

**HACI ÖMER SABANCI HOLDİNG A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015  
TOGETHER WITH INDEPENDENT AUDITOR’S REPORT**

**(ORIGINALLY ISSUED IN TURKISH)**

**(CONVENIENCE TRANSLATION OF  
INDEPENDENT AUDITOR’S REPORT ORIGINALLY ISSUED IN TURKISH)**

**INDEPENDENT AUDITOR’S REPORT**

**To the Board of Directors of  
Hacı Ömer Sabancı Holding A.Ş.**

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Hacı Ömer Sabancı Holding A.Ş. (“the Company”) and its subsidiaries (together will be referred as “the Group”), which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management’s Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards (“TAS”), 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.

*Auditor’s Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by Capital Markets Board and Independent Auditing Standards which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Hacı Ömer Sabancı Holding A.Ş. and its subsidiaries as at 31 December 2015, and of their financial performance and their cash flows for the year then ended in accordance with Turkish Accounting Standards.

### *Other Matter*

Subsidiaries are companies in which Holding exercises a dominant influence and power to govern the financial and operating policies through exercise of voting power relating to shares held by Holding and its Subsidiaries together with voting power which Holding effectively exercises relating to shares held by Sabancı family members. Sabancı family members allow Holding to exercise voting power in respect of their shares held in these companies. In the accompanying consolidated financial statements the shares held by Sabancı family members are treated as non-controlling interests.

### *Additional Paragraph for US Dollar (“USD”) Translation*

“As explained in Note 2 to the consolidated financial statements USD amounts presented in the accompanying consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements, USD amounts do not form part of these consolidated financial statements and have been translated from Turkish Lira (“TL”), as a matter of arithmetic computation only, at the official USD bid rate announced by the Central Bank of the Republic of Turkey (“CBRT”) at 31 December 2015 for the consolidated balance sheet and the official USD average CBRT bid rate of the year 2015 for the consolidated statement of profit or loss and consolidated statement of cash flows. The resulting difference from the use of average CBRT rate for the translation of consolidated statement of profit or loss and the use of bid rate at the balance sheet date for the translation of the consolidated balance sheet is included in translation reserves under shareholders’ equity in accordance with the translation requirements of TAS 21 “The effects of Changes in Foreign Exchange Rates” when the financial statements are presented in a currency other than the functional currency.”

### **Reports on Other Legal and Regulatory Requirements**

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 (“TCC”), nothing has come to our attention that may cause us to believe that the Company’s set of accounts and financial statements prepared for the period 1 January-31 December 2015 does not comply with TCC and the provisions of the Company’s articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

In accordance with paragraph four of the Article 398 of TCC, the auditor’s report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 2 March 2015.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Hüseyin Gürer, SMMM

Partner

İstanbul, 26 February 2016

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# HACI ÖMER SABANCI HOLDİNG A.Ş.

## AUDITED CONSOLIDATED BALANCE SHEETS

### AT 31 DECEMBER 2015 AND 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

		Unaudited Current Period 31 December 2015 USD (*)	Current Period 31 December 2015	Prior Period 31 December 2014
	Note References			
<b>ASSETS</b>				
<b>Current Assets</b>		<b>45.470.455</b>	<b>123.206.744</b>	<b>110.109.883</b>
Cash and Cash Equivalents	5	3.951.035	10.705.724	7.518.753
Financial Assets		628.251	1.702.308	8.001.147
- Held for Trading	6.a	14.952	40.513	54.964
- Available for Sale	6.b	568.597	1.540.670	6.998.422
- Held to Maturity	6.c	44.702	121.125	899.608
- Time Deposits	6.d	-	-	48.153
Trade Receivables	8	494.448	1.339.757	1.012.556
Receivables from Finance Sector Operations	30	28.986.342	78.541.392	69.221.643
Reserve Deposits with the Central Bank of the Republic of Turkey		8.860.100	24.007.327	18.917.875
Other Receivables	9	1.002.877	2.717.395	1.420.780
Derivative Financial Instruments	29	746.153	2.021.777	1.839.607
Inventories	10	124.815	338.199	289.483
Prepaid Expenses	11	1.653	4.478	-
Other Current Assets	20	249.959	677.290	619.289
		<b>45.428.300</b>	<b>123.092.523</b>	<b>109.428.607</b>
Assets Classified As Held for Sale	22	42.154	114.221	681.276
<b>Non-current Assets</b>		<b>52.521.894</b>	<b>142.313.323</b>	<b>120.416.672</b>
Financial Assets		19.344.391	52.415.563	40.510.363
- Available for Sale	6.b	15.444.403	41.848.155	30.609.785
- Held to Maturity	6.c	3.899.988	10.567.408	9.900.578
Trade Receivables	8	17.184	46.561	71.095
Receivables From Finance Sector Operations	30	28.010.389	75.896.951	68.329.878
Other Receivables	9	139.924	379.138	63.033
Derivative Financial Instruments	29	240.392	651.367	286.110
Investments Accounted Through Equity Method	12	2.203.436	5.970.431	5.486.817
Investment Property	13	107.803	292.103	325.782
Property, Plant and Equipment	14	1.580.661	4.282.958	3.898.572
Intangible Assets		570.120	1.544.798	915.234
- Goodwill	16	374.356	1.014.355	478.935
- Other Intangible Asset	15	195.764	530.443	436.299
Prepaid Expenses	11	20.504	55.557	27.556
Deferred Tax Assets	28	263.765	714.698	477.413
Other Non Current Assets	20	23.324	63.198	24.819
<b>Total Assets</b>		<b>97.992.348</b>	<b>265.520.067</b>	<b>230.526.555</b>

(\*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by CBRT at 31 December 2015, and therefore do not form part of these consolidated financial statements (Note 2.1.6).

These consolidated financial statements have been approved for issue by the Board of Directors on 26 February 2015 and signed on its behalf by Zafer Kurtul, Member of Board of Directors and CEO and Barış Oran, CFO

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

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## AUDITED CONSOLIDATED BALANCE SHEETS

### AT 31 DECEMBER 2015 AND 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Note	Unaudited Current Period 31 December 2015 USD (*)	Current Period 31 December 2015	Prior Period 31 December 2014
<b>LIABILITIES</b>				
<b>Short Term Liabilities</b>		<b>69.973.189</b>	<b>189.599.353</b>	<b>169.096.825</b>
Financial Liabilities	7	3.202.961	8.678.744	20.358.969
Current Portion of		4.747.131	12.862.826	1.753.546
Long-Term Financial Liabilities	7	880.859	2.386.775	1.809.196
Trade Payables	8	57.901.701	156.890.448	137.847.256
Payables from Finance Sector Operations	31	20.817	56.405	40.214
Short Term Employee Benefits	19	1.638.999	4.441.032	3.399.419
Other Payables	9	654.033	1.772.169	1.209.531
Derivative Financial Instruments	29	60.739	164.578	124.141
Deferred Income	11	148.647	402.774	353.590
Income Taxes Payable	28	223.850	606.545	526.633
Short Term Provisions				
- Short Term Provisions				
for Employee Benefits	19	87.928	238.249	203.009
- Other Short Term Provisions	17	135.923	368.296	323.624
Other Short Term Liabilities	20	476.502	1.291.129	1.324.776
		69.956.239	189.553.425	168.747.271
Liabilities Classified As Held for Sale	22	16.950	45.928	349.554
<b>Long Term Liabilities</b>		<b>13.267.374</b>	<b>35.949.276</b>	<b>24.571.850</b>
Financial Liabilities	7	7.062.719	19.137.143	11.605.585
Trade Payables	8	80	216	503
Payables from Finance Sector Operations	31	5.732.242	15.532.084	12.173.053
Other Payables	9	219.933	595.931	235.127
Derivative Financial Instruments	29	58.665	158.960	105.952
Deferred Income	11	42.182	114.297	149.244
Long Term Provisions		106.851	289.523	184.894
- Long Term Provisions				
for Employee Benefits	19	105.118	284.829	180.004
- Other Long Term Provisions	17	1.732	4.694	4.890
Deferred Tax Liabilities	28	43.668	118.323	114.976
Other Long Term Liabilities	20	1.033	2.799	2.516
<b>EQUITY</b>		<b>14.751.786</b>	<b>39.971.438</b>	<b>36.857.880</b>
<b>Equity Attributable to the Parent</b>	<b>21</b>	<b>7.729.035</b>	<b>20.942.594</b>	<b>19.177.680</b>
Share Capital	21	753.028	2.040.404	2.040.404
Adjustment to Share Capital		1.264.674	3.426.761	3.426.761
Share Premium		8.207	22.237	21.670
Accumulated Other Comprehensive Income or Loss That				
Will Not Be Reclassified to Profit or Loss		(18.860)	(51.102)	(10.526)
- Actuarial Gains/Losses		(18.860)	(51.102)	(10.526)
Accumulated Other Comprehensive Income or Loss That				
Will Be Reclassified to Profit or Loss		(122.648)	(332.327)	(100.945)
- Currency Translation Reserve	21	104.666	283.604	183.938
- Hedge Reserve	21	(64.818)	(175.630)	(188.975)
- Revaluation Reserve	21	(162.497)	(440.301)	(95.908)
Restricted Reserves	21	329.502	892.819	855.707
Retained Earnings		4.689.797	12.707.474	10.865.495
Net Income for the Year		825.335	2.236.328	2.079.114
<b>Non-controlling Interests</b>		<b>7.022.750</b>	<b>19.028.844</b>	<b>17.680.200</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>97.992.348</b>	<b>265.520.067</b>	<b>230.526.555</b>

(\*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by CBRT at 31 December 2015, 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.

## AUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Note References	Unaudited Current period 1 January - 31 December 2015 USD (*)	Current period 1 January - 31 December 2015	Prior period 1 January - 31 December 2014
<b>CONTINUING OPERATIONS</b>				
Sales (net)	4,23	4.287.309	11.657.193	10.384.249
Cost of Sales (-)	4,23	(3.344.502)	(9.093.701)	(8.232.212)
<b>Gross Profit From Non-Financial Operations</b>		<b>942.807</b>	<b>2.563.492</b>	<b>2.152.037</b>
Interest, Premium, Commission and Other Income	4	6.759.249	18.378.397	16.918.975
Interest, Premium, Commission and Other Expense (-)		(3.674.312)	(9.990.453)	(9.081.538)
<b>Gross Profit From Financial Operations</b>		<b>3.084.937</b>	<b>8.387.944</b>	<b>7.837.437</b>
<b>GROSS PROFIT</b>		<b>4.027.744</b>	<b>10.951.436</b>	<b>9.989.474</b>
General Administrative Expenses (-)	24	(1.811.955)	(4.926.706)	(4.397.831)
Marketing, Selling and Distribution Expenses (-)	24	(581.072)	(1.579.935)	(1.225.131)
Research and Development Expenses (-)	24	(1.222)	(3.323)	(4.533)
Income From Other Operating Activities	25	342.812	932.107	810.605
Expense From Other Operating Activities (-)	25	(208.842)	(567.842)	(409.987)
Interest in Income of Investments Accounted Through Equity Method	12	201.520	547.932	318.373
<b>OPERATING PROFIT</b>		<b>1.968.985</b>	<b>5.353.669</b>	<b>5.084.870</b>
Income From Investment Activities	26	65.330	177.633	291.280
Expense From Investment Activities (-)	26	(2.571)	(6.991)	(1.658)
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME/ (EXPENSES)</b>		<b>2.031.744</b>	<b>5.524.311</b>	<b>5.374.592</b>
Financial Income	27	20.218	54.974	53.965
Financial Expenses (-)	27	(102.950)	(279.921)	(181.063)
<b>NET INCOME BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>1.949.012</b>	<b>5.299.364</b>	<b>5.247.494</b>
<b>Tax Income / (Expense) from Continuing Operations</b>				
Current Income Tax Expense	28	(376.539)	(1.023.810)	(1.200.967)
Deferred Income Tax Benefit / Charge	28	18.634	50.666	229.008
<b>NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>1.591.107</b>	<b>4.326.220</b>	<b>4.275.535</b>
<b>DISCONTINUED OPERATIONS</b>				
Net Income From Discontinued Operations After Tax	22	34.889	94.862	75.324
<b>NET INCOME FOR THE YEAR</b>		<b>1.625.996</b>	<b>4.421.082</b>	<b>4.350.859</b>
<b>ALLOCATION OF NET INCOME</b>				
- Non-controlling Interests		803.514	2.184.754	2.271.745
- Equity Holders of the Parent		822.482	2.236.328	2.079.114
Earnings per share				
- thousands of ordinary shares (TL)	33	4,03	10,96	10,19
Earnings per share from continuing operations				
- thousands of ordinary shares (TL)	33	3,86	10,50	9,81

(\*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL average exchange rate announced by CBRT at 31 December 2015, 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.

### AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Note References	Current period 1 January - 31 December 2015	Prior period 1 January - 31 December 2014
<b>NET INCOME FOR THE YEAR</b>		<b>4.421.082</b>	<b>4.350.859</b>
<b>Other Comprehensive Income / (Loss) :</b>			
<b>Items That Will Not Be Reclassified Subsequently To Profit or Loss</b>		<b>(79.683)</b>	<b>(14.913)</b>
Actuarial (losses) / gains	28	(79.683)	(14.913)
<b>Items That Will Be Reclassified Subsequently To Profit or Loss</b>		<b>(618.434)</b>	<b>1.125.808</b>
Net unrealized fair value gains/(losses) from available for sale financial assets, after tax	28	(827.335)	1.649.775
Losses on available for sale financial assets transferred to the income statement, after tax	28	(20.358)	(479.393)
Net gains/(losses) included in the income statement due to transfer of available for sale financial assets into held to maturity assets, after tax	28	(1.446)	(63.943)
Currency translation differences	28	238.089	(34.912)
Cash flow hedges, after tax	28	60.928	35.414
Income / (loss) from the derivative financial assets related to the hedging of net investment in a foreign operation, after tax	28	(68.312)	18.867
<b>OTHER COMPREHENSIVE INCOME / (LOSS) (AFTER TAX)</b>		<b>(698.117)</b>	<b>1.110.895</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>3.722.965</b>	<b>5.461.754</b>
<b>ALLOCATION OF TOTAL COMPREHENSIVE INCOME</b>			
- Non-controlling Interests		1.758.595	2.966.188
- Equity Holders of the Parent		1.964.370	2.495.566

