Sabancı Foundation prioritized not interrupting any of its supports and had a pioneering role in signing international pledges regarding the pandemic.

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

Education, social change, culture and the arts comprise the Foundation's main areas of activity. The Foundation particularly focuses on women, youth and persons with disabilities within these activities.

Sabancı Foundation has memberships in the leading non-governmental organizations in Turkey and abroad. It is a Founding Member of the Third Sector Foundation of Turkey (TÜSEV); a Member of the European Foundations Center (EFC); a Founding Member of EFC's Disability and Gender Thematic Networks; a Zero Project impact transfer partner and a Member of the US Council on Foundations (COF).

 Number of people directly supported by the Grant Programs
900 thousand+



During the pandemic in 2020, Sabancı Foundation prioritized not interrupting any of its supports as part of a trust-based philanthropy approach so as to help civil society cope with the COVID-19 crisis and to ensure the continuity of the works in the areas of education, culture-art and social change. To this end, Sabancı Foundation has played a pioneering role by signing international pledges prepared by European Foundation Centre (EFC) and US Council on Foundations (COF).

Social Change

The Sabancı Foundation supports the projects of leading non-governmental organizations with grants to find solutions for today's complex social issues and make a lasting impact. The Foundation engages in long-term, inter-institutional partnerships to increase its impact.

First launched in 2007, the Sabancı Foundation Grant Programs aim to support non-governmental organizations in promoting social development to achieve equality and active participation of women, youth and persons with disabilities.

The vision of the Sabancı Foundation is "a society where all individuals enjoy their rights equally."

 Number of students to be reached with the "English Together" project
16 million

The 13th of the "Sabancı Foundation's Philanthropy Seminars" was held on December 15, 2020, under the theme "Technology for Social Change – Is Everybody Online?"

In 13 years since 2007, 173 projects were supported reaching directly more than 223 thousand and indirectly over 900 thousand individuals across the country.

On October 20, 2020, the online meeting with the theme "Sowing Season" was organized to share information and experiences among the 12 NGOs who have completed their projects in 2020 with the support from the Sabancı Foundation Grant Program. The book entitled "Sowing Season: Sabancı Foundation Grant Program Stories" was also shared online.

One of the projects completed in 2020 was a joint project carried out with the cooperation the Ministry of Education and Rural Schools Transformation Network Association. Under the scope of the project, trainings for teachers of multi-grade classes in villages were conducted and two guidebooks were prepared. These books were disseminated to 9 thousand teachers in rural areas through the online system of the Ministry.

The closing ceremony of the project was organized on October 22, 2020 with the participation of the Minister of Education Ziya Selçuk. Another big project that was launched in cooperation with the Ministry of Education and British Council in 2020 was the "English Together" project aiming to improve the vocational development

of English language teachers. The project aims to reach 37 thousand teachers and 16 million students at the secondary school level in three years.

In 2020, Turkey's Changemakers Program, highlighting the stories and efforts of individuals who make significant contributions to social development and inspire society in Turkey has completed its 11th season. Out of more than 8 thousand applications, 195 Changemakers were selected and videotaped since Turkey's Changemakers Program's launch year of 2009. The videos were shared on the program's website, Facebook, Twitter, Instagram and YouTube reaching more than 37 million views on domestic and international platforms.

By bringing together non-governmental organizations, foundations, the private sector and public agency representatives with national and international experts, the Sabancı Foundation enables experience sharing regarding new approaches in philanthropy and civil society. In this context, the 13th of the "Sabancı Foundation's Philanthropy Seminars" was organized on December 15, 2020, under the theme "Technology for Social Change – Is Everybody Online?" with the moderation of Serdar Kuzuloğlu and the main speaker of the seminar was the founder of iamtheCODE Marième Jamme.



Sabancı Foundation

In 2020, the Sabancı Foundation continued to develop partnerships, follow up and contribute to the developments in the international arena in its focus areas.

To discuss the destructive effects of the COVID-19 pandemic on women's rights and gender equality, Sabancı Foundation organized a meeting with the attendance of 36 participants from 29 organizations on June 30, 2020, called "The Impact of COVID-19 Pandemic on Gender Equality: Problems and Solutions Meeting." Following the meeting, action points for the needs and solutions have been decided and new collaborations have been formed.

In 2020, a series of children's books about nature and animals was prepared by the Foundation as a new project within the field of social change. The first set of books telling stories of the rabbit called Papuduk has been distributed free to NGOs working with children and to public schools located in disadvantaged areas.

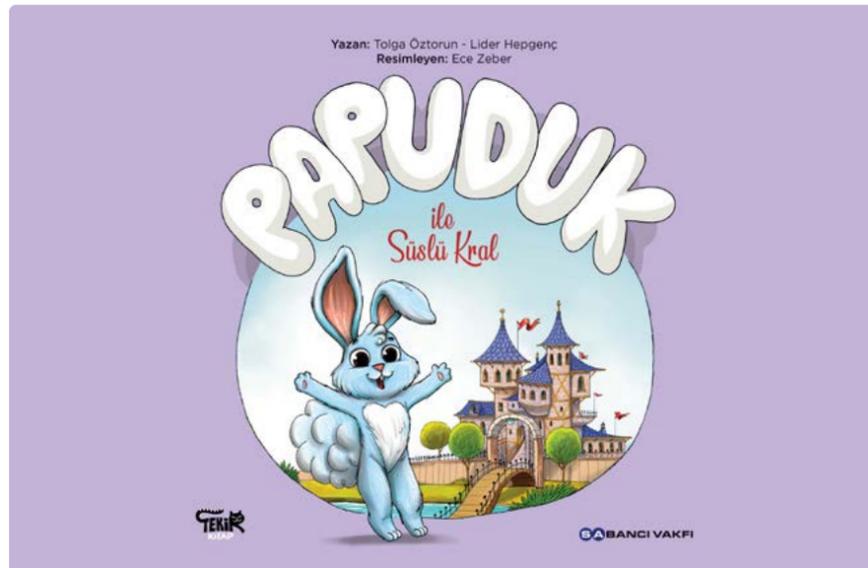
In 2020, the Sabancı Foundation also continued to develop partnerships, follow up and contribute to the developments in the international arena in its focus areas. The Foundation continued to participate and contribute to the work in disability rights and gender at the European Foundation Center, which has been a member of since 1991 and was selected as a member of the Board of Directors in 2020 again for three years after serving as the only foundation from Turkey between 2011-2016. The Foundation has also continued its mission of thought leadership with articles published in reputable international publications in the field of philanthropy.

Institutions

Over the past 46 years, the Foundation has built more than 120 institutions at 78 residential areas across Turkey including schools, student dormitories, healthcare

i Number of Institutions
120

In 2020 30 institutions were renewed and Sabancı Foundation will continue its support.



facilities, cultural centers, sports facilities, libraries, teachers' centers, social facilities and Sabancı University, which is one of the most significant investments of the Sabancı Foundation. In 2020, 30 out of these institutions received repair and maintenance and other kinds of supports from the Foundation.

In 2020, the School Climate Improvement Project, which had started as a pilot project in the Anatolian High Schools which are among the institutions built by the Foundation, continued successfully. Students in the pilot project schools established clubs and took an active role

in the project. Steps for extending the project to new schools were taken with the cooperation of the Istanbul Province Directorate for Education. The Project was started to be implemented in Borsa Başakşehir Vocational and Technical Anatolian High School. Also, Anatolian High Schools which are among the institutions of the Foundation took important steps including being again among schools which accept students with the entrance exam and getting candidate status for becoming an IB school.

i Number of awards granted up to now
1,190 awards

Sabancı Foundation grants awards to encourage people, and local and international institutions in education, sports, art activities.

Culture&Art

Sabancı Foundation gives long-term supports in the area of culture&art. The Foundation has supported State Theaters - Sabancı International Adana Theater Festival for 22 years, Metropolis Ancient City excavations for 17 years, the International Ankara Music Festival for 13 years and Turkey Youth Philharmonic Orchestra for 12 years.

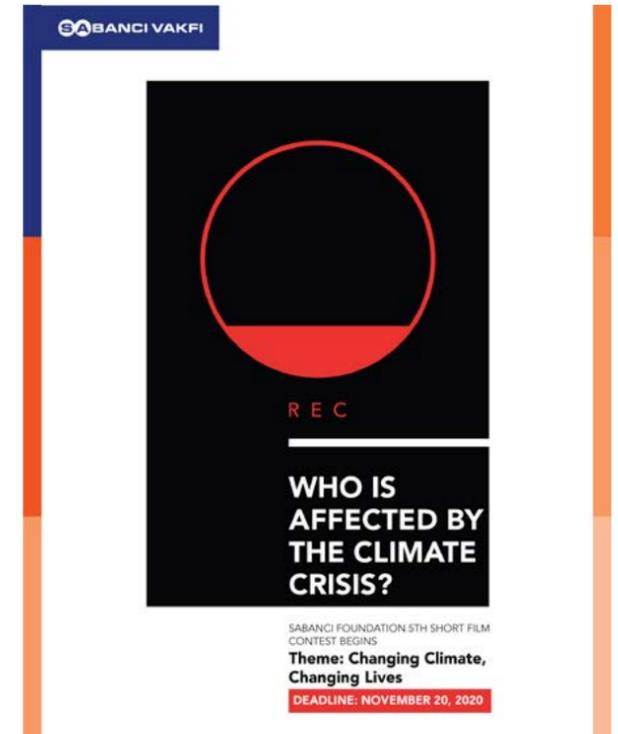
The youngest culture&art event of the Sabancı Foundation which started in 2016 is the Short Film Competition with the motto "Short Film, Long Impact" to raise awareness on social issues through art, to highlight the creative perspective of cinema and to empower and encourage young talents. The award ceremony for the fourth Short Film Competition with the theme "Digital Loneliness" was held in January 2020. The applications for the Sabancı Foundation 5th Short Film Competition also started in 2020 with the theme "Changing Climate, Changing Lives."

Scholarships and Awards

Since its establishment, the Foundation has provided nearly 50 thousand scholarships through the scholarship program in 46 years. In 2020, nearly 1,500 students benefited from Sabancı Foundation scholarships, with 330 being first-time beneficiaries. A well-attended scholarship meeting was held with the participation of graduated and current scholars of the Foundation for the second

time on February 27, 2020. Gains from the mentorship relations were shared during a panel moderated by Dr. Rıza Kadioğlu.

Additionally, the Sabancı Foundation Awards Program recognized individuals with awards for their exceptional performance in education, sports, arts and culture both in Turkey and abroad. Nearly 1,200 awards have been provided to date.



The 5th Short Film Competition of the Sabancı Foundation was organized with the theme "Changing Climate, Changing Lives" in 2020.

Sabancı University

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

Sabancı University

In its 21st year, Sabancı University, with its numerous future-shaping applied strategic projects, continues in its vision of becoming a leading research university, and in educating self-confident individuals who embrace universal values, show compassion for the needs of society, focusing on creating solutions, internalize cooperation in creation and development, are learners of learning, and are open to continuous development.

A Reputable Research University

At Sabancı University, research is carried out in faculties, centers and forums, with an interdisciplinary approach in the fields of science, technology and art. Sabancı University has 10 different centers and forums contributing to scientific development and supporting social research and development. As indicated in the Higher Education Council (YOK), "Private Higher Education Institutions 2020" report, under the subheading "University Total Research Foundation by the Budget," Sabancı University has the highest total research project budget among the private universities in Turkey. As of the end of December 2020, the number of active research projects at Sabancı University is 251 and its total budget is TL 275 million. Sabancı University has put out more than 6500 publications and secured 250 patents since its establishment. In 2020 only, over 525 scientific publications were published and 14 patents were obtained by members of Sabancı University.



As of the end of December 2020, the number of active research projects at Sabancı University is 251 and its total budget is TL 275 million.



Sabancı University Nanotechnology Research and Application Center

Sabancı University's Research Strategy

The main strategy within the scope of the Sabancı University 2018-2023 Strategic Plan is "to solve selected global and regional problems and to train people to solve them." In order to achieve this main goal, the strategic goals in research determined by Sabancı University are: To improve the University's interaction with the sectors and civil society in selected fields, to enable centers to support research and undergraduate/graduate research projects, to encourage faculty and interdisciplinary research, and to increase the number of doctoral students, post-doctoral researchers and researchers.

A "World" University

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

- According to the Times Higher Education (THE) 2021 Field Ranking, Sabancı University is among the top 250 universities in the world in the fields of Computer Science and Social Sciences. Sabancı University is first in the field of Computer Science among all universities entering the ranking from Turkey. In the field of Social Sciences, Sabancı University has the highest ranking this year among the other universities from Turkey entering the list. As for the field of engineering, it is in the first 400.



Sabancı University is first among the universities from Turkey in the THE 2020 Best Universities in Emerging Economies, THE 2020 Best Young Universities in the World, and THE 2020 Best Universities in Asia rankings.

- It is in the 501-600 band in the THE World Universities 2021 rankings.
- It is first among the universities from Turkey in the THE 2020 Best Universities in Emerging Economies, THE 2020 Best Young Universities in the World, and THE 2020 Best Universities in Asia rankings.
- It is in the top 100 among the world's best young universities in both THE and QS rankings (69th in 2020 THE Young Universities, and in the 81-90 band in 2021 QS Under 50 Universities). Sabancı University is also ranked 48th in THE 2020 Best Universities in Asia rankings, 40th in THE 2020 Best Universities in Emerging Economies, in the band 521 - 530 in 2021 QS World Universities, in the 90 band in the 2021 QS Universities Under 50, and 21st in QS Emerging Europe and Central Asian Countries.
- According to the European Business School Rankings prepared by the Financial Times (FT), Sabancı University School of Management ranks 63rd in the world. Ranking in 46th place, the Sabancı Executive MBA program is among the top 50 Executive MBA programs in Europe.
- Sabancı University Executive Development Unit (EDU) has continued its steady rise in the list of corporate-specific programs in the annual rankings announced by the Financial Times, reaching 55th in the 2020 list.

Empowered by the research it conducts, Sabancı University continues its investments towards its goal of becoming one of the best campus universities in the world.



- It ranks second among Foundation Universities in the "Inter-University Entrepreneurship and Innovation Index" 2020 ranking prepared by the Turkish Republic Ministry of Industry and Technology and TÜBİTAK.

Striding into the future with new investments

Empowered by the research it conducts, Sabancı University continues its investments towards its goal of becoming one of the best campus universities in the world. Operations have begun at the Sabancı University Altunizade Digital Campus in the 2021 Fall semester. The

Digital Campus is used by different units and faculties of Sabancı University for various purposes and activities such as online courses, training, seminars, meetings, and digital filming. In addition, Sabancı University Executive Development Unit – EDU's corporate and public training, and the Non-Thesis Master's Programs for Professionals are carried out on the Altunizade Campus. The campus, with its digital infrastructure, also plays a leading role in remote education applications.

Sabancı University Art and Research Center (SUSAM) started its activities in the 2020-2021 academic year. Visual language,

Sabancı University

Thanks to its strong technological infrastructure, Sabancı University was able to adapt promptly to a remote learning/distance education system during the pandemic.

drawing language, art workshops and lessons are given in SUSAM. Fully equipped wood and metal and chemical paint booth workshops are each open for the use of students and upon special request to artists, assisting them in completing their activities. Finally, the new dormitories under construction will further enhance the opportunities Sabancı University offers to its students

Campus University

The Sabancı University Tuzla campus covers a large living area with its Health, Sports, and Performing Arts Centers, and the Information Center and dormitories host a fairly intense social life. In the "Foundation Higher Education Institutions 2020" report of the Council of Higher Education (YÖK), Sabancı University, with a total area of 1,163,697 m², is among the foundation universities with the most open areas/green areas within a total open area of 976,173 m². This means that there are 234 square meters of green space per student. Sabancı University also has 1,400 Sakura trees on its Tuzla campus.

A model for remote education

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

i Total area of Sabancı University
1.1 million m²



Sabancı University, with its classrooms equipped with professional cameras, tablets and sound systems, and professional shooting studios in both the Tuzla Campus and Altunizade Digital Campus, offers facilities suitable for remote and mixed (hybrid) education to students and faculty members. Throughout the remote learning educational period, education was offered via synchronous (live online), asynchronous (pre-recorded), and hybrid (synchronous and asynchronous) models.

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

According to the 2020 Higher Education Institutions Exam results, Sabancı University was chosen by the highest-

scoring students of Turkey for the FENS Full Scholarship, FENS Half Scholarship, FASS Full Scholarship scores, and the second highest-scoring students of Turkey for the FASS Half Scholarship, FASS Non-scholarship, SOM Full Scholarship, and SOM Non-Scholarship scores. Sabancı University has filled its student acceptance quota (100%). According to the HEIE results, 76 of the students who chose to study at Sabancı University ranked in the top 1,000, 143 in the top 5,000, 198 in the top 10,000, 308 in the top 20,000, 418 in the top 50,000, and 635 in the top 100,000. The scholarship rate (the ratio of the total and half scholarship quotas to the total quota) offered by Sabancı University to its students is 58.3%.

i Number of Zoom meetings
77 thousand

During the pandemic period, Sabancı University utilized all its research strength, infrastructure and facilities to combat COVID-19.

Always a game-changer, always a pioneer

Being a game-changer (innovative) and being a first has always been important for Sabancı University. Sabancı University, a breaker of new ground with its exclusive education system, continued to break new ground during the pandemic. In line with COVID-19 measures, in order to protect the health of both students and their families, the university took the decision to hold its graduation ceremony online. This bachelor's and master's graduation was the first comprehensive graduation ceremony held with a very high participation rate in Turkey. Sabancı University presented its first honorary doctorate title to Jan Nahum. In order to continue its contribution to society, art and science, Sabancı University Sakıp Sabancı Museum shared its rich content from past exhibitions on its digital channels. In order to share the interdisciplinary studies carried out by the research centers and administrative units at Sabancı University, webinar series on different topics were organized in order to reach wider audiences. With the onset of the pandemic, Sabancı University adapted rapidly not only to the new process of educating remotely but also to working remotely/off-campus. Sabancı University organized 47 different training and support seminars with the motto "To the future with all our strength" in order to help its employees synchronize their new work and home balance. A total of 82 webinars and 76,600 Zoom meetings were held at Sabancı University in the last



year, with the support of the infrastructure provided by the Information Technologies Directorate.

Continuous contribution to society and science in pressing times

Sabancı University's mission of "creating and developing together" is more meaningful than ever in 2020. Sabancı University continued its contributions to society and science by prioritizing the health and uninterrupted education of its students and employees in 2020. During the pandemic period, Sabancı University utilized all its research strength, infrastructure and facilities to combat COVID-19, opened its lodgings for those in need after the Izmir earthquake, and created resources

for students who needed technological infrastructure. Sabancı University allocated a total of 224 computers to 23 schools in the Ayvalık region for science and technology-based education programs to be held at the Sabancı University Creative Technologies Workshop.

The environment and green energy

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

Sabancı University

Sabancı University has brought international environmental standards to its campus by obtaining the ISO14001 Environmental Management System certificate.

In the Sabancı University campus, some of the electrical energy is provided by the solar energy system and the cogeneration system, and the heat released from the cogeneration system is used for the heating of the campus. LED lighting with lower power consumption is used in building corridors and environmental lighting fixtures. In the building corridors, meeting rooms, classrooms and dormitory buildings, the lighting has been adapted to be controlled by a motion sensor; thus, unnecessary use of lights has been minimized. Heating, cooling and ventilation systems equipment was renewed and more efficient equipment was introduced. With the renovation and improvement works in automation systems, savings in heating, cooling and ventilation, energy conservation is achieved.

Practices to reduce water consumption are carried out throughout Sabancı University. Water-saving armatures are used and revisions are ongoing in existing armatures. The lake in the campus fills with rain in winter, and this water is used for garden irrigation in the summer. Water from the regular municipality network line is not used for any garden irrigation purposes.

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

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



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Within the scope of combating COVID-19, Sabancı University started to offer all undergraduate, graduate and doctoral courses remotely as of March 23, 2020.

COVID-19 Precautions

Within the scope of combating COVID-19, Sabancı University started to offer all undergraduate, graduate and doctoral courses remotely as of March 23, 2020. All education units, student dormitories, administrative units and common areas are regularly disinfected on the campus, and various limitations have been applied to the use of common areas to prevent the spread of the virus.

All the information students and employees may need is regularly shared under the leadership of the Health Center, which provides a 24/7 service on the campus, and from the COVID-19 Information page and portals created on the university website. The Health Center closely monitors the health of all Sabancı University members living on- or off-campus and provides regular information about the latest situation on the campus. Thus, people who are isolating or quarantining outside the campus are prevented from boarding the shuttle and entering the campus. The automatic HES inquiry application has been initiated for all employees at the entrance to the university. The HES code query, which had been performed manually for all visitors at the main entrance of the campus since September, is now being carried out automatically for the entire university (without requiring manual code reading) with the facility that the Ministry of Health has started to offer to institutions of certain sizes.

All the information students and employees may need is regularly shared under the leadership of the Health Center, which provides a 24/7 service on the campus, and from the COVID-19 Information page and portals created on the university website.



Sabancı University Sakıp Sabancı Museum (SSM)

Sabancı University Sakıp Sabancı Museum is a meeting point that offers transformative cultural experiences. The Museum provides inclusive, borderless and transdisciplinary experiences in its physical and digital environments.

Sabancı University Sakıp Sabancı Museum is a meeting point that offers transformative cultural experiences. The Museum provides inclusive, borderless and transdisciplinary experiences in its physical and digital environments. Believing in the reproductive power of interaction between individuals and cultures, the museum create fields of interaction among sources of global, regional, and local arts and culture heritages. Sakıp Sabancı Museum attaches places great importance on preserving, exploring, and improving the Museum collections as well as the art heritage of our country as a whole; the Museum creates collective values along with our collaborators. Acting in unison with the Sabancı University in terms of research, education, and technology SSM offers innovative and creative learning experiences developed for society as a whole.

In 2020, Sakıp Sabancı Museum licensed its archive and research sources in museology standards.

SSM Collections

Sakıp Sabancı Museum **Collection of the Arts of the Book and Calligraphy** offers a comprehensive overview of 500 years of Ottoman calligraphy, with rare Koran manuscripts, kitas, albums, panels, hilyes, edicts and calligraphic tools. In 2012, the Collection was re-launched with a new design and a contemporary display allowing visitors to view augmented reality animations and take a detailed look at valuable and rare manuscripts, page by page via iPad.



SSM Painting Collection is a historic continuation of SSM's The Arts of the Book and Calligraphy Collection. The collection bears witness to the processes of the transformation of Turkish image production and the evolution of the concepts of art and artist while embodying the clues of the modernization process starting from the Ottoman Empire and continuing with the Republic of Turkey.

The rooms on the ground floor of the Atlı Köşk display furniture influenced by baroque, rococo, neo-gothic, neo-classic and empire styles and ornamental works from the 19th century. The Archeological

and Stone Works Collection consists of Roman, Byzantine and Ottoman pieces and is exhibited in the Museum's garden.

Exhibitions held at SSM

Welcoming the year 2020 with the exhibition **Avni Lifij. The Modern of His Time**, SSM continued to hold exhibitions presenting the prominent artists and movements from both Turkish and international art history.

Akış/Flux Exhibition: With the contributions of Akbank, SSM hosted the first exhibition of the world-renowned performance artist Marina Abramović and the Marina Abramović Institute (MAI) in Turkey.



Welcoming the year 2020 with Avni Lifij. New Age exhibition, SSM continued to gather art enthusiasts with famous artists and movements of Turkish and world art both in physical and online events.



The exhibition titled Flux opened to visit between January 30-March 17 and October 30-December 20 as part of COVID-19 measures.

Akış/Flux Flux was selected as the best exhibition of 2020 by culture and art critics. It consisted of 3 sections: a comprehensive retrospective of the works and performances by Marina Abramović; live performances developed in partnership with MAI; and the Abramović Method section, where the visitors had been invited to take part in exercises inspired from the methods of the artist. The live performances of 16 artists, 4 of which had been invited from abroad by MAI, took place during the opening hours of the museum.

The exhibition opened on January 30 and temporarily closed down on March 17 as part of the measures against COVID-19. It reopened on October 30 and ended on December 20.

Şeyh Hamdullah on the 500th Anniversary of His Death: Sakıp Sabancı Museum (SSM) commemorated Şeyh Hamdullah, the founder of Ottoman calligraphy and the great calligrapher of Fatih Sultan Mehmed and Bayezid II's times, with an exhibition on the 500th anniversary of his death.

The exhibition "**Şeyh Hamdullah on the 500th Anniversary of His Death**" took place between December 10 and March 31, displaying a collection that included rare manuscript books, copies of the Koran, kitas and albums from the early 15th century and late 16th century.



Online Exhibitions

SSM was temporarily closed on March 17 and opened on June 16 within the scope of COVID-19 measures. SSM launched the online versions of some of its previous exhibitions as well as holding online events, courses, and conferences.

Picasso in Istanbul The exhibition "**Picasso in Istanbul**," which is an important breakthrough in the art exhibitions in Turkey, opened between November 24, 2005, and March 26, 2006, with the support of the Sabancı Family and Sabancı Holding. Picasso in Istanbul was opened to access on April 28, via Sakıp Sabancı Museum's website, social media accounts and YouTube channel.

Within the scope of the online exhibition; 135 artworks of the artist, exhibition catalog, artwork narrations of Müşfik Kenter, a conference series attended by the world's leading experts, a children's workshop and an audio children's book named **I am Picasso** were presented.

Salvador Dalí: A Surrealist in Istanbul: The exhibition "**Salvador Dalí: A Surrealist in Istanbul**" opened between September 20, 2008 and February 1, 2009 with the support of Akbank and was opened to access on May 20, via SSM's website, social media accounts and YouTube channel.

Sabancı University Sakıp Sabancı Museum (SSM)

Processes and findings of the scientific research and conservation studies of 6 paintings by Osman Hamdi Bey in the SSM Painting Collection were transferred to GoogleArts&Culture.

Within the scope of the exhibition; artworks, manuscripts, photographs of the artist, Salvador Dalí's life story, narratives, a conference series in which his versatile artistic production and impact are explained, exhibition catalog, a children's workshop and an audio children's book named **I am Dalí** were presented.

Monet's Garden: The exhibition titled **Monet's Garden - Masterpieces from Musée Marmottan Monet**, which was held between October 9, 2012 and January 6, 2013, the 10th anniversary of SSM, was presented online on June 19.

Within the scope of the exhibition prepared with digitalSSM resources and published on SSM website, YouTube channel and social media accounts; the artist's flower and nature-themed works, exhibition catalog, audio narratives, and the representation of nature in the artist's works were presented. In addition to all these, a conference series in which the artist's effects on Turkish art and the impressionist movement he is involved in are discussed was also included in the exhibition.

Joan Miró. Women, Birds, Stars: In the online exhibition "**Joan Miró. Women, Birds, Stars**" hosted with the contribution of Sabancı Holding between September 23, 2014 and February 1, 2015 was presented online on July 17. The exhibition focusing on the artist's maturity period included artwork narrations, a conference series in which the symbols and art movements of the artist was discussed in addition to his artistic heritage, the exhibition catalog, the online children's workshop and the audio children's book I am Miro were presented to art enthusiasts.



Legendary Istanbul: From Byzantium to Istanbul-8000 Years of A Capital was opened to visitors online on the website and social media accounts of SSM on October 5.



Legendary Istanbul: The exhibition, "**Legendary Istanbul: From Byzantium to Istanbul-8000 Years of A Capital**" was held between June 5 and September 26, 2010, within the framework of Istanbul 2010 European Capital of Culture. The exhibition was opened to visitors online on the website and social media accounts of SSM on October 5. The exhibition presents a city history that highlights the cosmopolitan characteristic of Istanbul, which has been named Byzantium, Nea Roma, Constantinople, Kostantîniyye throughout history.

In addition to the audio narrative of Istanbul's history, video conferences, interviews and workshops aimed at introducing the cultural wealth of Istanbul to children were presented online.

Osman Hamdi Bey Beyond Vision: Processes and findings of the scientific research and conservation studies of 6 paintings by Osman Hamdi Bey in the SSM Painting Collection were transferred to GoogleArts&Culture. The exhibition titled "**Osman Hamdi Bey Beyond Vision**" can be visited online, with Turkish and English options. In addition to an introduction of scientific methods in order to understand the artist's works better, the exhibition



Sakıp Sabancı Museum will continue to carry out online exhibitions prepared during the digitalization process with digitalSSM resources to art enthusiasts.

features detailed information on the techniques and materials used by Osman Hamdi Bey in his artworks.

Sakıp Sabancı Museum will continue to carry out online exhibitions prepared during the digitalization process with digitalSSM resources to art enthusiasts.

SSM Learning Programs

Programs for Children

SSM Online Learning Programs designed for children in different age groups continued in the mid-term and summer holidays. In addition to workshops organized in parallel to online exhibitions, various workshops on different subjects such as different art movements, philosophy, digital game design, cartoon making, painting and coding were held.

Programs for Adults

SSM organized various programs for adults in 2020. Online lessons, "The Art of Painting in the Ottoman Empire" were held with the participation of instructor Prof. Dr. Tarkan Okçuoğlu, who is the Head of the Department of Turkish-Islamic Arts at Istanbul University.