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



# HACI ÖMER SABANCI HOLDİNG A.Ş.

## AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Accumulated Other Comprehensive Income or Loss												
	That Will Not Be Reclassified												
	to Profit or Loss												
	Share Capital	Adjustment to share capital	Share premium	Actuarial gains/ losses	Currency translation reserve	Hedge reserve	Revaluation funds	Restricted reserves	Retained earnings	Net income for the year	Equity attributable to the parent	Non- controlling interests	Total
Balances at 1 January 2014	2.040.404	3.426.761	21.670	1.240	258.722	(211.491)	(552.070)	926.278	9.391.529	1.731.396	17.034.439	14.980.218	32.014.657
Transfers	-	-	-	-	-	-	-	(70.571)	1.691.921	(1.731.396)	(110.046)	110.046	-
Effect of public offering of the joint venture (*)	-	-	-	-	-	-	-	-	3.560	-	3.560	-	3.560
Disposals (**)	-	-	-	-	(24.324)	-	-	-	-	-	(24.324)	(2.373)	(26.697)
Effect of change in the effective ownership of subsidiaries	-	-	-	-	-	-	-	-	(1.992)	-	(1.992)	-	(1.992)
Effect of disposal of subsidiaries' shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid (***)	-	-	-	-	-	-	-	-	(219.523)	-	(219.523)	(373.879)	(593.402)
Total comprehensive income	-	-	-	(11.766)	(50.460)	22.516	456.162	-	-	2.079.114	2.495.566	2.966.188	5.461.754
Balances at 31 December 2014	2.040.404	3.426.761	21.670	(10.526)	183.938	(188.975)	(95.908)	855.707	10.865.495	2.079.114	19.177.680	17.680.200	36.857.880
Balances at 1 January 2015	2.040.404	3.426.761	21.670	(10.526)	183.938	(188.975)	(95.908)	855.707	10.865.495	2.079.114	19.177.680	17.680.200	36.857.880
Transfers	-	-	-	-	-	-	-	45.931	2.033.183	(2.079.114)	-	-	-
Share premium	-	-	567	-	-	-	-	-	-	-	567	503	1.070
Capital increase (****)	-	-	-	-	-	-	-	-	-	-	-	49.685	49.685
Effect of change in the effective ownership of subsidiaries	-	-	-	-	-	-	-	-	(1.827)	-	(1.827)	2.702	875
Effect of public offering of the joint venture (*****)	-	-	-	-	-	-	-	-	1.013	-	1.013	-	1.013
Effect of share sales (*****)	-	-	-	-	-	-	-	(6.141)	11.934	-	5.793	179.602	185.395
Disposal of subsidiaries (*****)	-	-	-	-	-	-	-	(2.678)	18.710	-	16.032	(156.965)	(140.933)
Dividends paid (***)	-	-	-	-	-	-	-	-	(221.034)	-	(221.034)	(485.478)	(706.512)
Total comprehensive income	-	-	-	(40.576)	99.666	13.345	(344.393)	-	-	2.236.328	1.964.370	1.758.595	3.722.965
Balances at 31 December 2015	2.040.404	3.426.761	22.237	(51.102)	283.604	(175.630)	(440.301)	892.819	12.707.474	2.236.328	20.942.594	19.028.844	39.971.437

(\*) After the transactions to maintain price stability, net 8,55% of the shares of Avivasa, which is included in the Group portfolio with 49,83% share have been offered to the public on 13 November 2014

(\*\*) A share transfer agreement for Kordsa Argentina S.A. of Kordsa's subsidiaries, one of the subsidiaries of the Group, had been signed on 30 September 2014 and liquidation procedures of Kordsa Qingdao Nylon Enterprise Limited which is operating in China, has been concluded (Note 22).

(\*\*\*) Dividends paid by the Holding per share with a TL 1 nominal value is TL 0,10 (31 December 2014: TL 0,10).

(\*\*\*\*) Based on Board of Director's decision No: 106 dated 21 November 2014, in order to meet the fund requirements of Afyon Çimento T.A.Ş. the subsidiary of the Group's subsidiary Çimsa, for the new factory equipped with modern technologies, Group decided to increase the paid in capital from TL 3.000.000 to TL 100.000.000. Transactions for the preferential rights related with the capital increase were realized between 22 June 2015 - 07 July 2015 and the new capital was registered on 24 July 2015.

(\*\*\*\*\*) 1,28 portion of Avivasa shares with a nominal value of net 458.967 of total Avivasa portion 41,28% owned by the Group, are sold at Borsa İstanbul as of 5 August 2015, and shares of Avivasa in Group Portfolio have decreased to 40%.

(\*\*\*\*\*) The selling operation of shares in Group's subsidiary Kordsa Global with nominal value of TL 38.905.814, corresponding to 20%, to domestic and foreign institutional investors on the Wholesale Market of Istanbul Stock Exchange has been completed during the May. As a result of this transaction, Group's share in the capital of Kordsa Global has been decreased from 91,11% to 71,11%.

(\*\*\*\*\*) The share transfer agreement was signed on 13 January 2015 regarding the sale of all shares in Group's subsidiary SASA Polyester Sanayi A.Ş., corresponding to %51 of the share capital of the Company, to Erdemoğlu Holding A.Ş. As of 30 April 2015 share transfer has been completed

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

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## AUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

	Note	Unaudited Current Period 1 January- December 2015 USD (*)	Current Period 1 January- December 2015	Restated Prior Period 1 January- December 2014
	References			
Net income before tax from continuing operations		1.949.012	5.299.364	5.247.494
Net income after tax from discontinued operations	22	34.889	94.862	75.324
<b>Adjustments to reconcile income before taxation to net cash provided by operating activities:</b>				
Depreciation and amortisation expenses	4	207.811	565.037	477.258
Provision for loan losses	30	885.268	2.407.045	2.108.233
Changes in the fair value of derivative instruments		(356.773)	(970.066)	920.783
Interest income and foreign currency gains		(499.767)	(1.358.867)	(447.880)
Interest expense		22.450	61.041	48.523
Provision for employment termination benefits	19	42.784	116.330	58.602
Impairment charge on property, plant and equipment, intangible assets	4	17.899	48.668	4.795
Joint ventures and affiliates income	12	(201.520)	(547.932)	(318.373)
Income from associates and joint ventures	10	(37.878)	(102.989)	-
Provision for / (reversal of) inventory impairment		5.816	15.814	2.526
Provision for/ (reversal of) doubtful receivables	22	(4.403)	(11.973)	14.184
(Profit) / loss from share sales of joint venture		-	-	(127.571)
Other		(1.531)	(4.162)	(21.301)
<b>Net cash provided by operating activities before changes in operating assets and liabilities</b>		<b>2.064.057</b>	<b>5.612.172</b>	<b>8.037.743</b>
Changes in trade receivables		(106.912)	(290.694)	154.574
Changes in inventories		(72.815)	(197.983)	41.318
Changes in other receivables and other current assets		(346.849)	(943.082)	110.899
Changes in trade payables		212.318	577.292	(109.391)
Changes in other liabilities and other payables		541.441	1.472.179	(342.589)
Net cash provided in operating activities of assets classified as held for sale		(23.071)	(62.729)	(135.350)
Currency translation differences		24.566	66.796	(99.701)
<b>Changes in assets and liabilities in finance segment:</b>				
Changes in securities		5.854	15.917	69.983
Changes in receivables from finance sector operations		(7.030.581)	(19.116.151)	(20.456.244)
Changes in payables from finance sector operations		8.227.525	22.370.640	15.286.860
Changes in reserve of the Central Bank of the Republic of Turkey		(2.045.674)	(5.562.187)	(1.930.293)
Income taxes paid		(332.711)	(904.642)	(998.825)
Employment termination benefits paid	19	(37.804)	(102.790)	(51.738)
<b>Net cash used in operating activities</b>		<b>1.079.345</b>	<b>2.934.738</b>	<b>(422.753)</b>
<b>Cash flows from investing activities:</b>				
Capital expenditures	4	(391.139)	(1.063.507)	(957.953)
Sale / (purchase) of available for sale and held to maturity financial assets		(2.366.865)	(6.435.505)	445.918
Proceeds from sale of assets held for sale, property, plant and equipment and intangible assets		61.925	168.374	99.470
Dividends received		152.379	414.318	319.974
Cash outflow from acquisition		-	(492.283)	-
Acquisition effect		-	(53.193)	-
Cash provided from the sale of joint venture		-	-	165.378
Capital increase of joint ventures		(128.724)	(350.000)	(450.000)
Proceed from share sales of subsidiaries		70.556	191.842	-
Proceed from sales of subsidiaries	3	-	277.602	-
<b>Net cash provided from / (used in) investing activities</b>		<b>(2.700.402)</b>	<b>(7.342.392)</b>	<b>(377.213)</b>
<b>Cash flows from financing activities:</b>				
Changes in financial liabilities		2.517.751	6.845.764	3.507.921
Dividends paid		(81.292)	(221.034)	(219.523)
Dividends paid to non-controlling interests		(178.550)	(485.478)	(373.879)
Uncontrollable capital increase		18.273	49.685	-
<b>Net cash provided by / (used in) financing activities</b>		<b>2.276.181</b>	<b>6.188.937</b>	<b>2.914.519</b>
Effect of change in foreign currency rates on cash and cash equivalents		343.634	934.340	132.806
Net increase/(decrease) in cash and cash equivalents		998.758	2.715.623	2.247.358
Cash and cash equivalents at the beginning of the period (*)		1.781.929	4.845.065	2.597.707
<b>Cash and cash equivalents at the end of the period</b>		<b>2.780.687</b>	<b>7.560.688</b>	<b>4.845.065</b>

(\*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL average exchange rate announced by CBRT at 31 December 2015, and therefore do not form part of these consolidated financial statements (Note 2.1.6).

(\*) Cash and cash equivalents at the beginning of the period comprise interest accruals of TL 1.973 and cash and cash equivalents at the end of the period comprise interest accruals of TL 1.973. Restricted cash in the banks is not included in the cash and cash equivalents. At the beginning and at the end of the current period, restricted deposit is TL 2.673.688 and TL 3.145.036, respectively (31 December 2014: TL 2.968.616 and TL 2.673.688, respectively).

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

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL 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 and is owned by the members of the Sabancı family (Note 21). The number of employees in 2015 is 63.281 (31 December 2014: 60.170). 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 2015, the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 21):

	%
Sakıp Sabancı Holding A.Ş.	14,07
Serra Sabancı	7,21
Suzan Sabancı Dinçer	6,94
Çiğdem Sabancı Bilen	6,94
Diğer	64,84
	<b>100,00</b>

#### Subsidiaries

As of 31 December 2015, the nature of the business of the Subsidiaries consolidated in these consolidated financial statements and, their respective business segments are as follows:

Subsidiaries	Name of Exchange Traded	Nature of business	Business segment	Number of employees
Akbank T.A.Ş. ("Akbank")	BİST	Banking	Banking	14.383
Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş. ("Kordsa Global")	BİST	Tire reinforcement	Industry	4.055
Temsa Global Sanayi ve Ticaret A.Ş. ("Temsa")	-	Automotive	Industry	1.713
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	BİST	Cement and clinker	Cement	2.165
Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	BİST	Trade	Retailing	3.764
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa")	-	Trade	Other	8
Ankara Enternasyonel Otelcilik A.Ş. ("AEO")	-	Tourism	Other	3
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. ("Tursa")	-	Tourism	Other	7
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. ("Bimsa")	-	Trade of data and processing systems	Other	248
Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("Yünsa")	BİST	Textile	Industry	1.492
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefoursa") (*)	BİST	Trade of consumer goods	Retailing	14.640

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 1 - ORGANISATION AND OPERATIONS OF THE GROUP (Continued)

For the purposes of segment information, Holding's stand-alone financial statements have been included within the "Other" business segment (Note 4).

##### Joint Ventures

As at 31 December 2015, 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	Name of exchange traded	Nature of business	Segment	Ventures	Number of employees
Aksigorta A.Ş. ("Aksigorta")	BİST	Insurance	Insurance	Ageas	638
Avivasa Emeklilik ve Hayat A.Ş. ("Avivasa")	-	Pension	Insurance	Aviva	1.786
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa")	BİST	Tire	Industry	Bridgestone	2.090
Akçansa Çimento Sanayi ve Ticaret A.Ş. ("Akçansa")	BİST	Cement and clinker	Cement	Heidelberg	2.700
Enerjisa Enerji A.Ş. ("Enerjisa Enerji")	-	Energy	Energy	E.ON SE	10.234
Temsa İş Makinaları	-	Automotive	Industry	Marubeni	166
Temsa Mısır	-	Automotive	Industry	Lasheen	-

All Joint Ventures are registered in Turkey except Temsa Egypt. Temsa Egypt is registered in Egypt.

##### Affiliates

As at 31 December 2015, the nature of business and operating segments of the Affiliates which are accounted through equity method in the consolidated financial statements are as follows:

Associates	Name of exchange traded	Nature of business	Segment	Ventures	Number of employees (*)
Philsa Philip Morris Sabancı Sigara ve Tütün San. Ve Tic. A.Ş (Philsa)	-	Tobacco products production	Industry	Philip Morris	
Philip Morris Sabancı Pazarlama Satış A.Ş. ("Philip Morrissa")	-	Tobacco products marketing and sales	Industry	Philip Morris	2.771

(\*) Number of employees represent the total number of employees of Philsa and Philip Morrissa.

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

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### NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.1 *Basis of Presentation*

##### 2.1.1 Statement of compliance with TAS

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 TL 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 attached consolidated financial statements are prepared in accordance with the decree Series II No: 14.1 "Principals Relating to the Financial Reporting Standards in Capital Markets" ("Decree") issued by Capital Markets Board ("CMB") on 13 June 2013 and published in the Official Gazette numbered 28676 and are based on the Turkish Accounting Standards ("TAS") and relating interpretations which became effective with the 5th Article of the Decree in consideration by Public Oversight Accounting and Auditing Standards Authority.

Additionally, the consolidated financial statements and disclosures are presented in accordance with the formats published by CMB on 7 June 2013. 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.

#### Preparation of Financial Statements in Hyperinflationary Periods

Based on CMB's resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey and preparing their financial statements in accordance with the POA Accounting Standards are not subject to inflation accounting effective from 1 January 2005. Therefore, starting from January 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying consolidated financial statements.

#### Functional and Presentation Currency

Items included in the financial statements of each Group entity are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (functional currency). The financial position and operation results of each entity are presented in Turkish Lira, which is the functional currency of the consolidated financial statements of the Group.

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

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

#### 2.1 Basis of Presentation (continued)

##### 2.1.2 New and Revised Turkish Accounting Standards

###### (a) Amendments to TAS affecting amounts reported in the consolidated financial statements

None.

###### (b) New and revised TAS applied with no material effect on the consolidated financial statements

Amendments to TAS 19  
Annual Improvements to  
2010-2012 Cycle  
Annual Improvements to  
2011-2013 Cycle

*Defined Benefit Plans: Employee Contributions*<sup>1</sup>  
*TFRS 2, TFRS 3, TFRS 8, TFRS 13, TAS 16 and TAS 38,*  
*TAS 24, TFRS 9, TAS 37, TAS 39*<sup>1</sup>  
*TFRS 3, TFRS 13, TAS 40*<sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 30 June 2014.

#### **Amendments to TAS 19 *Defined Benefit Plans: Employee Contributions***

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

#### **Annual Improvements to 2010-2012 Cycle**

**TFRS 2:** Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

**TFRS 3:** Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

**TFRS 8:** Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

**TFRS 13:** Clarify that issuing TFRS 13 and amending TFRS 9 and TAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

**TAS 16 and TAS 38:** Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

**TAS 24:** Clarify how payments to entities providing management services are to be disclosed.

Annual Improvements to 2010-2012 Cycle also led to amendments in related provisions of TFRS 9, TAS 27 and TAS 39, respectively.