Reaching thousands of children with its learning programs, SSM hosted online chats with parents through its **Parent Conversations** program. Within the scope of the conversations that can be watched on SSM's YouTube channel, learning experiences that include creativity, empathy and social thinking concepts have been discussed by taking the lesson design beyond the museum, culture and art contexts.

In collaboration with A! Ne Hoş, SSM held paper flower-making workshops broadcasted live on SSM's Instagram account.



Technological Arts Preservation Project Sakıp Sabancı Museum Archive and Research Space focused on projects such as digital archiving, digital preservation and the endurance of the technological works of art in the future.

Launched with the collaboration of Sabancı University and Digilogue, the **Technological Arts Preservation** project continued in 2020 online.

Sabancı University Sakıp Sabancı Museum (SSM)

The 39th Istanbul Film Festival National Competition and National Short Film Competition of the Istanbul Foundation For Culture and Arts (IKSV) was held in Sakıp Sabancı Museum between July 17-28.

Within the scope of the international research project, a series of online conferences were held with the participation of representatives of culture, arts and educational establishments such as Tate Modern, Rhizome, Small Data Industries, PAMAL (Preservation & Art-Media Archaeology Lab) Group, Ina, Webrecorder Project and Sabancı University as well as artists, digital art conservators and software engineers.

The future of technological artworks, virtual reality artworks and software-based artworks, and the protection of internet art were discussed during the conferences. Conferences were uploaded to the SSM YouTube Account and is also available on the Spotify Digilogue podcast.

It planned to host more conferences in different subjects and with different speakers in 2021.

Open-Air Events

39th Istanbul Film Festival National Competition and National Short Film Competition

The 39th Istanbul Film Festival National Competition and National Short Film Competition of the Istanbul Foundation For Culture and Arts (IKSV) was held in Sakıp Sabancı Museum between July 17-28. 11 feature films and 12 short films were screened in the open-air cinema set up in the garden of SSM. The awards of finalist films were presented with an award ceremony.

Stage at the Museum 2020

The "**Stage at the Museum**," SSM's theater event that has attracted attention since its inception in 2017, took place between



Stage at the Museum event, curated by Emre Koyuncuoğlu, took place between August 7-15 at the SSM's garden in line with COVID-19 measures.



7-15 August in the garden of SSM in line with anti-coronavirus measures under the curation of academician Emre Koyuncuoğlu.

Aiming to be the voice of women who are experiencing domestic violence, living under threat and who have passed away, the theme of 2020 was "**Completely Women**." In collaboration with the Theater Cooperative, representing private theaters, the importance of supporting the artists and theaters who are facing challenging times during the pandemic was emphasized.

With the participation of the members of Sabancı University Gender and Women's Studies Center of Excellence (SU Gender), Boğaziçi University Commission to Prevent Sexual Harassment, Okan University Commission for Prevention and Support against Sexual Harassment and Bilgi University Unit for the Prevention of Sexual Harassment and Assault, as well as academicians, We Will Stop Femicide Platform and Susma Bitsin Platform members, writers, directors and actors, 4 panels were organized and 14 plays were staged.

Yoga

Attracting great interest every year, Yoga at the Museum was presented via SSM's Instagram account between April-June due to the pandemic. Yoga lessons were held between July and October in the terrace floor of SSM within the scope of the anti-coronavirus measures.

Concerts

Grandi Voci International Singing Competition

Held in Salzburg every year, Grandi Voci International Singing Competition was held this year in Sabancı Museum "The Seed" between January 22 and 25 with the support of the Sabancı Foundation. A master class was organized for opera singers, attended by the American opera singer Grace Bumbry, one of the most important mezzo sopranos of the 20th century, as an instructor. The opera singers who worked with Bumbry during the master class gave a concert at The Seed on Tuesday, January 28.

Summer Festival in the Garden

The Summer Festival in the Garden, held every year on SSM's terrace overlooking the Bosphorus, hosted the renowned maestros and orchestras in Turkey and the world between August 25 and September 10, 2020.

2020 Summer Festival in the Garden Program, developed especially for the 250th birthday of Beethoven brought together the works of Beethoven and Dede Efendi, the genius composer of contemporary Turkish music.

Jazz Concert at Atlı Köşk

In order to thank service sector employees, teachers, art enthusiasts, culture and arts actors and everyone who produces and shares in addition to health employees, who have worked tirelessly during the pandemic, Sakıp Sabancı Museum organized **a jazz concert at Atlı Köşk**. The concert was broadcast on Turkey's culture and arts channel TRT2 on December 28, and on SSM YouTube channel on December 29.

SSM Gift Shop

Sakıp Sabancı Museum Gift Shop features internationally qualified products and services that can make the culture and art experiences of art enthusiasts permanent.



Open to everyone with its physical and digital venues, SSM Gift Shop cooperates with designers and design material suppliers. With these collaborations, SSM Gift Shop prioritizes being accessible, innovative and distinguished with its collections and its temporary exhibitions.

SSM Gift Shop acts with the awareness of social responsibility and sustainability in its museum retailing activities.

SSM Gift Shop held a New Year's Market event in cooperation with designers between December 1-31. SSM Store featured the products of different designers every week during December, from the museum store, through its website and SSM Gift Shop Instagram account.

Corporate Social Responsibility Policy and Principles

Based on the accepted core values of modesty, respect and proximity to people, the Sabancı Group regards basing all corporate conduct on the awareness of social responsibility as an unchangeable core component of its management approach.

Sabancı Group pursues a pioneering role concerning actions that protect democracy, human rights as well as the environment.



Sabancı Group regards basing all corporate conduct on the awareness of social responsibility as an unchangeable core component of its management approach.

With this policy statement, Sabancı Group stresses corporate social responsibility principles as well as the importance and priority given to the topic by the Group.

Based on the accepted core values of modesty, respect and proximity to people, Sabancı Group regards basing all corporate conduct on the awareness of social responsibility as an unchangeable core component of its management approach. We expect all our establishments that constitute Sabancı Group to manage the economic, social and environmental impact of their actions with responsibility and to place a priority on the development of society. We do not regard the scope of our social responsibility limited to just our business operations or their impact. We determine our level of social responsibility and its priority on what is good for society and the environment as a whole.

We pursue a pioneering role concerning actions that protect democracy, human rights as well as the environment. At Sabancı Group, the SA-ETHICS program, prepared and put into practice following the Principles of Corporate Social Responsibility, constitutes a guide to our business operations.

The basic principles that govern our social responsibility practices are:

Any discrimination within the organization based on race, religion, gender, age, political opinion, language, physical challenge or similar reasons is not tolerated.

We strive to ensure that people of different beliefs, views and opinions work together in harmony by creating a positive and cordial work environment that supports cooperation and prevents conflict.

We administer programs that contribute to preserving employee health that we accept as important to ensuring our employees' quality of life and success.

1. At Sabancı Group, we believe that all employees deserve to work in a healthy and secure work environment consistent with human dignity. Our employees are our most valuable assets and we strive to provide employee safety and security as our primary goal.

2. We require our companies, beyond their legal requirements, to apply the best environmental solutions and to support any initiative that will develop and deploy environment-friendly technology and enhance environmental awareness. At Sabancı Group, we fulfill our social and environmental responsibilities towards the society in all places that we operate, in close collaboration with our shareholders, employees, public, non-governmental organizations and other stakeholders.
3. We regard our human resources as the most significant component in creating sustainable growth. We ensure that all employees take advantage of their rights as members of the Group, fully and accurately. We treat our employees with honesty and fairness; we are committed to creating a non-discriminatory, safe and healthy work environment. We undertake efforts to enable the personal development of all employees while pursuing a balance between their private and professional lives.

4. We manage the environmental impact of our activities with a sense of responsibility. All our companies are required to identify and apply the necessary improvements and development activities that minimize or eliminate negative environmental impact.
5. At the Sabancı Group, we strive toward the improvement of society pursuant to our sense of corporate social responsibility. We encourage our employees to take part in social and societal volunteering.
6. We develop and implement approaches to ensure that all of our partners, and particularly our suppliers, act following the social responsibility standards of the Group.
7. We show sensitivity to the traditions and culture of Turkey and other countries in which we operate. We comply with all legal regulations currently in effect.
8. We encourage our Group companies to comply with international standards and assure that their operations are certified.

All principles of this policy statement are put into practice in accordance with applicable regulations; relevant units audit the level of implementation. We consider the success of the companies with regard to social responsibility activities as a significant criterion for evaluating overall company performance. At Sabancı Group, we disclose corporate social responsibility activities realized by our Group with the public via annual reports and on our website.

All our executives and employees, starting with the CEO of Sabancı Holding A.Ş., undertake accountability for carrying out corporate social responsibility activities.

This policy document has been prepared to share with our employees, shareholders and all other stakeholders our public commitment on the part of Sabancı Group to fulfill our responsibility toward helping to create a better world and a better future.

Communication Principles of Sabancı Group

Sabancı Group targets the following principle as part of its communications efforts: Sabancı Group plans and implements its operations based on striving for permanent competitive advantages by differentiating itself; the Group's mission is to manage a strategic portfolio with a competitive and sustainable growth potential in such a way that it creates value for shareholders. The principle thus adopted is manifested in the Group's business targets: To be ahead of the competition in the sectors where we operate.

It is of crucial importance that the internal and external communications of the Group are maintained consistently, constantly and transparently to safeguard and promote the corporate reputation of Sabancı Group and to manage it in harmony with its business targets and social responsibilities.

In this context:

- The Senior Management of Sabancı Holding holds public informational meetings at least once a year.
- Group Heads inform the public at least once a year.

- Sabancı Holding shares its first quarter, the first half, nine months and annual financial results with the Capital Markets Board of Turkey (CMB), Borsa Istanbul (BIST) and the public.
- Material disclosures to the BIST and press releases are simultaneously posted on the website.
- Activities of Sabancı Holding are disclosed to the public through its website in both Turkish and English. Sabancı Holding also shares information with the public through social media channels.
- Subsidiaries of Sabancı Holding inform the Sabancı Holding Corporate Communications Department before the implementation of the planned communications activities on a monthly and annual basis.
- Sabancı Holding and its subsidiaries adhere to the principles set out in the Communications Guide in all communications activities.
- The principles of the Sabancı brand usage have been outlined in the Sabancı Corporate Identity Guidelines. Sabancı Holding and its subsidiaries adhere to these principles in all matters relating to the use of the Sabancı brand.
- Frequency of such activities may be increased in line with corporate and operational developments.

Sabancı Group Environmental Policy

Our Corporate Environment Policy

- We create and practice our environmental standards beyond legal requirements.
- We aim for excellence by sharing know-how and experience between the companies.
- We adopt a proactive approach in all our activities to continuously improve our environmental performance.
- We identify and manage environmental risks.
- We try to implement the best available production techniques.
- We contribute to sustainability while monitoring environmental developments and turning them into business opportunities.
- We support environmental awareness and information sharing for society's development.

Environmental Policy Requirements within the Group

- We comply with environmental legislation and other legal requirements.
- We carry out environmental practices beyond legal obligations and ensure compliance.
- We identify our environmental impacts.
- We identify all our environmental impacts while we develop, monitor and improve our targets, programs and monitoring systems.

We manage resource consumption within the Group.

- We determine organizational roles, responsibilities and authorizations in infrastructure, technology, finance and human resources, and we ensure that our employees develop environmental awareness.

We ensure systematization in our practices and create synergy among the businesses.

- We set our business standards with a proactive approach and ensure that everyone, including our employees, suppliers, and contractors, is able to practice them.
- We proactively identify the risks that may harm the environment when we carry out our activities, and we try to promptly and fully take the measures that will minimize these risks.

We continuously strive to monitor and improve our environmental performance.

- We set and implement targets for energy and waste management, and natural resource consumption.
- While we aim for continuous improvement with clean products and clean production technologies, we undertake the environmental responsibility of our products and services.
- We report on our activities and facilitate access to simplified information.

Corporate Governance and Sustainability Principles Compliance Report

SECTION I - CORPORATE GOVERNANCE

1. Corporate Governance Approach

Sabancı Group complies with the 4 main principles of corporate governance based on Transparency, Fairness, Responsibility and Accountability. The Group understands that corporate governance practices are essential for sustainable growth in today's economies.

Operating as the parent company of the Sabancı Group and listed in BIST Star index, Sabancı Holding designs its governance approach in line with these principles and improves its corporate governance practices in accordance with the best practices in the world.

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 the stock exchange. 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 regulatory board responsible for the regulation and supervision of corporate governance practices in Turkey. In 2020, Sabancı Holding continued efforts to improve its compliance with the principles in question, taking into account the benefit of all stakeholders, especially shareholders.

On the other hand, Sabancı Holding fully complied with 58 of a total of 73 discretionary principles, partially complied with 8 and failed to comply with 2 of these principles. Since no activities that fall within the scope of the remaining 5 principles were carried out in 2020, the remaining 5 principles were considered irrelevant and no compliance status could be assessed.

2.1. The partially complied principles are summarized below with the reasons for not achieving full compliance:

1.3.10. A policy regarding donations and contributions shall be formed and submitted to the approval of the General Assembly. Information regarding the amounts and beneficiaries of all donations and contributions made within the term in line with the policy approved by the General Assembly and the amendments in the policy shall be provided to the shareholders through a separate item at the general assembly meeting.

In accordance with the social responsibility it has adopted, Sabancı Holding makes all donations and contributions in accordance with the Donations and Contributions Policy approved by the General Assembly. Information regarding the amounts of all donations and contributions made throughout the year were provided to the shareholders through a separate item at the General Assembly meeting, but no explanations were made regarding the beneficiaries of these donations and contributions.

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 and no legal issues have been encountered in this regard.

3.2.1. Models supporting the participation of the stakeholders, primarily corporation's employees, to the management shall be developed in a manner not to hinder the activities of the corporation. Such models adopted by the corporation shall be incorporated to the internal regulations or articles of association of the corporation.

Employees' participation in management is ensured by organizing regular periodic meetings (at least twice a year), as well as at the annual goal-setting and performance evaluation meetings. Additionally, employees may provide their feedbacks to the management as well as to their colleagues through the 360 degrees feedback mechanism, and the results are discussed in various management meetings and action plans are prepared for the necessary changes. However, the aforementioned issues are not stipulated in Sabancı Holding's Articles of Association and/or internal regulations.

4.2.8. Corporation's damage that may be caused due to the faults of the board of directors during the charge of their duties shall be insured for an amount exceeding 25% of the corporation's capital and this matter shall be disclosed at PDP.

Sabancı Group companies hold an executive liability insurance policy covering the members of the Board of Directors and executives. Although the insurance amount is below the 25% of the Company's capital, it covers the reasonable risk level predicted.

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.

Care is taken that the Board Members allocate sufficient time for Company affairs and avoid conflicts of interest. However, the Member's duties outside Sabancı Group are not bound or limited by any written rule. In addition, the CVs of the Boards Members have been submitted to the shareholders 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.

It is noted that any member of the Board of Directors will not have a duty in more than one committee; however, due to the limited number of independent Board Members and the duties stipulated in the capital market legislation, members can be assigned to more than one committee.

4.6.1. The Board of directors shall be responsible for the corporation's achievement of its targets on operational and financial performance designated and disclosed to the public. Evaluation as to whether the corporation has achieved its targets on operational and financial performance disclosed to public or not, and if not achieved, reasoning thereof shall be included in the annual report. The board of directors shall undertake self-criticism and performance evaluation on the basis of both the board, the member and the executive. Members of the board of director and executives shall be either awarded or discharged subject to these evaluations.

The Board of Directors carried out the performance evaluation of Sabancı Holding and Sabancı Group companies, but did not specify them annual report.

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 provided to the Board Members are determined by the General Assembly and the disclosures are made on individual basis. Remunerations provided to the senior executives are disclosed to the public in the footnotes of our financial statements. Remunerations to executives are provided in accordance with the remuneration policies, taking into account the performance criteria. These details are not explained on individual basis since they are considered as personal information.

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.

Due to concerns about the health and safety of stakeholders arising from the pandemic, as well as due to effective time management, General Assembly could not be held publicly.

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 within the scope of the provisions of the relevant legislation and there are no provisions in the Articles of Association for the expansion of minority rights.

2.3. The principles considered irrelevant since no activities that fall within the scope of these principles were performed in 2020 are as follows:

1.3.7. Persons who have the opportunity to access information of the corporation in a privileged way shall inform the board of directors to have this item add to the agenda in order to provide information at the general assembly regarding the transactions that they have conducted on their behalf within the scope of the corporation's field of activity.

1.6.3. In case the board of directors proposes not to distribute dividends to the general assembly, the reason for such proposal and information as to use of the dividend shall be included into the agenda item regarding dividend distribution

4.4.3. The opinions of a member who does not attend the meeting but who submits his or her opinions to the board of directors in writing are communicated to the other members.

4.5.7. Committees may benefit from the opinions of the independent specialists on matters that they find necessary with regard to their activities. The fee of the consultancy services required by the committees shall be paid by the corporation. However in this case, information as to the person/institution that the service is purchased and as to whether this person/institution has any relation with the corporation shall be stated in the annual report.

4.6.4. Corporation shall not loan money, make credit available, enlarge the term of the loan money or credit, improve conditions, make credit available via a third party as a personal credit or grant securities such as surety to any of its Members of the Board of Directors or executives. However, institutions providing personal loan may make credits and other services available to these persons, within the conditions provided to other persons.

Corporate Governance and Sustainability Principles Compliance Report

Sabancı Holding's compliance with Corporate Governance Principles in 2020 is summarized in the table below

Status	Full Compliance	Partial Compliance	Non-Compliance	Irrelevant
Mandatory	24	-	-	-
Discretionary	58	8	2	5
Total	82	8	2	5

These principles could not be complied with in 2020 due to the practical difficulties for compliance with the discretionary principles, ongoing discussions on the implementation of these principles in international platforms and in Turkey, the fact that compliance with these principles does not benefit the interests of the Company 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 (URF) and the Corporate Governance Information Form (KYBF) for 2020 issued in accordance with the CMB's Decision No. 2/49 dated 10.01.2019 and approved by the Board of Directors of our Company are made available to public in these addresses: **Corporate Governance Compliance Report** and **Corporate Governance Information Form**.

3. Investor Relations Activities

In 2020, Sabancı Holding adopted a sensitive approach to inform all market participants on the developments that will affect investment decisions in a transparent, timely, accurate, complete, direct, understandable, adequate and regular manner simultaneously in accordance with the legislation and in a way to assist analysts and investors to make 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 domestic and foreign investor conferences in 2020, and met with 428 international investors/analysts.

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

4. Monitoring the Changes in Legislation and Legal Procedures

In 2020, there have been no changes in the legislation that may significantly affect Sabancı Holding's activities. However, the potential effects of the changes made in Capital Markets Law and Turkish Commercial Code in 2020 were analyzed in detail.

However, collaboration was made with Turkish Industry and Business Association and the relevant institutions and organizations in order to increase the benefits of the legislative changes in question to the interests of Sabancı Group and to the development of the Turkish economy and markets. In line with the vision "Sabancı of Rising Turkey," significant contributions were made to the changes in the financial legislation by prioritizing the interests of our country.

The changes in the legislation that affect Sabancı Group, especially those affect Sabancı Holding have been monitored closely in 2020 and necessary actions were taken.

Finally, in 2020; there are no major pending lawsuits against the Company that may impact the financial position or operations of the Company. In addition, Sabancı Holding legal personality, Board Members and the Company Executives faced no administrative or legal sanctions due to actions contrary to 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.

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 10 meetings between 01 January 2020 and 31 December 2020. The participation rate of the Members of the Board of Directors to these meetings is 92%.

Corporate Governance and Sustainability Principles Compliance Report

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 2020, 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 2020.

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, Appointment 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, Appointment and Remuneration Committee

Corporate Governance, Appointment 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, Appointment 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, Appointment 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, Appointment and Remuneration Committee at the time of nomination.

According to the bylaws, the Corporate Governance, Appointment and Remuneration Committee must convene 4 times at minimum. The Committee convened 6 times in 2020.

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
Nafiz Can PAKER	Committee Chairman	Independent Board Member
Serra SABANCI	Committee Member	Non-Executive Committee Member
Suzan SABANCI DİNÇER	Committee Member	Non-Executive Committee Member
Saime Gonca ARTUNKAL (On behalf of Sakıp Sabancı Holding A.Ş.)	Committee Member	Non-Executive Committee Member
Levent DEMİRAĞ	Committee Member	Head of the Department of Financial Affairs, 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.

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 7 times in 2020.

Full Name	Role	Nature of the Board of Directors Membership
Mehmet Mete BAŞOL	Committee Chairman	Independent Board Member
Suzan Sabancı DİNÇER	Committee Member	Non-Executive Committee Member
Serra SABANCI	Committee Member	Non-Executive Committee Member
Saime Gonca ARTUNKAL (On behalf of Sakıp Sabancı Holding A.Ş.)	Committee Member	Non-Executive Committee Member

Audit Committee

The duty of the Audit Committee is to supervise the Company's accounting system, financial reporting, disclosure of financial statements, progress and effectiveness of independent audit and internal control systems, on behalf of the Company's Board of Directors. The Audit Committee reports its activities, evaluations and suggestions with respect to its duties and area of responsibility to the Board of Directors in writing.

The Chairman and the Members of the Audit Committee are appointed by the Board of Directors from among the Independent Members.

The Audit Committee held five meetings in 2020 and the main agenda items were the review of the independent audit report and the examination of the presentations of the Audit Department.

Corporate Governance and Sustainability Principles Compliance Report

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
Mehmet Mete BAŞOL	Committee Chairman	Independent Board Member
Ahmet ERDEM	Committee Member	Independent Board Member

Portfolio Management Committee

Serving until 2020, the Portfolio Management Committee was terminated with the decision of the Sabancı Board of Directors dated 26.03.2020. The duties and powers of the Committee were shared between the Board of Directors and other committees.

4. Risk Management and Internal Control Mechanism

Sabancı Group holds the position that every risk brings an opportunity, and considers that "sustainable growth" may be achieved by effectively identifying, measuring, and managing risks. The Group places a great importance on risk management in order to "create value for its stakeholders," which is a crucial part of its mission. As one of Turkey's leading institutions, the Sabancı Group continues to implement a defined risk management system throughout the Group with its strong risk management infrastructure.

In Sabancı Group, the risk is seen as a concept that incorporates opportunities as well as threats and corporate risk management is applied as a continuous and systematic process in all Group companies to manage these risks most efficiently. Efforts are being made to cultivate the risk culture throughout the Group, and assurance is provided to ensure that the right activity is carried out taking the right amount of risk. The risks faced by the Group companies are monitored via Key Risk Indicators (KRI) determined by Sabancı Holding and Group companies. These indicators are continuously monitored and periodically reported. The necessary actions to manage the risks indicated by the Main Risk Indicators are taken by the Group companies under the coordination of Sabancı Holding.

Ceaselessly continuing to create shareholder value in 2020 owing to the importance it attaches to risk management, Sabancı Group displayed a sustainable growth performance.

Sabancı Group will manage the potential risks in all business lines in 2021 thanks to its strong capital and effective management understanding.

Similarly, the Internal Control Mechanism has been available since the company was established. With the establishment of the Audit Committee, the Internal Control Mechanism effectively carries out the duties assigned by the Board of Directors, in compliance with the current Audit Committee Bylaws.

5. Company's Strategic Goals

Having determined the vision and the mission of the company, the Board of Directors incorporated them in writing in the Annual Report and announced to the public on the company's website, www.sabanci.com and company's long-term strategies are built on these principles.

The Board of Directors, together with the CEO and Group Presidents, sets three-year strategic goals which are updated each year. Whether the targets are achieved or not are monitored by executive reports prepared at the end of each month. Whether the Company achieved its targets or not constitutes the basis for performance evaluation at the end of the year.

6. Financial Rights

The terms and conditions of any right, fee, and benefit granted to the company's Board Members are laid down in detail in the Articles of Association. The General Assembly determines the payments to be made to the Chairman and Members of the Board of Directors as well as the attendance fee. The payments made to the senior executives are disclosed to the public in the footnotes of our financial statements.

In 2020, the Company did not lend any money or extend any credit to the Board Members; did not extend the maturity or improve the terms and conditions of existing debts or credits; did not extend any individual loan through third persons, or did not offer guarantees.

SECTION III - SUSTAINABILITY

1. Sustainability Approach

Sabancı Holding is sensitive on social responsibility and sustainability principles and cares about regulations and ethical rules on the environment, consumers and public health. The Company supports and respects international human rights. In 2020, Sabancı Holding redefined its priorities, including environmental and social issues, and disclosed to the public with its 2020 annual report.

Considering sustainability as one of its strategic focuses, Sabancı Holding maintained these efforts under three main headings: Digitalization and Innovation, Environmental Awareness, People and Community.

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 2021, 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.

As a result of its responsible investment efforts, Sabancı Holding's ESG rating was upgraded to "BB" in 2020 from "B" by MSCI, a finance company that evaluates responsible investment performance. Sabancı Holding is also listed in the BIST Sustainability Index.

On the other hand, Sabancı Group fully complied with 43 of a total of 60 discretionary principles and partially complied with 17 of these principles. Following the promulgation of the Sustainability Principles Compliance Framework in 2020 for the first time by CMB, a world-class sustainability compliance standard has been adopted in our country.

Since it is the first year of the practice, all principles could not be fully complied with. However, there are no principles in which we are completely non-compliant. This performance demonstrated Sabancı Group's sustainability-oriented approach to environmental, social and corporate governance concepts. The efforts to achieve 100% compliance with these principles across Sabancı Group will continue in 2021 as well.

Sabancı Holding's compliance with the Sustainability Principles in 2020 is summarized in the table below

Type	Full Compliance	Partial Compliance	Non-Compliance
General	9	3	-
Environment	15	11	-
Social	14	2	-
Corporate Governance	5	1	-
Total	43	17	-

2020 Sustainability Compliance Report, which shows the compliance status of Sabancı Group with the principles in the Sustainability Principles Compliance Framework of CMB is available here: [Sustainability Compliance Report](#).

Dividend Distribution Table

HACI ÖMER SABANCI HOLDİNG A.Ş. DIVIDEND DISTRIBUTION TABLE FOR FOR THE YEAR 2020 (TL)			
1.	Paid-in Capital	2,040,403,931.00	
2.	General Legal Reserves (As per Turkish GAAP)	408,080,786.20	
According to Article 35 of the Articles of Association, 3% of the remainder after reserving (i) 5% of the Net Profit for General Legal Reserves and (ii) 5% of Paid-in Capital for First Category Dividend will be reserved for Hacı Ömer Sabancı Foundation.			
		As per IFRS	
		As per Turkish GAAP	
3.	Profit	11,176,901,000.00	1,000,601,291.93
4.	Taxes (-)	2,270,539,000.00	103,518,596.21
5.	Net Profit of the Period (=)	4,767,573,000.00	897,082,695.72
6.	Previous Years' Losses (-)	0.00	0.00
7.	General Legal Reserves (-)	0.00	0.00
8.	NET DISTRIBUTABLE PROFIT FOR THE PERIOD	4,767,573,000.00	897,082,695.72
9.	Donations Granted During the Year (+)	1,496,120.76	
10.	NET DISTRIBUTABLE PROFIT INCLUDING DONATIONS	4,769,069,120.76	
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	23,851,874.98	
	- Members of the Board of Directors	0.00	
	- Employees	0.00	
	- Non Shareholders	23,851,874.98	
14.	Dividends Distributed to the Holders of Usufruct Right Certificates	0.00	
15.	Second Category Dividend for Shareholders	612,121,179.30	
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	44,807,323.59
19.	Extraordinary Reserves	4,029,579,749.17	114,282,121.30
20.	Other Resource Planned for Distribution	0.00	0.00
	- Previous Years' Profit	0.00	0.00
	- Extraordinary Reserves	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 2020

	TOTAL DIVIDEND AMOUNT		AMOUNT TOTAL DIVIDEND AMOUNT/NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDEND FOR A SHARE WITH A NOMINAL VALUE OF TL 1	
	CASH (TL)	SHARES (TL)	RATIO (%)	AMOUNT (TL)	RATIO (%)
GROSS	714,141,375.85	-	14.98	0.3500	35.00
NET ⁽¹⁾	607,020,169.48	-	12.73	0.2975	29.75

⁽¹⁾ Net amount is calculated by assuming 15% withholding tax will apply.

Events After the Balance Sheet Period

Within the scope of decisions made in the Board meeting of Teknosa İç ve Dış Ticaret A.Ş. (Teknosa), one of the subsidiaries of the Group, dated February 22, 2021; it is expected to generate at least TL 273 million gross public offering income from the paid capital increase, as a result of the sale of shares, with a nominal value of TL 1 from shares with a nominal value of TL 91,000,000 to be offered to public with a consideration of TL 3 within the scope of the paid capital increase. In the material event disclosure with the same date, Sabancı Holding announced that it will inject TL 136.5 million to Teknosa, undertaking that the rights to purchase new shares in the capital increase of Teknosa will be used, in full an in cash.

According to the agreement executed between Ageas Group and Aviva International Holdings Ltd, Ageas agreed to acquire all Avivasa Emeklilik ve Hayat A.Ş. (AvivaSA) shares from Aviva Group with TL 72,000,006.72 nominal value, representing 40% of the share capital. Following the completion of closing procedures stipulated in the Share Purchase Agreement, the AvivaSA shares held by Aviva will be transferred to Ageas. The effectiveness of the Share Purchase Agreement signed between Ageas and Aviva will be subject to completion of closing procedures, including but not limited to, obtaining necessary permissions and approvals set forth by the respective agreement. The transaction is expected to be completed within 2021. Once the process is finalized; Avivasa Emeklilik ve Hayat A.Ş. will be included in the Group financial statements by full consolidation within the scope of TFRS 10.

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 2020 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 (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 23 February 2021 on the full set consolidated financial statements for the 1 January - 31 December 2020 period.

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.



Burak Özpoyraz, SMMM
Partner
Istanbul, February 23, 2021

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT (ORIGINALLY ISSUED IN TURKISH)



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

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

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Hacı Ömer Sabancı Holding A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated balance sheet as at 31 December 2020, 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 2020, 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 (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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T: +90 212 326 6060, F: +90 212 326 6050, www.pwc.com.tr Mersis Numaramız: 0-1460-0224-0500015*



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 32)</p> <p>The Group has total provision for impairment of TL 17 billion in respect to receivables from finance sector operations of TL 284 billion which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2020.</p> <p>TFRS 9 is a complex accounting standard which requires considerable judgement and interpretation. These judgements are key in the development of the financial models built to measure the expected credit losses on loans recorded at amortized cost. In addition, the operation of the models requires large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit losses on loans. Impairment allowances are calculated on a collective basis for portfolios of receivables from finance sector operations of a similar nature and on individual basis for significant loans taking into account Management's best estimate at the balance sheet date and historical losses incurred. As of 31 December 2020, the impacts of COVID19 global pandemic have increased the importance of the estimations and assumptions used by the Group management in determination of the expected credit loan loss provision. The uncertainties arising from these impacts have been evaluated by the management in their judgements and estimations.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macroeconomic expectations, current conditions, historical loss experiences; the significance of the receivables from finance sector operations balances; the appropriateness of classification of receivables from finance sector operations as per their credit risk (staging) in accordance with applicable regulation and the importance of determination of the associated impairment allowances. Timely and correct identification of loss event and the level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<p>Within our audit procedures, we assessed policies and procedures together with the overall governance established by the Group with respect to classification of receivables from finance sector operations and estimation of impairment in accordance with the applicable regulations considering also the impacts of COVID-19. We have tested the design and operating effectiveness of controls implemented by the Group in line with its governance, policies and procedures.</p> <p>Together with our modelling specialists, we have evaluated and tested the methodologies used in building impairment models in line with the requirement of TFRS 9 and the Group's policies for the significant portfolio of loans. We have tested model calculations through re-performance together with our modelling specialists on a sample basis. We have independently assessed together with our related specialists methodologies used in the models with respect to segmentation, life time expected credit losses, losses given default and use of macroeconomic expectations that include the impacts of COVID-19.</p> <p>We have carried loan review on a selected sample of receivables from finance sector operations with the objective to identify whether the classification of loans is performed appropriately in accordance with the applicable regulation, whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the TFRS 9 framework.</p> <p>In addition, for non-performing receivables from finance sector operations and other significant loans that are subject to individual assessment based on the Group policies, we have evaluated the appropriateness of specific impairment provision with supportable input. Based on our discussions with the Group management, we have evaluated and challenged whether the key assumptions and other judgements, underlying the estimation of impairment were reasonable including the areas affected by the uncertainties related to COVID-19.</p> <p>We have reviewed the appropriateness and sufficiency of disclosures made in the financial statements of the Group with respect to receivables from finance sector operations and related impairment provision.</p>

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Valuation of Pension Fund Obligations (Note 2.3.30)</p> <p>The Group has booked provision amounting to TL 126 million for Pension Fund Liabilities in the accompanying consolidated financial statements as at 31 December 2020.</p> <p>The Group's Personnel Pension Fund Foundation ("Pension Fund") is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). The President of the Republic of Turkey is authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumption for benefits to be transferred and for non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. The Group's management uses external consulting firm for the purpose of valuations of pension obligations. The reason we focused on this area during our audit is; the importance of the actuarial and economic assumptions such as discount rates, salary increases, demographic assumptions used in the valuation of pension obligations with respect to social benefits and the significant impact that may arise from the possible change in the assumptions used in the evaluation of pension fund liabilities.</p>	<p>Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Group management to the external consulting firm for the purpose of evaluation pension obligation. In addition, we have verified the existence and values of the Pension Fund assets.</p> <p>Through use of actuarial specialists, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.</p> <p>In addition to the above procedures we have reviewed disclosures made with respect to pension fund.</p>

4. Other matters

As explained in Note 2 to the consolidated financial statements, USD amounts shown in the accompanying consolidated financial statements have been translated from Turkish Lira ("TL"), as a matter of arithmetic computation only, at the official USD bid rates announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2020 for the consolidated balance sheet; and the official USD average CBRT bid rates of the year 2020 for the consolidated statement of income, consolidated statement of other comprehensive income and consolidated statement of cash flows, and they do not form part of these consolidated financial statements.



5. 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.

6. 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 23 February 2021.



Burak Özpoyraz, SMMM
Partner

Istanbul, 23 February 2021

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HACI ÖMER SABANCI HOLDİNG A.Ş.**CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2020 AND 2019**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Note	31 December	Audited	Audited
	References	2020 USD (*)	Current	Prior
			Period	Period
			2020	2019
ASSETS				
Current Assets		36,712,941	269,491,344	206,970,925
Cash and Cash Equivalents	5	2,701,194	19,828,118	22,447,203
Financial Investments		4,876,993	35,799,568	28,210,697
- Fair Value Through Profit or Loss	6.a	1,255,296	9,214,502	7,289,522
- Fair Value through Other Comprehensive Income	6.b	1,340,157	9,837,424	16,750,747
- At Amortized Cost	6.c	2,279,313	16,731,294	4,170,428
- Time Deposit	6.d	2,227	16,348	-
Trade Receivables	9	251,421	1,845,555	1,625,419
Receivables From Finance Sector Operations	32	20,449,372	150,108,617	117,257,770
Reserve Deposits with the Central Bank of Republic of Turkey		5,804,015	42,604,370	26,541,745
Other Receivables	10	612,702	4,497,536	2,101,358
Derivative Financial Instruments	31	1,152,990	8,463,520	3,137,883
Inventories	11	512,411	3,761,354	3,124,669
Prepaid Expenses	12	164,058	1,204,269	893,037
Current Tax Assets		925	6,788	4,733
Other Current Assets	22	151,137	1,109,423	952,864
		36,677,218	269,229,118	206,297,378
Assets Classified as Held for Sale	24	35,723	262,226	673,547
Non Current Assets		31,573,739	231,767,030	199,376,954
Financial Investments		10,016,215	73,524,030	62,169,382
- Fair Value through Other Comprehensive Income	6.b	6,591,104	48,382,002	50,773,699
- At Amortized Cost	6.c	3,425,111	25,142,028	11,395,683
Trade Receivables	9	77	566	17
Receivables from Finance Sector Operations	32	15,934,976	116,970,690	100,134,183
Other Receivables	10	527,162	3,869,631	3,025,117
Derivative Financial Instruments	31	1,969,261	14,455,362	13,490,781
Investments Accounted Through Equity Method	13	1,130,491	8,298,372	7,335,503
Investment Property	14	32,023	235,062	191,035
Property, Plant and Equipment	15	1,084,343	7,959,621	7,295,877
Right of Use Assets	17	235,894	1,731,577	1,885,463
Intangible Assets		528,026	3,875,970	3,348,497
- Goodwill	18	218,063	1,600,690	1,475,337
- Other Intangible Assets	16	309,963	2,275,280	1,873,160
Prepaid Expenses	12	2,366	17,368	21,719
Deferred Tax Assets	30	97,987	719,275	353,154
Other Non-Current Assets	22	14,918	109,506	126,226
TOTAL ASSETS		68,286,680	501,258,374	406,347,879

These consolidated financial statements have been approved for issue by the Board of Directors on 23 February 2021 and signed on its behalf by Cenk Alper, Member of Board of Directors and CEO and Barış Oran, CFO. General Assembly has the right to change these consolidated financial statements.

(*) USD amounts presented above are translated from TRY for convenience purposes only, at the official TRY Exchange rate announced by CBRT at 31 December 2020, and therefore do not form part of these consolidated financial statements (Note 2.1.6)

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

HACI ÖMER SABANCI HOLDİNG A.Ş.**CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2020 AND 2019**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Note	31 December	Audited	Audited
	References	2020 USD (*)	Current	Prior
			Period	Period
			2020	2019
LIABILITIES				
Short Term Liabilities		47,860,583	351,320,596	278,812,101
Short Term Borrowings	7	1,868,209	13,713,590	10,342,807
Current Portion of Long Term Borrowings	7	2,731,839	20,053,065	15,005,313
Liabilities From Leasing Transactions	8	45,559	334,423	306,876
Trade Payables	9	684,378	5,023,674	3,995,658
Payables From Finance Sector Operations	33	39,830,418	292,375,186	237,928,489
Payables Related to Employee Benefits	21	16,229	119,126	62,430
Other Payables	10	1,238,148	9,088,626	6,078,721
Derivative Financial Instruments	31	789,529	5,795,534	1,790,818
Deferred Income	12	28,481	209,063	186,978
Income Taxes Payable	30	159,641	1,171,845	355,895
Short Term Provisions		164,790	1,209,636	900,438
- Short Term Provisions for Employee Benefits	21	71,150	522,275	422,063
- Other Short Term Provisions	19	93,640	687,361	478,375
Other Short Term Liabilities	22	302,813	2,222,801	1,854,561
		47,860,034	351,316,569	278,808,984
Liabilities Classified as Held for Sale	24	549	4,027	3,117
Long Term Liabilities		9,965,926	73,154,884	61,058,335
Long Term Borrowings	7	5,244,131	38,494,543	32,736,661
Liabilities From Leasing Transactions	8	217,939	1,599,783	1,677,959
Payables from Finance Sector Operations	33	2,461,147	18,066,046	14,463,018
Other Payables	10	603,658	4,431,151	3,374,173
Derivative Financial Instruments	31	1,240,831	9,108,320	7,271,155
Deferred Income	12	18,719	137,410	83,279
Long Term Provisions		128,932	946,430	669,814
- Long Term Provisions for Employee Benefits	21	96,032	704,926	547,820
- Other Long Term Provisions	19	32,900	241,504	121,994
Taxes and Funds Payable		-	-	5,094
Deferred Tax Liabilities	30	43,359	318,277	737,000
Other Long Term Liabilities	22	7,210	52,924	40,182
EQUITY		10,460,171	76,782,894	66,477,443
Equity Attributable To The Parent		23	5,176,281	37,996,499
Share Capital	23	277,965	2,040,404	2,040,404
Adjustments to Share Capital		466,829	3,426,761	3,426,761
Share Premium	23	3,029	22,237	22,237
Treasury shares (-)	23	(25,948)	(190,470)	(190,470)
Accumulated Profits or Losses				
Will Not Be Reclassified to Profit or Loss		(20,560)	(150,921)	(116,253)
- Actuarial Gain/(Loss)		(20,560)	(150,921)	(116,253)
Accumulated Profits or Losses		(3,301,716)	1,135,944	531,823
Will Be Reclassified to Profit or Loss				
- Currency Translation Reserve	23	(3,102,396)	2,684,551	1,688,674
- Gains/Losses on Hedge	23	(239,186)	(1,755,742)	(1,213,290)
- Revaluation Reserve	23	28,218	207,135	56,439
Restricted Reserves	23	166,684	1,223,543	1,173,886
Retained Earnings		6,940,963	25,721,428	22,590,193
Net Income for the Period		680,683	4,767,573	3,779,736
Non-controlling Interests		5,283,890	38,786,395	33,219,126
TOTAL EQUITY AND LIABILITIES		68,286,680	501,258,374	406,347,879

(*) USD amounts presented above are translated from TRY for convenience purposes only, at the official TRY Exchange rate announced by CBRT at 31 December 2020, and therefore do not form part of these consolidated financial statements (Note 2.1.6)

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019**

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Note References	1 January -31 December 2020 USD(*)	Audited Current Period 1 January - 31 December 2020	Audited Prior Period 1 January- 31 December 2019
CONTINUING OPERATIONS				
Sales (net)	4,25	3,073,801	21,529,210	18,782,988
Cost of Sales (-)	4,25	(2,427,924)	(17,005,423)	(14,874,681)
Gross Profit from Non-Financial Operations		645,877	4,523,787	3,908,307
Interest, Premium, Commission and Other Income	4	5,400,348	37,824,578	41,083,678
Interest, Premium, Commission and Other Expense (-)	4	(2,954,260)	(20,691,934)	(27,149,264)
Gross Profit from Financial Operations		2,446,088	17,132,644	13,934,414
GROSS PROFIT		3,091,965	21,656,431	17,842,721
General and Administrative Expenses (-)	26	(1,277,534)	(8,947,977)	(7,672,450)
Marketing Expenses (-)	26	(343,613)	(2,406,697)	(2,190,870)
Research and Development Expenses (-)	26	(3,908)	(27,375)	(19,486)
Other Income from Operating Activities	27	395,074	2,767,140	1,068,496
Other Expense from Operating Activities (-)	27	(372,896)	(2,611,800)	(1,057,054)
Share of Profit of Investments Accounted for Using the Equity Method	13	218,819	1,532,631	1,466,691
OPERATING PROFIT		1,707,907	11,962,353	9,438,048
Income from Investing Activities	28	21,067	147,553	175,503
Expense from Investing Activities (-)	28	(734)	(5,143)	(76,544)
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		1,728,240	12,104,763	9,537,007
Financial Income	29	8,185	57,332	68,432
Financial Expenses (-)	29	(140,660)	(985,194)	(1,061,097)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS		1,595,765	11,176,901	8,544,342
Tax Expense from Continuing Operations				
Current Tax Expense	30	(370,130)	(2,592,425)	(1,955,731)
Deferred Tax Income/(Expense)	30	45,957	321,886	376,509
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		1,271,592	8,906,362	6,965,120
DISCONTINUED OPERATIONS				
Profit After Tax				
From Discontinued Operations	24	(1,015)	(7,109)	(152)
PROFIT FOR THE PERIOD		1,270,577	8,899,253	6,964,968
ALLOCATION OF PROFIT				
- Non-controlling Interests		589,894	4,131,680	3,185,232
- Equity Holders of the Parent		680,683	4,767,573	3,779,736
Earnings per share				
- hundreds of ordinary shares (TRY)		0.33	2.34	1.85
Earnings per share from continuing operations				
- hundreds of ordinary shares (TRY))		0.33	2.34	1.85

(*) USD amounts presented above are translated from TRY for convenience purposes only, at the average of official TRY Exchange rates announced by CBRT in 2020, and therefore do not form part of these consolidated financial statements (Note 2.1.6)

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019**

(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 2020	Audited Prior Period 1 January- 31 December 2019
INCOME FOR THE PERIOD		8,899,253	6,964,968
Other Comprehensive Income / (Loss):			
Items that will not be Reclassified			
To Profit or Loss		(74,162)	(84,326)
Actuarial (losses) / gains	30	(70,204)	(72,339)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax	30	(3,958)	(11,987)
Items that will be Reclassified			
To Profit or Loss		1,752,525	2,452,739
Gains/(losses) on available for sale financial assets transferred to the income statement, after tax	30	338,361	3,089,644
Currency translation differences	30	2,398,840	710,487
Cash flow hedges, after tax	30	412,129	(994,821)
Profit/(loss) from the derivative financial assets related to the hedging of net investment in a foreign operation, after tax	30	(1,185,472)	(155,126)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax	30	(211,333)	(197,445)
OTHER COMPREHENSIVE INCOME (AFTER TAX)		1,678,363	2,368,414
TOTAL COMPREHENSIVE INCOME		10,577,616	9,333,381
ALLOCATION OF TOTAL COMPREHENSIVE INCOME			
- Non-controlling Interests		5,240,590	4,692,454
- Equity Holders of the Parent		5,337,026	4,640,923

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

HACI ÖMER SABANCI HOLDING A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Accumulated Comprehensive Income or Loss That Will		Profit or Loss		Share capital	Adjustment to share capital	Treasury shares	Share premium	Currency translation reserve	Actuarial gains/losses	Hedge reserve	Revaluation funds	Restricted reserve	Retained earnings	Net income for the year	Equity attributable to the parent	Non-controlling interests	Total
	Not be reclassified	Be reclassified																
Balance at 1 January 2019	2,040,404	3,426,761	(190,470)	22,237	(74,784)	1,382,776	(535,681)	(1,217,928)	1,050,078	123,808	3,706,527	(3,830,335)	29,289,967	27,105,829	56,395,796			
Transfers																		
Subsidiary sale (****)																(11,728)	(297,901)	
Dividends paid(*)																(660,845)	(62,162)	
Capital increase (*****)																	1,780,902	
Total comprehensive income																	4,692,458	
Balance at 31 December 2019	2,040,404	3,426,761	(190,470)	22,237	(116,253)	1,688,674	(1,213,290)	56,439	1,173,886	22,590,193	3,779,736	33,258,317	33,219,126	66,477,443				
Balance at 1 January 2020	2,040,404	3,426,761	(190,470)	22,237	(116,253)	1,688,674	(1,213,290)	56,439	1,173,886	22,590,193	3,779,736	33,258,317	33,219,126	66,477,443				
Transfers																		
Dividends paid(*)																(684,346)	(36,036)	
Capital increase (**) (***)																	161,006	
Subsidiary ownership rate change (****) (*****)																	201,709	
Total comprehensive income																	5,240,590	
Balance at 31 December 2020	2,040,404	3,426,761	(190,470)	22,237	(150,921)	2,684,551	(1,755,742)	207,135	1,223,543	25,721,428	4,767,573	37,996,499	38,786,395	76,782,894				

(*) Dividends paid by the Holding per share with a TRY 1 nominal value is TRY 0.33 (2019: TRY 0.30).

(**) Atyon Cimento A.Ş., a subsidiary of Cimisa Cimento Sanayi ve Ticaret A.Ş., which is a subsidiary of the Group, increased its issued capital of TRY100,000,000 (full) by 300% (or TRY300,000,000 (full)), to TRY400,000,000, with contributions composed entirely of cash. The capital contribution ended on 29 May 2020 with the registration of capital.

(***) Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş., one of the subsidiaries of the Group, reduced its issued capital of 700,000,000 Full TL to 104,244,353 Full TL and this simultaneously with the capital decrease, a total capital increase of 23,529,411 TL was realized, all of which were covered in cash.

(***) The Group has completed the sale of shares with a nominal value of full TL 11,310,508 representing 10.28% of the capital of Telesat İc ve Dış Ticaret A.Ş. and the share of the Group in Teknosa has been 50.00%.

(***) The Group has completed the sale of shares with a nominal value of full TL 11,310,508 representing 10.28% of the capital of Telesat İc ve Dış Ticaret A.Ş. and the share of the Group in Teknosa has been 50.00%.

(***) The sale of Tensis Ulaşım Araçları A.Ş., a Group subsidiary, was carried out on 30 May 2019. A subsidiary Yünsa was sold on 26 November 2019.

(***) In January 2019 the issued capital of Akbank, a subsidiary of the Group, was increased by TRY1.2 billion (full), from TRY4 billion (full) to TRY5.2 billion (full).

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

HACI ÖMER SABANCI HOLDING A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(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 2020	Audited 1 January- 31 December 2019
Net income before tax from continuing operations		11,176,901	8,544,342
Net income before tax from discontinued operations		(7,109)	(152)
Adjustments to reconcile income before taxation to net cash provided by operation activities			
Depreciation and amortization expenses	14,15,16,17	1,642,179	1,403,433
Provision for loan losses	32	6,488,159	7,137,683
Changes in the fair value of derivative instruments		(204,111)	639,063
Interest income and foreign currency gains		(4,923,328)	(8,420,665)
Interest expense		1,335,266	1,365,778
Provision for employment termination benefits		122,312	139,163
Impairment charge on property plant and equipment, intangible assets and investment property	14,15,16	9,259	4,395
Adjustments for impairment loss of non-current assets classified as held for sale	24	496,888	938,867
Income from sale of property, plant and equipment, intangible assets and investment property		(120,835)	(65,429)
Income from associates and joint ventures		(1,532,631)	(1,466,691)
Income from sale of shares of subsidiaries		-	46,495
Provision for/ (reversal of) inventory impairment	11	18,760	(16,917)
Provision for/ (reversal of) doubtful receivables		9,844	(125,675)
Income from sale of shares of associates / joint ventures		-	(56,525)
Unrealized foreign currency translation differences		175,006	36,160
Net cash provided by operating activities before changes in operating assets and liabilities		14,686,560	10,103,325
Changes in trade receivables		(230,529)	(2,488)
Changes in inventories		(650,030)	(568,957)
Changes in other receivables and other current assets		(3,660,868)	(26,038)
Changes in trade payables		1,028,016	832,258
Changes in other liabilities and other payables		3,626,765	(275,599)
Net cash provided by operating activities of assets classified as held for sale		181,064	240,649
Changes in assets and liabilities in finance segment:			
Changes in securities held for trading		(1,924,395)	(411,136)
Changes in receivables from finance sector operations		(54,397,863)	(15,797,616)
Changes in payables from finance sector operations		58,987,863	33,640,035
Changes in Central Bank of the Republic of Turkey account		(16,488,661)	978,156
Income taxes paid	30	(2,023,924)	(1,385,511)
Employment termination benefits paid	21	(65,691)	(102,435)
Net cash provided by / (used in) operating activities		(931,693)	27,224,643
Capital expenditures	4	(1,824,011)	(1,900,829)
Sale / (purchase) of available for sale and held to maturity financial assets		(17,532,621)	(20,853,658)
Purchase of subsidiaries, associates and joint ventures		(83,264)	(998,946)
Share sale of subsidiaries		316,070	252,149
Share sale of joint ventures		-	152,930
Proceeds from sale of noncurrent assets held for sale, property, plant and equipment and intangible assets		318,704	133,052
Dividend received		428,922	565,570
Net cash provided by / (used in) investing activities		(18,376,200)	(22,649,732)
Cash in flow from financial liabilities		19,051,336	3,245,573
Financial liability repayments		(5,740,452)	(12,252,903)
Dividends paid		(684,346)	(660,845)
Share capital increase of subsidiaries		161,006	1,780,902
Dividends paid to noncontrolling interests		(36,036)	(62,162)
Net cash provided by / (used in) financing activities		12,751,508	(7,949,435)
Effect of change in foreign currency rates on cash and cash equivalents		3,516,122	3,245,458
Net increase/(decrease) in cash and cash equivalents		(3,040,263)	(129,066)
Cash and cash equivalents at the beginning of the period (*)		18,525,274	18,654,340
Cash and cash equivalents at the end of the period		15,485,011	18,525,274

(*) In the current period, cash and cash equivalents include an interest rediscount of TRY332 (2019: TRY5,190). The blocked deposit at the beginning of the current period was TRY3,916,739, and it was TRY4,342,775 at the end of the period (2019: respectively TRY5,002,895 and TRY3,916,739).

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

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(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 2020 is 63.412 (31 December 2019: 62.051). Holding’s registered address is as follows:

Sabancı Center, 4. Levent, İstanbul, Türkiye

The Holding is registered with the Capital Markets Board (“CMB”) and its shares have been quoted on Borsa Istanbul (“BİST”) (previously known as the Istanbul Stock Exchange (“ISE”)) since 1997. As of 31 December 2020, 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

As of 31 December 2020, the nature of the business of the Subsidiaries consolidated in these consolidated financial statements and, their respective business segments are as follows:

Subsidiaries	Traded Stock Market	Type of Activity	Business Segment	Number of Employees	Registered Country
Akbank T.A.Ş. (“Akbank”)	BİST	Banking	Banking	16,231	Turkey
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. (“Carrefoursa”)	BİST	Trade	Retailing	13,157	Turkey
Teknosa İç ve Dış Ticaret A.Ş. (“Teknosa”)	BİST	Trade	Retailing	2,337	Turkey
Çimsa Çimento Sanayi ve Ticaret A.Ş. (“Çimsa”)	BİST	Cement	Building Materials	2,265	Turkey
Kordsa Teknik Tekstil Anonim Şirketi (“Kordsa”)	BİST	Clinker tire	Industry	4,492	Turkey
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (“Exsa”)	-	Trade	Other	49	Turkey
Ankara Enternasyonel Otelcilik A.Ş. (“AEO”)	-	Tourism	Other	2	Turkey
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. (“Tursa”)	-	Tourism	Other	3	Turkey
Sabancı Dijital Teknoloji Hizmetleri A.Ş. (“SabancıDX”)	-	Information Technologies	Other	217	Turkey
Çimsa Sabancı Cement BV (“CSC BV”)	-	Cement	Building Materials	-	Holland

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(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)

In addition, A.R.T.S., which was established as a “Structured Entity” in November 1999 to provide long-term financing from abroad, which the Bank has 100% controlling power even though it is not a subsidiary, has been included in the consolidation by full consolidation method.

For the purposes of segment information, Holding’s stand-alone financial statements have been included within the “Other” business segment.

Joint Ventures

As at 31 December 2020, the nature of business and operating segments of the Joint Ventures which are accounted through equity method in the consolidated financial statements are as follows:

Joint ventures	Traded Stock Market	Type of Activity	Business Segment	Ventures	Number of Employees
Aksigorta A.Ş. (“Aksigorta”)	BİST	Insurance	Insurance	Ageas	662
Avivasa Emeklilik ve Hayat A.Ş. (“Avivasa”)	BİST	Pension	Insurance	Aviva	1,757
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. (“Brisa”)	BİST	Tire	Industry	Bridgestone	2,953
Akçansa Çimento Sanayi ve Ticaret A.Ş. (“Akçansa”)	BİST	Cement and clinker	Cement	Heidelberg	2,035
Enerjisa Enerji A.Ş. (“Enerjisa Enerji”)	BİST	Energy	Energy	E.ON SE	11,267
Enerjisa Üretim Santralleri A.Ş. (“Enerjisa Üretim”)	-	Energy	Energy	E.ON SE	1,204
Temsa Ulaşım Araçları Sanayi ve Ticaret A.Ş. (“Temsa Ulaşım Araçları”)	-	Automotive	Other	PPF Industry Co B.V.	1,420

All joint ventures are registered in Turkey.

Associates

As at 31 December 2020, the nature of business and operating segments of the affiliates which are accounted through equity method in the consolidated financial statements are as follows:

Affiliates	Traded Stock Market	Type of Activity	Business Segment	Ventures	Number of Employees
Philisa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (Philisa)	-	Tobacco products production	Industry	Philip Morris	2,862
Philip Morris Sabancı Pazarlama Satış A.Ş. (“Philip Morrissa”)	-	Tobacco products marketing and Sales	Industry	Philip Morris	

Number of employees represent the total number of employees of Philisa and Philip Morrissa.

All affiliates are registered in Turkey.

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(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)

The COVID-19 pandemic caused serious effects on health systems and the economy as the virus spread to the world in the first quarter of 2020, widespread closure of businesses and unprecedented constraints in social interactions have significantly affected economic activity. Countries have taken measures to slow the spread of the pandemic, such as testing and treating patients, applying travel restrictions, quarantining citizens and canceling large meetings. Along with these social measures, comprehensive financial measures were taken simultaneously to reduce the negative effects on the economic outlook. Similarly, Turkey has implemented health and safety measures to support the households; fiscal and monetary measures to support the companies and regulators. Additional measures are being announced to tackle adverse impacts on companies and certain sectors. The Group management closely monitors all developments and takes the necessary measures to effectively manage the negative effects of the COVID-19 outbreak on the Group's consolidated financial position, consolidated financial performance and consolidated cash flows. The Group management believes that despite the uncertain economic outlook, it can successfully manage its commercial risks and liquidity reserves.

Group departments execute the COVID-19 pandemic approach as follows:

Banking:

Our banking group focuses on its strong features such as high liquidity, a low leverage ratio and strong capital structure, and provides uninterrupted services owing to its advanced digital infrastructure.

Energy:

Our energy group is taking measures to protect its infrastructure systems which are vital to public services, and is postponing its development investments, except those protecting service standards. Our power plants continue operations with minimal disruption. The effects of COVID-19 on our energy segment turnover is limited since our distribution income does not rely on energy consumption and our retail income comes mostly from household clients, which does not negatively affect our client portfolio.

Retail:

The priority for our retail group is to ensure business continuity. Transactions in the supply chain continue without disruption, with a particular focus on liquidity and operating capital. In food retail, to meet the unprecedented increase of demand via web services, software and hardware capabilities are being developed.

Financial Services:

Our financial services group made employee health a priority and took intensive measures to ensure the safety of business partners, clients and agents. The personal segment business volume effects of COVID-19 and other operational impacts are being closely followed. Because of the pandemic, the Group also applies strategies and policies that ensure the constant availability of enough liquidity to continue operating efficiently.

Building materials:

Our building materials group is following the potential effects of the pandemic on its operations and financial position carefully and has taken the necessary actions so that the Group is affected as little as possible. To this end, working in shifts in factories and strict health and safety measures for cases where an employee needs to be at the office for mandatory tasks have been implemented. To reduce the negative effect of the pandemic on the Group's business processes, necessary planning and scenario analyses are being carried out. A limit on non-urgent expenses was enforced in all regions of work.