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

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

#### 2.1 Basis of Presentation (continued)

##### 2.1.2 New and Revised Turkish Accounting Standards (continued)

#### (b) New and revised standards applicable in 2015 with no material effect on the consolidated financial statements of the Group (continued)

##### Annual Improvements to 2011-2013 Cycle

**TFRS 3:** Clarify that TFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

**TFRS 13:** Clarify the scope of the portfolio exception in paragraph 52.

**TAS 40:** Clarifying the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property.

#### c) New and revised standards in issue but not yet effective

TFRS 9	<i>Financial Instruments</i>
Amendments to TFRS 9 and TFRS 7	<i>Mandatory Effective Date of TFRS 9 and Transition Disclosures</i>
Amendments to TAS 16 and TAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation<sup>1</sup></i>
Amendments to TAS 16 and TAS 41 and amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40	<i>Agriculture: Bearer Plants<sup>1</sup></i>
Amendments to TFRS 11 and TFRS 1	<i>Accounting for Acquisition of Interests in Joint operations<sup>1</sup></i>
Annual Improvements to 2011-2013 Cycle	<i>TFRS 1<sup>2</sup></i>
Amendments to TAS 1	<i>Disclosure Initiative<sup>2</sup></i>
Annual Improvements to 2012-2014 Cycle	<i>TFRS 5, TFRS 7, TAS 34, TAS 19<sup>2</sup></i>
Amendments to TAS 27	<i>Equity Method in Separate Financial Statements<sup>2</sup></i>
Amendments to TFRS 10 and TAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>2</sup></i>
Amendments to TFRS 10, TFRS 12 and TAS 28	<i>Investment Entities: Applying the Consolidation Exception<sup>2</sup></i>
TFRS 14	<i>Regulatory Deferral Accounts<sup>2</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 31 December 2015.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2016.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

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

**2.1 Basis of Presentation (continued)**

**2.1.2 New and Revised Turkish Accounting Standards (continued)**

**c) New and revised standards in issue but not yet effective (continued)**

**TFRS 9 Financial Instruments**

TFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. TFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

**Amendments to TFRS 9 and TFRS 7 Mandatory Effective Date of TFRS 9 and Transition Disclosures**

The mandatory effective date of TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2018.

**Amendments to TAS 16 and TAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation**

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

**Amendments to TAS 16 and TAS 41 and Amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 Agriculture: Bearer Plants**

This amendment include ‘bearer plants’ within the scope of TAS 16 rather than TAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with TAS 16. The amendment also introduces a definition of ‘bearer plants’ as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales, and clarifies that produce growing on bearer plants remains within the scope of TAS 41.

Amendments to TAS 16 and TAS 41 also led to amendments in related provisions of TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40, respectively.



## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

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

##### 2.1 Basis of Presentation (continued)

##### 2.1.2 New and Revised Turkish Accounting Standards (continued)

##### c) New and revised standards in issue but not yet effective (continued)

##### **Amendments to TFRS 11 and TFRS 1 Accounting for Acquisition of Interests in Joint operations**

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in TFRS 3 and other TAS, except for those principles that conflict with the guidance in TFRS 11,
- disclose the information required by TFRS 3 and other TAS for business combinations.

Amendments to TFRS 11 also led to amendments in related provisions of TFRS 1.

##### **Annual Improvements 2012-2014 Cycle**

**TFRS 5:** Adds specific guidance in TFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

**TFRS 7:** Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

**TAS 34:** Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

Annual Improvements to 2012-2014 Cycle also led to amendments in related provisions of TAS 19.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

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

##### 2.1 Basis of Presentation (continued)

##### 2.1.2 New and Revised Turkish Accounting Standards (continued)

##### d) New and revised standards in issue but not yet effective (continued)

##### **Amendments to TAS 27 Equity Method in Separate Financial Statements**

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

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

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

##### **Amendments to TFRS 10, TFRS 12 and TAS 28 Investment Entities: Applying the Consolidation Exception**

This amendment addresses issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by TFRS 12.

##### **TFRS 14 Regulatory Deferral Accounts**

TFRS 14 *Regulatory Deferral Accounts* permits an entity which is a first-time adopter of Turkish Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of TFRS and in subsequent financial statements.

TFRS 14 also led to amendments in related provisions of TFRS 1.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

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#### NOTE 2 - BASIS OF PRESENTATION OF 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 in which the Holding has the power to control the financial and operating policies for the benefit of the Holding either through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or certain Sabancı family members and companies whereby the Holding exercises control over the voting rights of the shares held by them.
- c) Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised 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 recognised 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 TAS). 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 TAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

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

##### 2.1 Basis of Presentation (continued)

##### 2.1.3 Basis of Consolidation (continued)

The table below sets out all consolidated Subsidiaries and shows the proportion of ownership interest and the effective interest of the Holding in these subsidiaries at 31 December 2015 and 2014:

Subsidiaries	31 December 2015		31 December 2014	
	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 %
AEO	76,85	76,85	76,85	76,85
Akbank	40,75	40,75	40,76	40,76
Bimsa	100,00	100,00	100,00	100,00
Çimsa	58,41	53,00	58,41	53,00
Exsa	61,68	46,23	61,68	46,23
Kordsa Global(*)	71,11	71,11	91,11	91,11
Teknosa	60,29	60,29	60,29	60,29
Temsa	48,71	48,71	48,71	48,71
Tursa	100,00	100,00	100,00	100,00
Yünsa	57,88	57,88	57,88	57,88
Sasa (**)	-	-	51,00	51,00
Carrefoursa (***)	50,74	50,74	50,93	50,93

(\*)The selling operation of shares in Group's subsidiary Kordsa Global with a nominal value of TL 38.905.814, corresponding to 20% of the share capital, to domestic and foreign institutional investors on the Wholesale Market of Istanbul Stock Exchange has been completed during the month of May. As a result of this transaction, Group's share in the capital of Kordsa Global has been decreased from %91,11 to % 71,11.

(\*\*)The share transfer agreement was signed on 13 January 2015 regarding the sale of all shares in Group's subsidiary SASA Polyester Sanayi A.Ş., corresponding to 51 % of the share capital of the Company, to Erdemoğlu Holding A.Ş. According the share transfer agreement, the transfer price of Sabancı Holding's shares in SASA Polyester Sanayi A.Ş., corresponding to 51 % of the share capital is USD 104 million, after adjustments. USD 20 million of the transfer price was paid in advance, remaining part of it amounting to 82 MUSD was collected on 30 April 2015 and share transfer has been completed.

(\*\*\*)The Company has decided to merge universally with Kiler Alışveriş A.Ş. Stated merger is approved by Capital Markets Board with the decision number 32/1493 and date of November 27, 2015 and It was registered on 31 December 2015. Regarding merger process, by the capital increase by 417,7 TL, on the basis of 0,1136598769 Carrefoursa share distributed to Kiler shareholders in return of 1 Kiler share. As a result of the merger process Sabancı Holding's effective interest has been reduced to 50.74% from 50,93%.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

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

##### 2.1 *Basis of Presentation (continued)*

##### 2.1.3 Basis of Consolidation (continued)

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 investment held by the Holding and its Subsidiaries is eliminated against the related shareholders’ equity. Intercompany transactions and balances between the Holding and its Subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by the Holding in its Subsidiaries are eliminated from shareholders’ equity and income for the period, respectively.

Financial statements of Subsidiaries whose financial position and result of operations for year ended 31 December 2015 are insignificant to the overall consolidated financial statements, are not consolidated on the grounds of materiality. Such Subsidiaries are classified as available for sale equity securities in these consolidated financial statements (Note 6.b).

- d) Joint arrangements are agreements where Holding and its subsidiaries together with one or more parties are subject to joint control and undertake an economic operation through an agreement.

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.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 2 - BASIS OF PRESENTATION OF 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 2015:

	31 December 2015		31 December 2014	
	Direct and indirect ownership interest	Proportion of effective interest	Direct and indirect ownership interest	Proportion of effective interest
Joint Ventures	by the Holding and its Subsidiaries %	%	by the Holding and its Subsidiaries %	%
Akçansa	39,72	39,72	39,72	39,72
Aksigorta	36,00	36,00	36,00	36,00
Avivasa(*)	40,00	40,00	41,28	41,28
Brisa	43,63	43,63	43,63	43,63
Enerjisa Enerji	50,00	50,00	50,00	50,00
Temsa Mısır	73,75	73,75	73,75	73,75
Temsa İş Makinaları(**)	51,00	51,00	51,00	51,00

(\*)% 1,28 portion of Avivasa shares with a nominal value of net 458.967 of total Avivasa portion 41,28% owned by the Group, are sold at Borsa Istanbul as of 5 August 2015, and shares of Avivasa in Group Portfolio have decreased to 40%.

(\*\*)The share transfer agreement to sell the shares of Temsa İş Makineleri A.Ş., the subsidiary of Temsa Global, and representing 49% of the total capital of the entity to Japon Marubeni Corporation, has been signed on 3 March 2014. The majority of the shareholding will remain at Temsa Global by 51% ownership. The transfer of shares has been executed on 28 April 2014. As of this date, Temsa has been accounted through equity method since it is included within consolidation, the Group's joint venture.

Sabancı family members do not have any interest in the share capital of the Joint Ventures.

- e) Investments in Associates are accounted for by the equity method. These are companies where the Group has significant influence rather than control over the business operations. Unrealized gains that result from intercompany transactions between the Holding and its Associates are eliminated on consolidation considering the Group share, whereas unrealized losses are eliminated unless they do not address any impairment. Equity accounting is not applied for Investments in Associates if the carrying amount of the investment in an Associate reaches zero, unless the Holding has incurred obligations or guaranteed obligations in respect of the Associates.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

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

##### 2.1 Basis of Presentation (continued)

##### 2.1.3 Basis of Consolidation (continued)

The table below sets out all Associates and shows the total interest of the Holding in these associates at 31 December 2015 and 31 December 2014:

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.

- f) Other investments over which the Holding does not exercise a significant influence, or which are immaterial, are classified as available for sale. Available for sale investments that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value. Available for sale investments that have a quoted market price in active markets and whose fair values can be measured reliably are carried at fair value (Note 6.b).
- g) The results of Subsidiaries are included or excluded from consolidation regarding to their effective dates of acquisition and disposal, respectively. The portion of the profit or loss and net assets of Subsidiaries attributable to equity interests that are not owned, directly or indirectly through the Subsidiaries, by the parents, is presented as non-controlling interest. Certain Sabancı family members, Sabancı Vakfı, a charitable foundation established by Sabancı family members and Akbank Tekaüt Sandığı, a retirement foundation for Akbank employees, have interests in the share capital of certain Subsidiaries and Associates. In these consolidated financial statements their interests are treated as non-controlling interest and are not included in the Holding's net assets and profits attributable to shareholders of the Holding.

##### 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

In order to allow for the determination of the financial situation and performance trends, the Group's consolidated financial statements have been presented comparatively with the prior year. The Group presented the consolidated balance sheet as of 31 December 2015 comparatively with the consolidated balance sheet as of 31 December 2014 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 2015 comparatively with the period 1 January-31 December 2014.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

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

##### 2.1 Basis of Presentation (continued)

##### 2.1.5 Comparatives and Restatement of Prior Year Financial Statements (continued)

The share transfer agreement was signed on 13 January 2015 regarding the sale of all shares in Group's subsidiary SASA Polyester Sanayi A.Ş, corresponding to 51 % of the share capital of the Company, to Erdemoğlu Holding A.Ş. According the share transfer agreement, the transfer price of Sabancı Holding's shares in SASA Polyester Sanayi A.Ş, corresponding to 51 % of the share capital is USD 104 million, after adjustments. USD 20 million of the transfer price was paid in advance, remaining part of it amounting to 82 million was collected on 30 April 2015 and share transfer has been completed. As of 31 December 2015 and 2014, the results of operating activities of Sasa have been classified to income amounting TL 103 million from discontinued operations on the consolidated statement of profit or loss.

According to The Group's Board of Management decision numbered 2015/29 dated December 31 2015, shares belonging to company partners, Nile Kordsa Company for Industrial Fabrics S.A.E. and Interkordsa GmbH with %51 and %100 of rates respectively, would be classified as "Assets Held for Sale" in the balance sheet as of December 31 2015. Hence, these companies were classified as "Assets Held for Sale" in preparation for financial tables in December 31, 2015. To ensure that financial tables would be comparable, finances that belong to above-mentioned companies were classified as "Assets Held for Sale" in profit/loss tables dated in December 31, 2014.

As of 31.12.2015; the operating loss of Kordsa Global's subsidiary Nile Kordsa Company for Industrial Fabrics S.A.E. is 3.019 TL (31.12.2014: 2.081 TL Profit) and loss of the period is 8.315 TL (31.12.2014: 525 TL Loss) .In the consolidated financial statements ; operating results of the company (Nile Kordsa) reclassified as discontinued operations income/expenditure

As of 31.12.2015; the operating income of Kordsa Global's subsidiary InterKordsa GmbH is 190 TL (31.12.2014: 1.448 TL Loss) and income of the period is 188 TL (31.12.2014: 1.224 TL Loss) .In the consolidated financial statements; operating results of the company (InterKordsa) reclassified as discontinued operations income/expenditure

A share transfer agreement was signed on 30 September 2014 regarding the sale of Group's subsidiary Kordsa's shares in its subsidiary Kordsa Argentina, to Nicolas Jose Santos and Intenta S.A and the share transfer was completed on 2 October 2014. As of 30 September 2014, the results of operating activities of Kordsa Argentina have been classified profit amounting TL 5.092 for the period regarding discontinued operations on the consolidated statement of profit or loss.

As of 18 December 2014, dissolution procedures of Kordsa Qingdao Nylon Enterprise Limited (KQNE), subsidiary of Kordsa Global, which is operating in China, has been ended. As of 31 December 2014, the results of operating activities of KQNE have been classified profit for the period regarding discontinued operations on the consolidated statement of profit or loss.



# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

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

#### 2.1 Basis of Presentation (continued)

#### 2.1.5 Comparatives and Restatement of Prior Year Financial Statements (continued)

The table below summarizes the restatements to the consolidated balance sheet, statement of profit or loss and statement of comprehensive income of the Group as at and for the year ended 31 December 2014:

	As Previously Reported 1 January- 31 December 2014	Adjustments/ Reclassifications	Restated 1 January- 31 December 2014
<b>CONTINUING OPERATIONS</b>			
Sales (net)	10.517.510	(133.261)	10.384.249
Cost of Sales (-)	(8.356.840)	124.628	(8.232.212)
<b>Gross Profit From Commercial Operations</b>	<b>2.160.670</b>	<b>(8.633)</b>	<b>2.152.037</b>
Interest, Premium, Commission and Other Income	16.918.975	-	16.918.975
Interest, Premium, Commission and Other Expense (-)	(9.081.538)	-	(9.081.538)
<b>Gross Profit From Financial Operations</b>	<b>7.837.437</b>	<b>-</b>	<b>7.837.437</b>
<b>GROSS PROFIT</b>	<b>9.998.107</b>	<b>(8.633)</b>	<b>9.989.474</b>
General and Administrative Expenses (-)	(4.401.804)	3.973	(4.397.831)
Marketing, Selling and Distribution Expenses (-)	(1.229.344)	4.213	(1.225.131)
Research and Development Expenses (-)	(4.533)	-	(4.533)
Other Operating Income	814.540	(3.935)	810.605
Other Operating Expenses (-)	(409.735)	3.748	(405.987)
Interest in Income of Investments Accounted Through Equity Method	318.373	-	318.373
<b>OPERATING PROFIT</b>	<b>5.085.604</b>	<b>(634)</b>	<b>5.084.970</b>
Income From Investment Activities	291.421	(141)	291.280
Expense From Investment Activities (-)	(2.090)	432	(1.658)
<b>OPERATING PROFIT BEFORE FINANCIAL EXPENSES</b>	<b>5.374.935</b>	<b>(343)</b>	<b>5.374.592</b>
Financial Income	53.965	-	53.965
Financial Expenses (-)	(182.891)	1.828	(181.063)
<b>NET INCOME BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>5.246.009</b>	<b>1.485</b>	<b>5.247.494</b>
<b>Tax Income / (Expense) from Continuing Operations</b>	<b>-</b>		
Current Income Tax Expense	(1.201.231)	264	(1.200.967)
Deferred Income Tax Benefit	229.008	-	229.008
<b>NET INCOME FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>4.273.786</b>	<b>1.749</b>	<b>4.275.535</b>
<b>DISCONTINUED OPERATIONS</b>			
Net (Loss) From Discontinued Operation After Tax	77.073	(1.749)	75.324
<b>NET INCOME FOR THE PERIOD</b>	<b>4.350.859</b>	<b>-</b>	<b>4.350.859</b>
<b>ALLOCATION OF NET INCOME</b>			
- Non-controlling Interests	2.271.745	-	2.271.745
- Equity Holders of the Parent	2.079.114	-	2.079.114

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

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

**2.1.6 US Dollar Translation**

USD amounts presented in the consolidated financial statements have been included solely for the convenience of the reader of the consolidated financial statements. Consolidated balance sheet, consolidated statement of profit or loss and consolidated statements of cash flows are translated from TL, as a matter of arithmetic computation only, at the official USD bid rate announced by the CBRT and average USD exchange rate on 31 December 2015 of TL 2,9076 = USD 1 and TL 2,7190 = USD 1, respectively and do not form part of these consolidated financial statements. The resulting difference from the use of average CBRT rate for the translation of consolidated statement of profit or loss and the use of bid rate at the balance sheet date for the translation of the consolidated balance sheet is included in translation reserves under shareholders' equity in accordance with the translation requirements of TAS 21 "The effects of Changes in Foreign Exchange Rates" when the financial statements are presented in a currency other than the functional currency.

**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 the accounting estimates are related to only one period, they are applied in the current year; if they are related to the future periods, they are applied both in current and future periods. There is no change in the accounting policies and estimates of the Group in the current period.

When a significant accounting error is identified, it is corrected retrospectively and the prior year financial statements are restated. The Group did not detect any significant accounting error in the current period.

**2.3 Summary of Significant Accounting Policies**

**2.3.1 Cash and cash equivalents**

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments, whose maturity at the time of purchase is less than three months and conversion risk on value at the date of sale is immaterial (Note 5).

**2.3.2 Sale and repurchase agreements**

In the banking segment, securities sold subject to linked repurchase agreements ("repos") are retained in the financial statements as trading, available-for-sale or held to maturity financial assets and measured in accordance with the policies used in measuring the relevant class. The counter party liability is included in customer deposits and the difference between the sale and repurchase price is treated as interest and accrued over the life of the repo agreement using the effective yield method.

Securities purchased under agreements to resell ("reverse repos") are recorded as cash and cash equivalents. The difference between the sale and repurchase price is treated as interest and is accrued over the life of the reverse repo agreement using the effective yield method.

**2.3.3 Reserve deposits with the Central Bank of the Republic of Turkey**

The reserve rates for TL liabilities vary between 5% and 11,5% (2014: 5% and 11,5%) for TL deposits and other liabilities according to their maturities as of 31 December 2015. The reserve rates for foreign currency liabilities vary between 5% and 25% (2014: 6% and 13%) for deposit and other foreign currency liabilities according to their maturities as of 31 December 2015.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.3 Summary of Significant Accounting Policies (continued)**

**2.3.4 Trade receivables and allowance for doubtful receivables**

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. Trade receivables, net of unearned financial income, are measured at amortised cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

A credit risk allowance for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount. The recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income (Note 8).

**2.3.5 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. Related party activities and balances are disclosed in Note 34.

**2.3.6 Inventories**

Inventories are valued at the lower of cost or net realisable value. Cost elements included in inventory are materials, labour and an appropriate amount of factory overheads. The unit cost of inventories is determined on the moving weighted average basis (Note 10). Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

**2.3.7 Financial Instruments**

In accordance with TAS 39, the Group classifies its investments in debt and equity securities in the three following categories; assets held at fair value through profit or loss, held-to-maturity and, available-for-sale assets. Debt securities with fixed maturities, where management has both the intent and the ability to hold to the maturity are classified as "held-to-maturity financial assets". Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in the interest rates, exchange rates or equity prices, or the client's servicing activity are classified as "available-for-sale financial assets". The appropriate classification of investments is determined at the time of the purchase and re-evaluated by management on a regular basis.

All investment securities are initially recognised at cost. Transaction costs are included in the initial measurement of debt securities. Available-for-sale debt and equity investment securities are subsequently re-measured at fair value if the fair values can be reliably measured.

Investments in which the Holding has no control or significant influence that do not have a quoted market price in active markets, for which other methods of making a reasonable estimate of fair value are clearly inappropriate or unworkable and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value.

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

**2.3 Summary of Significant Accounting Policies (continued)**

**2.3.7 Financial Instruments (continued)**

Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are deferred in the equity until the financial asset is sold, collected or otherwise disposed of. Unrealised gains and losses arising from changes in the fair value of available for sale debt securities are the differences between the fair value of such securities and their amortised cost at the balance sheet date. When available for sale securities are sold, collected or otherwise disposed of, related deferred gains and losses in equity are released to the income statement.

Held to maturity investments are carried at amortised cost using the effective yield method.

The Bank has Consumer Price Index ("CPI") linked government bonds in available for sale and held to maturity portfolios having 5-10 year term and six month fixed real coupon rates until the maturity. These marketable securities are valued by using effective interest method by considering the real coupon rates together with the changes in the CPI references between the issuance and balance sheet dates.

Financial assets at fair value through profit or loss are securities, which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or included in a portfolio in which a pattern of short-term profit making exists. Financial assets at fair value through profit or loss are initially recognised at cost and subsequently re-measured at fair value based on quoted bid prices. All related realised and unrealized gains and losses are included in the income statement.

Interest received from financial assets at fair value through profit or loss is recognised in the income statement as part of interest income and dividend received is recognised in the income statement as part of dividend income. All purchases and sales of financial assets at fair value through profit or loss that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at the trade date, which is the date that the banks commit to purchase or sell the assets.

**2.3.8 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, do not qualify for hedge accounting under the specific rules under TAS 39 and are therefore treated as derivatives at fair value through profit or loss and their fair value gains and losses are reported in the income statement.

Gains and losses on interest rate swaps used for hedging purposes are recognised as income or expense on the same basis as the corresponding expense or income on the hedged position. Gains and losses on interest rate swaps are included in the interest income and expense as appropriate.

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

**2.3 Summary of Significant Accounting Policies (continued)**

**2.3.8 Derivative financial instruments (continued)**

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.

Enerjisa is hedged against cash flow risk arising from financial liabilities through the use of interest rate swaps. Within the scope of cash flow hedge accounting, effective portion of the fair value changes of the hedging instrument is recognized under value increase funds within equity.

Brisa, in order to mitigate the foreign currency risks arising from the Euro exports and US Dollar raw material purchases, the Company enters into Euro selling/ US buying, TL selling/Euro buying and TL selling/ Dollar buying forward contracts.

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.

**2.3.9 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 13). 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.

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### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

##### 2.3 *Summary of Significant Accounting Policies (continued)*

##### 2.3.10 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation in the consolidated financial statements (Note 14). Depreciation is provided on property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	<u>Years</u>
Land improvements	4-50
Buildings	10-50
Machinery and equipment	3-30
Motor vehicles	3-7
Furniture and fixtures	3-15
Other tangible fixed assets	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.

##### 2.3.11 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 15). 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 agreements are amortised using the straight-line method over their estimated useful life of 27 years and carried at cost less accumulated amortisation and impairment (Note 15).

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

**2.3 Summary of Significant Accounting Policies (continued)**

**2.3.12 Non-current assets held for sale and discontinued operations**

Non-current assets held for sale (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset. The sale of assets held for sale is expected to be occur within the following 12 months from the balance sheet date. Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale.

Non-current assets (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.

**2.3.13 TFRS Interpretation 12 - Service Concession Arrangements**

TFRS Interpretation 12, provides guidance on the accounting of public-to-private service concession arrangements by operators.

An arrangement within the scope of TFRS 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 Group accounts the amount that is received or will be received due to electricity distribution services at fair value of the service. This amount is recorded as a financial asset. The Group accounts the financial asset considering the cash basis given by the grantor or at the direction of the grantor associated with the electricity distribution services. The amount that should be paid by the grantor or at the direction of the grantor is accounted as a receivable in accordance with TAS 39 "Financial Instruments: Recognition and Measurement".

**2.3.14 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 21).

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

**2.3 Summary of Significant Accounting Policies (continued)**

**2.3.14 Shareholders’ equity (continued)**

Treasury shares under equity stands for the Holding shares owned by the subsidiaries. Those shares are accounted through reducing the share capital of the Holding by the amount of Holding shares owned by subsidiaries in the accompanying consolidated financial statements.

Revaluation fund included in the value increase funds is related to the value increase at the date of the transaction of the net assets owned by the Group before the sale transaction. Since the significant part of the amounts included in revaluation funds are related with the assets subject to amortisation, the revaluation funds are accounted for by transferring the related revaluation fund to the retained earnings during the amortisation period or the disposal period of the aforementioned assets.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in “Hedge Funds” under equity. The Group hedges the net investment risk on foreign investments with the foreign currency denominated financial liabilities. The effective part of the foreign exchange differences on the foreign currency denominated financial liabilities is accounted in the “Hedge Funds” account under shareholders’ equity.

**2.3.15 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.

**2.3.16 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.

Turkish Accounting Standard No 23 “Borrowing Costs” was revised on 29 March 2007 by the IASB. The revised TAS 23 is effective at 1 January 2009, yet voluntary early transition to the application right is reserved. The Group opted for early adoption and changed accounting policy, choosing the policy envisaged in TAS 23 related to borrowing costs at 1 January 2007. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset 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. All other borrowing costs are charged to the income statement when they are incurred.



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

##### 2.3 *Summary of Significant Accounting Policies (continued)*

##### 2.3.17 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.

##### 2.3.18 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.

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### 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.

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

##### 2.3 *Summary of Significant Accounting Policies (continued)*

##### 2.3.18 **Income taxes (continued)**

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.

##### 2.3.19 **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.

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

**2.3 Summary of Significant Accounting Policies (continued)**

**2.3.19 Employee benefits (continued)**

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 2014. 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.

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.

With respect to that, according to the technical balance sheet report as at 31 December 2015 prepared considering the related articles of the New Law regarding the transferrable benefit obligations and in accordance with TAS 19 for the non-transferrable social benefits and payments which are included in the articles of association and audited within the framework stated in the first paragraph above. The fund has no technical or actual deficit which requires a provision. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank’s financial statements.

Additionally, the Bank management is of the opinion that the possible obligation amount to arise during and after the transfer to be made within the framework described above will be at a reasonable level that can be met by the Fund's assets and will not bring any additional burden for Akbank.

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

##### 2.3 Summary of Significant Accounting Policies (continued)

##### 2.3.19 Employee benefits (continued)

The Group's obligation in respect of the post-employment benefits transferrable to SSI, has been determined as the value of the payment that would need to be made to SSI to settle the obligation at the balance sheet date in accordance with the related article of the New Law and other related laws and regulations; and the Group's obligation related to other non-transferrable benefits has been calculated in accordance with TAS 19 by a registered actuary. Therefore, the actuarial parameters and results reflect the provisions of the New Law for the post-employment pension and medical benefits transferrable to SSI (e.g. a technical interest rate of 9,80%), except for the non-transferrable other benefits. Accordingly, including the obligation for non-transferable other benefits amounting TL 275.785 (31 December 2014: TL 314.431), the surplus of the Fund amounts to TL 302.564 as of 31 December 2015 (31 December 2014: TL 392.975).

The surplus unrecognised in the balance sheet is determined as follows:

	31 December 2015	31 December 2014
Present value of funded obligations	(986.395)	(812.717)
- Pension benefits transferrable to SSI	1.377.543	(1.125.845)
- Post-employment medical benefits transferrable to SSI	666.933	627.559
- Other non-transferrable benefits	(275.785)	(314.431)
Fair value of plan assets	1.288.959	1.205.692
<b>Surplus</b>	<b>302.564</b>	<b>392.975</b>

The amount of the post-employment medical benefits transferrable to SSI is calculated over the net present value of medical liabilities and health premiums.

The principal actuarial assumptions used were as follows:

Discount rate	31 December 2015	31 December 2014
- Pension benefits transferrable to SSI	9,80%	9,80%
- Post-employment medical benefits transferrable to SSI	9,80%	9,80%
- Other non-transferrable benefits	4,27%	3,43%

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

##### *2.3 Summary of Significant Accounting Policies (continued)*

##### **2.3.20 Employee benefits (continued)**

###### 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 19). All actuarial gains and losses are accounted for under equity.

##### **2.3.20 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.

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### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

##### 2.3 *Summary of Significant Accounting Policies (continued)*

##### 2.3.21 **Loans and advances to customers and provisions for loan impairment**

Loans originated by providing money directly to the borrower or to a sub-participation agent at draw down are categorised as loans originated and are carried at amortised cost using the effective yield method. Costs incurred due to obtaining guarantees for originated loans are not considered as transaction costs and are charged to the income statement. Loans originated by providing money directly to banks such as time or demand deposits are classified as due from banks.

A credit risk provision for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and recoverable amount, being the present value of expected cash flows, including the amount recoverable from guarantees and collateral, discounted based on the interest rate at inception.

The provision made during the period is charged against the profit for the period. Loans that cannot be recovered are written off and charged against the allowance for loan losses. Such loans are written off after all the necessary legal proceedings have been completed and the amount of the loan loss is finally determined. Recoveries of amounts previously provided for are treated as a reduction from the provision for loan losses for the period.

##### 2.3.22 **Investment incentives**

The Group benefits from research and development ("R&D") grants within the scope of the Communiqué No: 98/10 of The Scientific and Technological Research Council of Turkey ("TÜBİTAK") and Money Credit and Coordination Board related to R&D grants for its research and development projects given that such projects satisfy specific criteria with respect to the evaluation of TÜBİTAK Technology Monitoring and Evaluation Board.