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(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)**Industry:**

Our industry group is following the developments closely in the markets where it operates to evaluate the potential impact of the social and economic circumstances resulting from the pandemic. To this end, because of the effects of the pandemic, production has been reduced at some plants; inventory and receivables are focused on to improve liquidity and operational efficiency and investment expenses are regularly tracked.

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 Accounting Standards issued by POA.

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 Accounting Standards and interpretations (“TAS”) 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 2 June 2016. 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.

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.

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(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****(a) As at 31 December 2020, new standards in force and amendments to existing previous standards and interpretations**

Amendments to IAS 1 and IAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs:

- i) Use of the definition of materiality consistent with IFRS and financial reporting framework
- ii) clarification of the definition of materiality and
- iii) the inclusion of some guidance in TAS 1 on non-essential information

Changes in IFRS 3 - business definition; Effective for annual periods beginning on or after 1 January 2020. With this change, the definition of the business has been revised. Based on the feedback received by the IASB, it is often considered that the current practice guidance is very complex and results in a large number of transactions to meet the definition of business combinations.

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform; effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

Amendment to IFRS 16, ‘Leases’ - Covid-19 related rent concessions; effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(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)****(b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2020:**

IFRS 17, ‘Insurance contracts’; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Amendments to IAS 1, “Presentation of financial statements”; on classification of liabilities; effective from 1 January 2022. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16; effective from Annual periods beginning on or after 1 January 2022.

- **Amendments to IFRS 3, “Business combinations”;** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. .
- **Amendments to IAS 16, “Property, plant and equipment”;** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37, “Provisions, contingent liabilities and contingent assets”;** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, “First-time Adoption of IFRS”, IFRS 9, “Financial instruments”, IAS 41, “Agriculture” and the Illustrative Examples accompanying IFRS 16, “Leases”.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

Amendments to IFRS 17 and IFRS 4, ‘Insurance contracts’, deferral of IFRS 9; effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(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)****2.1.3 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 CMB 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 on which the Holding has the power to control directly or indirectly. The Group has control over a company if it is exposed to variable returns as a result of a business relationship with a company or has right on these returns and at the same time has the power to influence these returns with its power on the company.

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 IFRS). 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 IFRS 9, 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

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(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)****2.1.3 Basis of Consolidation (Continued)**

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 2020 and 2019:

	31 December 2020		31 December 2019	
	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				
AEO	76.85	76.85	76.85	76.85
Akbank	40.75	40.75	40.75	40.75
SabancıDX	100.00	100.00	100.00	100.00
Çimsa	63.52	58.10	63.52	58.10
Exsa	61.68	47.90	61.68	47.90
Kordsa	71.11	71.11	71.11	71.11
Teknosa	50,00	50,00	60.28	60.28
Tursa	100.00	100.00	100.00	100.00
Carrefoursa	57.12	57.12	50.61	50.61
CSC BV	100.00	83.24	-	-

The balance sheets and statements of profit or loss of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the shares held by the Holding and its Subsidiaries is deducted from the related shareholders' equity. Intercompany transactions and balances between the Holding and its Subsidiaries are eliminated in consolidation. The cost of financing the shares in Subsidiaries held by the Holding and its Subsidiaries and the dividends pertaining to these shares are deducted from equity and income for the period, respectively.

The Subsidiaries are included into or excluded from the scope of consolidation subsequent to the date of transmission of the control to the Group. The shares of non-controlling shareholders in the net assets and operating results of Subsidiaries are presented in the consolidated balance sheet and profit or loss table as non-controlling interests. Sabancı Family, “Sabancı Foundation” and a retirement fund for Akbank employees called “Akbank Retirement Fund” established both by Sabancı Family, have a share in the capitals of some subsidiaries and affiliates which are accounted in the consolidated financial statements. This share is considered as non-controlling share in the consolidated financial statements and it is not included in the current period profit.

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(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)****2.1.3 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 2020 and 2019:

	31 December 2020		31 December 2019	
	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
Aksigorta	36.00	36.00	36.00	36.00
Avivasa	40.00	40.00	40.00	40.00
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	-	-

Investments in Joint Ventures were consolidated by equity method. Sabancı family members do not have any interest in the share capital of the Joint Ventures.

f) Investments in Associates are accounted for by the equity method. These are companies where the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Unrealized gains that result from intercompany transactions between the Group and its Associates are adjusted to the extent of the Group's share in the associate and unrealized losses are restated if the transaction does not address an impairment on transferred asset. In this respect, the Group does not undertake any obligation or make commitment about its Subsidiaries.

The table below sets out all Associates and shows the total interest of the Holding in these associates at 31 December 2020 and 2019:

Associates	Proportion of effective interest by the Holding (%)
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (“Philsa”)	25.00
Philip Morris Sabancı Pazarlama Satış A.Ş. (“Philip Morrissa”)	24.75

Sabancı family members do not have any interest in the share capital of Associates.

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(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)****2.1.4 Offsetting**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.1.5 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.

The Group presented the consolidated balance sheet as of 31 December 2020 comparatively with the consolidated balance sheet as of 31 December 2019 and presented the consolidated statement of profit or loss, statement of other comprehensive income, statement of cash flows and statement of changes in equity for the period 1 January – 31 December 2020 comparatively with the year 1 January - 31 December 2019.

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.

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(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)**2.3 Summary of Significant Accounting Policies****2.3.1. IFRS 16 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.
- 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).

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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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. IFRS 16 Leases (Continued)**

To apply a cost model, the Group measure the right-of-use asset at cost:

- a) Less any accumulated depreciation and any accumulated impairment losses; and
- b) Adjusted for any remeasurement of the lease liability

The Group applies IAS 16 “Property, Plant and Equipment” to amortize the right of use asset and to asses for any impairment.

The Group apply IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease Liability

At the commencement date, The Group measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group use the lessee’s incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- 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.

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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. IFRS 16 Leases (Continued)***Variable lease payments*

Group's lease contracts also include variable lease payments which are based on income. Variable lease payments are recognised in profit or loss in the related 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 IFRS 16 lease standard, and payments related to these agreements continue to be recognised as expenses in the period in which they occur.

The Group - as a lessor

Assets leased out under operating leases are included in investment property, property, plant and equipment or other current assets in the balance sheet and rental income is recognised equally on a monthly basis. Rental income is recognised on a straight-line basis over the lease term. The lease process, where a significant part of the property risks and returns belong to the lessor, is classified as an operating lease. Payments made within the scope of operating lease (after the incentives received from the lessor are deducted) are reflected in the consolidated income statement by linear method during the lease period.

2.3.2 Cash and cash equivalents

Cash and cash equivalents are carried at cost on the balance sheet. Cash and cash equivalents comprise short-term, highly liquid investments that are readily convertible into cash, cash on hand, with maturities of the three months or less at the date acquired and conversion risk is immaterial (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", "available for sale" or "held to maturity" portfolios and valued according to relevant portfolio basis. Acquired Funds in return of repurchase agreements accounted under "Financial Liabilities" and expense accruals 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 TL and foreign currency liabilities. The required reserve rates for TL liabilities vary between 1% and 6% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2020 (2019: 1% and 7% for all TL liabilities) The reserve rates for foreign currency liabilities vary between 5 and 22 (31 December 2019: 5% and 21%).

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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 and expected credit losses**

Group uses a provision matrix for the calculation of the expected credit losses on trade receivables.

The provision matrix calculates fixed provision rates depending on the number of days that a trade receivable is past due and those provision rates are reviewed and, revised if necessary, in every reporting period. The changes in the expected credit losses on trade receivables are accounted for under "other operating income/expenses" account of the consolidated statement of income. As of the reporting date the provision effect is immaterial.

Impairment

"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 2019. 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.

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.

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 or carried at fair value through other comprehensive income. 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 revenue 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 revenue 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.

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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)**

“Stage 3”, includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognised. 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 Related parties

For the purpose of the consolidated financial statements, 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.

2.3.8 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.

2.3.9 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 IFRS 9 treated as derivatives at fair value through profit or loss and their fair value gains and losses are reported 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)****2.3.9 Derivative financial instruments (Continued)**

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.

2.3.10 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.

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2.3.11 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:

	Years
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.

2.3.12 Intangible assets

Intangible assets consist of licences, computer software, development costs, purchased technology, mining rights, acquired rights of use, and other identifiable rights. Intangible assets are initially accounted at cost and amortised using the straight-line method over an estimated useful life that does not exceed 20 years (Note 16). The amortisation of mining rights commences when the extraction begins.

Customer relations and agreements acquired in business combination are recognised at fair value at the acquisition date. Customer relations and contracts are depreciated on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization and impairment losses (Note 16).

2.3.13 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).

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**2.3 Summary of Significant Accounting Policies (Continued)****2.3.13 Non-current assets held for sale and discontinued operations (Continued)**

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 (or disposal groups) 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.

2.3.14 IFRS Interpretation 12 - Service Concession Arrangements

IFRS Interpretation 12, provides guidance on the accounting of public-to-private service concession arrangements by operators.

An arrangement within the scope of IFRS Interpretation 12 typically involves a private sector entity (an operator) constructing an infrastructure used to provide a public service or upgrading it, operating and maintaining that infrastructure for a specified period of time.

The fee received/to be received by Enerjisa Elektrik Dağıtım A.Ş., which is a subsidiary of the Group, for its distribution services will be recognised over the fair value of the service. The fee amount is recognised as a financial asset. Group recognises this financial asset in line with the cash paid by the licensee or paid by another party as instructed by the licensee in return for the electricity distribution service. The amount to be paid by the licensee or paid by another party as instructed by the licensee is recognised as a receivable as per IFRS 39 “Financial Instruments”.

A financial asset of Enerjisa Elektrik Dağıtım A.Ş., the Group’s subsidiary, is recognised in its own statement of financial position under “Financial Assets” at the current market value calculated by discounting estimated future cash inflows to be realized during the project based on the annual investments determined with the transfer of the operational rights contract concluded in advance, using the effective interest rate method. The revenue calculated based on the effective interest rate method is recognised as “interest revenue earned from a service concession agreement”.

2.3.15 Shareholders’ equity

In the restatement 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 restatement of shareholders’ equity items added to share capital the capital increase registry dates or the payment dates are considered. In the restatement 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.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**2.3 Summary of Significant Accounting Policies (Continued)****2.3.15 Shareholders’ equity (Continued)**

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.

As of December 31, 2020, the capital adequacy standard rate of Akbank, one of the subsidiaries of the Group, is 20.70% (31 December 2019: 19.66%) and its capital adequacy standard rate is above the minimum rate determined by the relevant legislation.

2.3.16 Research expenses and development costs

Research costs are expensed as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) 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 costs

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 TL 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 Income taxes

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.

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Income tax expense represents the sum of the tax currently payable and deferred tax.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**2.3 Summary of Significant Accounting Policies (Continued)****2.3.19 Income taxes (Continued)**Current tax

The tax currently 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 (whether in other comprehensive income or directly in equity), 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.

On 1 November 2005, Banking Law No,5411 (“New Law”) which requires the transfer of the pension funds of the banks to the Social Security Institution within three years following the publication date was published in the Official Gazette. However, President of the Turkish Republic applied to the Constitutional Court on 2 November 2005 for the abrogation of the related article of Banking Law, and this article was abrogated with the decision No E. 2005/39, K. 2007/33 dated 22 March 2007, which was published in the Official Gazette No 26731 dated 15 December 2007, and its execution was annulled at the publication date of the decision.

Following the publication of the reasoned ruling of the Constitutional Court in December 2007, the relevant commission of the Turkish Parliament began to work on a new law provision establishing the transfer of the pension funds. The law provision was drawn up as a draft in the first months of 2008 and the legislation processes are in progress as of the preparation date of these consolidated financial statements and at 17 April 2008, at No. 5754 of the Social Security Act (“ New Law”) circuit that regulates the principles and provisions of the Parliamentary General Assembly agreed and 8 May 2008 and published in the Official Gazette No. 26870th be entered into force. Following the publication of the reasoned decree of the Constitutional Court, Turkish Grand National Assembly commenced to work on a new law regarding the transfer of the members of funds to the Social Security Institution; the related articles of the Social Security Law (“New Law”) numbered 5754 regarding the transfer of the funds, were ratified by the TGNA General Meeting on 17 April 2008 and came into effect following the publication in the Official Gazette numbered 26870, dated 8 May 2008.

The New Law was requiring that present value of post-employment benefits at the transfer date shall be calculated by a commission consisting of the representatives of SSI, Ministry of Finance, Undersecretariat of Treasury, Undersecretariat of State Planning Organization, BRSA, SDIF and banks and funds, by using a technical discount rate of 9,8 percent taking into consideration the transferrable contributions and payments of the funds including any monthly payment differences paid by the funds above the limits within the framework of SSI regulations. Accordingly the transfer required by the New Law was to be completed until 8 May 2011. According to the decision of the Council of Ministers published on the Official Gazette dated 9 April 2011 no. 27900, the time frame for related transfer has been extended for two years. The transfer should be completed until 8 May 2013.

With the change in first clause of 20nd provisional article of the “Social Insurance and General Health Insurance Law no. 5510” published on the Official Gazette no. 28227 dated 8 March 2012, the postponement right of the Council of Ministers has been extended from two years to four years.

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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 TRY126,263 identified with a report prepared by an actuary with the actuarial registration. (31 December 2019: TRY38,125)

The employees of the financial establishments falling in the scope of the consolidation are not included in the retirement plan explained above but are within the scope of the Social Security Institution and other contribution plans.

	31 December 2020	31 December 2019
Current value of funded liabilities	(7,690,175)	(6,729,229)
Advance value of future contributions	5,601,360	4,895,180
Total Transfer Liability to Social Security Institution	(2,088,815)	(1,834,049)
Past service obligation	(366,677)	(269,546)
Transfer to the Social Security Institution and Additional Liabilities	(2,455,492)	(2,103,595)
Market value of assets	2,329,229	2,065,470
Crate surplus after assets	(126,263)	(38,125)

The amount of the post-employment medical benefits transferrable to SSI is calculated over the net present value of medical liabilities and health premiums.

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

(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)**2.3 Summary of Significant Accounting Policies (Continued)****2.3.20 Employee benefits (Continued)**

The principal actuarial assumptions used were as follows:

	31 December 2020	31 December 2019
Discount rate		
- Pension benefits transferrable to SSI	%9.80	%9.80
- Post-employment medical benefits transferrable to SSI	%9.80	%9.80
- Other non-transferrable benefits	%3.64	%3.97

The average life expectancy of a person who retired at age 60 for men and 58 years for women was determined according to the statistical data based on statistical data and was 19,7 years for men and 25,3 years for women.

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

	31 December 2020	31 December 2019
Death rate		
End of previous period	2,065,470	1,795,491
Real return of fund assets	227,741	333,700
Employer contributions	432,814	343,326
Employee contributions	284,885	232,839
Paid compensations	(681,681)	(639,886)
End of period	2,329,229	2,065,470

The distribution of fund assets is as follows:

	31 December 2020		31 December 2019	
Bank placements	275,016	%12	1,181,437	%57
Tangible assets	16,421	%1	17,495	%1
Securities and shares	1,551,810	%67	571,189	%28
Other	485,982	%20	295,349	%14
End of period	2,329,229	%100	2,065,470	%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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(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)**2.3 Summary of Significant Accounting Policies (Continued)****2.3.23 Insurance technical reserves**Unearned premiums reserve

Unearned premium reserve is calculated on a daily basis for all policies in force as of balance sheet date for unearned portions of premiums written except for marine and earthquake premiums issued before 14 June 2007. 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. Within the framework of the “Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested,” (“Regulation on Technical Reserves”) issued in Official Gazette No: 26606 dated 7 August 2007, unearned premium reserve and the reinsurer’s share of the unearned premium reserve of the policies, are calculated as the unearned portion of the premiums and ceded premiums to reinsurers without deducting commissions or any other deductions, on an accrual and gross basis. For marine policies with an uncertain end date, unearned premium reserve is calculated as 50% of the premiums written in the last three months.

Continued risk provisions

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. If the loss ratio for a branch is higher than 95% the unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with the unearned premium reserve for the related branch. The difference between gross amount and net amount is considered as reinsurance portion. Opening outstanding claims provision amount is revised consistently with the current period, in calculation of expected loss ratio considered in the calculation of unexpired risk reserve as of 31 December 2019.

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.

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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**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.

2.3.24 Revenue recognitionBanking

Interest income and expense are recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective yield method based on the actual purchase price until, in management’s estimates and judgment, collection becomes doubtful. Interest income includes coupons earned on fixed income securities and accrued discount on treasury bills.

Fees and commission income/expenses are primarily recognized on an accrual basis or “Effective interest rate method” according to the nature of the fee and commission, except for certain commission income and fees for various banking services which are recorded as income at the time of collection. Contract based fees or fees received for services such as the purchase and sale of assets on behalf of a third party or legal person are recognized as income at the time of collection (Note 4.f.i).

InsuranceLife:

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 (Note 4.f.ii).

Non-Life:

Premium income represents premiums on policies written during the period, net of cancellations, as adjusted by the reserve for unearned premiums.

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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)**Other segments

Revenues are recognised on an accrual basis at the time deliveries or acceptances are made, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, at the fair value of the consideration received or receivable. Net sales represent the invoiced value of goods shipped less sales returns and commission and excluding sales taxes. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised as interest income on a time proportion basis that takes into account the effective yield on the asset.

2.3.25 Earnings per share

Earnings per share for each class of share disclosed in these consolidated statements of income are determined by dividing the net income after translation adjustment attributable to that class of shares by the weighted average number of shares of that class that have been outstanding during the period concerned. As disclosed in Note 34 earnings per share are calculated in accordance with IAS 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 Foreign currency transactionsFunctional 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.

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**2.3 Summary of Significant Accounting Policies (Continued)****2.3.26 Foreign currency transactions (Continued)**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.

2.3.27 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 IFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquire, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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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 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 IFRS.

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 IFRS 9, or TAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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 (see above), 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 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. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are recorded in equity under retained earnings since.

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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 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 has selected business segments as the Group's primary segment reporting format based on the risks and returns on products produced and services rendered reflecting the primary source of the enterprise's risks and returns. Geographical segments have not been disclosed in these consolidated financial statements as the secondary segment reporting format on the grounds of materiality as the operations of the Group in geographical areas other than Turkey are not reportable geographical segments individually when compared 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.

2.3.29 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.

2.3.30 Impairment defined in the scope of TFRS and related to receivables of loans and lease transactions

In the Group's consolidated financial statements dated 31 December 2020, there are loan and rent receivables totalling TRY284,048,822 thousand (31 December 2019: 230,099,033), which constitutes an important part of the assets, and a total impairment provision of TRY16,969,515 (31 December 2019: 12,707,080) 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.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**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 recognised 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 recognised as goodwill. If the difference is negative, goodwill does not arise and the difference is recognised under “Investment operation income” as negotiated purchase earnings.

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 recognised 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 recognised as a result of business combinations is not amortised 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 recognised.

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.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**2.4 Critical accounting estimates and assumptions (Continued)****c) Deferred Tax**

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TAS 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.

NOTE 3 - BUSINESS COMBINATIONS**The business combinations between the period 1 January and 31 December 2020:**

As of October 22, 2020; Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş. (Exsa), a subsidiary of the Group, acquired %50 of the shares (representing its capital of TRY 210,000) of bus and midibus producing company Temsa Ulaşım Araçları Sanayi ve Ticaret A.Ş. (Temsa Ulaşım Araçları)

As of December 16, 2020, a new company named Çimsa Sabancı Cement BV (CSC BV) has been established in the Netherlands with a capital of 87,000,000 Full Euro, in which Group has a 60% and Çimsa has a 40% shareholding. By participating in CSC BV as a founding partner, a capital of 52,200,000 Full Euro has been allocated for 52,200,000 shares.

%100 of Çimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North GmbH and Cimsa Cementos Espana SAU and 70% of Cimsa Adriatico SRL shares has been decided to be sold to CSC BV, a Company established in the Netherlands.

The said shares will be transferred to CSC BV over the values to be determined as a result of the independent valuation work to be carried out in accordance with the CMB legislation. The share valuation procedures of the terminals and companies to be transferred are still ongoing as of this date.

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NOTE 3 - BUSINESS COMBINATIONS (Continued)**The business combinations between the period 1 January and 31 December 2019:**

As per the share transfer agreement dated 23 July 2019, Kordsa Inc., residing in the USA and a 100% subsidiary of the Group, completed the acquisition of 95.86% of Axiom Materials Acquisition LLC, which provides advanced composite materials for next generation transportation vehicles as well as for the space and aeronautics industry, and was wholly owned by Axiom Materials Holdings LLC (Axiom), for Full USD3,493,365 and Full USD178,323,365 in cash and operating capital adjustments.

The market positioning of Axiom as a strong company providing high quality composite, and this company's value contribution to the growth targets of the Group in the composite industry, became the basis for goodwill. Assuming the purchase and sales transactions of Axiom acquired within the year happened on 1 January 2019, Axiom would have an effect of Full TRY158,982,480 on the consolidated income, in addition to its registered income and expenses, and a Full TRY36,243,057 loss on consolidated net profit or loss (except purchasing profits). As per the TFRS 3 Business Combinations standard (TFRS 3), Houlihan Lokey Financial Advisors, Inc., a third-party valuation institution, is carrying out a study to determine the fair value of identifiable assets and liabilities it is necessary to recognise via the purchasing method, and as the result of this study, the study related to 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 new information arises following the completion of the report, additional assets and liabilities may be recognised.

The purchase price, recorded assets and liabilities at the date of purchase:

	Axiom Materials (Full TRY)
Purchased intangible assets	408,124,800
Purchased other assets	130,595,623
Purchased liabilities	(31,045,799)
Total net identifiable assets	507,674,624
Cash purchase price	1,010,827,634
Cash and cash equivalents acquired	11,881,891
Net cash outflow	998,945,743
Goodwill	503,153,010

The Full TRY503,153,010 portion of the fair value of identifiable assets, liabilities and contingent liabilities acquired as a result of the purchase and which exceeded the purchase fee, was recognised as goodwill on the balance sheet.

As per the shareholding agreement signed for the share purchase, Axiom has the option to purchase the remaining 4.14% of the shares from the non-controlling interests (Kordsa Inc.'s purchasing liability). The share selling option was recognised under other long-term liabilities at the amortised value (31 December 2019: Full TRY33,681,278) of the amount constituting the base of the agreement, and was reflected separately under parent company shares in equities.

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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

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 2020	1 January- 31 December 2019
Banking	37,824,578	41,083,678
Industry	4,535,703	6,132,270
Retail	13,502,532	10,512,353
Building materials	2,270,016	1,726,092
Other	1,220,959	412,273
Total (*)	59,353,788	59,866,666

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

b) Segment Assets (Consolidated):

	31 December 2020	31 December 2019
Banking	475,309,693	384,499,463
Industry	7,691,684	7,223,360
Retail	6,597,362	5,335,597
Building materials	4,962,682	3,573,333
Other	2,642,860	2,991,852
Segment assets	497,204,281	403,623,605
Assets classified as held for sale	262,226	673,547
Investments accounted through equity method (Note 13)	8,298,372	7,335,503
Unallocated assets	(463,260)	(638,417)
Less: intersegment eliminations	(4,043,245)	(4,646,359)
Total assets as per consolidated financial statements	501,258,374	406,347,879

c) Segment Liabilities (Consolidated):

	31 December 2020	31 December 2019
Banking	414,242,517	332,159,983
Industry	4,402,207	4,412,665
Retail	6,903,104	5,828,136
Building materials	2,990,595	2,358,618
Other	463,413	351,883
Segment liabilities	429,001,836	345,111,285
Assets classified as held for sale	4,027	3,117
Unallocated liabilities	(495,219)	(614,007)
Less: intersegment eliminations	(4,035,164)	(4,629,959)
Total liabilities as per consolidated financial statements	424,475,480	339,870,436

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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:

i) Banking:

	Combined(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	17,971,434	17,971,434	21,358,331	21,358,331
Financial assets	109,271,030	109,271,030	90,363,657	90,363,657
Derivative financial instruments	22,858,366	22,858,366	16,517,763	16,517,763
Reserve deposits with the Central Bank of Republic of Turkey	42,604,370	42,604,370	26,541,745	26,541,745
Receivables from finance sector operations	267,846,568	267,846,568	219,209,537	219,209,537
Property, plant and equipment	2,326,451	2,326,451	2,010,687	2,010,687
Right of use assets	546,620	546,620	625,584	625,584
Intangible assets	1,190,909	1,190,909	953,188	953,188
Other receivables and other assets	10,944,723	10,944,723	7,585,038	7,585,038
Total segment assets	475,560,471	475,560,471	385,165,530	385,165,530
Financial liabilities	67,258,898	67,258,898	54,529,896	54,529,896
Payables from finance sector operations	313,617,634	313,617,634	255,155,638	255,155,638
Derivative financial instruments	14,840,973	14,840,973	8,945,703	8,945,703
Other payables and other liabilities	18,525,012	18,525,012	13,528,746	13,528,746
Total segment liabilities	414,242,517	414,242,517	332,159,983	332,159,983

(*) 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 2020, the cash flows from operating activities of the Bank is TRY (5,185,859) (31 December 2019: TRY 15,356,988).

As of 31 December 2020, the cash flows from investing activities of the Bank is TRY(10,300,952) (31 December 2019: TRY (22,163,365)).

As of 31 December 2020, the cash flows from financing activities of the Bank is TRY 6,774,018(31 December 2019: TRY 3,820,442).

Banking segment consists of Akbank. Akbank's accumulated non-controlling interests calculated from its financial statements amount to TRY 36,330,888 as of 31 December 2020 (31 December 2019: TRY 31,405,787).

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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):

ii) Financial services:

	Combined(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	3,250,898	--	2,925,064	-
Financial investments	4,019,101	--	2,639,316	-
Receivables from finance sector operations	1,327,774	--	1,003,875	-
Investments accounted through equity method (Note 13)	--	776,475	-	608,612
Property, plant and equipment	45,857	--	50,599	-
Right of use assets	49,680	--	61,862	-
Intangible assets	151,021	--	119,104	-
Other receivables and other assets	4,543,064	--	3,584,901	-
Total segment assets	13,387,395	776,475	10,384,721	608,612
Payables from finance sector operations	10,654,364	--	8,220,517	-
Other payables and other liabilities	721,771	--	589,182	-
Total segment liabilities	11,376,135	--	8,809,699	--

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment

(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.

The insurance section includes the results of Aksigorta and Avivasa companies.

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

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

iii) Energy:

	Combined(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	2,215,534	--	1,445,263	-
Financial investments	428,955	--	122,545	-
Trade receivables	3,967,365	--	3,622,499	-
Inventories	365,300	--	291,798	-
Investments accounted through equity method (Note 13)	--	6,157,834	-	5,763,312
Property, plant and equipment	10,431,824	--	10,129,083	-
Right of use assets	243,615	--	215,695	-
Intangible assets	4,899,073	--	5,279,489	-
Other receivables and other assets	16,697,609	--	15,865,366	-
Total segment assets	39,249,275	6,157,834	36,971,738	5,763,312
Financial liabilities	16,657,255	--	15,674,359	-
Trade payables	2,720,039	--	3,078,322	-
Other payables and other liabilities	6,125,647	--	5,327,626	-
Total segment liabilities	25,502,941	--	24,080,307	-

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts after intra-segment eliminations of the subsidiaries and the joint ventures which belong to the related segment considering the Holding's portion of ownership before intersegment eliminations

Energy segment consists of Enerjisa Enerji A.Ş. and Enerjisa Üretim Santralleri A.Ş.

HACI ÖMER SABANCI HOLDİNG A.Ş.

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

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

iv) Industry:

	Combined(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	1,935,371	449,893	1,522,232	729,637
Financial investments	52,130	645	102,283	586
Trade receivables	1,854,034	1,091,112	1,637,792	969,211
Inventories	1,842,962	1,225,313	1,865,732	1,231,051
Investments accounted through equity method (Note 13)	339,158	883,093	200,670	592,049
Property, plant and equipment	4,381,708	2,533,463	4,065,751	2,220,492
Right of use assets	111,574	95,429	98,500	83,802
Intangible assets	1,058,349	951,037	878,506	797,889
Other receivables and other assets	2,780,635	1,347,718	2,653,596	1,198,041
Total segment assets	14,355,921	8,577,703	13,025,062	7,822,758
Financial liabilities	6,144,229	2,978,692	6,291,380	3,114,110
Trade payables	1,864,121	664,286	1,643,553	620,287
Other payables and other liabilities	1,346,668	763,256	1,158,872	681,385
Total segment liabilities	9,355,018	4,406,234	9,093,805	4,415,782

(*) 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, Temsa, Yünsa, Britsa, Philsa and Philip Morrisa.

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

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

v) Retail:	Combined(*)		Consolidated(**)	
	31 December 2020	31 December 2020	31 December 2019	31 December 2019
Cash and cash equivalents	1,297,782	1,297,782	544,168	544,168
Trade receivables	180,567	180,567	130,564	130,356
Inventories	2,108,143	2,108,143	1,648,050	1,648,050
Investment property	29,222	29,222	29,222	29,222
Property, plant and equipment	705,223	705,223	697,516	697,516
Right of use assets	1,017,773	1,017,773	1,116,579	1,116,579
Intangible assets	91,768	91,768	82,865	82,865
Other receivables and other assets	1,106,050	1,166,884	1,025,798	1,086,841
Total segment assets	6,536,528	6,597,362	5,274,762	5,335,597
Financial liabilities(***)	2,681,937	2,681,937	2,525,031	2,525,031
Trade payables	3,569,076	3,569,076	2,921,264	2,921,264
Other payables and other liabilities	652,091	652,091	381,841	381,841
Total segment liabilities	6,903,104	6,903,104	5,828,136	5,828,136

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.