The government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

The government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Accordingly, government grants are recognised as income when the related costs which they are intended to compensate were incurred. Similarly, grants related to depreciable assets are recognised as income over the periods and in the proportions in which depreciation on those assets is charged.

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#### NOTE 2 - BASIS OF PRESENTATION OF 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 2015.

###### Outstanding claim and provision

The company accounts for outstanding claims provision for ultimate cost of the claims incurred, but not paid in the current or previous periods or, for the estimated ultimate cost if the cost is not certain yet, and for the incurred but not reported claims. Claim provisions are accounted based on reports of experts or initial assessments of policyholders and experts, and salvage, subrogation and similar gains are not deducted as of 31 December 2015.

The Company accounts for additional provisions for claims incurred but not reported which is calculated as the difference between the outstanding claims provisions and the amount calculated by using the actuarial chain ladder methods in accordance with the framework of the Circular on "Actuarial Chain Ladder Method" numbered 2010/12 and dated 20 September 2010 effective from 31 December 2010 and other related regulations.

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

##### 2.3 *Summary of Significant Accounting Policies (continued)*

##### 2.3.23 Insurance technical reserves (continued)

###### 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 Leasing transactions

##### 2.3.24.1 The Group as a lessee

###### Finance leases

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in leasing payables.

Obligations under finance leases are stated in the consolidated financial statements at the acquisition values of the related property, plant and equipment. The interest element of the finance cost is charged to the income statement over the lease period.

###### Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.



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

##### 2.3 *Summary of Significant Accounting Policies (continued)*

##### 2.3.24.2 The Group as a lessor

###### Finance leases

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

###### Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognised on a straight-line basis over the lease term.

##### 2.3.25 Revenue recognition

###### Banking

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 (Note 4.f.i).

Commission income and fees for various banking services are recorded as income at the time they affect the transactions to which they relate.

###### Insurance

###### Life:

Premium income represents premiums accrued on policies issued during the period, adjusted by the reserve for unearned premiums for annual life policies, during the period (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 FINANCIAL STATEMENTS (Continued)

##### 2.3 *Summary of Significant Accounting Policies (continued)*

##### 2.3.25 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.

##### 2.3.26 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 33 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.

The 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.

##### 2.3.27 Foreign currency transactions

###### Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in Turkish lira, which is the functional currency of the Holding.

###### Foreign currency transactions and balances

Income and expenses arising in foreign currencies have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into Turkish lira at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated income statement.

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

**2.3 Summary of Significant Accounting Policies (continued)**

**2.3.27 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.

**2.3.28 Business combinations**

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with TAS 12 Income *Taxes* and TAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the 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 FINANCIAL STATEMENTS (Continued)**

**2.3 *Summary of Significant Accounting Policies (continued)***

**2.3.28 Business combinations (continued)**

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another 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 TAS 39, 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.

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

**2.3 *Summary of Significant Accounting Policies (continued)***

**2.3.28 Business combinations (continued)**

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 there is no caption for these gains or losses in the financial statement model published by the POA.

**2.3.29 Segment reporting**

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

A reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

The Group 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.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

##### 2.4 *Critical accounting estimates and assumptions*

The preparation of consolidated financial statements in conformity with CMB 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.

#### NOTE 3 - BUSINESS COMBINATIONS

**The business combinations between the period 1 January and 31 December 2015 are as follows:**

On 15 May 2015, the the Group's subsidiary Carrefoursa has signed Share Purchase Agreement with Kiler Holding Anonim Şirketi, Nahit Kiler, Ümit Kiler, Vahit Kiler, Hikmet Kiler, Sevgül Kiler and Denge Reklam San. ve Tic. Ltd. Şti. ("Vendors"), in order to acquire 85% of the shares of Kiler Alışveriş, of which 15% of its shares are publicly traded in Borsa İstanbul A.Ş., with an amount of TL 429.574.000. The share purchase demand has been approved by Turkish Competition Authority on 30 June 2015, with decision numbered 61813209-120-6544. The Company has taken over the management of Kiler Alışveriş on 8 July 2015 by changing the members of the Board of Directors and has paid by cash the agreement amount of TL 429.574.000 to the vendors on the same day. As a result of mandatory tender offer between 17 September - 5 October 2015, ownership rate of the Company has increased to 97,27% by paying additional TL 62.290.926.

The Group, has recognized Kiler Alışveriş as a subsidiary in accordance with TFRS 3 " Business Combinations" within acquisition accounting. As of 31 December 2015, the fair values of the acquired identifiable assets and identifiable liabilities within the scope of the business combination are determined as draft and these items are disclosed in condensed consolidated financial statements with their temporary values. The period for adjustment and changes in the fair value of assets, liabilities and contingent liabilities are restricted with 12 months after acquisition date.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### NOTE 3 - BUSINESS COMBINATIONS (Continued)

##### The business combinations between the period 1 January and 31 December 2015 (continued)

The details of goodwill and company value of Kiler Alışveriş that are calculated in accordance with TFRS 3 "Business Combinations" are as follows as of 8 July 2015 :

	8 July 2015 KİLER ALIŞVERİŞ TEMPORARY MARKET VALUE
<b>ASSETS</b>	
Cash and Cash Equivalents	7.670
Trade Receivables	301.970
Other Receivables and Assets	228.178
Inventories	93.895
<b>Current Assets</b>	<b>631.713</b>
Tangible and Intangible Fixed Assets	16.394
Deferred Tax Assets	25.909
Other Fixed Assets	1.103
<b>Fixed Assets</b>	<b>43.406</b>
<b>TOTAL ASSETS</b>	<b>675.119</b>
<b>LIABILITIES</b>	
Short Term Liabilities	452.069
Trade Payables	216.070
Other Payables and Liabilities	46.333
<b>Short Term Liabilities</b>	<b>714.472</b>
Long Term Provisions	13.840
<b>Long Term Liabilities</b>	<b>13.840</b>
<b>TOTAL LIABILITIES</b>	<b>728.312</b>
<b>Total of Net Assets</b>	<b>(53.193)</b>
Purchase Price	492.283
<b>Goodwill</b>	<b>545.476</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 3 - BUSINESS COMBINATIONS (Continued)

##### The business combinations between the period 1 January and 31 December 2014

None.

#### 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 2015	1 January - 31 December 2014
Finance / Banking	18.378.397	16.918.975
Industry	3.251.902	3.077.026
Retail	7.088.361	6.130.414
Cement	1.171.146	1.094.299
Other	145.784	82.510
<b>Total (*)</b>	<b>30.035.590</b>	<b>27.303.224</b>

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

##### b) Segment assets (Consolidated):

	31 December 2015	31 December 2014
Finance / Banking	249.810.125	216.569.579
Industry	3.398.368	3.055.376
Retail	4.141.514	2.904.392
Cement	1.834.129	1.347.850
Other	1.680.947	1.187.968
<b>Segment assets (*)</b>	<b>260.865.083</b>	<b>225.065.165</b>
Assets classified as held for sale (Note 22)	114.221	681.276
Investments accounted through equity method (Note 12)	5.970.431	5.486.817
Unallocated assets	659.011	420.637
Less: intersegment eliminations	(2.088.679)	(1.127.340)
<b>Total assets as per consolidated financial statements</b>	<b>265.520.067</b>	<b>230.526.555</b>

(\*) Segment assets mainly comprise operating assets in the consolidated financial statements.



## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 4 - SEGMENT REPORTING (Continued)

c) Segment liabilities (Consolidated):

	31 December 2015	31 December 2014
Finance / Banking	221.272.563	189.873.567
Industry	1.749.732	1.619.647
Retail	3.175.203	1.688.268
Cement	655.160	274.268
Other	213.034	519.835
<b>Segment liabilities (*)</b>	<b>227.065.692</b>	<b>193.975.585</b>
Assets classified as held for sale (Note 22)	45.928	349.554
Unallocated Liabilities	521.097	468.565
Less: intersegment eliminations	(2.084.088)	(1.125.029)
<b>Total liabilities as per consolidated financial statements</b>	<b>225.548.629</b>	<b>193.668.675</b>

(\*) Segment liabilities mainly comprise operating liabilities in the consolidated financial statements.

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

### NOTE 4 - SEGMENT REPORTING (Continued)

#### d) The balance sheet items by segment:

##### i) Banking:

	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014
Cash and cash equivalents	10.281.373	10.281.373	7.386.362	7.386.362
Financial investments	54.117.316	54.117.316	48.510.984	48.510.984
Derivative financial instruments	3.348.524	3.348.524	1.695.280	1.695.280
Reserve deposits with the Central Bank of Republic of Turkey	24.007.327	24.007.327	18.917.875	18.917.875
Receivables from finance sector operations	154.949.086	154.949.086	137.722.442	137.722.442
Property, plant and equipment	794.420	794.420	861.644	861.644
Intangible assets	224.105	224.105	229.004	229.004
Other receivables and other assets (***)	2.087.974	2.087.974	1.245.988	1.245.988
<b>Total segment assets</b>	<b>249.810.125</b>	<b>249.810.125</b>	<b>216.569.579</b>	<b>216.569.579</b>
Financial liabilities	38.667.696	38.667.696	32.251.507	32.251.507
Payables from finance sector operations	173.974.782	173.974.782	150.945.357	150.945.357
Derivative financial instruments	1.926.811	1.926.811	1.313.165	1.313.165
Other payables and other liabilities (***)	6.703.274	6.703.274	5.363.538	5.363.538
<b>Total segment liabilities</b>	<b>221.272.563</b>	<b>221.272.563</b>	<b>189.873.567</b>	<b>189.873.567</b>

(\*) 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.

(\*\*\*) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liabilities. These items are included in non-segment assets and liabilities.

Banking segment consists of Akbank. Akbank’s accumulated non-controlling interests calculated from its financial statements amount to TL 17.042.439 as of 31 December 2015 (31 December 2014: TL 15.851.364).

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 4 - SEGMENT REPORTING (Continued)

##### d) The balance sheet items by segment (continued):

##### ii) Insurance:

	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014
Cash and cash equivalents	1.006.854	-	1.149.658	-
Financial investments	1.020.931	-	710.710	-
Receivables from finance sector operations	550.954	-	452.738	-
Investments accounted through equity method (Note 12)	-	285.821	-	305.932
Property, plant and equipment	30.316	-	30.694	-
Intangible assets	47.788	-	53.490	-
Other receivables and other assets (***)	904.056	-	756.640	-
<b>Total segment assets</b>	<b>3.560.899</b>	<b>285.821</b>	<b>3.153.930</b>	<b>305.932</b>
Payables from finance sector operations	2.572.188	-	2.305.284	-
Other payables and other liabilities (***)	270.915	-	129.060	-
<b>Total segment liabilities</b>	<b>2.843.103</b>	<b>-</b>	<b>2.434.344</b>	<b>-</b>

(\*) 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.

(\*\*\*) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liabilities. These items are included in non-segment assets and liabilities.

Insurance segment consist of Aksigorta and Avivasa.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

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#### NOTE 4 - SEGMENT REPORTING (Continued)

##### d) The balance sheet items by segment (continued):

##### iii) Energy:

	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014
Cash and cash equivalents	257.870	-	208.504	-
Financial investments	836	-	836	-
Trade receivables	1.987.498	-	1.753.314	-
Inventories	141.679	-	110.686	-
Investments accounted through equity method (Note 12)	-	4.719.888	-	4.214.024
Property, plant and equipment	10.023.084	-	9.258.100	-
Intangible assets	6.116.884	-	6.362.236	-
Other receivables and other assets (***)	7.760.894	-	5.954.282	-
<b>Total segment assets</b>	<b>26.288.745</b>	<b>4.719.888</b>	<b>23.647.958</b>	<b>4.214.024</b>
Financial liabilities	11.414.179	-	9.023.832	-
Payables to Privatization Administration	1.188.456	-	2.413.806	-
Trade payables	1.242.519	-	1.209.009	-
Other payables and other liabilities (***)	2.472.887	-	2.077.221	-
<b>Total segment liabilities</b>	<b>16.318.041</b>	<b>-</b>	<b>14.723.868</b>	<b>-</b>

(\*) 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.

(\*\*\*) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liabilities. These items are included in non-segment assets and liabilities.

Energy segment consists of Enerjisa and its subsidiaries.

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## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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### NOTE 4 - SEGMENT REPORTING (continued)

#### d) The balance sheet items by segment (continued):

##### iv) Industry:

	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014
Cash and cash equivalents	89.391	28.841	48.070	38.269
Financial investments	104	104	85	85
Trade receivables	1.722.989	930.694	1.343.389	801.839
Inventories	1.186.737	829.104	1.056.780	742.827
Investments accounted through equity method (Note 12)	275.573	558.031	317.465	581.173
Property, plant and equipment	1.879.884	1.188.731	1.708.540	1.125.169
Intangible assets	223.508	175.156	179.767	139.418
Other receivables and other assets (***)	702.666	359.959	1.027.740	886.047
<b>Total segment assets</b>	<b>6.080.852</b>	<b>4.070.620</b>	<b>5.681.836</b>	<b>4.314.827</b>
Financial liabilities	2.412.237	1.151.147	1.819.622	1.096.871
Trade payables	625.739	355.601	551.337	342.450
Other payables and other liabilities (***)	393.909	288.912	618.725	529.880
<b>Total segment liabilities</b>	<b>3.431.885</b>	<b>1.795.660</b>	<b>2.989.684</b>	<b>1.969.201</b>

(\*) 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.

(\*\*\*) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liabilities. These items are included in non-segment assets and liabilities.

Industry segment consists of Kordsa, Temsa, Sasa, Yünsa, Brisa, Philsa and Philsa Morrissa.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

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#### NOTE 4 - SEGMENT REPORTING (Continued)

##### d) The balance sheet items by segment (continued):

##### v) Retail:

	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014
Cash and cash equivalents	579.374	579.374	287.701	287.701
Trade receivables	81.557	81.557	53.125	53.126
Inventories	1.094.659	1.094.659	972.339	972.339
Investment property	193.873	193.873	232.245	232.245
Property, plant and equipment	1.107.403	1.107.403	901.943	901.943
Intangible assets	100.122	100.122	43.473	43.473
Other receivables and other assets (***)	923.690	984.526	352.729	413.565
<b>Total segment assets</b>	<b>4.080.678</b>	<b>4.141.514</b>	<b>2.843.555</b>	<b>2.904.392</b>
Financial liabilities	990.803	990.803	84.532	84.532
Trade payables	1.780.732	1.780.732	1.333.881	1.333.881
Other payables and other liabilities (***)	403.668	403.668	269.855	269.855
<b>Total segment liabilities</b>	<b>3.175.203</b>	<b>3.175.203</b>	<b>1.688.268</b>	<b>1.688.268</b>

(\*) 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.

(\*\*\*) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liabilities. These items are included in non-segment assets and liabilities.