Retail segment consists of Teknosa and Carrefoursa.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(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(*)		Consolidated(**)	
	31 December 2020	31 December 2020	31 December 2019	31 December 2019
Cash and cash equivalents	1,751,992	1,433,619	419,392	267,351
Financial investments	185,224	64	185,224	64
Trade receivables	950,153	507,869	830,052	460,976
Inventories	465,336	285,260	365,985	184,774
Investments accounted through equity method (Note 13)	--	397,334	-	371,530
Property, plant and equipment	3,008,741	2,155,891	2,952,999	2,129,718
Right of use assets	144,165	53,285	123,313	41,664
Intangible assets	61,335	16,967	60,539	18,035
Other receivables and other assets	779,587	518,249	686,256	470,882
Total segment assets	7,346,533	5,368,538	5,623,760	3,944,994
Financial liabilities	2,646,567	2,039,083	2,177,285	1,700,831
Trade payables	1,079,271	635,366	701,774	346,018
Other payables and other liabilities	507,232	316,146	461,966	311,769
Total segment liabilities	4,233,070	2,990,595	3,341,025	2,358,618

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment

(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.

Building materials segment consists of Çimsa, Akçansa and CSC BV.

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

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

	Combined(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
vii) Other:				
Cash and cash equivalents	1,851,658	1,851,658	2,312,456	2,312,456
Financial investments	13,733,773	7,043	12,964,462	25,104
Trade receivables	102,381	101,105	97,234	96,260
Inventories	142,639	142,639	60,794	60,794
Property, plant and equipment	251,346	215,282	254,943	218,879
Right of use assets	18,470	18,470	17,834	17,834
Intangible assets	24,635	24,635	21,218	21,218
Investments accounted through equity method (Note 13)	83,636	83,636	-	-
Other receivables and other assets	282,473	282,028	224,267	239,307
Total segment assets	16,491,011	2,726,496	15,953,208	2,991,852
Financial liabilities	19,141	19,141	31,509	31,509
Trade payables	199,952	198,177	136,725	135,365
Other payables and other liabilities	255,479	246,095	194,809	185,009
Total segment liabilities	474,572	463,413	363,043	351,883

(*) 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.

Other segment consists of Sabancı Holding A.Ş., Exsa, Tursa, AEO and Sabancı Dx.

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

e) The reconciliation of the consolidated statement of profit or loss:

	1 January- 31 December 2020		1 January- 31 December 2019	
	Total Consolidation of Segments Before Elimination	Elimination Consolidation Adjustments	Total Consolidation of Segments Before Elimination	Elimination Consolidation Adjustments
Total revenue	59,636,585	(282,797)	60,172,961	(306,295)
Cost of sales and interest, premiums, commissions and other expenses	(38,366,121)	668,764	(42,386,464)	362,519
General administration expenses	(9,013,756)	65,779	(7,761,522)	89,072
Sales, marketing and distribution expenses	(2,414,905)	8,208	(2,200,952)	10,082
Research and development expenses	(27,375)	-	(19,486)	-
Other operating income/(expense) - net	153,885	1,455	10,010	1,432
Interest in income of joint ventures	1,532,631	-	1,466,691	-
Operating profit	11,500,944	461,409	9,281,238	156,810
Income/(expense) from investing activities - net	748,763	(606,353)	440,046	(341,087)
Operating profit before financial expense	12,249,707	(144,944)	9,721,284	(184,277)
Financial income/(expense) - net	(1,072,619)	144,757	(1,182,796)	190,131
Income before tax	11,177,088	(187)	8,538,488	5,854
Tax	(2,270,539)	-	(1,579,221)	-
Profit/(loss) after tax from discontinued operations	(7,109)	-	(152)	-
Income for the period	8,899,440	(187)	6,959,115	5,854
Net income attributable to equity holders of the parent			4,767,573	3,779,736

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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 income statement items by segment:

i) Banking:

	Combined(*)		Consolidated(**)		Combined(*)		Consolidated(**)	
	31 December 2020	31 December 2020	31 December 2020	31 December 2020	31 December 2019	31 December 2019	31 December 2019	31 December 2019
Interest, commission and other income	37,975,581	37,975,581	37,975,581	37,975,581	41,277,797	41,277,797	41,277,797	41,277,797
Interest, commission and other expenses	(21,299,485)	(21,299,485)	(21,299,485)	(21,299,485)	(27,493,622)	(27,493,622)	(27,493,622)	(27,493,622)
General administration expenses	(8,113,998)	(8,113,998)	(8,113,998)	(8,113,998)	(6,930,435)	(6,930,435)	(6,930,435)	(6,930,435)
Other operating income/(expense) - net	234,600	234,600	234,600	234,600	181,136	181,136	181,136	181,136
Operating profit	8,796,698	8,796,698	8,796,698	8,796,698	7,034,876	7,034,876	7,034,876	7,034,876
Income/(expense) from investing activities - net	66,700	66,700	66,700	66,700	32,954	32,954	32,954	32,954
Income before tax	8,863,398	8,863,398	8,863,398	8,863,398	7,067,830	7,067,830	7,067,830	7,067,830
Tax	(2,041,943)	(2,041,943)	(2,041,943)	(2,041,943)	(1,583,508)	(1,583,508)	(1,583,508)	(1,583,508)
Net income	6,821,455	6,821,455	6,821,455	6,821,455	5,484,322	5,484,322	5,484,322	5,484,322
Net income attributable to equity holders of the parent								
EBITDA	9,465,774		9,465,774		7,548,604		7,548,604	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.

As of 31 December 2020, Akbank's net income attributable to non-controlling interest is TRY4,041,712 (31 December 2019: TRY 3,249,461).

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NOTE 4 - SEGMENT REPORTING (Continued)

f) The income statement items by segment (Continued):

ii) Financial services:

	Combined(*)		Consolidated(**)		Combined(*)		Consolidated(**)	
	31 December 2020	31 December 2020	31 December 2020	31 December 2020	31 December 2019	31 December 2019	31 December 2019	31 December 2019
Gross premiums	4,001,053	-	-	-	3,152,586	-	-	-
- Gross written premiums	6,604,017	-	-	-	5,461,314	-	-	-
- Unearned premiums reserves	(2,602,964)	-	-	-	(2,308,728)	-	-	-
Premiums, commission and other expenses	(3,425,980)	-	-	-	(2,807,563)	-	-	-
General administration expenses	(699,179)	-	-	-	(603,422)	-	-	-
Other operating income/(expense) - net	1,126,709	-	-	-	911,135	-	-	-
Interest in income of joint ventures (Note 13)	-	293,358	293,358	293,358	-	210,964	210,964	210,964
Operating profit	1,002,603	293,358	293,358	293,358	652,736	210,964	210,964	210,964
Income/(expense) from investing activities - net	47,742	-	-	-	126,842	-	-	-
Operating profit before financial expense	1,050,345	293,358	293,358	293,358	779,578	210,964	210,964	210,964
Financial income/(expense) - net	(68,380)	-	-	-	(58,894)	-	-	-
Profit before tax	981,965	293,358	293,358	293,358	720,684	210,964	210,964	210,964
Tax	(211,176)	-	-	-	(162,316)	-	-	-
Net income	770,789	293,358	293,358	293,358	558,368	210,964	210,964	210,964
Net income attributable to equity holders of the parent								
EBITDA	1,046,255		1,046,255		696,592		696,592	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies by deducting the financial asset values of the Holding's subsidiaries, joint ventures and associations before elimination which belong to the related segment considering the Holding's portion of ownership.

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NOTE 4 - SEGMENT REPORTING (Continued)

f) The income statement items by segment (Continued):

iii) Energy:

	Combined(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Sales revenue (net)	31,102,574	-	26,012,514	-
Cost of sales	(23,328,782)	-	(18,760,424)	-
General administration expenses	(2,683,555)	-	(2,277,481)	-
Other operating income/(expense) - net	(471,917)	-	39,381	-
Interest in income of joint ventures (Note 13)	-	916,585	-	999,499
Operating profit/(loss)	4,618,320	916,585	5,013,990	999,499
Income from investment activities -net	(2,311)	-	1,865	-
Financial income/(expense) - net	(2,191,881)	-	(2,342,691)	-
Profit before tax	2,424,128	916,585	2,673,164	999,499
Tax	(373,421)	-	(467,443)	-
Net income	2,050,707	916,585	2,205,721	999,499
Net income attributable to equity holders of the parent		916,585		999,499
EBITDA	5,726,625		5,773,285	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies by deducting the financial asset values of the Holding's subsidiaries, joint ventures and associations before elimination which belong to the related segment considering the Holding's portion of ownership.

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NOTE 4 - SEGMENT REPORTING (Continued)

f) The income statement items by segment (Continued):

iv) Industry:

	Combined(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Sales revenue (net)	8,673,849	4,536,336	9,690,933	6,132,584
Cost of sales	(6,693,656)	(3,732,513)	(7,686,630)	(4,967,890)
General administration expenses	(396,726)	(277,186)	(407,020)	(292,925)
Marketing expenses	(532,056)	(210,388)	(616,595)	(314,343)
Research and development expenses	(26,246)	(24,450)	(14,412)	(13,040)
Other operating income/(expense) - net	(8,912)	92,691	105,517	144,598
Interest in income of joint ventures (Note 13)	59,206	294,786	176,606	226,350
Operating profit	1,075,459	679,276	1,248,399	915,334
Income/(expense) from investing activities – net	12,382	18,751	15,382	17,324
Operating profit before financial expense	1,087,841	698,027	1,263,781	932,658
Financial income/(expense) – net	(377,777)	(222,606)	(549,088)	(284,649)
Income before tax	710,064	475,421	714,693	648,009
Tax	43,496	(21,170)	(73,835)	(71,437)
Profit after tax from discontinued operations	(7,109)	(7,109)	(152)	(152)
Net income	746,451	447,142	640,706	576,420
Net income attributable to equity holders of the parent		401,359		448,314
EBITDA	1,591,945		1,588,602	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies which belong to the related segment considering the Holding's portion of ownership

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(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 income statement items by segment (Continued):

v) Retail:	Combined(*)		Consolidated(**)	
	31 December 2020	31 December 2020	31 December 2019	31 December 2019
Sales revenue (net)	13,521,506	13,516,236	10,522,668	10,518,308
Cost of sales	(10,481,098)	(10,476,325)	(8,069,966)	(8,065,732)
General administration expenses	(232,005)	(231,404)	(219,448)	(219,363)
Marketing expenses	(2,151,449)	(2,151,449)	(1,851,491)	(1,851,491)
Other operating income/(expense) - net	(250,506)	(250,506)	(368,620)	(368,620)
Operating profit	406,448	406,552	13,143	13,102
Income/(expense) from investing activities - net	36,463	36,463	(2,755)	(2,755)
Operating profit before financial expense	442,911	443,015	10,388	10,347
Financial income/(expense) - net	(586,608)	(586,608)	(619,323)	(619,323)
Income before tax	(143,697)	(143,593)	(608,935)	(608,976)
Tax	(59,495)	(59,495)	117,220	117,220
Net income	(203,192)	(203,088)	(491,715)	(491,756)
Net income attributable to equity holders of the parent		(94,618)		(263,230)
EBITDA	1,133,766		811,606	

(*) 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.

HACI ÖMER SABANCI HOLDING A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(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 income statement items by segment (Continued):

vi) Building materials:

	Combined(*)		Consolidated(**)	
	31 December 2020	31 December 2020	31 December 2019	31 December 2019
Sales revenue (net)	4,237,578	2,270,470	3,552,301	1,726,196
Cost of sales	(3,398,420)	(1,763,257)	(2,995,986)	(1,422,876)
General administration expenses	(291,357)	(196,569)	(239,746)	(153,739)
Research and development expenses	(2,925)	(2,925)	(6,446)	(6,446)
Marketing expenses	(37,515)	(20,174)	(38,604)	(15,275)
Other operating income/(expense) - net	9,787	45,942	40,881	35,981
Interest in income of joint ventures	-	45,487	-	29,878
Operating profit	517,148	378,974	312,400	193,719
Income/(expense) from investing activities - net	42,525	39,393	117,843	47,210
Operating profit before financial expense	559,673	418,367	430,243	240,929
Financial income/(expense) - net	(281,883)	(240,942)	(403,311)	(271,433)
Profit before tax	277,790	177,425	26,932	(30,504)
Tax	(47,733)	(16,195)	4,392	16,737
Net income	230,057	161,230	31,324	(13,767)
Net income attributable to equity holders of the parent		107,591		20,996
EBITDA	735,071		512,247	

(*) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(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 income statement items by segment (Continued):

	Combined(*)		Consolidated(**)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
vii) Other:				
Sales revenue (net)	1,839,997	1,130,049	1,337,962	518,076
Cost of sales	(1,096,771)	(438,464)	(1,094,542)	(436,344)
General administration expenses	(201,705)	(178,021)	(194,599)	(165,060)
Marketing expenses	(33,216)	(20,117)	(32,894)	(19,843)
Other operating income/(expense) – net	39,692	24,842	31,157	16,915
Investments accounted through equity method (Note 13)	(17,585)	-	(17,585)	-
Operating profit	530,412	518,289	29,499	(86,256)
Income/(expense) from investing activities – net	595,340	352,481	587,456	345,313
Operating profit before financial expense	1,125,752	870,770	616,955	259,057
Financial income/(expense) – net	(22,464)	(7,391)	(22,464)	(7,391)
Profit before tax	1,103,288	863,379	594,491	251,666
Tax	(131,736)	(58,233)	(131,736)	(58,233)
Net income	971,552	805,146	462,755	193,433
Net income attributable to equity holders of the parent			363,565	128,338
EBITDA	566,981	552,808	363,565	128,338

(*) 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.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(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 incomes and expenses that are not expected to be realized during routine course of business. Details of the net profit / (loss) attributable to equity holders of the parent with adjusted segments is as follows:

	31 December 2020	31 December 2019
Banking	2,760,079	2,226,524
Financial Services	278,315	214,843
Industry	412,516	447,848
Building materials	109,130	3,938
Energy	1,315,231	1,062,705
Retail	(62,792)	(275,674)
Other	365,579	150,016
Total	5,178,058	3,830,200

A reconciliation of adjusted net income attributable to equity holders of the Parent is as follows:

	31 December 2020	31 December 2019
Adjusted net income for reported operating segments (Equity holders of the Parent)	5,178,058	3,830,200
One off income/(expenses) related to Carrefoursa - net	(30,659)	12,444
One off income/(expenses) related to Teknosa - net	(1,167)	-
One off income/(expenses) related to Enerjisa - net	(398,646)	(63,206)
One off income/(expenses) related to Avivasa - net	17,399	-
One off income/(expenses) related to Holding - net	(3,470)	(47,594)
One off income/(expenses) related to Exsa	1,456	25,914
One off income/(expenses) related to Cement	(1,540)	17,058
Other	6,142	4,920
Net income (Equity holders of the Parent)	4,767,573	3,779,736

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2020

(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)

h) Combined EBITDA Detail

31 December 2020	Profit Before Tax	Depreciation Expenses	Income/ (expenses) from Investing Activities - net	Financial income/ (expense) - net	Operational Foreign Exchange Differences/ Interests	EBITDA
Banking	8,863,398	669,076	66,700	-	-	9,465,774
Industry	710,064	507,956	12,382	(377,777)	(8,530)	1,591,945
Building materials	277,790	260,809	42,525	(281,883)	42,886	735,071
Retail	(143,697)	484,582	36,463	(586,608)	(242,736)	1,133,766
Energy	2,424,128	958,520	(2,311)	(2,191,881)	(149,785)	5,726,625
Financial services	981,965	92,057	47,742	(68,380)	48,405	1,046,255
Other	1,103,288	44,053	595,340	(22,464)	7,484	566,981
31 December 2019	Profit Before Tax	Depreciation Expenses	Income/ (expenses) from Investing Activities - net	Financial income/ (expense) - net	Operational Foreign Exchange Differences/ Interests	EBITDA
Banking	7,067,830	513,727	32,954	-	-	7,548,604
Industry	714,693	424,142	15,382	(549,088)	83,939	1,588,602
Building materials	26,932	240,811	117,843	(403,311)	40,964	512,247
Retail	(608,935)	474,000	(2,755)	(619,323)	(324,463)	811,606
Energy	2,673,164	839,151	1,865	(2,342,691)	79,856	5,773,285
Financial services	720,684	55,139	126,842	(58,894)	11,283	696,592
Other	863,379	37,792	352,481	(7,391)	3,273	552,808

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2020

(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 amortization, impairment and investment expenses (Consolidated):

1 January – 31 December 2020

	Finance					Total
	Banking	Financial services	Industry	Building materials	Energy	
Depreciation and amortisation expenses	669,076	-	284,685	159,783	-	1,642,179
Capital expenditure	1,138,690	-	339,587	67,690	-	1,824,011

1 January – 31 December 2019

	Finance					Total
	Banking	Financial services	Industry	Building materials	Energy	
Depreciation and amortisation expenses	513,727	-	234,654	143,419	-	1,403,433
Capital expenditure	1,225,714	-	200,199	201,191	-	1,900,829

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020

(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 amortization, impairment and investment expenses (Combined):

1 January – 31 December 2020

	Finance					Total
	Banking	Financial services	Industry	Building materials	Energy	
Depreciation and amortisation expenses	669,076	92,057	507,956	260,809	958,520	3,017,053
Capital expenditure	1,138,690	104,899	585,653	190,247	2,710,693	5,008,226

1 January – 31 December 2019

	Finance					Total
	Banking	Financial services	Industry	Building materials	Energy	
Depreciation and amortisation expenses	513,727	55,139	424,142	240,811	839,151	2,584,763
Capital expenditure	1,225,714	63,878	481,766	282,301	1,937,026	4,264,411

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020

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NOTE 5 - CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents at 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
Cash		
- Banking	5,071,952	3,352,184
- Other companies	37,293	28,240
Bank - time deposit	2,193,712	4,558,212
Bank - demand deposit	12,014,069	14,115,717
Receivables from repo transactions	488,547	66,120
Other cash and cash equivalents	22,545	326,730
Total	19,828,118	22,447,203

Effective interest rates of USD, EUR and TRY denominated time deposits are 0.54% (31 December 2019: 1.41%), 0.47% (31 December 2019: 0.03%) and 17.36% (31 December 2019: 10.70%), respectively.

The maturity analysis as of 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Demand deposit	17,145,859	17,822,871
Up to 3 months	2,682,259	4,624,332
Total	19,828,118	22,447,203

As of 31 December 2020, 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 TRY4,342,775(31 December 2019: TRY 3,916,739).

NOTE 6 - FINANCIAL INVESTMENTS

a) Financial assets at fair value through profit or loss

The analysis of financial assets at fair value through profit and loss is as follows:

	31 December 2020	31 December 2019
Share notes	464,346	232,765
Government bonds	45,063	182,344
Eurobonds	144,874	92,378
Other (*)	8,560,219	6,782,035
Total	9,214,502	7,289,522

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020**

(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):**

(*) In the previous period, the syndication loans provided to Ojer Telekomünikasyon A.Ş. (OTAŞ) were restructured. In this scope, LYY Telekomünikasyon A.Ş. (former name: Levent Yapılandırma Yönetimi A.Ş.), which the creditors are direct or indirect partners of, was established as a special purpose company to protect the creditors and act as a warranty for these loans, and LYY Telekomünikasyon A.Ş. completed the takeover of 192,500,000,000 A Group shares, which made up 55% of Türk Telekom’s issued capital, on 21 December 2018. The bank held 35.56% of LYY Telekomünikasyon A.Ş., which is its share of OTAŞ receivables. In the Ordinary General Assembly of LYY Telekomünikasyon A.Ş. on 23 September 2019 it was decided that a portion of the loan will be turned into capital and added to LYY Telekomünikasyon A.Ş., and the nominal value of the bank’s shares of LYY Telekomünikasyon A.Ş. increased from TRY18 to TRY1,416,090. This amount was recognised under “Fixed Assets Held for Sale and Discontinued Operations”. The value of the monitored as a loans as of 31 December 2020 is TRY8,968,855(31 December 2019 TRY6,723,419) and it was recognised under “Other Financial Assets” under “Financial Assets for Which the Fair Value Difference is Reflected to Profit/Loss” in the financial statements. The recognised total fair impairment for the total amount turning into loans and capital is TRY3,042,035 (31 December 2019 TRY938,822). TRY1,416,090 (31 December 2019 TRY938,822) of this amount was recognised under “Fixed Assets Held for Sale and Discontinued Operations”, and TRY1,625,945 of it was recognised under “Other Financial Assets” under “Financial Assets for Which the Fair Value Difference is Reflected to Profit/Loss”.

If both the growth rate and the risk-free investment income rate in the assumptions used in the discounted cash flow method increase or decrease by 0.25%, assuming that all other variables are stable, the assets and period profit before tax recognised in the consolidated financial statements will either increase by approximately TRY170 million or decrease by TRY150 million. The main objective of creditor banks is to hand over the said Türk Telekom shares to an investor expert in the field by meeting the requirements as quickly as possible. An international investment bank was authorised as the sale advisor on 19 September 2019 for the purpose of selling the 55% of shares of Türk Telekomünikasyon A.Ş. owned by LYY Telekomünikasyon A.Ş., and necessary studies related to the sale and negotiations with potential investors will begin.

1.094.566 TL of other financial assets is composed of “Dördüncü Gayrimenkul Investment Fund” founded by Ak Portföy Yönetimi A.Ş, is revalued at fair value and valuation differences are reflected in profit and loss.

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NOTE 6 - FINANCIAL INVESTMENTS (Continued)**a) Financial assets at fair value through profit or loss (Continued)**

Effective interest rates of TRY denominated securities at fair value through profit and loss are as follow:

	31 December 2020	31 December 2019
TRY	%14.92	%11.17

The Group's activities in the finance sector as collateral for the purchase and sale of financial assets is TRY9,995 (31 December 2019: TRY10,049).

The maturity analysis of financial assets at fair value through profit and loss as of 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
0 to 3 months	1,595,411	257,952
3 to 12 months	7,461,253	6,882,627
1 to 5 years	109,435	121,822
Over 5 years	48,403	27,121
Total	9,214,502	7,289,522

Period remaining to contractual repricing dates:

	31 December 2020	31 December 2019
No maturity	1,595,411	257,952
Up to 3 months	37,064	22,714
3 to 12 months	7,426,015	6,860,314
1 to 5 years	107,609	121,421
Over 5 years	48,403	27,121
Total	9,214,502	7,289,522

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020**

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NOTE 6 - FINANCIAL INVESTMENTS (Continued)**b) Financial assets at fair value through other comprehensive income**

	31 December 2020	31 December 2019
Debt securities		
- Government bonds	23,067,782	35,534,282
- Eurobonds	21,352,442	16,168,796
- Investment funds	490,329	424,665
- Other bonds denominated in foreign currency	13,277,208	15,374,312
Sub-total	58,187,761	67,502,055
Share notes		
- Traded in organized markets	138	138
- Not traded in organized markets	31,527	22,253
Sub-total	31,665	22,391
Financial investments at fair value through other comprehensive income	58,219,426	67,524,446

Effective interest rates of USD, EUR, JPY and TRY denominated available-for-sale securities are 5.20% (31 December 2019: 5.20%), %2.92 (31 December 2019: 2.70%), %3.09 (31 December 2019: %3.09) and 12.75% respectively (31 December 2019: 14.14%).

The Group's financial assets available for sale subject to funds provided from repo are TRY16,984,050 (31 December 2019: TRY8,422,563). Available for sale financial assets that are given as collateral because of the Group's financing activities are amounting to TRY18,374,196 (31 December 2019: TRY17,108,499).

Akbank has Consumer Price Index ("CPI") linked government bonds under available-for-sale and held-to maturity portfolio. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the real payments is determined based on the inflation rates of two month before. The estimated inflation rate used is updated during the year when necessary. At the end of the year, the actual inflation rate is being used.

The maturity analysis in accordance with expiring date as at 31 December 2020 and 2019 is as follows:

	31 December 2020			31 December 2019		
	Banking	Other Companies	Total	Banking	Other companies	Total
0 to 3 months	4,503,116	-	4,503,116	2,570,694	-	2,570,694
3 to 12 months	4,843,979	-	4,843,979	13,755,389	-	13,755,389
1 to 5 years	38,802,077	-	38,802,077	38,853,989	-	38,853,989
Over 5 years	9,579,925	-	9,579,925	11,919,710	-	11,919,710
No maturity	490,329	-	490,329	424,664	-	424,664
Total	58,219,426	-	58,219,426	67,524,446	-	67,524,446

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020**

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NOTE 6 - FINANCIAL INVESTMENTS (Continued)**b) Financial assets at fair value through other comprehensive income (Continued)**

As of 31 December 2020 and 2019, according to the remaining period until the re-pricing date determined by the contract:

	31 December 2020			31 December 2019		
	Banking	Other companies	Total	Banking	Other companies	Total
0 to 3 months	14,823,787	-	14,823,787	11,244,537	-	11,244,537
3 to 12 months	10,414,147	-	10,414,147	20,937,235	-	20,937,235
1 to 5 years	24,195,511	-	24,195,511	25,225,086	-	25,225,086
Over 5 years	8,295,652	-	8,295,652	9,692,924	-	9,692,924
No maturity	490,329	-	490,329	424,664	-	424,664
Total	58,219,426	-	58,219,426	67,524,446	-	67,524,446

c) Financial assets carried at amortized cost:

Details of financial investments valued over their amortized cost are presented below:

	31 December 2020	31 December 2019
Government bonds	41,873,322	15,566,111
Total	41,873,322	15,566,111

Details of financial investments valued over their amortized cost are presented below:

	31 December 2020	31 December 2019
Balance, 1 January	15,566,111	12,215,183
Additions	25,884,971	5,397,163
Foreign exchange differences in monetary assets	4,715,654	414,623
Valuation effect	495,098	677,288
Disposals through sales and redemptions (*)	(4,774,521)	(3,214,759)
Allowance for impairment	(13,991)	76,613
Total	41,873,322	15,566,111

(*) Including expected loss provision.

Effective interest rate of debt securities in USD, Euro and TRY are 5.86% 1.70% ve 12.18%. (31 December 2019: Effective interest rate of debt securities in USD, Euro and TRY are 5.22%, 3.46% and 14.74%).

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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NOTE 6 - FINANCIAL INVESTMENTS (Continued)**c) Financial assets carried at amortized cost (Continued):**

For financial investments valued at amortized cost as of 31 December 2020 and 2019, the remaining time to maturity dates specified in the contract on the basis of banking and other sectors is as follows:

	31 December 2020			31 December 2019		
	Banking	Other Companies	Total	Banking	Other companies	Total
3 to 12 months	16,731,294	-	16,731,294	4,170,428	-	4,170,428
1 to 5 years	18,779,765	644	18,780,409	10,735,539	586	10,736,125
Over 5 years	6,361,619	-	6,361,619	659,558	-	659,558
Total	41,872,678	644	41,873,322	15,565,525	586	15,566,111

For financial investments valued at amortized cost as of 31 December 2020 and 2019, the period remaining until the re-pricing date determined by the contract is as follows:

	31 December 2020			31 December 2019		
	Banking	Other Companies	Total	Banking	Other companies	Total
Up to 3 months	11,113,691	-	11,113,691	3,989,518	-	3,989,518
3 to 12 months	19,059,290	-	19,059,290	6,008,502	-	6,008,502
1 to 5 years	10,522,797	644	10,523,441	4,907,947	586	4,908,533
Over 5 years	1,176,900	-	1,176,900	659,558	-	659,558
Total	41,872,678	644	41,873,322	15,565,525	586	15,566,111

c) Time deposit:

Details of time deposit with a maturity of more than 3 months are presented below:

	31 December 2020	31 December 2019
3 to 12 months	16,348	-
Total	16,348	-

NOTE 7- FINANCIAL LIABILITIES**Short term funds, bank loans and issued debt securities:**

	31 December 2020	31 December 2019
Short term	13,713,590	10,342,807
Short-term portion of long term	20,053,065	15,005,313
Total short term	33,766,655	25,348,120
Long-term funds borrowed, bank borrowings and debt securities:		
Long term	38,494,543	32,736,661
Total	72,261,198	58,084,781

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

Maturity analysis as of 31 December 2020 and 2019 is presented below:

	31 December 2020	31 December 2019
Up to 3 months	9,274,318	9,312,146
3 to 12 months	24,492,337	16,035,974
Short term financial liabilities and short term portion of long term financial liabilities	33,766,655	25,348,120
1 to 5 years	26,954,881	20,888,158
Over 5 years	11,539,662	11,848,503
Long term financial liabilities	38,494,543	32,736,661
Total financial liabilities	72,261,198	58,084,781

The repayment schedule of long term financial liabilities at 31 December 2020 and 2019 is summarized below:

	31 December 2020	31 December 2019
1-2 years	8,902,970	5,951,036
2-3 years	6,286,796	6,822,421
3-4 years	4,715,311	4,620,070
4-5 years	7,049,804	3,494,631
Over 5 years	11,539,662	11,848,503
Total	38,494,543	32,736,661

The repayment schedule of long term financial liabilities at 31 December 2020 and 2019 is summarized below:

	31 December 2020	31 December 2019
Up to 3 months	41,602,470	38,080,668
3 to 12 months	8,523,325	3,998,513
1 to 5 years	11,745,294	7,728,695
Over 5 years	10,390,109	8,276,905
Total	72,261,198	58,084,781

Financial liability movement as of 31 December 2020 and 2019 is as follows;

	2020	2019
1 January	58,084,781	65,764,148
Additions	19,051,336	4,175,560
Payments	(5,740,452)	(12,252,903)
Interest accruals	186,233	303,677
Foreign exchange effects	679,300	84,406
Interest capitalization during the period	--	9,893
31 December	72,261,198	58,084,781

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

The transactions related with the funds and loans as of 31 December 2020 are as follows:

Akbank - Syndicated Loan

As of 31 December 2020, there are two syndicated loans. The syndication credit with a one-year (EUR315.5 million and USD256 million) maturity was signed on 1 April 2020. The cost of the credit is Euribor + 200 bps and Libor + 225 bps. The syndication credit with a one-year (EUR348.5 million and USD388 million) maturity was signed on 13 October 2020. The cost of the credit is Euribor + 225 bps and Libor + 250 bps.

Issued securities:

Securities issued consist of USD and TRY assets.

The repayment plan for USD securities issued is summarized below:

	31 December 2020		31 December 2019	
	USD	TRY	USD	TRY
2020	-	-	1,044,191	6,181,611
2021	630,546	4,678,273	583,035	3,451,567
2022	1,068,575	7,928,186	1,005,694	5,953,708
2023	571,133	4,237,464	533,257	3,156,881
2024	599,240	4,446,001	516,762	3,059,231
2025	911,404	6,762,071	861,331	5,099,080
2026	428,422	3,178,634	79,035	467,887
2027	370,994	2,752,553	347,457	2,056,945
2028	257,937	1,913,738	241,635	1,430,479
Total	4,838,251	35,896,920	5,212,397	30,857,389

The balance amounting to USD 4,838,251 consists of securitization deals and USD denominated securities issued by the Bank.

	31 December 2020		31 December 2019	
	EUR	TRY	EUR	TRY
2020	-	-	45,883	304,649
2021	23,131	210,872	23,104	153,404
2022	377	3,438	362	2,404
2023	362	3,301	348	2,311
2024	348	3,173	335	2,224
2025	335	3,055	322	2,138
2026	322	2,936	309	2,052
2027	309	2,818	297	1,972
2028	297	2,708	286	1,899
2029	7,370	67,179	7,082	47,025
Total	32,851	299,480	78,328	520,078

The balance amounting to EUR 32,851 consists of securitization deals and EUR denominated securities issued by the Group.

Additionally, as of 31 December 2020, there are bonds issued by the Bank amounting to TRY933,926 with 1-3 months maturity, TRY123,854 with 3-6 months maturity, TRY 4,229,049 with 6-12 months maturity, TRY1,062,073 with 1-5 years maturity and TRY1,364,024 with 5 years over maturity. (31 December 2019: TRY 1,840,532 with 1-3 months maturity, TRY 723,846 with 3-6 months maturity and TRY678,966 with 1-5 years maturity and TRY1,853,449 with 5 years and over maturity).

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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NOTE 8 - OBLIGATIONS FROM LEASING TRANSACTIONS

The breakdown of the Group's obligations with respect to the lease transactions in accordance with IFRS 16 is as follows:

Liabilities arising from short term lease transactions as of 31 December 2020:

	Up to 3 months	Between 3-12 months	Total
	TRY	147,418	
USD	1,831	6,038	7,869
EUR	4,211	4,387	8,598
Other	287	1,119	1,406
Total	153,747	180,676	334,423

Liabilities arising from short term lease transactions as of 31 December 2019:

	Up to 3 months	Between 3-12 months	Total
	TRY	96,816	
USD	3,798	1,727	5,525
EUR	1,235	6,818	8,053
Other	95	562	657
Total	101,944	204,932	306,876

Liabilities arising from long term lease transactions as of 31 December 2020:

	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	5 years and more	Total
	TRY	218,092	189,292	319,097	390,542	
USD	8,714	6,736	5,562	5,085	53,544	79,641
EUR	1,248	1,363	1,485	1,468	17,803	23,367
Other	3,895	-	-	-	-	3,895
Total	231,949	197,391	326,144	397,095	447,204	1,599,783

Liabilities arising from long term lease transactions as of 31 December 2019:

	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	5 years and more	Total
	TRY	222,828	261,460	705,927	100,304	
USD	11,378	3,073	3,335	3,556	53,072	74,414
EUR	7,359	10,429	924	9,337	15,138	43,187
Other	244	104	-	-	-	348
Total	241,809	275,066	710,186	113,197	337,701	1,677,959

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Short and long term trade receivables:	31 December 2020	31 December 2019
Trade receivables	1,762,072	1,579,878
Notes and cheques	152,209	103,073
	1,914,281	1,682,951
Less: expected credit losses	(68,160)	(57,515)
Total	1,846,121	1,625,436

As of 31 December 2020 and 2019, the maturity analysis of the overdue and expected credit loss reserves within the trade receivables balance is as follows:

	31 December 2020	31 December 2019
Up to 3 months	64	-
Over 9 months	68,096	57,515
Total	68,160	57,515

Short and long term trade payables:	31 December 2020	31 December 2019
Trade payables	5,021,745	3,995,164
Expense accruals	1,929	494
Total	5,023,674	3,995,658

NOTE 10 - OTHER RECEIVABLES AND PAYABLES

Other short term receivables:	31 December 2020	31 December 2019
Receivables from credit card payments	51,697	47,441
Other receivables(*)	4,445,839	2,053,917
Total	4,497,536	2,101,358
Other long term receivables:	31 December 2020	31 December 2019
Deposits and guarantees given	49,628	38,935
Other receivables(*)	3,820,003	2,986,182
Total	3,869,631	3,025,117

(*) Other receivables mainly consist of the collaterals obtained by Akbank for derivative transactions.

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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NOTE 10 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other short term payables::	31 December 2020	31 December 2019
Payables related to credit card transactions	4,984,275	4,287,406
Taxes and funds payable	618,891	563,572
Export deposits and transfer orders	68,699	31,963
Payment orders to correspondent banks	48,832	27,401
Financial lease payables	-	24,140
Other (*)	3,367,929	1,144,239
Total	9,088,626	6,078,721
Other long term payables:	31 December 2020	31 December 2019
Financial lease payables	3,325	5,281
Other (*)	4,427,826	3,368,892
Total	4,431,151	3,374,173

(*) Other payables mainly include the collaterals given by Akbank for derivative transactions.

NOTE 11 - INVENTORIES

	31 December 2020	31 December 2019
Raw materials	694,980	551,780
Work in process	227,803	161,794
Finished goods and merchandises	2,609,969	2,244,043
Spare parts	96,316	75,230
Other	209,114	149,801
	3,838,182	3,182,648
Allowance for impairment on inventory (-)	(76,828)	(57,979)
Total	3,761,354	3,124,669

The movement table of allowance for impairment on inventory is as follows:

	2020	2019
1 January	(57,979)	(74,896)
Provisions	(18,760)	(16,938)
Provisions no longer required	2,662	33,855
Yabancı para çevrim farkı	(2,751)	-
31 December	(76,828)	(57,979)

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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NOTE 12 - PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2020	31 December 2019
Short-term prepaid expenses:		
Prepaid expenses	1,116,730	856,685
Advance given for inventory purchases	58,748	20,225
Other	28,791	16,127
Total	1,204,269	893,037
Long-term prepaid expenses:		
Advance given for property, plant and equipment purchases	8,056	10,862
Prepaid expenses	9,245	10,857
Other	67	-
Total	17,368	21,719
Short term deferred income:		
Unearned commission income	112,143	124,918
Advances received	48,456	31,276
Deferred income	47,697	30,449
Other	767	335
Total	209,063	186,978
Long-term deferred income:		
Unearned commission income	137,410	83,279
Total	137,410	83,279

NOTE 13 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Book value of Associates and Joint Ventures is as follows:

	31 December 2020	Share (%)	31 December 2019	Share (%)
Aksigorta	337,002	36,00	277,306	36,00
Avivasa	439,473	40,00	331,306	40,00
Brisa	627,568	43,63	391,379	43,63
Akçansa	397,334	39,72	371,530	39,72
Enerjisa Üretim Santralleri	3,296,513	50,00	3,033,693	50,00
Enerjisa Enerji	2,861,321	40,00	2,729,619	40,00
Philsa	130,474	25,00	111,882	25,00
Philip Morrissa	125,051	24,75	88,788	24,75
Temsa Ulaşım Araçları	83,636	50,00	-	-
Total	8,298,372		7,335,503	

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NOTE 13 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

Share of income from Associates and Joint Ventures included in Holding’s consolidated net income is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Aksigorta	134,620	111,453
Avivasa	158,738	99,511
Brisa	235,580	49,744
Akçansa	45,487	29,878
Enerjisa Üretim Santralleri	481,512	586,051
Enerjisa Enerji	435,073	413,448
Philsa	22,118	(8,197)
Philip Morrissa	37,088	173,437
Temsa Ulaşım Araçları	(17,585)	-
Temsa İş Makineleri (*)	-	11,366
Total	1,532,631	1,466,691

(*) As of 9 August 2019, as a result of the sale of 41% of Temsa İş Makinaları shares, it is recognized as a financial investment.

The financial statements of the associates and joint ventures are as follows:

	31 December 2020		31 December 2019	
	Total assets	Total liabilities	Total assets	Total liabilities
Aksigorta	9,131,387	8,195,271	7,333,423	6,563,128
Avivasa	4,256,009	3,180,864	3,051,298	2,246,571
Brisa	6,387,170	4,948,783	5,575,065	4,678,023
Akçansa	2,255,730	1,242,475	1,930,697	982,407
Enerjisa Üretim Santralleri	14,573,769	7,980,742	13,573,530	7,506,145
Enerjisa Enerji	24,675,505	17,522,199	23,398,208	16,574,161
Philsa	3,986,358	3,464,463	3,687,791	3,240,265
Philip Morrissa	1,972,279	1,467,024	1,355,134	996,395
Temsa Ulaşım Araçları	2,124,755	1,758,264	-	-
Total	69,362,962	49,760,085	59,905,146	42,787,095

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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NOTE 13 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)**Sales Income**

	1 January - 31 December 2020	1 January- 31 December 2019
Aksigorta	5,272,142	4,473,560
Avivasa	1,331,875	987,754
Brisa	4,236,875	3,558,329
Akçansa	1,967,108	1,826,106
Enerjisa Üretim Santralleri	9,345,371	6,559,429
Enerjisa Enerji	21,757,203	19,453,085
Philsa (*)	31,062,222	28,489,226
Philip Morrissa	30,746,710	28,940,292
Temsa Ulaşım Araçları (**)	169,535	-

(*) Philsa, which is a manufacturing company, conducts its sales activities through Philip Morrissa, which is a marketing company.

(**) Refers to sales income after purchase date.

Net profit / (loss) for the period

	1 January - 31 December 2020	1 January- 31 December 2019
Aksigorta	373,944	309,590
Avivasa	396,845	248,778
Brisa	539,950	114,013
Akçansa	114,315	74,970
Enerjisa Üretim Santralleri	963,023	1,172,101
Enerjisa Enerji	1,087,683	1,033,621
Philsa	88,471	(32,789)
Philip Morrissa	149,851	700,756
Temsa Ulaşım Araçları (*)	(35,169)	--

(*) Refers to net loss after purchase date.

The movement of the joint ventures is as follows;

	2020	2019
Opening balance, 1 January	7,335,503	6,756,459
Profit/(loss) share	1,532,631	1,466,691
Acquisitions (*)	83,636	-
Company disposals (**)	-	(116,995)
Dividend income from joint ventures	(455,446)	(549,171)
Other comprehensive income/(expense)	(197,952)	(221,481)
Closing balance, 31 December	8,298,372	7,335,503

(*) As of 22 October 2020, Exsa which is the subsidiary of Group, acquired 50% shares of Temsa Ulaşım Araçları A.Ş. .

(**) As of 9 August 2019, as a result of the sale of 41% of Temsa İş Makinaları shares, it is recognized as a financial investment.

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED****31 DECEMBER 2020**

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NOTE 14 - INVESTMENT PROPERTY

	1 January 2020	Additions	Disposals	Impairment (*)	Currency translation differences	Transfers	31 December 2020
Cost:							
Land	173,613	-	-	-	32,470	22,030	228,113
Buildings	18,466	12,220	-	-	-	(22,030)	8,656
Total	192,079	12,220	-	-	32,470	-	236,769
Accumulated depreciation							
Buildings	(1,044)	(663)	-	-	-	-	(1,707)
Net book value	191,035						235,062

	1 January 2019	Additions	Disposals	Impairment (*)	Currency translation differences	Transfers	31 December 2019
Cost:							
Land	133,580	69	-	8,278	15,019	16,667	173,613
Buildings	3,962	12,876	-	-	-	1,628	18,466
Total	137,542	12,945	-	8,278	15,019	18,295	192,079

	1 January 2019	Additions	Disposals	Impairment (*)	Currency translation differences	Transfers	31 December 2019
Accumulated depreciation							
Buildings	(612)	(432)	-	-	-	-	(1,044)
Net book value	136,930						191,035

(*) As of 31 December 2019, an independent valuation company determined the fair value of investment properties of PT Indo Kordsa, a Kordsa company in the Asia Pacific region which is a subsidiary of the group. The independent appraisal company is experienced enough and has the required qualifications to determine the fair value of properties in the relevant regions. The fair values of the pieces of land owned were determined using the market comparison method, which reflects the available transaction fees for similar properties. The highest value and the best available value in use were used to determine the fair value of the land. No other valuation technique was used in the current period. As of 31 December 2019, the fair value of investment properties was TRY259 million (total).

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2020

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NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the year ended 31 December 2020 is as follows:

	1 January 2020	Currency translation differences	Additions	Disposals	Transfers (*)	Impairment	31 December 2020
Cost:							
Land and land improvements	559.287	39.716	2.899	(6.197)	(91.164)	-	504.541
Buildings	3.459.621	195.418	70.471	(14.880)	109.571	(11.922)	3.808.279
Machinery and equipment	5.479.213	605.992	240.778	(41.910)	129.606	1.408	6.415.087
Motor vehicles	94.270	5.471	1.991	(9.189)	-	-	92.543
Furniture and fixtures	3.461.421	15.001	624.542	(56.595)	15.827	4.142	4.064.338
Total	13.053.812	861.598	940.681	(128.771)	163.840	(6.372)	14.884.788
Construction in progress	246.441	(44.280)	225.173	(6.371)	(178.441)	-	242.522
Total	13.300.253	817.318	1.165.854	(135.142)	(14.601)	(6.372)	15.127.310
Accumulated depreciation:							
Land and land improvements	(231.036)	(3.717)	(9.700)	1.051	-	-	(243.402)
Buildings	(990.425)	(66.627)	(129.449)	11.735	-	-	(1.174.766)
Machinery and equipment	(2.683.713)	(275.775)	(406.136)	13.293	-	(668)	(3.352.999)
Motor vehicles	(92.218)	(1.422)	(6.733)	7.830	-	-	(92.543)
Furniture and fixtures	(2.006.984)	(12.512)	(330.862)	48.598	-	(2.219)	(2.303.979)
Total	(6.004.376)	(360.053)	(882.880)	82.507	-	(2.887)	(7.167.689)
Net book value	7.295.877						7.959.621

(*) TRY4,301 of the transfers from construction in progress in the current period is recognized in intangible assets.

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NOTE 15 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movement in property, plant and equipment for the year ended 31 December 2019 is as follows:

	1 January 2019	Currency translation differences	Additions	Disposals	Transfers (*)	Subsidiary Addition Effect (**)	Subsidiary Disposal Effect (***)	Impairment	31 December 2019
Cost:									
Land and land improvements	504.524	14.372	3.051	(12.866)	80.050	-	(29.844)	-	559.287
Buildings	2.933.521	70.201	85.607	(101.620)	565.453	17.841	(100.822)	(560)	3.459.621
Financial leasing buildings	20.512	-	-	-	(20.512)	-	-	-	-
Machinery and equipment	4.921.161	319.738	189.723	(49.478)	356.425	24.422	(279.336)	(3.442)	5.479.213
Motor vehicles	122.132	1.243	2.390	(10.775)	59	-	(20.779)	-	94.270
Furniture and fixtures	3.336.710	10.502	620.789	(471.290)	13.043	-	(50.694)	2.361	3.461.421
Total	11.828.560	416.056	901.560	(646.029)	994.518	42.263	(481.475)	(1.641)	13.053.812
Construction in progress	863.615	21.490	430.030	(10.650)	(1.054.186)	3.226	(7.084)	-	246.441
Total	12.692.175	437.546	1.331.590	(656.679)	(59.668)	45.489	(488.559)	(1.641)	13.300.253
Accumulated depreciation:									
Land and land improvements	(239.584)	(1.637)	(1.058)	1.636	-	-	9.607	-	(231.036)
Buildings	(1.039.002)	(29.254)	(68.220)	99.873	-	-	45.910	268	(990.425)
Financial leasing buildings	(7.732)	-	-	-	7.732	-	-	-	-
Machinery and equipment	(2.429.790)	(155.709)	(350.731)	35.997	-	(17.555)	232.247	1.828	(2.683.713)
Motor vehicles	(102.139)	131	(5.415)	9.617	-	-	5.588	-	(92.218)
Furniture and fixtures	(2.247.250)	(7.642)	(255.082)	463.478	-	-	39.248	264	(2.006.984)
Total	(6.065.497)	(194.111)	(680.506)	610.601	7.732	(17.555)	332.600	2.360	(6.004.376)
Net book value	6.626.678								7.959.621

(*) Transfers from Construction in progress during the period amounting of TRY 39,156 was accounted as intangible assets.

(**) It includes property, plant and equipment of Axiom which is acquired by Kordisa, a subsidiary of the Group, as of 23 July 2019.

(***) Include Temsa Ulaşım Araçları San. Tic. A.Ş. and Yünsa Yünlü Sanayi ve Ticaret A.Ş. the balances sold in 2019.

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NOTE 16 - INTANGIBLE ASSETS

The movements in intangible assets for the years ended 31 December 2020 and 2019 are as follows:

	1 January 2020	Currency translation differences	Additions	Impairment	Disposals	Transfers	31 December 2020
Cost (*)	2,874,779	109,730	645,937	24	(1,849)	4,301	3,632,922
Accumulated amortization (-)	(1,001,619)	(31,642)	(324,762)	(24)	405	-	(1,357,642)
Net book value	1,873,160						2,275,280
	1 January 2019	Currency translation differences	Additions	Impairment	Disposals	Transfers	31 December 2019
Cost (*)	2,530,399	54,273	556,294	(666)	(437,333)	20,861	2,874,779
Accumulated amortization (-)	(1,270,738)	(16,156)	(284,453)	316	430,446	-	(1,001,619)
Net book value	1,259,661						1,873,160

(*) Intangible assets mainly consist of licenses and software.

(**) It includes property, plant and equipment of Axiom which is acquired by Kordsa, a subsidiary of the Group, as of 23 July 2019.

(***) Include Temsa Ulaştırma Araçları San. Tic. A.Ş. and Yünsa Yünlü Sanayi ve Ticaret A.Ş. the balances sold in 2019.

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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 ASSETS

Movement of right-of-use assets for the year ended 31 December 2020 is as follows:

	1 January 2020	Addition	Disposals	Currency translation differences	31 December 2020
Cost					
Property	2,187,816	367,194	(286,027)	48,673	2,317,656
Fixtures	595	-	(462)	119	252
Vehicles	38,758	29,020	(757)	1,420	68,441
Other	16,521	347	-	2,602	19,470
Total	2,243,690	396,561	(287,246)	52,814	2,405,819
Accumulated depreciation					
Property	(338,619)	(408,865)	128,070	(11,129)	(630,543)
Fixtures	(186)	(65)	264	(125)	(112)
Vehicles	(16,204)	(20,822)	707	(19)	(36,338)
Other	(3,218)	(4,122)	-	91	(7,249)
Total	(358,227)	(433,874)	129,041	(11,182)	(674,242)
Net book value	1,885,463	(37,313)	(158,205)	41,632	1,731,577

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NOTE 17 - RIGHT TO USE ASSETS (Continued)

Movement of right-of-use assets for the year ended 31 December 2019 is as follows:

Cost	1 January 2019	Subsidiary purchase effect (*)	Transfers (**)	Additions	Disposals	Other	31 December 2019
Real estates	1,893,886	58,489	20,512	256,306	(77,616)	36,239	2,187,816
Fixtures	407	-	-	162	-	26	595
Motor vehicles	27,624	166	-	11,328	(635)	275	38,758
Other	11,973	-	-	4,136	-	412	16,521
Total	1,933,890	58,655	20,512	271,932	(78,251)	36,952	2,243,690
Accumulated depreciation:							
Real estates	-	-	(7,732)	(390,336)	63,593	(4,144)	(338,619)
Fixtures	-	-	-	(178)	-	(8)	(186)
Motor vehicles	-	-	-	(16,093)	-	(111)	(16,204)
Other	-	-	-	(3,099)	-	(119)	(3,218)
Total	-	-	(7,732)	(409,706)	63,593	(4,382)	(358,227)
Net book value	1,933,890	58,655	12,780	(137,774)	(14,658)	32,570	1,885,463

(*) It includes property, plant and equipment of Axiom which is acquired by Kordsa, a subsidiary of the Group, as of 23 July 2019.

(**) During the period, TRY 12,781 of property, plant and equipment has been transferred to Right of Use Assets.

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NOTE 18 - GOODWILL

The movements of goodwill for the years ended on 31 December 2020 and 2019 are as follows:

	2020	2019
1 January	1,475,337	849,215
Additions (*)	-	40,898
Acquisitions (**) (Note 3)	-	503,153
Currency translation differences	125,353	82,071
31 December	1,600,690	1,475,337

(*)Kordsa, one of the subsidiaries of the Group, acquired Fabric Development Inc. in 2018. It completed the evaluation and application process of the tax incentive opportunities of tax legislation ("338 (h) / 10") regarding the acquisition, on 11 April 2019. It has been decided not to apply for the tax base adjustment regarding the intangible assets accounted during the acquisition. With the effect of the aforementioned regulation and the amount that arises as a result of the correction of temporary differences arising in tax bases, full TL 40,897,916 (full USD 7,209,603) under goodwill is accounted.

(**) Kordsa, one of the Group's subsidiaries has acquired "Axiom" and fair value of acquired identifiable assets, liabilities and contingent liabilities exceeds the acquisition cost amounting to TRY 503.153.010 (full TRY) booked as goodwill.

NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short term provisions	31 December 2020	31 December 2019
Provision for liabilities	682,435	452,605
<i>Credit bonus provision</i>	69,473	58,926
<i>Litigation</i>	90,769	88,207
<i>Uncompensated and not encashed non-cash loans</i>	492,437	297,102
<i>Other short term provisions</i>	29,756	8,370
Other debt provisions	4,926	25,770
Total	687,361	478,375
Other long term provisions	31 December 2020	31 December 2019
Provision for liabilities	241,504	121,994
<i>Litigation</i>	49,666	35,218
<i>Other long-term provisions</i>	191,838	86,776
Total	241,504	121,994
Commitments - Banking segment	31 December 2020	31 December 2019
Letters of guarantee given	36,466,405	30,717,394
Letters of credit	4,649,260	4,398,221
Foreign currency acceptance credits	47,814	50,678
Other guarantees	8,259,644	6,541,435
Total	49,423,123	41,707,728

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NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Commitments – Other companies	31 December 2020	31 December 2019
Letters of guarantee given	880,540	1,317,516
Other guarantees given	1,583,897	1,016,434
Mortgages, guarantees and pledges for tangible assets	16,330	12,056
Total	2,480,767	2,346,006

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 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Repurchase commitments	19,855,361	10,095,553

Transactions for held for trading:

	31 December 2020	31 December 2019
Foreign currency purchases	6,658,885	7,573,795
Foreign currency sales	6,377,496	7,228,044
Total	13,036,381	14,801,839

	31 December 2020	31 December 2019
Currency swap purchases	121,885,178	118,346,112
Currency swap sales	138,390,998	120,827,669
Interest swap purchases	86,327,116	76,289,552
Interest swap sales	86,327,116	76,289,552
Total	432,930,408	391,752,885

	31 December 2020	31 December 2019
Spot purchases	3,053,071	2,934,998
Spot sales	3,054,727	2,934,711
Total	6,107,798	5,869,709

	31 December 2020	31 December 2019
Currency, interest and securities options purchases	13,271,378	15,793,725
Currency, interest and securities options sales	13,152,376	15,958,797
Total	26,423,754	31,752,522

	31 December 2020	31 December 2019
Other purchase transactions	26,581,999	14,417,136
Other sales transactions	7,978,827	7,763,410
Total	34,560,826	22,180,546

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NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

	31 December 2020	31 December 2019
Future purchase transactions	2,657,066	85,946
Future sales transactions	2,827,998	85,005
Total	5,485,064	170,951

Types of derivative transactions held for hedges:

	31 December 2020	31 December 2019
Interest swap purchases	23,672,399	16,424,864
Interest swap sales	23,672,399	16,424,864
Total	47,344,798	32,849,728

	31 December 2020	31 December 2019
Currency swap purchases	-	155,171
Total	-	155,171

	31 December 2020	31 December 2019
Money swap purchases	22,678,665	18,824,262
Money swap sales	14,494,876	12,985,025
Total	37,173,541	31,809,287

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2020 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	16,747,460	19,718,945	36,466,405
Letters of credits	3,502,759	1,146,501	4,649,260
Acceptance credits	47,814	-	47,814
Other guarantees	2,416,094	5,843,550	8,259,644
Total	22,714,127	26,708,996	49,423,123

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2019 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	13,661,607	17,055,787	30,717,394
Letters of credits	3,121,595	1,276,626	4,398,221
Acceptance credits	50,678	-	50,678
Other guarantees	2,043,849	4,497,586	6,541,435
Total	18,877,729	22,829,999	41,707,728

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NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The economic sector risk concentrations of the commitments of the Banking segment at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Wholesale	9,445,709	7,653,743
Construction	8,671,929	8,130,380
Financial institutions	5,261,526	4,194,793
Other manufacturing	4,400,880	3,538,816
Small-scale retailers	3,703,770	3,129,987
Steel and mining	3,549,328	2,628,360
Electricity, gas and water	2,676,043	2,301,980
Chemicals	1,855,060	1,114,426
Transportation	1,744,525	1,019,990
Textile	1,679,855	1,533,427
Automotive	977,967	986,218
Food and beverage	944,397	1,207,821
Agriculture and forestry	385,570	274,728
Tourism	361,201	322,063
Telecommunications	349,336	255,455
Electronics	250,609	326,898
Other	3,165,418	3,088,643
Total	49,423,123	41,707,728

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NOTE 20 - COMMITMENTS

Collaterals, pledges and mortgages (“CPM”) given by Subsidiaries at 31 December 2020 is as follows:

	31 December 2020				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	1,002,913	775,579	21,814	7,461	--
B, Collaterals given on behalf of fully consolidated companies	2,012,527	700,223	53,956	101,488	2,050
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	49,423,123	24,200,751	1,670,304	1,366,162	655,252
D, Total amount of other Collaterals					
i, Given on behalf of majority shareholder					
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Collaterals	52,438,563	25,676,553	1,746,074	1,475,111	657,302
A, Total amount of the mortgages given for its own legal entity	--	--	--	--	--
B, Mortgages given on behalf of fully consolidated companies	--	--	--	--	--
C, Mortgages given on behalf of third parties' debt for continuation of their economic activities	--	--	--	--	--
D, Total amount of other Mortgages					
i, Given on behalf of majority shareholder					
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Mortgages	--	--	--	--	--
A, Total amount of the pledges given for its own legal entity	--	--	--	--	--
B, Pledges given on behalf of fully consolidated companies	--	--	--	--	--
C, Pledges given on behalf of third parties' debt for continuation of their economic activities	--	--	--	--	--
D, Total amount of other Pledges					
i, Given on behalf of majority shareholder	--	--	--	--	--
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Pledges	--	--	--	--	--

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NOTE 20 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages (“CPM”) given by Joint Ventures at 31 December 2020 is as follows;

	31 December 2020				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	1,136,353	1,018,185	12,310	3,087	--
B, Collaterals given on behalf of fully consolidated companies	--	--	--	--	--
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	4,113	4,113	--	--	--
D, Total amount of other Collaterals					
i, Given on behalf of majority shareholder	--	--	--	--	--
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Collaterals	1,140,466	1,022,298	12,310	3,087	--
A, Total amount of the mortgages given for its own legal entity	--	--	--	--	--
B, Mortgages given on behalf of fully consolidated companies	--	--	--	--	--
C, Mortgages given on behalf of third parties' debt for continuation of their economic activities	--	--	--	--	--
D, Total amount of other Mortgages					
i, Given on behalf of majority shareholder	--	--	--	--	--
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Mortgages	--	--	--	--	--
A, Total amount of the pledges given for its own legal entity	--	--	--	--	--
B, Pledges given on behalf of fully consolidated companies	--	--	--	--	--
C, Pledges given on behalf of third parties' debt for continuation of their economic activities	--	--	--	--	--
D, Total amount of other Pledges					
i, Given on behalf of majority shareholder	--	--	--	--	--
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Pledges	--	--	--	--	--

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NOTE 20 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages (“CPM”) given by Subsidiaries at 31 December 2019 is as follows:

	31 December 2019				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	1,313,215	539,799	101,429	25,698	--
B, Collaterals given on behalf of fully consolidated companies	2,007,722	299,619	173,609	101,173	3,970
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	41,707,728	19,606,154	1,881,686	1,545,598	644,828
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	45,028,665	20,445,572	2,156,724	1,672,469	648,798
A, Total amount of the mortgages given for its own legal entity	--	--	--	--	--
B, Mortgages given on behalf of fully consolidated companies	--	--	--	--	--
C, Mortgages given on behalf of third parties' debt for continuation of their economic activities	--	--	--	--	--
D, Total amount of other Mortgages					
i, Given on behalf of majority shareholder	--	--	--	--	--
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Mortgages	--	--	--	--	--
A, Total amount of the pledges given for its own legal entity	--	--	--	--	--
B, Pledges given on behalf of fully consolidated companies	--	--	--	--	--
C, Pledges given on behalf of third parties' debt for continuation of their economic activities	--	--	--	--	--
D, Total amount of other Pledges					
i, Given on behalf of majority shareholder	--	--	--	--	--
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Pledges	--	--	--	--	--

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NOTE 20 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages (“CPM”) given by Joint Ventures at 31 December 2019 is as follows;

	31 December 2019				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	816,793	805,186	567	1,239	-
B, Collaterals given on behalf of fully consolidated companies	-	-	-	-	-
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	2,803	2,803	-	-	-
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	819,596	807,989	567	1,239	-
A, Total amount of the mortgages given for its own legal entity	-	-	-	-	-
B, Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C, Mortgages given on behalf of third parties' debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Mortgages	-	-	-	-	-
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	-	-	-	-	-
A, Total amount of the pledges given for its own legal entity	-	-	-	-	-
B, Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C, Pledges given on behalf of third parties' debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Pledges	-	-	-	-	-
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

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NOTE 21 – EMPLOYEE BENEFITS

Payables related to employee benefits

	31 December 2020	31 December 2019
Due to personnel	86,970	55,340
Social security premiums payable	32,156	7,090
Total	119,126	62,430

Short term provisions for employee benefits:

	31 December 2020	31 December 2019
Unused vacation pay provision	160,708	159,152
Bonus provision	40,375	37,771
Other	321,192	225,140
Total	522,275	422,063

Long term provisions for employee benefits:

	31 December 2020	31 December 2019
Provision for employment termination benefits	652,408	504,049
Unused vacation pay provision	5,882	5,439
Other	46,636	38,332
Total	704,926	547,820

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 2020, the amount payable consists of one month's salary limited to a maximum of Full TRY7,117.17 (31 December 2019: Full TRY6,379.86) 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 2020, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. However the discount rate used in the calculation of the provisions differs for each subsidiary and associate, the average discount rate is 3.24% - 5.23% at the respective balance sheet date (31 December 2019: 3.90% - 5.40%). Severance pay ceiling is revised semi-annually. TRY7,638,96 severance pay ceiling, which is effective on 1 January 2021, has been considered in the provision for employment termination benefits calculations of the Group.