Retailing segment consists of Teknosa and Carrefoursa.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

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#### NOTE 4 - SEGMENT REPORTING (Continued)

##### d) The balance sheet items by segment (continued):

###### vi) Cement:

	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014
Cash and cash equivalents	249.187	234.263	65.612	57.917
Financial investments	162.783	64	162.085	57
Trade receivables	731.605	324.649	560.809	221.577
Inventories	231.269	96.065	258.475	119.641
Investments accounted through equity method (Note 12)	-	406.691	-	385.688
Property, plant and equipment	1.685.449	944.201	1.470.882	764.908
Intangible assets	61.733	19.363	54.734	18.552
Other receivables and other assets (***)	363.203	215.524	315.128	165.198
<b>Total segment assets</b>	<b>3.485.229</b>	<b>2.240.820</b>	<b>2.887.725</b>	<b>1.733.538</b>
Financial liabilities	490.602	377.658	203.971	105.676
Trade payables	475.337	204.388	345.228	106.506
Other payables and other liabilities (***)	132.335	73.114	115.383	62.086
<b>Total segment liabilities</b>	<b>1.098.274</b>	<b>655.160</b>	<b>664.582</b>	<b>274.268</b>

(\*) 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.

(\*\*\*) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liabilities. These items are included in non-segment assets and liabilities.

Cement segment consists of Çimsa and Akçansa.

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

### NOTE 4 - SEGMENT REPORTING (Continued)

#### d) The balance sheet items by segment (continued):

##### vii) Other:

	<b>Combined(*) 31 December 2015</b>	<b>Consolidated(**) 31 December 2015</b>	<b>Combined(*) 31 December 2014</b>	<b>Consolidated(**) 31 December 2014</b>
Cash and cash equivalents	1.128.910	1.128.910	665.661	665.661
Financial investments	11.588.882	388	11.712.548	385
Trade receivables	65.838	64.321	32.882	32.163
Inventories	1.949	1.949	4.799	4.799
Property, plant and equipment	265.685	229.618	262.332	226.323
Intangible assets	11.733	11.733	5.888	5.888
Other receivables and other assets (***)	184.153	244.028	196.674	255.749
<b>Total segment assets</b>	<b>13.247.150</b>	<b>1.680.947</b>	<b>12.880.784</b>	<b>1.190.968</b>
Financial liabilities	-	-	349.725	349.725
Trade payables	65.231	65.231	36.881	36.881
Other payables and other liabilities (***)	147.802	147.803	133.229	133.229
<b>Total segment liabilities</b>	<b>213.033</b>	<b>213.034</b>	<b>519.835</b>	<b>519.835</b>

(\*) 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.

(\*\*\*) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liabilities. These items are included in non-segment assets and liabilities.

Other segment consists of Sabancı Holding A.Ş., Exsa, Tursa, AEO and Bimsa.



# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL 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 2015			1 January - 31 December 2014		
	Total Consolidation of Segments Before Elimination	Elimination and Consolidation Adjustments	Consolidated	Total Consolidation of Segments Before Elimination	Elimination and Consolidation Adjustments	Consolidated
<b>Total revenue</b>	<b>30.116.283</b>	<b>(80.693)</b>	<b>30.035.590</b>	<b>27.385.910</b>	<b>(82.686)</b>	<b>27.303.224</b>
Cost of sales and interest, premiums, commissions and other expenses	(19.249.451)	165.297	(19.084.154)	(17.390.646)	76.896	(17.313.750)
General administration expenses	(4.969.315)	42.609	(4.926.706)	(4.452.580)	54.749	(4.397.831)
Sales, marketing and distribution expenses	(1.581.678)	1.743	(1.579.935)	(1.226.482)	1.351	(1.225.131)
Research and development expenses	(3.323)	-	(3.323)	(4.533)	-	(4.533)
Other operating income/(expense) - net	399.563	(35.298)	364.265	422.153	(17.535)	404.618
Interest in income of joint ventures	547.932	-	547.932	318.373	-	318.373
<b>Operating profit</b>	<b>5.260.011</b>	<b>93.658</b>	<b>5.353.669</b>	<b>5.052.195</b>	<b>32.775</b>	<b>5.084.970</b>
Income/(expense) from investing activities - net	306.657	(136.015)	170.642	341.054	(51.432)	289.622
<b>Operating profit before financial expense</b>	<b>5.566.668</b>	<b>(42.357)</b>	<b>5.524.311</b>	<b>5.393.249</b>	<b>(18.657)</b>	<b>5.374.592</b>
Financial income/(expense) - net	(261.436)	36.489	(224.947)	(153.597)	26.499	(127.098)
<b>Income before tax</b>	<b>5.305.232</b>	<b>(5.868)</b>	<b>5.299.364</b>	<b>5.239.652</b>	<b>7.842</b>	<b>5.247.496</b>
Tax	(973.144)	-	(973.144)	(971.959)	-	(971.959)
Profit/(loss) after tax from discontinued operations	94.862	-	94.862	75.324	-	75.324
<b>Income for the period</b>	<b>4.426.950</b>	<b>(5.868)</b>	<b>4.421.082</b>	<b>4.343.016</b>	<b>7.842</b>	<b>4.350.859</b>
<b>Net income attributable to equity holders of the parent</b>			<b>2.236.328</b>			<b>2.079.114</b>

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

### NOTE 4 - SEGMENT REPORTING (Continued)

#### f) The items of statement of profit or loss:

##### i) Banking:

	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014
Interest, commission and other income	18.414.285	18.414.285	16.946.050	16.946.050
Interest, commission and other expenses	(10.138.669)	(10.138.669)	(9.145.763)	(9.145.763)
General administration expenses	(4.500.390)	(4.500.390)	(3.987.196)	(3.987.196)
Other operating income/(expense) - net	451.571	451.571	449.020	449.020
<b>Operating profit</b>	<b>4.226.797</b>	<b>4.226.797</b>	<b>4.262.111</b>	<b>4.262.111</b>
Income/(expense) from investing activities - net	2.275	2.275	1.381	1.381
<b>Operating profit before financial expense</b>	<b>4.229.072</b>	<b>4.229.072</b>	<b>4.263.492</b>	<b>4.263.492</b>
<b>Profit before tax</b>	<b>4.229.072</b>	<b>4.229.072</b>	<b>4.263.492</b>	<b>4.263.492</b>
Tax	(871.921)	(871.921)	(873.216)	(873.216)
<b>Net income</b>	<b>3.357.151</b>	<b>3.357.151</b>	<b>3.390.276</b>	<b>3.390.276</b>
<b>Net income attributable to equity holders of the parent</b>		<b>1.368.035</b>		<b>1.382.213</b>
EBITDA	4.449.597	4.449.597	4.463.745	4.463.745

(\*) 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.

Akbank's net income attributable to non-controlling interest is TL 1.989.116 as of 31 December 2015 (31 December 2014: TL 2.008.063).

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 4 - SEGMENT REPORTING (Continued)

##### f) The items of statement of profit or loss (continued):

g)

##### ii) Insurance:

	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014
Gross premiums	1.885.628	-	1.971.930	-
Premiums, commission and other expenses	(1.813.346)	-	(1.907.226)	-
General administration expenses	(316.242)	-	(283.615)	-
Other operating income/(expense) - net	340.744	-	286.051	-
Interest in income of joint ventures	-	26.546	-	41.350
<b>Operating profit</b>	<b>96.784</b>	<b>26.546</b>	<b>67.140</b>	<b>41.350</b>
Income/(expense) from investing activities - net	(13.772)	-	28.743	-
<b>Operating profit before financial expense</b>	<b>83.012</b>	<b>26.546</b>	<b>95.883</b>	<b>41.350</b>
Financial income/(expense) - net	(770)	-	(14.826)	-
<b>Profit before tax</b>	<b>82.242</b>	<b>26.546</b>	<b>81.057</b>	<b>41.350</b>
Tax	(19.880)	-	(10.363)	-
<b>Net income</b>	<b>62.362</b>	<b>26.546</b>	<b>70.694</b>	<b>41.350</b>
<b>Net income attributable to equity holders of the parent</b>		<b>26.546</b>		<b>41.350</b>
EBITDA	81.333		46.715	

Note: Aksigorta, the joint venture of the Group, has made modification related with prior years' provision calculation. Related changes accounted under the equity of Aksigorta financial statements and recorded at consolidated profit or loss statement of current year.(Combined net income effect is TL 103.419, consolidated net income effect TL 37.230)

(\*) 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.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 4 - SEGMENT REPORTING (Continued)

##### f) The items of statement of profit or loss (continued):

##### iii) Energy:

	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014
Sales revenue (net)	11.827.277	-	10.982.258	-
Cost of sales	(9.222.850)	-	(9.451.135)	-
General administration expenses	(1.169.430)	-	(1.120.720)	-
Sales, marketing and distribution expenses	-	-	-	-
Other operating income/(expense) - net	25.399	-	35.815	-
Interest in income of joint ventures	-	141.911	-	(83.345)
<b>Operating profit/(loss)</b>	<b>1.460.396</b>	<b>141.911</b>	<b>446.218</b>	<b>(83.345)</b>
Income/(expense) from investing activities - net	-	-	-	-
<b>Operating profit/(loss) before financial expense</b>	<b>1.460.396</b>	<b>141.911</b>	<b>446.218</b>	<b>(83.345)</b>
Financial income/(expense) - net	(1.028.005)	-	(747.435)	-
<b>Profit/(loss) before tax</b>	<b>432.391</b>	<b>141.911</b>	<b>(301.217)</b>	<b>(83.345)</b>
Tax	(148.569)	-	134.527	-
<b>Net income/(loss)</b>	<b>283.822</b>	<b>141.911</b>	<b>(166.690)</b>	<b>(83.345)</b>
<b>Net income/(loss) attributable to equity holders of the parent</b>		<b>141.911</b>		<b>(83.345)</b>
EBITDA	1.825.980		833.696	

(\*) 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.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 4 - SEGMENT REPORTING (Continued)

##### f) The items of statement of profit or loss (continued):

iv) Industry:	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014
Sales revenue (net)	5.053.786	3.251.902	4.770.538	3.077.040
Cost of sales	(3.853.224)	(2.612.225)	(3.780.693)	(2.573.367)
General administration expenses	(191.435)	(109.603)	(228.582)	(163.775)
Sales, marketing and distribution expenses	(400.385)	(181.063)	(333.990)	(160.806)
Research and development expenses	(21.118)	(3.323)	(19.166)	(4.533)
Other operating income/(expense) - net	119.029	70.947	48.416	19.087
Interest in income of joint ventures	190.191	274.039	185.751	267.117
<b>Operating profit</b>	<b>896.844</b>	<b>690.674</b>	<b>642.274</b>	<b>460.763</b>
Income/(expense) from investing activities - net	25.044	25.323	86.278	86.563
<b>Operating profit before financial expense</b>	<b>921.888</b>	<b>715.997</b>	<b>728.552</b>	<b>547.326</b>
Financial income/(expense) - net	(222.094)	(130.189)	(115.830)	(63.667)
<b>Profit before tax</b>	<b>699.794</b>	<b>585.808</b>	<b>612.722</b>	<b>483.659</b>
Tax	(50.064)	(43.917)	(40.872)	(15.731)
Profit after tax from discontinued operations	94.862	94.862	75.323	75.323
<b>Net income</b>	<b>744.592</b>	<b>636.753</b>	<b>647.173</b>	<b>543.251</b>
<b>Net income attributable to equity holders of the parent</b>		<b>520.060</b>		<b>428.404</b>
EBITDA	1.016.966	733.712	812.266	550.569

(\*) 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.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 4 - SEGMENT REPORTING (Continued)

##### f) The items of statement of profit or loss (continued):

###### v) Retail:

	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014
Sales revenue (net)	7.099.309	7.093.557	6.142.773	6.135.985
Cost of sales	(5.540.460)	(5.534.708)	(4.808.729)	(4.801.941)
General administration expenses	(192.460)	(192.460)	(153.844)	(153.844)
Sales, marketing and distribution expenses	(1.387.439)	(1.387.439)	(1.054.115)	(1.054.115)
Other operating income/(expense) - net	(150.793)	(150.793)	(55.022)	(55.022)
<b>Operating profit/(loss)</b>	<b>(171.843)</b>	<b>(171.843)</b>	<b>71.063</b>	<b>71.063</b>
Income/(expense) from investing activities - net	139.839	139.839	76.541	76.541
<b>Operating profit/(loss) before financial expense</b>	<b>(32.004)</b>	<b>(32.004)</b>	<b>147.604</b>	<b>147.604</b>
Financial income/(expense) - net	(102.455)	(102.455)	(44.452)	(44.452)
<b>Profit/(loss) before tax</b>	<b>(134.459)</b>	<b>(134.459)</b>	<b>103.152</b>	<b>103.152</b>
Tax	7.865	7.865	(22.393)	(22.393)
<b>Net income/(loss)</b>	<b>(126.594)</b>	<b>(126.594)</b>	<b>80.759</b>	<b>80.759</b>
<b>Net income/(loss) attributable to equity holders of the parent</b>		<b>(73.147)</b>		<b>39.142</b>
EBITDA	32.526	32.526	231.945	231.945

(\*) 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.

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

### NOTE 4 - SEGMENT REPORTING (Continued)

#### f) The items of statement of profit or loss (continued):

##### vi) Cement:

	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014
Sales revenue (net)	2.639.679	1.171.146	2.505.172	1.094.321
Cost of sales	(1.851.109)	(811.042)	(1.786.509)	(767.283)
General administration expenses	(119.511)	(65.246)	(110.116)	(58.559)
Sales, marketing and distribution expenses	(23.596)	(7.754)	(24.789)	(8.230)
Other operating income/(expense) - net	11.892	15.115	(19.261)	(17.140)
Interest in income of joint ventures	-	105.436	-	93.251
<b>Operating profit</b>	<b>657.355</b>	<b>407.655</b>	<b>564.497</b>	<b>336.360</b>
Income/(expense) from investing activities - net	8.509	3.480	6.820	4.223
<b>Operating profit before financial expense</b>	<b>665.864</b>	<b>411.135</b>	<b>571.317</b>	<b>340.583</b>
Financial income/(expense) - net	(49.539)	(22.312)	(45.229)	(15.951)
<b>Profit before tax</b>	<b>616.325</b>	<b>388.823</b>	<b>526.088</b>	<b>324.632</b>
Tax	(119.348)	(53.714)	(107.314)	(48.873)
<b>Net income</b>	<b>496.977</b>	<b>335.109</b>	<b>418.774</b>	<b>275.759</b>
<b>Net income attributable to equity holders of the parent</b>		<b>225.927</b>		<b>187.028</b>
EBITDA	776.495	458.182	686.012	394.896

(\*) 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.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 4 - SEGMENT REPORTING (Continued)

##### f) The items of statement of profit or loss (continued):

##### vii) Other:

	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015	Combined(*) 31 December 2014	Consolidated(**) 31 December 2014
Sales revenue (net)	1.012.781	185.393	765.534	132.514
Cost of sales	(152.964)	(152.807)	(102.341)	(102.292)
General administration expenses	(106.431)	(101.616)	(93.436)	(89.206)
Sales, marketing and distribution expenses	(5.422)	(5.422)	(3.331)	(3.331)
Other operating income/(expense) - net	13.032	12.722	37.599	26.208
<b>Operating profit</b>	<b>760.996</b>	<b>(61.730)</b>	<b>604.025</b>	<b>(36.107)</b>
Income/(expense) from investing activities - net	135.740	135.740	172.346	172.346
<b>Operating profit before financial expense</b>	<b>896.736</b>	<b>74.010</b>	<b>776.371</b>	<b>136.239</b>
Financial income/(expense) - net	(6.480)	(6.480)	(29.527)	(29.527)
<b>Profit before tax</b>	<b>890.256</b>	<b>67.530</b>	<b>746.844</b>	<b>106.712</b>
Tax	(11.457)	(11.457)	(11.746)	(11.746)
<b>Net income</b>	<b>878.799</b>	<b>56.073</b>	<b>735.098</b>	<b>94.966</b>
<b>Net income attributable to equity holders of the parent</b>		<b>26.994</b>		<b>84.324</b>
EBITDA	784.354	(38.752)	613.695	(27.581)

(\*) 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.



## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL 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

The net income attributable to equity holders of the parent with adjusted segments is as follows:

	31 December 2015	31 December 2014
Banking	1.368.035	1.382.213
Insurance	50.888	62.305
Industry	405.115	418.470
Cement	227.646	188.965
Energy	18.234	(83.345)
Retail	(84.423)	(1.735)
Other	38.400	(46.376)
<b>Total</b>	<b>2.023.895</b>	<b>1.920.497</b>

A reconciliation of adjusted net income attributable to equity holders of the Parent is as follows:

	31 December 2015	31 December 2014
Adjusted net income for		
reported operating segments (Equity holders of the Parent)	2.023.895	1.920.497
One off income/expenses of Carrefoursa (provision	45.037	40.877
cancellation of lawsuit, information technical system		
integration adjustment and real estate sales profit)		
Yünsa gain from the sale of real estate	-	10.187
Temsa gain from the sale of real estate	5.358	9.888
Temsa expense from litigation provision	(1.218)	-
Temsa affiliate sales income	-	7.702
Income from sale of SASA	102.989	-
Income from sale of shares of Avivasa	663	127.000
Enerjisa Üretim - Gazipaşa Birkapılı sales	52.250	-
Kordsa public offerings consultancy expense	(3.274)	-
Other	10.628	(37.037)
<b>Net income (Equity holders of the Parent)</b>	<b>2.236.328</b>	<b>2.079.114</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 4 - SEGMENT REPORTING (Continued)

##### h) Depreciation and amortisation charges, impairment and capital expenditures (Consolidated):

###### 1 January – 31 December 2015

	Finance		Industry	Cement	Energy	Retail	Other	Total
	Banking	Insurance						
Depreciation and amortisation	222.800	-	113.025	73.083	-	133.131	22.998	565.037
Impairment / (reversal of impairment) of property, plant and equipment and investment properties	-	-	4.760	-	-	43.908	-	48.668
Capital expenditures	159.528	-	164.049	244.310	-	461.059	34.560	1.063.506

###### 1 January – 31 December 2014

	Finance		Industry	Cement	Energy	Retail	Other	Total
	Banking	Insurance						
Depreciation and amortisation	201.634	-	103.491	58.861	-	89.929	18.489	472.404
Impairment / (reversal of impairment) of property, plant and equipment and investment properties	-	-	(1.838)	-	-	6.633	-	4.795
Capital expenditures	283.810	-	268.342	64.429	-	317.551	23.821	957.953

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 4 - SEGMENT REPORTING (Continued)

##### h) Depreciation and amortisation charges, impairment and capital expenditures (Combined) (continued):

##### 1 January – 31 December 2015

	Finance							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortisation	222.800	13.508	223.081	144.191	443.152	133.131	23.379	1.203.242
Impairment / (reversal of impairment) of property, plant and equipment and investment properties	-	36.344	4.760	-	190.998	43.908	-	276.010
Capital expenditures	159.528	45.075	399.360	359.928	1.752.460	952.000	34.561	3.702.912

##### 1 January – 31 December 2014

	Finance							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortisation	201.634	9.223	201.983	124.082	426.783	89.929	19.633	1.073.267
Impairment / (reversal of impairment) of property, plant and equipment and investment properties	-	-	(1.838)	-	-	6.633	-	4.795
Capital expenditures	283.810	51.576	436.072	178.118	1.578.108	317.551	23.823	2.869.058

## HACI ÖMER SABANCI HOLDİNG A.Ş.

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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 5 – CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents at 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
Cash		
- Banking	1.466.112	1.522.182
- Other companies	26.764	13.754
Bank - time deposit	4.412.420	1.973.242
Bank - demand deposit	4.798.575	3.305.943
Receivables from reserve repo	-	700.215
Other cash and cash equivalents	1.853	3.417
<b>Total</b>	<b>10.705.724</b>	<b>7.518.753</b>

Effective interest rates of USD, EUR and TL denominated time deposits are 0,48% (31 December 2014: 0,44%), 0,47% (31 December 2014: 0,09%) and 10,86% (31 December 2014: 10,46%), respectively.

The analysis of maturities at 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
Demand	6.293.304	5.545.511
Up to 3 months	4.412.420	1.973.242
<b>Total</b>	<b>10.705.724</b>	<b>7.518.753</b>

As of 31 December 2015, 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 TL 3.145.036 (31 December 2014: TL 2.673.688).

#### NOTE 6 – FINANCIAL ASSETS

##### a) Held for trading securities:

The analysis of financial assets at fair value through profit and loss is as follows:

	31 December 2015	31 December 2014
Share certificates	6.532	68
Government bonds	9.996	8.525
Eurobonds	107	2.491
Other	23.878	43.880
<b>Total</b>	<b>40.513</b>	<b>54.964</b>

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### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 6 – FINANCIAL ASSETS (Continued)

##### a) Held for trading securities (continued)

Effective interest rates of USD, EUR and TL denominated securities at fair value through profit and loss are as follow:

	31 December 2015	31 December 2014
USD	-	4,13
EUR	3,26	3,55
TL	13,12	10,46

The Group's activities in the finance sector as collateral for the purchase and sale of financial assets is TL 8.463 (31 December 2014: TL 5.820).

The analysis of maturities at 31 December 2015 and 2014 is as follows:

	31 December 2015	31 December 2014
3 to 12 months	13.069	14.082
1 to 5 years	10.954	37.988
Over 5 years	-	2.826
No maturiy	16.490	68
<b>Total</b>	<b>40.513</b>	<b>54.964</b>

Period remaining to contractual repricing dates:

	31 December 2015	31 December 2014
Up to 3 months	14.334	44.161
3 to 12 months	9.668	7.423
1 to 5 years	21	723
Over 5 years	-	2.589
No maturiy	16.490	68
<b>Total</b>	<b>40.513</b>	<b>54.964</b>

None of the Group companies has held for trading financial instruments except the Banking sector.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 6 – FINANCIAL ASSETS (Continued)

##### b) Available for sale securities:

	31 December 2015	31 December 2014
Debt securities		
- Government bonds	19.376.723	21.283.380
- Eurobonds	15.929.477	11.154.528
- Investment funds	270.628	289.909
- Other bonds denominated in foreign currency	7.678.819	4.863.528
<b>Sub-total</b>	<b>43.255.647</b>	<b>37.591.345</b>
Equity securities		
- Listed	90	90
- Unlisted	133.088	16.772
<b>Sub-total</b>	<b>133.178</b>	<b>16.862</b>
<b>Total financial investments available for sale</b>	<b>43.388.825</b>	<b>37.608.207</b>

Effective interest rates of USD, EUR and TL denominated available-for-sale securities are 3,80% (31 December 2014: 3,67%), 2,46% (31 December 2014: 3,68%) and 9,68% (31 December 2014: 10,02%), respectively. The Group's financial assets available for sale subject to funds provided from repo are TL 20.185.224 (31 December 2014: TL 24.823.669). Available for sale financial assets that are given as collateral because of the Group's financing activities are amounting to TL 1.939.145 (31 December 2014: TL 3.691.128). As of 31 December 2015, no available for sale financial asset exists whose risk is undertaken by insurance policy holders (31 December 2014: 182.745 TL).

Akbank has Consumer Price Index ("CPI") linked government bonds under available-for-sale and held-to maturity portfolios with semi-annual fixed real coupon rates and a maturity of 5 to 10 years. These marketable securities are valued and accounted by using effective interest rate method by considering the real coupon rates and reference inflation index at the issue date together with the index calculated by considering the estimated inflation rate. 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.

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### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 6 – FINANCIAL ASSETS (Continued)

##### b) Available for sale securities (continued):

The maturity analysis in accordance with expiring date as at 31 December 2015 and 2014 is as follows:

	31 December 2015			31 December 2014		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	908.428	-	908.428	6.708.513	-	6.708.513
1 to 5 years	25.422.382	-	25.422.382	10.104.763	-	10.104.763
Over 5 years	16.292.593	-	16.292.593	20.488.160	-	20.488.160
No maturity	764.960	462	765.422	306.319	452	306.771
<b>Total</b>	<b>43.388.363</b>	<b>462</b>	<b>43.388.825</b>	<b>37.607.755</b>	<b>452</b>	<b>37.608.207</b>

Period remaining to contractual repricing dates for available-for-sale securities:

	31 December 2015			31 December 2014		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	6.800.295	-	6.800.295	10.023.754	-	10.023.754
3 to 12 months	8.434.421	-	8.434.421	9.905.491	-	9.905.491
1 to 5 years	20.027.889	-	20.027.889	9.508.929	-	9.508.929
Over 5 years	7.722.413	-	7.722.413	7.863.262	-	7.863.262
No maturity	403.345	462	403.807	306.319	452	306.771
<b>Total</b>	<b>43.388.363</b>	<b>462</b>	<b>43.388.825</b>	<b>37.607.755</b>	<b>452</b>	<b>37.608.207</b>

##### c) Financial assets held to maturity:

The breakdown of held to maturity financial assets is listed below:

	31 December 2015	31 December 2014
Government bonds	10.688.533	10.800.186
<b>Total</b>	<b>10.688.533</b>	<b>10.800.186</b>

Effective interest rates of USD, EUR and TL denominated debt securities are 3,83% (31 December 2014: 3,83%), 3,69% (31 December 2014: 3,69%) and TL is 9,71% (31 December 2014: 11,22%). The Group's financial assets held to maturity subject to funds provided from repo are TL 5.929.642 (31 December 2014: TL 7.291.113). The amount of Group's held to maturity financial assets collaterals given for financial operations is TL 2.037.421 (31 December 2014: TL 2.154.116).

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 6 – FINANCIAL ASSETS (Continued)

##### c) Financial assets held to maturity (continued):

The movement table of held-to-maturity securities is as follows:

	31 December 2015	31 December 2014
<b>1 January</b>	<b>10.800.186</b>	<b>12.153.454</b>
Additions	382	6.480
Foreign exchange differences in monetary assets	864.389	145.662
Addition due to change in discounted cost	200.147	302.080
Redemptions and sales	(1.112.831)	(1.798.190)
Allowance for impairment	(63.740)	(9.300)
<b>Total</b>	<b>10.688.533</b>	<b>10.800.186</b>

Period remaining to contractual maturity dates for held to maturity financial assets as at 31 December 2015 and 2014 is as follows:

	31 December 2015			31 December 2014		
	Banking	Other companies	Total	Banking	Other Companies	Total
3 to 12 months	121.031	94	121.125	899.533	75	899.608
1 to 5 years	7.364.090	-	7.364.090	5.615.109	-	5.615.109
Over 5 years	3.203.318	-	3.203.318	4.285.469	-	4.285.469
<b>Total</b>	<b>10.688.439</b>	<b>94</b>	<b>10.688.533</b>	<b>10.800.111</b>	<b>75</b>	<b>10.800.186</b>

Period remaining to contractual repricing dates for investment security, held to maturity financial assets at 31 December 2015 and 2014 is as follows:

	31 December 2015			31 December 2014		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	2.668.683	-	2.668.683	2.910.231	-	2.910.231
3 to 12 months	1.146.641	94	1.146.735	1.421.534	75	1.421.609
1 to 5 years	6.873.115	-	6.873.115	5.615.108	-	5.615.108
Over 5 years	-	-	-	853.238	-	853.238
<b>Total</b>	<b>10.688.439</b>	<b>94</b>	<b>10.688.533</b>	<b>10.800.111</b>	<b>75</b>	<b>10.800.186</b>



## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 6 – FINANCIAL ASSETS (Continued)

##### d) Time Deposits:

As of 31 December 2014, maturities of time deposits over 3 months denominated at TL and EUR are 36.370 and 11.782. Interest rate of time deposits are 11,6%. And 3,55% The breakdown of maturities of time deposits over 3 months is as follows:

	31 December 2015	31 December 2014
3 to 12 months	-	48.153
<b>Total</b>	<b>-</b>	<b>48.153</b>

#### NOTE 7 – FINANCIAL LIABILITIES

##### Short term funds borrowed, bank borrowings and debt securities:

	31 December 2015	31 December 2014
Short term	8.678.744	20.358.969
Short-term portion of long term	12.862.826	1.753.546
<b>Total short term</b>	<b>21.541.570</b>	<b>22.112.515</b>

##### Long-term funds borrowed, bank borrowings and debt securities:

Long term	19.137.143	11.605.585
<b>Total</b>	<b>40.678.713</b>	<b>33.718.100</b>

Effective interest rates of USD, EUR and TL denominated funds borrowed, borrowings and debt securities in issue are 1,86% (31 December 2014: 1,68%), 1,06% (31 December 2014: 1,17%) and 8,00% (31 December 2014: 8,05%) respectively.

Maturity analysis as of 31 December 2015 and 31 December 2014 is as follows:

	31 December 2015	31 December 2014
Up to 3 months	8.782.744	8.694.973
3 to 12 months	12.758.826	13.417.542
<b>Short term borrowings and short term portion of long term borrowings</b>	<b>21.541.570</b>	<b>22.112.515</b>
1 to 5 years	13.571.788	8.403.244
Over 5 years	5.565.355	3.202.341
<b>Long term borrowings</b>	<b>19.137.143</b>	<b>11.605.585</b>
<b>Total financial liabilities</b>	<b>40.678.713</b>	<b>33.718.100</b>

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### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 7 – FINANCIAL LIABILITIES (continued)

The maturity schedule of long term borrowings at 31 December 2015 and 2014 is summarised below:

	31 December 2015	31 December 2014
2015	-	3.788.096
2016	5.065.465	2.213.755
2017	4.695.704	1.935.632
2018	1.106.934	465.761
2019	2.703.684	3.202.341
2020 and beyond	5.565.356	-
<b>Total</b>	<b>19.137.143</b>	<b>11.605.585</b>

#### NOTE 7 – FINANCIAL LIABILITIES (Continued)

The repricing schedule of borrowings at 31 December 2015 and 2014 is summarized below:

	31 December 2015	31 December 2014
Up to 3 months	23.186.344	18.632.708
3 to 12 months	6.510.319	7.696.157
1 to 5 years	8.009.643	4.878.414
Over 5 years	2.972.407	2.510.821
<b>Total</b>	<b>40.678.713</b>	<b>33.718.100</b>

The transactions related with the funds and loans as of 31 December 2015 are as follows:

#### Akbank – Funds borrowed via syndicated credit facilities

As of 31 December 2015, Akbank has three outstanding syndicated loan facilities. On 13 August 2015, the first syndicated loan facility signed and raised EUR 873,1 million and USD 260,8 million. The loan's maturity is 1 year with a cost of Euribor/Libor+0,75%. The second syndicated loan facility signed on 16 March 2015 and raised totally EUR 737,6 million and USD 421,3 million, the loan's maturity is 364 and 367 days. The cost of portions of the loan with 364 days maturity is Euribor/Libor+0,70%, and the cost of portions of the loan with 367 days maturity is Euroibor/Libor+0,80%. On 9 July 2015, the third syndicated loan facility signed and raised USD 335 million. The loan's maturity is 3 year with a cost of Euribor/Libor+1,85%.