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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 2020 and 2019 are as follows:

	2020	2019
1 January	504,049	416,591
Charge for the period	122,312	139,163
Payments	(65,691)	(102,435)
Interest cost	7,874	3,576
Foreign currency translation adjustments	(2,911)	51
Company disposals	-	(57,749)
Actuarial (loss)/gain	86,775	104,852
31 December	652,408	504,049

NOTE 22 - OTHER ASSETS AND LIABILITIES

	31 December 2020	31 December 2019
Other Current Assets		
Cheques in clearance	852,507	702,265
Deductible, deferred and other VAT	200,743	133,747
Other current Assets	56,173	116,852
Total	1,109,423	952,864

	31 December 2020	31 December 2019
Other Non-Current Assets		
Long term tax claims and other legal receivables	17,725	29,861
Deductible, deferred and other VAT	1,050	1,583
Other non-current assets	90,731	94,782
Total	109,506	126,226

	31 December 2020	31 December 2019
Other Short Term Liabilities		
Cheques in clearance	1,683,800	1,410,474
Saving deposits insurance	119,637	93,838
Other short term liabilities	419,364	350,249
Total	2,222,801	1,854,561

	31 December 2020	31 December 2019
Other Long Term Liabilities		
Other long term liabilities	52,924	40,182
Total	52,924	40,182

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NOTE 23 - EQUITY

Hacı Ömer Sabancı Holding A.Ş.’s authorised and issued capital consists of 204,040,393,100 (31 December 2019: 204,040,393,100) shares of Kr 1 each.

The Holding’s authorised and paid-in share capital and shareholding structure at 31 December 2020 and 2019 is as follows:

Shareholders:	Share (%)	31 December 2020	Share (%)	31 December 2019
Sakıp Sabancı Holding A.Ş.	14.07	287,100	14.07	287,100
Serra Sabancı	7.22	147,371	7.21	147,160
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	64.84	1,323,010
Share capital	100.00	2,040,404	100.00	2,040,404
Repurchased shares (-)		(190,470)		(190,470)
Share premium		22,237		22,237

As a result of the Board of Directors decision dated 22 December 2015, EXSA Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (Exsa) has started acquiring publicly traded shares of Sabancı Holding in Borsa İstanbul. With these transactions Exsa’s share in Sabancı Holding’s share capital has reached 1.17% as of 31 December 2020. These shares is classified as capital adjustments due to cross-ownership in equity.

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Holding’s 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.

The details of restricted reserves mentioned above are as follows:

	31 December 2020	31 December 2019
Legal reserves	879,056	829,399
Investments sales income	344,487	344,487
Total	1,223,543	1,173,886

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NOTE 23 - EQUITY (Continued)**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.

Accumulated Other Comprehensive Income or Loss to be Reclassified to Profit or Loss

	Fair Value Revaluation Fund	Cash Flow Hedge Fund	Net Investment Hedge Fund	Currency Translation Effect
Balance as of 1 January 2019	(1,217,928)	(150,767)	(384,914)	1,382,776
Increases/(decreases) during the period)	1,495,759	(932,150)	(81,044)	305,898
Gains transferred to income statement	300,933	144,495	-	-
Net gains & losses included in the ..income statement due to transfer of available for sale financial assets into held to maturity assets	(162,888)	-	-	-
Tax effect	(359,437)	173,260	17,830	-
Balance as of 31 December 2019	56,439	(765,162)	(448,128)	1,688,674

	Fair Value Revaluation Fund	Cash Flow Hedge Fund	Net Investment Hedge Fund	Currency Translation Effect
Balance as of 1 January 2020	56,439	(765,162)	(448,128)	1,688,674
Increases/(decreases) during the period)	430,554	(795,470)	(619,333)	995,877
Gains transferred to income statement	154,245	719,353	-	-
Net gains & losses included in the ..income statement due to transfer of available for sale financial assets into held to maturity assets	(391,599)	-	-	-
Tax effect	(42,504)	16,745	136,253	-
Balance as of 31 December 2020	(207,135)	(824,534)	(931,208)	2,684,551

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**NOTE 24 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED
OPERATIONS****1 January - 31 December 2020**

Nile Kordsa Company for Industrial Fabrics S.A.E., a subsidiary of Kordsa, which is a subsidiary of the Group, had a full period loss amounting to Full TRY7,108,997 as of 31 December 2020. (31 December 2019: Full TRY 152,057 loss) In 31 December 2020 and 2019, operating results of this company reclassified as income/expense from the discontinued operations in consolidated financial statements.

About Nile Kordsa Company for Industrial Fabric, the amount recognised under “Assets Held For Sale” is Total TRY2,925,808 as of 31 December 2020 (31 December 2019: Total TRY7,347,731). The amount recognised under “Liabilities Held For Sale” is Total TRY4,026,883 as of 31 December 2020 (31 December 2019: Total TRY3,116,610).

The sale of the lands which are not used actively of Çimsa, one of the subsidiaries of the Group, continues and the remaining part amounting to Total TRY 8,522,648 has been classified as fixed assets held for sale (31 December 2019: Total TRY 131,850)

Information on other assets held for sale:

	31 December 2020	31 December 2019
Cost	250,782	666,140
Accumulated Depreciation (-)	4	73
Net Book Value	250,778	666,067

	31 December 2020	31 December 2019
Net book value at the beginning of the term	673,547	278,604
Acquisitions (*)	265,721	1,575,616
Disposals (-), net	184,122	235,066
Impairment (-)	496,888	938,867
Other	3,968	(6,740)
Net Book Value	262,226	673,547

(*) The share Group subsidiary Akbank held of LYY Telekomünikasyon A.Ş. increased from TRY18 to TRY1,416,090 in the previous period. This amount was reflected in the “Acquired” row in the table above. The total fair impairment the bank allocated for this credit amount, TRY1,416,090, is shown in the “Impairment” row.

Other portion of other assets held for sale includes real estates acquired by the bank due to its receivables.

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NOTE 25 - REVENUE AND COST OF SALES

	1 January - 31 December 2020	1 January - 31 December 2019
Domestic sales	19,625,105	16,642,186
Foreign sales	2,618,047	2,760,345
Less: Discounts	(713,942)	(619,543)
Total	21,529,210	18,782,988
	1 January - 31 December 2020	1 January - 31 December 2019
Cost of raw materials and merchandises	(13,730,368)	(12,015,299)
Change in finished good work in process inventory and merchandises	(668,103)	(439,341)
Personnel expenses	(663,215)	(668,524)
Depreciation and amortization expenses	(377,277)	(336,031)
Other	(1,566,460)	(1,415,486)
Total	(17,005,423)	(14,874,681)

NOTE 26 - EXPENSES BY NATURE**Research and development expenses:**

Allocation of research and development expenses on nature basis for the years ended 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	(18,662)	(8,236)
Consultancy expenses	(4,796)	(9,578)
Depreciation and amortization expenses	(2,952)	(862)
Repair and maintenance expenses	(558)	(194)
Other	(407)	(616)
Total	(27,375)	(19,486)

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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 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	(1,029,814)	(894,805)
Depreciation and amortization expenses	(443,010)	(421,707)
Rent expenses	(192,133)	(149,641)
Energy expenses	(163,126)	(147,807)
Transportation, logistic and distribution expenses	(157,366)	(136,679)
Advertisement expenses	(108,294)	(112,881)
Outsourced services	(56,381)	(48,537)
Maintenance and repair expenses	(55,923)	(44,731)
Consultancy expenses	(41,799)	(52,995)
Material expenses	(4,279)	(1,363)
Insurance expenses	(3,638)	(5,565)
Communication expenses	(1,896)	(1,870)
Other	(149,038)	(172,289)
Total	(2,406,697)	(2,190,870)

General administrative expenses:

Allocation of general administrative expenses on nature basis for the years ended 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	(3,710,887)	(3,123,937)
Credit card and banking service expenses	(949,364)	(835,319)
Depreciation and amortization expenses	(818,940)	(644,963)
Repair and maintenance expenses	(683,169)	(623,686)
Saving deposit insurance fund expenses	(464,074)	(308,896)
Taxes, duties and charges	(303,781)	(239,094)
Consultancy expenses	(267,958)	(319,505)
Communication expenses	(237,282)	(191,025)
Advertisement expenses	(157,153)	(150,655)
Energy expenses	(97,968)	(88,589)
Material expenses	(62,892)	(47,058)
Insurance expenses	(14,451)	(7,865)
Outsourced services	(1,388)	(1,432)
Other	(1,178,670)	(1,090,426)
Total	(8,947,977)	(7,672,450)

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NOTE 27 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign currency gains resulting from operations	2,299,052	660,325
Due date income from trade receivables	54,591	90,449
Other income	413,497	317,722
Total	2,767,140	1,068,496

The details of other expenses from operating activities for the years ended 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign currency losses resulting from operations	(1,878,809)	(466,432)
Due date expense from trade receivables	(288,411)	(367,739)
Provision expense	(15,881)	(21,305)
Other expenses	(428,699)	(201,578)
Total	(2,611,800)	(1,057,054)

NOTE 28 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES**Income from investing activities**

The details of other income from investing activities for the years ended 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Profit from sales on property, plant and equipment	125,978	74,432
Interest income on time deposits	12,991	4,171
Dividend income	5,903	10,123
Gain on sale of associates	-	76,524
Time deposit exchange differences	-	3,564
Other	2,681	6,689
Total	147,553	175,503

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NOTE 28 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES (Continued)**Income from investing activities (Continued)**

The details of other expenses from investing activities for the years ended 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Loss on sale of fixed assets	(5,143)	(9,003)
Loss on sale of subsidiary	-	(66,494)
Time deposit exchange differences	-	(1,047)
Total	(5,143)	(76,544)

NOTE 29 - FINANCIAL INCOME AND EXPENSE

	1 January - 31 December 2020	1 January - 31 December 2019
Financial income		
Foreign currency gains	39,903	56,340
Interest income	326	12,092
Other financial income	17,103	-
Total	57,332	68,432
Financial expenses		
Foreign currency losses	(179,741)	(158,600)
Interest expense	(622,766)	(737,236)
Other financial expenses	(182,687)	(165,261)
Total	(985,194)	(1,061,097)

Financial income and financial expenses relate to segments outside of banking.

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NOTE 30 - TAX ASSETS AND LIABILITIES

	31 December 2020	31 December 2019
Corporate and income taxes payable	2,837,819	1,690,444
Less: prepaid taxes	(1,672,762)	(1,339,282)
Total taxes payable	1,165,057	351,162

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.

The Corporate Tax Law was amended as of 13 June 2006 with Law No 5520. The majority of the clauses of Law No 5520 are effective as of 1 January 2006. The effective tax rate of the fiscal year 2020 is 22% (2019: %22). Corporation tax is payable on the total income of the Holding after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc. and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

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

Corporations calculate corporate tax quarterly at the rate of 22% on their corporate income and declare it until the 10th day and pay it on the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Turkey, corporate tax rate is 20%. This ratio will be applied as 22% for a period of three years, according to Law No: 7061 “The Law regarding amendments on Certain Tax Laws and their implications on Deferred Tax Calculations” published in the Official Gazette dated 5 December 2017. As of January 1, 2021, the effective corporate tax rate is 20%, so the Group has set a 20% deferred tax asset or liability over its temporary differences.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

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

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NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)***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 center 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 center at the rate of at least 15% (the corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

Exemption for sale of participation shares and property

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which have remained in assets for more than two full years are exempt from corporate tax. As of 1 January 2019, the exemption for real estate has been revised to 50%. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The proceed related to the sale transaction has to be collected up until the end of the second calendar year following the year the sale was realized.

Brokerage houses and real estate companies who are dealing with the trading and the leasing of the real estate cannot benefit from this exemption.

Exemption for investment incentive

The corporate tax rate in Turkey is 22%. 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 I Serial Number of Corporate Tax.

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NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

The tax charges for comprehensive income statement items for the periods ended 31 December 2020 and 2019 are as follows:

	31 December 2020			31 December 2019		
	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax
Fair value of financial assets transferred to the other comprehensive income	449,951	(98,989)	350,962	3,988,937	(877,566)	3,111,371
Cash flow hedges	244,226	(53,730)	190,496	(1,551,392)	341,306	(1,210,086)
Financial assets related to the hedging of net investment in a foreign operation, after tax	(1,519,836)	334,364	(1,185,472)	(198,879)	43,753	(155,126)
Change in currency translation differences	2,396,539	-	2,396,539	706,580	-	706,580
Actuarial loss/gain	(95,080)	20,918	(74,162)	(108,110)	23,784	(84,326)
Other Comprehensive Income	1,475,800	202,563	1,678,363	2,837,136	(468,723)	2,368,413

	31 December 2020	31 December 2019
Profit before tax included in the consolidated financial Statements	11,176,901	8,544,341
Expected tax charge according to parent company's tax rate 22% (2019: 22%)	(2,458,918)	(1,879,755)
Tax rate differences of subsidiaries	(8,897)	3,055
Expected tax charge of the Group	(2,467,815)	(1,876,700)
Revenue that is exempt from taxation	156,144	51,307
Non-deductible expenses	(308,750)	(56,514)
Utilizing carryforward tax losses that are not subject to deferred tax	1,258	1,606
Impact of profits from investments valued by equity method	337,179	322,672
Investment incentives impact	-	16,385
Other	11,445	(37,978)
Current year tax charge of the Group	(2,270,539)	(1,579,222)

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. With the amendment of the Law, this rate was determined as 22% for the years 2018, 2019 and 2020.

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NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

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.

According to Law No: 7061 "The Law regarding amendments on Certain Tax Laws and their implications on Deferred Tax Calculations" published in the Official Gazette dated 5 December 2017 and temporary 10th Article added to Corporate Income Tax Law No. 5520, tax ratio will be applied as 22% for the periods of 2018, 2019 and 2020. After these three years, it is foreseen that the tax rate will be 20%. The Council of Ministers is authorised to reduce the rate up to 20%.

For the year ended 31 December 2020, tax on the income generated for the three-month periods are paid at the rate of 22% (2019: 22%) according to tax legislation and the amounts paid in this manner are deducted from the tax calculated on the annual earnings. With the amendment made in the law, this ratio was set at 22% for the years 2018, 2019 and 2020.

At 31 December 2020, the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TRY1,132,506 which can be offset against future taxable profits for a period of five years (31 December 2019: TRY1,174,440). As of 31 December 2020 and 2019 carry forward tax losses and the latest annual periods are as follows:

	31 December 2020	31 December 2019
2021	-	361,220
2022	428,185	439,217
2023	48,623	344,107
2024	469,619	29,896
2025	186,079	-
Total	1,132,506	1,174,440

Deferred tax assets/(liabilities) for the periods ended 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Deferred Tax Assets	719,275	353,154
Deferred Tax Liabilities	(318,277)	(737,000)
Net Deferred Tax Assets/(Liabilities)	400,998	(383,846)

The movements in deferred income tax assets/(liabilities) for the periods ended 31 December 2020 and 2019 are as follows:

	2020	2019
1 January	(383,846)	187,136
Charged to equity	351,770	(685,472)
Change in foreign currency translation differences	16,568	(110,184)
Company disposals	-	(130,356)
Charged to statement of profit or loss	321,886	376,509
Other	94,620	(21,479)
31 December	400,998	(383,846)

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NOTE 31 - DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2020	Fair Value	
	Asset	Liability
Derivative instruments held for trading:		
Foreign exchange derivative instruments:		
Currency and interest rate swaps purchases and sales transactions	11,394,200	13,005,806
Forward currency purchases and sales transactions	467,640	294,644
Currency purchases and sales options	152,494	163,566
Other purchases and sales transactions	2,928,325	-
Total derivative instruments held for trading	14,942,659	13,464,016
Derivative instruments held for hedging:		
Currency and interest rate swap purchases and sales transactions	7,969,203	1,439,838
Forward currency purchases and sales transactions	7,020	-
Total derivative instruments held for hedging	7,976,223	1,439,838
Total derivative instruments	22,918,882	14,903,854
31 December 2019	Fair Value	
Derivative instruments held for trading:	Asset	Liability
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales transactions	7,835,600	7,537,430
Forward currency purchases and sales transactions	585,732	260,172
Currency purchases and sales options	71,902	100,197
Other purchases and sales transactions	2,776,466	34
Total derivative instruments held for trading	11,269,700	7,897,833
31 December 2019	Asset	Liability
Derivative instruments held for hedging:		
Currency and interest rate swap purchases and sales transactions	5,350,817	1,164,140
Forward currency purchases and sales transactions	8,147	-
Total derivative instruments held for hedging	5,358,964	1,164,140
Total derivative instruments	16,628,664	9,061,973

Akbank hedges cash flow risk by using interest rate swaps against cash flow risk arising from its financial debts.

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NOTE 32 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

Banking	31 December 2020	31 December 2019
Loans and advances to customers		
Consumer loans and credit cards receivables	65,300,985	50,475,117
Project finance loans	53,711,159	50,398,684
Construction	26,515,968	20,827,726
Financial institutions	17,325,559	17,022,629
Small-scale enterprises	14,278,017	15,521,011
Chemicals	13,815,777	3,818,271
Other manufacturing industries	8,985,032	6,546,945
Mining	7,713,671	7,801,926
Textile	7,102,241	6,212,710
Automotive	7,075,284	3,653,900
Food and beverage, wholesale and retail	7,046,798	6,482,757
Telecommunication	1,380,550	1,342,522
Other	48,214,932	34,854,517
Total loans and advances to customers	278,465,973	224,958,715
Provision for loan losses	5,582,849	5,140,318
Credit risk provision	(16,969,515)	(12,707,080)
Net loans and advances to customers	267,079,307	217,391,953

The above table includes the total live and follow-up lending of the bank and the credit risk reserve is set as a result of the bank evaluation considering the whole credit risk.

Current period	Commercial Loans		Consumer Loans		Credit Cards		Financial Lease		Total	
31 December 2020	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss
Loans	213,080,984	13,773,709	42,847,537	1,571,173	22,537,452	1,230,180	5,582,849	394,453	284,048,822	16,969,515
Stage 1	175,448,432	978,222	38,965,704	211,707	204,262,42	282,995	4,584,793	49,022	239,425,171	1,521,946
Stage 2	22,596,095	3,891,095	2,482,738	232,741	1,234,179	179,518	430,345	50,977	26,743,357	4,354,331
Stage 3	15,036,457	8,904,392	1,399,095	1,126,725	877,031	767,667	567,711	294,454	17,880,294	11,093,238
Financial Asset	114,316,005	283,486	-	-	-	-	-	-	114,316,005	283,486
Other	14,935,139	69,540	-	-	-	-	-	-	14,935,139	69,540
Noncash loans	51,435,652	492,436	-	-	-	-	-	-	51,435,652	492,436
Stage 1&2	50,496,556	124,855	-	-	-	-	-	-	50,496,556	124,855
Stage 3	939,096	367,581	-	-	-	-	-	-	939,096	367,581
Total	393,767,780	14,619,171	42,847,537	1,571,173	22,537,452	1,230,180	5,582,849	394,453	464,735,618	17,814,977

31 December 2019	Commercial Loans		Consumer Loans		Credit Cards		Financial Lease		Total	
Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	
Loans	174,937,877	9,980,877	32,871,448	1,362,081	17,149,390	962,411	5,140,318	401,711	230,099,033	12,707,080
Stage 1	137,566,735	486,248	27,841,519	59,540	14,579,181	57,358	4,082,393	46,066	184,069,828	649,212
Stage 2	25,146,239	3,188,196	3,427,255	100,130	1,540,707	67,061	484,459	63,171	30,598,660	3,418,558
Stage 3	12,224,903	6,306,433	1,602,674	1,202,411	1,029,502	837,992	573,466	292,474	15,430,545	8,639,310
Financial Asset	101,850,036	185,359	-	-	-	-	-	-	101,850,036	185,359
Other	12,222,751	53,097	-	-	-	-	-	-	12,222,751	53,097
Non cash loans	42,699,025	297,102	-	-	-	-	-	-	42,699,025	297,102
Stage 1&2	42,440,518	232,314	-	-	-	-	-	-	42,440,518	232,314
Stage 3	258,507	64,788	-	-	-	-	-	-	258,507	64,788
Total	331,709,689	10,516,435	32,871,448	1,362,081	17,149,390	962,411	5,140,318	401,711	386,870,845	13,242,638

Effective annual interest rates on loans and advances to customers in US Dollar, Euro, Yen and Turkish Lira is consecutively 5.15% (31 December 2019: 6.88%), 3.78% (31 December 2019: 4.45%), 7.69% (31 December 2019 7.19%) and 13.21% (31 December 2019: 15.47%).

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NOTE 32 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

As of 31 December 2020, credit risk provision of banking industry segment is as follows:

	Stage 1	Stage 2	Stage 3
Balance at 31 December 2019	649,216	3,418,554	8,639,310
Additions (*)	812,953	2,006,294	650,022
Disposals (**)	(242,522)	(994,097)	(470,437)
Foreign exchange rate effect	61,199	404,039	-
Stage 1 and Stage 2			
Stage 1 both period (model change)	233,705	-	-
Stage 1 both period (amount change)	26,073	-	-
From Stage 1 to Stage 2 (stage and amount changes)	(39,217)	256,418	-
Stage 2 both period (model change)	-	405,454	-
Stage 2 both period (amount change)	-	(62,298)	-
From Stage 2 to Stage 1 (stage and amount changes)	38,046	(104,929)	-
Stage 3			
From Stage 1 to Stage 3	(17,507)	-	696,080
From Stage 2 to Stage 3	-	(437,260)	2,024,894
Stage 3 both period (amount and model change)	-	-	358,418
Effect of outstanding loans	-	(537,844)	(805,049)
Balance at 31 December 2020	1,521,946	4,354,331	11,093,238

(*) These are the loans that were not included in the loan portfolio as of December 31, 2019, but were included in the loan portfolio on December 31, 2020 and the provision was calculated.

(**) These are the loans that were included in the loan portfolio as of December 31, 2019 and the provision was calculated, but was not included in the loan portfolio as of December 31, 2020.

(***) Additions and disposals were considered and the transitions between the records in both periods were calculated.

As of 31 December 2020, the movement table of credit risk provision of banking industry segment by asset classes is as follows:

	Corporate	Consumer	Rental Receivables	Total
1 January 2020	9,980,877	2,324,492	401,711	12,707,080
Gross provisions	4,995,025	1,316,920	176,214	6,488,159
Collections	(916,709)	(414,812)	(89,154)	(1,420,675)
Written off	(285,484)	(425,247)	(94,318)	(805,049)
31 December 2020	13,773,709	2,801,353	394,453	16,969,515

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NOTE 32 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

As of 31 December 2019, the movement table of credit risk provision of banking industry segment by asset classes is as follows:

	Corporate	Consumer	Rental Receivables	Total
1 January 2020	5,576,750	2,404,514	501,182	8,482,446
Gross provisions	6,203,867	844,337	89,479	7,137,683
Collections	(561,958)	(464,870)	(45,998)	(1,072,826)
Written off	(1,237,782)	(459,489)	(142,952)	(1,840,223)
31 December 2019	9,980,877	2,324,492	401,711	12,707,080

The maturity schedule of loans and advances to customers at 31 December 2020 and 2019 are summarized below:

	31 December 2020	31 December 2019
Up to 3 months	82,574,733	75,181,405
3 to 12 months	65,679,464	40,330,281
Current	148,254,197	115,511,686
1 to 5 years	90,581,839	75,734,797
Over 5 years	22,660,422	21,005,152
Non-current	113,242,261	96,739,949
Total	261,496,458	212,251,635

The repricing schedule of loans and advances to customers at 31 December 2020 and 2019 are summarized below:

	31 December 2020	31 December 2019
Up to 3 months	124,011,508	97,452,545
3 to 12 months	61,397,260	43,842,267
1 to 5 years	70,433,572	65,290,494
Over 5 years	5,654,118	5,666,329
Total	261,496,458	212,251,635

Aging analysis for overdue but not impaired receivables (*):

	31 December 2020	31 December 2019
30-60 days	598.530	1.253.357
60-90 days	421.459	1.554.869
Over 90 days	1.165.481	-
Toplam	2.185.470	2.808.226

* Within the scope of the decisions taken by the BDDK, the delay time foreseen for classification in the Second Group due to delay days has been moved from the 30th day to the end of the 90th delay day, and the delay for classification as non-performing loans from the 90th delay to the end of the day 180th. The relevant issue will be valid until 30 June 2021 according to the decision of the BDDK dated 8 December 2020 and numbered 9312.

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31 DECEMBER 2020**

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NOTE 33 - PAYABLES FROM FINANCE SECTOR OPERATIONS**Banking**

	31 December 2020			31 December 2019		
	Demand	Time	Total	Demand	Time	Total
Saving deposits	53,209,481	129,356,513	182,565,994	29,769,128	118,639,877	148,409,005
Commercial deposits	36,839,963	53,537,708	90,377,671	20,861,510	61,873,309	82,734,819
Bank deposits	280,804	12,293,003	12,573,807	1,555,546	5,220,007	6,775,553
Funds provided from						
repo transactions	-	20,478,250	20,478,250	-	9,955,766	9,955,766
Other	1,394,100	3,051,410	4,445,510	1,410,044	3,106,320	4,516,364
Total	91,724,348	218,716,884	310,441,232	53,596,228	198,795,279	252,391,507

Annual effective interest rate of deposit accounts in USD, Euro and TRY are 1,83% (31 December 2019: 2.15%), 0.72% (31 December 2019: 0.05%) and 16,30% (31 December 2019: 9.43%).

The following is the analysis of remaining time of debts to deposit and money markets for maturity dates in the agreement as of 31 December 2020 and 2019:

	31 December 2020	31 December 2019
No maturity	237,766,328	198,360,298
Up to 3 months	39,246,102	25,385,879
3 to 12 months	15,362,756	14,182,312
1 to 5 years	13,801,620	11,553,901
Over 5 years	4,264,426	2,909,117
Total	310,441,232	252,391,507

The following is the analysis of remaining time of debts to deposit and money markets for term and repricing in the agreement as of 31 December 2020 and 2019:

	31 December 2020	31 December 2019
No maturity	91,724,348	53,596,228
Up to 3 months	192,614,949	176,547,906
3 to 12 months	15,404,683	13,797,294
1 to 5 years	9,612,044	7,469,389
Over 5 years	1,085,208	980,690
Total	310,441,232	252,391,507

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31 DECEMBER 2020**

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NOTE 34 - 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 2020	31 December 2019
Earnings per share total TRY		
- ordinary share ('00)	2.34	1.85
Earnings per share from continuing operations total TRY		
- ordinary share ('00)	2.34	1.85
Number of treasury shares	(190,470,000)	(190,470,000)
Earnings per share		
excluding treasury shares (total TRY)		
- ordinary share ('00)	2.34	1.85
Earnings per share from continuing operations		
excluding treasury shares (total TRY)		
- ordinary share ('00)	2.34	1.85
Weighted average number of shares		
as of the reporting date (per share of Kr 1 nominal value)		
-ordinary share	204,040,393,100	204,040,393,100

NOTE 35 - RELATED PARTY DISCLOSURES**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 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Short term benefits	45,742	38,081
Benefits resulted from discharge	913	1,096
Other long term benefits	505	375
Total	47,160	39,552

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NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS**36.1 Financial Instruments and Financial Risk Management****36.1.1 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.

36.1.1.1 Foreign Exchange Risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency assets and liabilities to local currency. These risks are monitored and limited by analyzing foreign currency position. The Group aims to lower foreign exchange risk arising from assets and liabilities by using swap and forward derivative instruments.

The difference between the assets and liabilities of Akbank both denominated in foreign currency is defined as the “Net Foreign Currency (“FC”) position” and is the exposure to foreign currency risk. Another dimension of the foreign exchange risk is the change in the value of the foreign currencies themselves within the net FC position (cross rate risk). The Bank keeps the amount exposed to foreign exchange risk within the limits determined by the Risk Management Committee. The Risk Management Committee monitors the general economic conditions and developments in the markets and sets new limits when necessary. These limits are set and monitored separately for the net FC position and for the cross rate risk. When necessary swap and forward contracts are used as a tool to hedge the foreign exchange risk.

The Group is exposed to foreign exchange risk arising primarily from the EUR, USD and GBP.

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)**36.1 Financial Instruments and Financial Risk Management (Continued)****36.1.1 Financial Risk Management (Continued)**

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations as at 31 December 2020 and 31 December 2019 in terms of TRY are as follows:

	31 December 2020	31 December 2019
Assets	216,553,239	184,702,062
Liabilities	(272,353,612)	(214,694,810)
Net foreign currency balance sheet position	(55,800,373)	(29,992,748)
Off-balance sheet derivative financial instruments position	63,151,207	34,764,951
Net foreign currency balance sheet and off-balance sheet position	7,350,834	4,772,203

31 December 2020	Total TRY Equivalent	USD TRY Equivalent	EUR TRY Equivalent	GBP TRY Equivalent	Other TRY Equivalent
Assets:					
Cash and Cash Equivalents	17,750,024	10,962,166	4,987,731	193,784	1,606,343
Financial Investments	49,719,043	42,214,779	5,917,748	-	1,586,516
Receivables from Financial Operations	96,737,391	37,300,579	59,375,937	170	60,705
Reserve Deposits at Central Bank	39,976,266	21,355,079	16,583,250	-	2,037,937
Trade Receivables	773,171	358,785	349,153	503	64,730
Other Current Assets	11,597,344	7,434,192	4,115,677	68	47,407
Total assets	216,553,239	119,625,580	91,329,496	194,525	5,403,638
Liabilities:					
Funds Borrowed and Debt					
Securities in Issue	60,313,498	48,383,812	11,884,595	-	45,091
Customer Deposits	202,387,245	114,548,411	63,647,373	4,828,016	19,363,445
Trade Payables	489,811	345,958	117,179	1,278	25,396
Other Payables and Provisions	9,163,058	5,285,955	3,684,809	118,462	73,832
Total liabilities	272,353,612	168,564,136	79,333,956	4,947,756	19,507,764
Net foreign currency asset/ (liability) position of off-balance sheet derivative	63,151,207	58,006,131	(13,695,693)	4,683,301	14,157,468
Net foreign currency asset/ (liability) position of off-balance sheet derivative	7,350,834	9,067,575	(1,700,153)	(69,930)	53,342

Net profit effect of the consolidated to the total net foreign currency position is TRY1,138,291 in the long term as of 31 December 2020 (Akbank and Philsa-Philip Morrissa excluded).

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)**36.1 Financial Instruments and Financial Risk Management (Continued)****36.1.1 Financial Risk Management (Continued)****36.1.1.1 Foreign Exchange Risk (Continued)**

31 December 2019	Total TRY	USD TRY	EUR TRY	GBP TRY	Other TRY
	Equivalent	Equivalent	Equivalent	Equivalent	Equivalent
Assets:					
Cash and Cash Equivalents	22,368,133	11,720,587	8,006,380	2,044,154	597,012
Financial Investments	42,169,122	35,762,261	5,451,050	-	955,811
Receivables from Financial Operations	85,166,689	36,364,679	48,704,558	21	97,431
Reserve Deposits at Central Bank	25,808,586	15,377,023	9,277,376	-	1,154,187
Trade Receivables	674,130	303,192	330,038	2,391	38,509
Other Current Assets	8,515,402	5,712,945	2,707,410	85	94,962
Total assets	184,702,062	105,240,687	74,476,812	2,046,651	2,937,912
Liabilities:					
Funds Borrowed and Debt					
Securities in Issue	49,960,071	41,136,439	8,814,696	-	8,936
Customer Deposits	158,867,209	90,653,462	58,377,522	4,061,118	5,775,107
Trade Payables	412,303	288,168	103,806	367	19,962
Other Payables and Provisions	5,455,227	2,430,269	2,965,486	2,838	56,634
Total liabilities	214,694,810	134,508,338	70,261,510	4,064,323	5,860,639
Net foreign currency asset/ (liability) position of off-balance sheet derivative	34,764,951	31,083,116	(1,258,919)	2,012,918	2,927,836
Net foreign currency asset/ (liability) position of off-balance sheet derivative	4,772,203	1,815,465	2,956,383	(4,754)	5,109

Net profit effect of the consolidated to the total net foreign currency position is TRY1,831,974 as of 31 December 2019 (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.

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)**36.1 Financial Instruments and Financial Risk Management (Continued)****36.1.1.1 Foreign Exchange Risk (Continued)**

The foreign exchange risk of Group companies other than that of the banking segment for the years ended 31 December 2020 and 2019 is summarized as follows:

31 December 2020	Profit/loss	
	Appreciation of foreign currency	Appreciation of foreign currency
Change in USD against TRY by 20%		
USD net assets/liabilities	251,290	(251,290)
Hedged items (-)	-	-
USD net effect	251,290	(251,290)
Change in EUR against TRY by 20%		
EUR net assets/liabilities	(31,351)	31,351
Hedged items (-)	-	-
EUR net effect	(31,351)	31,351
Change in GBP against TRY by 20%		
GBP net assets/liabilities	(152)	152
Hedged items (-)	-	-
GBP net effect	(152)	152
Change in other currency against TRY by 20%		
Other currency net assets/liabilities	(2)	2
Hedged items (-)	-	-
Other currency net effect	(2)	2
31 December 2019	Profit/loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TRY by 20%		
USD net assets/liabilities	306,608	(306,608)
Hedged items (-)	-	-
USD net effect	306,608	(306,608)
Change in EUR against TRY by 20%		
EUR net assets/liabilities	21,565	(21,565)
Hedged items (-)	-	-
EUR net effect	21,565	(21,565)
Change in GBP against TRY by 20%		
GBP net assets/liabilities	1,045	(1,045)
Hedged items (-)	-	-
GBP net effect	1,045	(1,045)
Change in other currency against TRY by 20%		
Other currency net assets/liabilities	(700)	700
Hedged items (-)	-	-
Other currency net effect	(700)	700

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NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)**36.1.1.2 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 2020 and 2019, the Group's borrowings at floating rates are denominated in TRY, USD, EUR and GBP.

As of 31 December 2020 and 2019, the interest position table of the Group's non-banking industrial segments is as follows:

	31 December 2020	31 December 2019
Fixed interest rate financial instruments		
Financial assets	1,047,202	566,479
Time deposits	1,047,202	566,479
Financial liabilities	3,790,031	3,559,543
Floating interest rate financial instruments		
Financial liabilities	1,754,828	619,496

Renewing existing positions for non-banking industrial segments by the Group. Various scenarios were prepared for bank loans with floating interest rates taking into account alternative financing and hedging. According to this scenarios:

At 31 December 2020, 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 2019: 0 TRY).

At 31 December 2020, if the annual interest rate on USD denominated floating rate borrowings had been higher/lower by 1% with all other variables held constant, income before tax for the year would have been TRY(6.452) (31 December 2019: TRY(6.195)) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

At 31 December 2020, if the annual interest rate of variable interest loans in Euro unit was 1% higher/lower and all other variables remained constant; There is no current period loss before tax as a result of high interest expense, which consists of variable loans (31 December 2019: 0 TRY).

Within the scope of the Main Indicative Interest Rates Reform, reference interest rates will be transformed as of the beginning of 2021, and alternative interest rates, which will be accepted as new, will be used instead of the current benchmark interest rates, especially Libor. In addition to floating rate assets such as securities indexed to benchmark interest rates and loans, banks' financial statements include liabilities such as securities issued, borrowed loans and derivative transactions, and off-balance sheet instruments. With the regulations published in September 2019 and December 2020 regarding the implementation of the aforementioned reform, early implementation of the amendments was allowed, while temporary exemption was given to the practices related to the determination of the cash flows of hedge accounting and the termination of the transactions. A working group was established to evaluate the impact of the interest rate reform on financial statements and to adapt to the reform. Reform changes have not been early adopted, and developments are followed by the working group.

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NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)**36.1.1.3 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 2020 and 2019 the contractual cash flows of the non-derivative financial liabilities in accordance agreement of the Group companies banking segment are as follows:

Liabilities	31 December 2020						
	Book value	Contractual cash flows	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Customer deposits	310,441,232	311,656,800	238,502,036	39,246,102	15,362,755	15,181,382	3,364,525
Funds borrowed and debt securities in issue	67,258,898	74,562,435	3,337,823	4,759,521	22,995,826	30,732,416	12,736,849
Interbank money market deposits	429,862	429,862	429,862	-	-	-	-
Total	378,129,992	386,649,097	242,269,721	44,005,623	38,358,581	45,913,798	16,101,374

Liabilities	31 December 2019						
	Book value	Contractual cash flows	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Customer deposits	252,391,507	253,584,157	198,801,601	25,385,879	14,182,312	12,294,248	2,920,117
Funds borrowed and debt securities in issue	54,529,896	60,236,410	4,913,399	4,262,874	15,586,740	22,513,357	12,960,040
Interbank money market deposits	150,754	150,754	150,754	-	-	-	-
Total	307,072,157	313,971,321	203,865,754	29,648,753	29,769,052	34,807,605	15,880,157

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NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)**36.1.1.3 Liquidity Risk (Continued)***ii) Other industrial segments*

The table below depicts 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 2020 and 2019, the Group's analysis of non-derivative financial liabilities of non-banking business segments according to their contractual maturity dates as follows:

Liabilities	31 December 2020					
	Book value	Contractual cash flows	Up to 3 month	3-12 months	1-5 years	Over 5 years
Financial liabilities	4,768,602	4,940,018	838,337	2,384,212	1,717,469	-
Financial lease obligations	1,312,348	2,136,242	108,390	341,840	1,163,872	522,140
Trade payables	4,903,252	5,003,087	4,036,029	967,058	-	-
Other payables	105,281	105,281	78,605	26,676	-	-
Total	11,089,483	12,184,628	5,061,361	3,719,786	2,881,341	522,140

Liabilities	31 December 2019					
	Book value	Contractual cash flows	Up to 3 month	3-12 months	1-5 years	Over 5 years
Financial liabilities	4,179,039	4,798,940	1,618,542	914,386	2,266,012	-
Financial lease obligations	1,231,902	2,112,521	102,686	325,407	578,788	1,105,640
Trade payables	3,995,658	3,991,324	3,239,712	751,612	-	-
Other payables	129,079	121,511	86,160	15,826	19,525	-
Total	9,535,678	11,024,296	5,047,100	2,007,231	2,864,325	1,105,640

36.1.1.4 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 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)**36.1.1.4 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 analyzed 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 Basel II 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 2020	31 December 2019
Above average	41.66%	43.72%
Average	38.21%	41.21%
Below average	15.92%	11.11%
Unrated	4.21%	3.96%

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NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS
(Continued)

36.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (Continued)

Maximum exposure to credit risk of banking industrial segment is as follow:

	31 December 2020	31 December 2019
Loans and advances to banks	55,626,018	44,547,892
Loans and advances	267,079,307	217,391,953
<i>Consumer loans and advances</i>	62,583,636	48,541,904
<i>Corporate loans and advances</i>	199,307,274	164,111,441
<i>Financial lease receivables</i>	5,188,397	4,738,608
Financial assets at fair value through profit and loss	9,179,412	7,264,839
Derivative financial assets at fair value through profit and loss	14,889,163	11,166,945
Derivative transactions held for hedges financial assets	7,969,203	5,350,817
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	100,092,103	83,089,971
Other assets	6,923,738	4,511,155
Toplam	461,758,944	373,323,572

Marketable securities of the banking industrial segment as of 31 December 2020 and 2019. Moody's rating analysis of available-for-sale financial assets and held-to-maturity financial assets is as follows:

31 December 2019	Financial assets through profit or loss	Financial assets through other comprehensive income	Financial assets at amortized cost	Total
Aaa	-	2,164,729	-	2,164,729
Aa1, Aa2, Aa3	-	368,419	-	368,419
A1, A2, A3	-	132,687	-	132,687
Baa1, Baa2, Baa3	-	182,920	-	182,920
Ba1	-	94,248	-	94,248
Ba2	-	56,374	-	56,374
Ba3	19,470	1,323	-	20,793
B1, B2, B3	252,771	55,149,071	41,872,678	97,274,520
C and below	3,941	-	-	3,941
NR	-	69,655	-	69,655
Total	276,182	58,219,426	41,872,678	99,695,765

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NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS
(Continued)

36.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (Continued)

31 December 2019	Financial assets through profit or loss	Financial assets through other comprehensive income	Financial assets at amortized cost	Total
Aaa	170,485	2,319,297	334,259	2,824,041
Aa1, Aa2, Aa3	-	275,375	-	275,375
A1, A2, A3	-	272,190	-	272,190
Baa1, Baa2, Baa3	-	132,165	-	132,165
Ba1	-	-	-	-
Ba2	-	-	-	-
Ba3	-	-	-	-
B1, B2, B3	137,668	64,525,419	15,231,266	79,894,353
Total	308,153	67,524,446	15,565,525	83,398,124

The geographical distribution of the financial assets of banking industrial segment for the years ended 31 December 2020 and 2019 are summarized as follows:

	Turkey	USA	EU Countries	Non-Eu Countries	Total
Loans and advances to banks	43,253,151	2,519,706	9,445,313	407,848	55,626,018
Loans and advances	255,218,651	106,034	11,158,825	595,797	267,079,307
<i>Consumer loans and advances</i>	62,583,636	-	-	-	62,583,636
<i>Corporate loans and advances</i>	187,446,618	106,034	11,158,825	595,797	199,307,274
<i>Financial lease receivables</i>	5,188,397	-	-	-	5,188,397
Financial assets at fair value through profit and loss	9,179,412	-	-	-	9,179,412
Derivative financial assets at fair value through profit and loss	7,293,386	-	7,548,958	46,819	14,889,163
Derivative transactions held for hedges financial assets	33,881	-	7,935,322	-	7,969,203
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	97,149,101	2,164,719	778,274	-	100,092,104
Other assets	6,923,737	-	-	-	6,923,737
Total	419,051,319	4,790,469	36,866,692	1,050,464	461,758,944

31 December 2019	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	27,579,823	4,634,554	11,893,974	439,541	44,547,892
Loans and advances	208,508,507	2,428	8,327,859	553,159	217,391,953
<i>Consumer loans and advances</i>	48,541,904	-	-	-	48,541,904
<i>Corporate loans and advances</i>	155,227,995	2,428	8,327,859	553,159	164,111,441
<i>Financial lease receivables</i>	4,738,608	-	-	-	4,738,608
Financial assets at fair value through profit and loss	7,264,839	-	-	-	7,264,839
Derivative financial assets at fair value through profit and loss	5,378,666	1,118	5,734,846	52,315	11,166,945
Derivative transactions held for hedges financial assets	-	-	5,350,817	-	5,350,817
Financial assets at fair value through other comprehensive income and financial assets measured at amortized cost	79,750,267	2,319,297	816,138	204,269	83,089,971
Other assets	4,511,154	-	-	-	4,511,154
Total	332,993,256	6,957,397	32,123,634	1,249,284	373,323,571

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NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS
(Continued)

36.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (Continued)

The industrial distribution of the financial assets of banking sector for the years ended 31 December 2020 and 2019 are summarized as follows:

	Financial institutions	Public sector	Wholesale and retail trade	Manufacturing	Other	Individual	Total
Loans and advances to banks	55,626,018	-	-	-	-	-	55,626,018
Loans and advances	16,310,380	4,200,482	31,929,420	87,549,284	64,506,105	62,583,636	267,079,307
Consumer loans and advances	16,235,571	4,200,278	31,615,548	85,208,254	62,047,623	-	199,307,274
Corporate loans and advances	-	-	-	-	-	62,583,636	62,583,636
Financial lease receivables	74,809	204	313,872	2,341,030	2,458,482	-	5,188,397
Financial assets at fair value through profit and loss	243,561	189,938	-	-	8,745,913	-	9,179,412
Derivative financial assets at fair value through profit and loss	7,607,792	-	-	-	7,261,550	19,821	14,889,163
Derivative instruments	7,969,203	-	-	-	-	-	7,969,203
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	10,583,726	86,782,757	-	2,460,508	265,113	-	100,092,104
Other assets	6,923,737	-	-	-	-	-	6,923,737
31 December 2020	105,264,417	91,173,177	31,929,420	90,009,792	80,778,681	62,603,457	461,758,944
31 December 2019	91,154,236	69,657,501	27,207,406	68,064,873	68,658,025	48,581,530	373,323,571

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.

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NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS
(Continued)

36.1.1.4 Credit Risk (Continued)

The Group's exposure to types of financial instruments of other industrial segments as of 31 December 2020 and 2019 is as follows.

31 December 2020	Trade receivables	Receivables from insurance operations	Other receivables (*)	Bank deposits	Derivative instruments
Maximum credit risk exposure as of reporting date (A+B+C+D)	1,846,121	-	156,927	1,796,846	60,516
Collateralized or secured with guarantees part of maximum credit					
A. Restricted otherwise accepted as past due and impaired	1,587,382	-	156,927	1,796,846	60,516
B. Past due but not impaired					
net book value	258,739	-	-	-	-
C. Net book value of impaired assets					
- Past due (Gross amount)	68,160	-	-	-	-
- Impairment	(68,160)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-
31 December 2019	Trade receivables	Receivables from insurance operations	Other receivables (*)	Bank deposits	Derivative instruments
Maximum credit risk exposure as of reporting date (A+B+C+D)	1,625,436	-	157,343	733,902	110,902
Collateralized or secured with guarantees part of maximum credit					
A. Restricted otherwise accepted as past due and impaired	1,493,247	-	157,343	733,902	110,902
B. Past due but not impaired					
net book value	132,189	-	-	-	-
C. Net book value of impaired assets					
- Past due (Gross amount)	57,515	-	-	-	-
- Impairment	(57,515)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-

(*) Does not include tax and other legal receivables.

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NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)**36.1.1.5 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 analyzed 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 2020 and 2019, 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 2020		31 December 2019	
		Gains /Losses	Gains /Shareholders Equity-Losses /Shareholders Equity	Gains /Losses	Gains /Shareholders Equity-Losses /Shareholders Equity
TRY	(400)	3,613,453	%4.97	3,588,028	%5.69
TRY	500	(4,110,166)	%(5.65)	(4,027,453)	%(6.38)
USD	(200)	231,365	%(0.32)	922,614	%(1.46)
USD	200	(359,087)	%(0.49)	(882,350)	%(1.40)
EUR	(200)	1	%(0.00)	(35,477)	%(0.06)
EUR	200	45,437	%(0.06)	(828,729)	%(1.31)
Total (for negative shocks)		3,844,819	%5.29	4,475,165	%7.09
Total (for positive shocks)		(4,423,816)	%(6.08)	(5,738,532)	%(9.09)

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.

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NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)**36.1.1.5 Value at risk (Continued)**

RMD analyzes are supported by scenario analyzes 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.

36.1.2 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).

The net liability/invested capital ratios at 31 December 2020 and 2019 are as follows:

Thousand TRY	31 December 2020	31 December 2019
Total financial liabilities	424,475,480	339,870,436
Cash and cash equivalents	19,828,118	22,447,203
Net liability	404,647,362	317,423,233
Equity	76,782,894	66,477,443
Invested capital(*)	481,430,256	383,900,676
Net liability/invested capital ratio	84%	83%

(*) The capital invested consists of equity and net debt total.

36.1.3 Explanations on Hedging Transactions**a) Information on net investment hedge accounting:**

The Group implements a net investment hedging strategy in order to protect itself from the foreign exchange risk arising from the net investment value of Akbank AG, its subsidiary, amounting to EUR 787 million (31 December 2019: EUR 320 million). 787 million EURO of syndicated loans used by the Bank is defined as “hedging instrument”.

b) Information on fair value hedge accounting:

In the measurements made as of December 31, 2020, it is determined that the fair value hedging transactions are effective. On the other hand, the amounts related to the transactions whose hedge accounting is discontinued due to the termination of the hedging instrument, its realization, sale, the termination of the hedge accounting or the results of the effectiveness tests are at non-material levels.

c) Information on transactions for hedging cash flow risk:

In the measurements made as of December 31, 2020, it has been determined that the cash flow hedging transactions are effective. On the other hand, the amounts related to the transactions whose hedge accounting is discontinued due to the termination of the hedging instrument, its realization, sale, the termination of the hedge accounting or the results of the effectiveness tests are not material.

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NOTE 37 - 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.

Fair values of the financial assets and liabilities of the Group's banking segment as of 31 December 2020 and 2019 are as follows:

Fair value classifications of the financial assets and liabilities of the Group carried at fair value is as stated below:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: 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 3: Inputs for the asset or liability that are not based on observable market data.

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NOTE 37 - FINANCIAL INSTRUMENTS (Continued)**Fair Value of Financial Instruments (Continued)****Banking**

Fair values of the financial assets and liabilities of the Group's banking segment as of 31 December 2020 and 2019 are as follows:

Current Year- 31 December 2020	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	189,938	-	-	189,938
- Marketable Securities Representing Capital Share	305,711	-	-	305,711
- Other Financial Assets*	280,008	1,095,936	7,342,909	8,718,853
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	44,420,223	-	-	44,420,223
- Other Financial Assets	11,758,112	2,041,091	-	13,799,203
Time Deposit	16,348	-	-	16,348
Derivative Financial Assets at Fair Value Through Profit or Loss				
- Fair Value Through Other Comprehensive Income	-	4,738,479	-	4,738,479
- Fair Value Through Profit or Loss	1,897	18,178,506	-	18,180,403
Borrowings	-	267,079,307	-	267,079,307
Financial Assets measured at amortized cost (Net)				
- Government Debt Securities	41,444,027	-	-	41,444,027
- Other Financial Assets	428,651	-	-	428,651
Total Assets	98,844,915	293,133,319	7,342,909	399,321,143
Derivative Financial Liabilities				
- Reflected on Other Comprehensive Income	-	678,869	-	678,869
- Reflected on Profit or Loss	54	14,224,931	-	14,224,985
Financial Liabilities at Fair Value				
- Customer Deposit	-	239,101,954	-	239,101,954
- Interbank money market deposits, fund borrowed and debt securities in issue	-	71,339,278	-	71,339,278
Total Liabilities	54	325,345,032	-	325,345,086

(*) The fair value of the loan, 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 37 - FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments (Continued)

Banking

Previous Year- 31 December 2019	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	274,722	-	-	274,722
- Marketable Securities Representing Capital Share	232,764	-	-	232,764
- Other Financial Assets*	58,216	401	6,723,419	6,782,036
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	51,703,078	-	-	51,703,078
- Other Financial Assets	13,803,815	2,017,553	-	15,821,368
Derivative Financial Assets at				
- Fair Value Through Other Comprehensive Income	-	2,127,012	-	2,127,012
- Fair Value Through Profit or Loss	774	14,500,878	-	14,501,652
Borrowings(*)	-	217,391,953	-	217,391,953
Financial Assets measured at amortized cost (Net)				
- Government Debt Securities	14,030,740	-	-	14,030,740
- Other Financial Assets	1,534,785	-	-	1,534,785
Total Assets	81,638,894	236,037,797	6,723,419	324,400,110
Derivative Financial Liabilities				
- Reflected on Other Comprehensive Income	-	901,104	-	901,104
- Reflected on Profit or Loss	311	8,160,558	-	8,160,869
Financial Liabilities at Fair Value				
- Customer Deposit	-	198,306,881	-	198,306,881
- Interbank money market deposits, fund borrowed and debt securities in issue	-	54,084,626	-	54,084,626
Total Liabilities	311	261,453,169	-	261,453,480

(*) The fair value of the loan, 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 table below shows the movement table of Level 3 financial assets:

	31 December 2020	31 December 2019
Balance at the beginning of the period	6,723,419	6,690,208
Valuation difference (*)	619,490	652,702
Transfers	-	(726,443)
Balance at the end of the period	7,342,909	6,723,419

(*) When evaluated with the decrease in value of LYY Telekomünikasyon A.Ş. in the current period in Assets Held for Sale of 477,249 TL, there is an increase of 142,241 TL in the asset net worth.

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 37 – FINANCIAL INSTRUMENTS (Continued)

Classification of financial instruments and fair value

31 December 2020	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	-	19,828,118	-	-	19,828,118	19,828,118
Trade receivables	9	-	1,846,121	-	-	1,846,121	1,846,121
Other financial asset (*)	6,10	41,873,322	8,383,515	58,219,426	-	108,476,263	108,554,879
Receivables from financial operations	32	-	267,079,307	-	-	267,079,307	281,976,440
Financial Liabilities							
Loans	7	-	-	-	72,261,198	72,261,198	72,261,198
Trade payables	9	-	-	-	5,023,674	5,023,674	5,023,674
Other financial liabilities (**)	10	-	-	-	13,519,777	13,519,777	13,519,777
Payables from financial operations	33	-	-	-	310,441,232	310,441,232	310,577,115
31 December 2019							
Financial Assets							
Cash and cash equivalents	5	-	22,447,203	-	-	22,447,203	22,447,203
Trade receivables	9	-	1,625,436	-	-	1,625,436	1,625,436
Other financial asset (*)	6,10	15,566,111	5,792,542	67,524,446	-	88,883,099	88,894,295
Receivables from financial operations	30	-	217,391,953	-	-	217,391,953	228,831,850
Financial Liabilities							
Loans	7	-	-	-	58,084,781	58,084,781	58,084,781
Trade payables	9	-	-	-	3,995,658	3,995,658	3,995,658
Other financial liabilities (**)	10	-	-	-	9,452,894	9,452,894	9,452,894
Payables from financial operations	33	-	-	-	252,391,507	252,391,507	252,169,296

(*) 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 38 - EVENTS AFTER THE REPORTING PERIOD

In the public disclosure dated 22.02.2021, our Group Company Teknosa İç ve Dış Ticaret A.Ş. (Teknosa) have announced, apart from other things, that their Board of Directors adopted a resolution to increase the current issued share capital of Teknosa from TRY 110,000,000 to TRY 201,000,000 in cash by issuing shares with TRY 91,000,000 nominal value, without restricting pre-emptive rights of current shareholders for the capital increase by allowing the use of pre-emptive rights for a consideration of TRY 3 for each batch of 100 shares with TRY 1 nominal value in total. It is predicted that at least 273 million TL gross public offering income will be obtained from the paid capital increase. In the material event statement dated the same, Sabancı Holding announced that it will provide Teknosa with a minimum capital of 136.5 million Turkish Liras, by undertaking that Teknosa's right to buy new shares will be used in full and in cash.

A Share Purchase Agreement dated 23.02.2021 was signed by and among Ageas Group and Aviva Group, and accordingly Ageas agreed to acquire all AvivaSA (A Joint Venture of the Group) shares from Aviva with TRY 72,000,006.72 nominal value representing 40% of the share capital. Upon the completion of closing procedures that are set forth in the Share Purchase Agreement, AvivaSA shares belonging to Aviva will be transferred to Ageas. The validity of the Shareholders Agreement signed between Sabancı Holding and Ageas depends on the fulfillment of the closing conditions specified in the relevant agreements, including obtaining the necessary permissions and approvals, and the entire process is expected to be completed by the end of 2021 at the latest. When the process is completed, Avivasa Emeklilik ve Hayat A.Ş. will be consolidated in the Group financial statements by full consolidation method within the scope of TFRS 10.

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