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#### NOTE 7 – FINANCIAL LIABILITIES (Continued)

##### Issued securities:

Securities issued consist of USD and TL assets.

The repayment plan for USD securities issued is summarized below.

	<b>31 December 2015</b>		<b>31 December 2014</b>	
	<b>USD</b>	<b>TL</b>	<b>USD</b>	<b>TL</b>
2015	-	-	1.725.810	4.015.787
2016	620.933	1.788.288	252.692	587.989
2017	751.749	2.165.036	732.268	1.703.914
2018	995.023	2.865.667	856.893	1.993.904
2019	301.974	869.684	136.795	318.308
2020	747.277	2.152.158	76.000	176.844
2021	53.713	154.693	102.014	237.376
2022	404.224	1.164.165	650.117	1.512.757
2023	28.490	82.051	291.495	678.280
2024	735.720	2.118.874	71.400	166.141
2025	325.773	938.226	-	-
2026	11.000	31.680	-	-
2027	11.000	31.680	-	-
<b>Total</b>	<b>4.986.876</b>	<b>14.362.202</b>	<b>4.895.484</b>	<b>11.391.300</b>

The balance amounting to USD 4.986.876 consists of securitization deals and USD denominated securities issued by the Bank.

	<b>31 December 2015</b>		<b>31 December 2014</b>	
	<b>Euro</b>	<b>TL</b>	<b>Euro</b>	<b>TL</b>
2015	-	-	591	1.670
2016	50.520	158.747	16.208	45.823
2017	63.708	200.183	63.694	180.076
2018	63.693	200.136	63.680	180.036
2019	47.846	150.342	47.833	135.233
2020	332	1.043	320	905
2021	319	1.002	307	868
2022	307	965	295	834
2023	295	927	284	803
2024	283	889	273	772
2025	272	855	262	741
2026	261	820	252	712
2027	251	789	242	684
2028	241	757	232	656
2029	6.043	18.988	5.809	16.423
<b>Total</b>	<b>234.371</b>	<b>736.443</b>	<b>200.282</b>	<b>566.236</b>

The balance amounting to EUR 234.371 consists of securitization deals and EUR denominated securities issued by the Group.

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#### NOTE 7 – FINANCIAL LIABILITIES (Continued)

##### Issued securities (continued):

	31 December 2015		31 December 2014	
	RON	TL	RON	TL
2016	4.805	3.321	-	-
2017	4.564	3.154	-	-
2018	75.413	52.110	-	-
2019	49.905	34.484	-	-
<b>Total</b>	<b>134.687</b>	<b>93.069</b>	<b>-</b>	<b>-</b>

The balance amounting to RON 137.687 consists of securization deals and RON denominated securities issued by the Bank.

	31 December 2015		31 December 2014	
	CZK	TL	CZK	TL
2016	350.610	41.253	-	-
2017	275.040	32.361	-	-
<b>Total</b>	<b>625.650</b>	<b>73.614</b>	<b>-</b>	<b>-</b>

The balance amounting to CZK 625.650 consists of securization deals and CZK denominated securities issued by the Bank.

	31 December 2015		31 December 2014	
	HUF	TL	HUF	TL
2019	786.358	7.989	-	-
<b>Total</b>	<b>786.358</b>	<b>7.989</b>	<b>-</b>	<b>-</b>

The balance amounting to HUF 786.358 consists of securization deals and HUF denominated securities issued by the Bank.

Additionally, as of 31 December 2015, there are bonds issued by the Bank amounting to TL 568.089 with 3 months maturity, TL 917.737 with a 4 months maturity, TL 62.858 with 6 months maturity, TL 765.023 with 1 years maturity and TL 1.060.114 with over 5 years maturity. (31 December 2014, there are bonds issued by the Bank amounting to TL 381.551 with 3 months maturity, TL 1.033.753 with 6 months maturity, TL 70.221 with 1 years maturity and TL 872.629 with 5 years maturity, TL 814.250 with over 5 years maturity.).

On April 15, 2013, Başkent Elektrik Dağıtım A.Ş issued bonds with a total face value of TL 350 million, a maturity date of 11 April 2016, quarterly coupon payments and a coupon rate of GDS + 2%.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

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#### NOTE 8 – TRADE RECEIVABLES AND PAYABLES

##### Short and long term trade receivables:

	31 December 2015	31 December 2014
Trade receivables	1.191.385	966.760
Notes and cheques	265.485	195.735
	<b>1.456.870</b>	<b>1.162.495</b>
Less: allowance for doubtful receivables	(70.552)	(78.844)
<b>Total</b>	<b>1.386.318</b>	<b>1.083.651</b>

As of 31 December 2015, trade receivables of TL 120.981 were past due but not impaired (31 December 2014: TL 87.691). The aging analysis of these trade receivables is as follows:

	31 December 2015	31 December 2014
Up to 3 months	84.702	38.126
3 to 6 months	23.144	43.672
6 to 9 months	12.859	5.415
Over 9 months	276	478
<b>Toplam</b>	<b>120.981</b>	<b>87.691</b>

As of 31 December 2015 and 2014, the aging analysis of overdue and impaired trade receivables is as follows:

	31 December 2015	31 December 2014
Up to 3 months	251	200
3 to 6 months	587	-
6 to 9 months	-	409
Over 9 months	69.714	78.235
<b>Toplam</b>	<b>70.552</b>	<b>78.844</b>

##### Short and long term trade payables:

	31 December 2015	31 December 2014
Trade payables	2.384.416	1.803.632
Notes payable	360	712
Expense accruals	2.215	5.355
<b>Toplam</b>	<b>2.386.991</b>	<b>1.809.699</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

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#### NOTE 9 – OTHER RECEIVABLES AND PAYABLES

<b>Other short term receivables:</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Receivables from credit card payments	16.902	11.249
Other receivables	1.019.974	576.225
<b>Total</b>	<b>1.036.876</b>	<b>587.474</b>
<b>Other long term receivables:</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Deposits and guarantees given	34.951	28.444
Other receivables	344.187	34.589
<b>Total</b>	<b>379.138</b>	<b>63.033</b>
<b>Other short term payables:</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Payables related to credit card transactions	3.154.070	2.524.657
Taxes and funds payable	283.883	253.571
Export deposits and transfer orders	39.292	30.071
Payment orders to correspondent banks	206.384	145.008
Other	757.403	446.112
<b>Total</b>	<b>4.441.032</b>	<b>3.399.419</b>
<b>Other long term payables:</b>		
Financial lease payables	91.977	23.760
Other	503.954	211.367
<b>Total</b>	<b>595.931</b>	<b>235.127</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 10 - INVENTORIES

	31 December 2015	31 December 2014
Raw materials	235.474	220.865
Work in process	127.657	192.771
Finished good and merchandises	1.609.602	1.294.853
Spare parts	39.431	58.741
Other	59.483	106.433
	<b>2.071.647</b>	<b>1.873.663</b>
Allowance for impairment on inventory (-)	(49.870)	(34.056)
<b>Total</b>	<b>2.021.777</b>	<b>1.839.607</b>

The movement table of allowance for impairment on inventory is as follows:

	2015	2014
1 January	(34.056)	(31.530)
Provisions	(24.225)	(13.725)
Provisions no longer required	8.429	11.199
Provision used	(18)	-
<b>31 December</b>	<b>(49.870)</b>	<b>(34.056)</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME

<b>Short-term prepaid expenses:</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Prepaid expenses	319.668	283.655
Advance given for inventory purchases	18.309	4.367
Other	222	1.461
<b>Total</b>	<b>338.199</b>	<b>289.483</b>

<b>Long-term prepaid expenses:</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Advance given for property, plant and equipment purchases	49.735	23.186
Prepaid expenses	5.822	4.370
<b>Total</b>	<b>55.557</b>	<b>27.556</b>

<b>Short-term deffered income:</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Unearned commission income	79.963	82.121
Advances received	68.294	29.732
Deferred income	15.700	11.760
Other	621	528
<b>Total</b>	<b>164.578</b>	<b>124.141</b>

<b>Long-term deffered income:</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Unearned commission income	114.297	149.244
<b>Total</b>	<b>114.297</b>	<b>149.244</b>



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### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 12 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Book value of Associates and Joint Ventures is as follows:

	31 December 2015	Share (%)	31 December 2014	Share (%)
Aksigorta	126.198	36,00	141.171	36,00
Avivasa (*)	159.623	40,00	164.761	41,28
Brisa	282.457	43,63	263.707	43,63
Akçansa	406.691	39,72	385.688	39,72
Enerjisa	4.719.888	50,00	4.214.024	50,00
Philsa	178.863	25,00	212.964	25,00
Philip Morrisa	24.434	24,75	32.124	24,75
Temsa Mısır	(15.535)	73,75	(12.714)	73,75
Temsa İş Makineleri	87.812	51,00	85.092	24,84
<b>Total</b>	<b>5.970.431</b>		<b>5.486.817</b>	

(\*) % 1,28 portion of Avivasa shares with a nominal value of net 458.967 of total Avivasa portion 41,28% owned by the Group, are sold at Borsa Istanbul as of 5 August 2015, and shares of Avivasa in Group Portfolio have decreased to 40%.

Share of income from Associates and Joint Ventures included in Holding's consolidated net income is as follows:

	31 December 2015	31 December 2014
Aksigorta	(6.535)	(18.081)
Avivasa	33.081	59.431
Brisa	83.848	81.366
Akçansa	105.436	93.251
Enerjisa	141.911	(83.345)
Philsa	141.574	145.637
Philip Morrisa	44.238	37.374
Temsa Mısır	(1.514)	856
Temsa İş Makineleri	5.893	1.884
<b>Total</b>	<b>547.932</b>	<b>318.373</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 12 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

The summary financial information of Associates and Joint Ventures is as follows:

	31 December 2015		31 December 2014	
	Total assets	Total liabilities	Total assets	Total liabilities
Aksigorta	2.354.754	2.004.204	2.041.572	1.649.430
Avivasa	1.260.122	887.042	1.158.048	824.339
Brisa	2.338.617	1.691.225	1.650.825	1.046.408
Akçansa	1.544.135	507.325	1.432.591	448.658
Enerjisa	26.829.659	17.389.883	24.276.096	15.846.599
Philsa	3.518.240	2.802.787	2.772.704	1.920.849
Philip Morrissa	1.965.174	1.864.373	1.151.274	1.021.482
Temsa Mısır	27.294	48.358	24.533	41.772
Temsa İş Makineleri	344.729	215.869	268.095	141.461
<b>Total</b>	<b>40.182.724</b>	<b>27.411.066</b>	<b>34.775.738</b>	<b>22.940.998</b>

#### Sales

	1 January - 31 December 2015	1 January - 31 December 2014
Aksigorta	1.622.171	1.713.615
Avivasa	263.457	258.315
Brisa	1.801.876	1.693.498
Akçansa	1.468.533	1.410.850
Enerjisa	11.827.277	10.982.258
Philsa(*)	17.365.487	15.008.770
Philip Morrissa	16.858.458	14.979.340
Temsa Mısır	1	750
Temsa İş Makineleri	484.268	403.250

(\*) Philsa, which is a manufacturing company, conducts its sales activities through Philip Morrissa, which is a marketing company.

#### Net profit/loss

	1 January - 31 December 2015	1 January - 31 December 2014
Aksigorta	(18.152)	(50.226)
Avivasa	80.514	120.920
Brisa	192.180	186.491
Akçansa	282.979	250.262
Enerjisa	283.822	(166.690)
Philsa	566.294	582.549
Philip Morrissa	178.738	151.004
Temsa Mısır	(2.053)	856
Temsa İş Makineleri	11.557	8.087

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 13 - INVESTMENT PROPERTY

The movements in investment property, for the years ended 31 December 2015 and 2014 are as follows:

	1 January 2015	Additions	Disposals	Impairment	Transfers	Currency translation differences	Assets classified as held for sale	31 December 2014
<b>Cost:</b>								
Land	205.126	-	(19.661)	-	-	-	-	185.465
Building	155.076	408	(26.984)	-	-	-	-	128.500
<b>Total</b>	<b>360.202</b>	<b>408</b>	<b>(46.645)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>313.965</b>

<b>Accumulated depreciation</b>								
Buildings	(34.420)	(5.247)	11.946	177	-	5.682	-	(21.862)
<b>Net book value</b>	<b>325.782</b>							<b>292.103</b>

	1 January 2014	Additions	Disposals	Impairment	Transfers	Currency translation differences	Change in ownership due to acquisition of shares	31 December 2013
<b>Cost:</b>								
Land	215.206	-	(6.374)	-	-	-	(3.706)	205.126
Building	174.207	4.689	(19.667)	-	93	-	(4.246)	155.076
<b>Total</b>	<b>389.413</b>	<b>4.689</b>	<b>(26.041)</b>	<b>-</b>	<b>93</b>	<b>-</b>	<b>(7.952)</b>	<b>360.202</b>

<b>Accumulated depreciation</b>								
Buildings	(40.625)	(5.130)	2.723	3.842	-	1.048	3.722	(34.420)
<b>Net book value</b>	<b>348.788</b>							<b>325.782</b>

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

### NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the year ended 31 December 2015 is as follows:

	1 January 2015	Currency translation differences	Additions	Disposals	Transfers (*)	Impairment	Transfers to non-current assets held for sale	Stock Differences	Additions due to acquisition of the subsidiary	Transfer to assets held for sale	31 December 2015
<b>Cost:</b>											
Land and land improvements	601.530	3.616	3.470	(22.441)	3.818	-	(3.310)	(511)	-	-	586.172
Buildings	2.293.440	41.378	42.426	(35.212)	30.157	-	(20.266)	341	-	-	2.352.264
Machinery and equipment	2.712.186	147.647	43.312	(62.556)	127.650	-	(85.766)	3.610	-	1.025	2.887.108
Motor vehicles	108.230	904	7.757	(19.853)	9.082	-	(476)	6.157	-	-	111.801
Furniture and fixtures	2.454.869	(6.512)	319.762	(140.929)	92.418	-	(1.814)	(22.325)	16.395	-	2.711.864
<b>Total</b>	<b>8.170.255</b>	<b>187.033</b>	<b>416.727</b>	<b>(280.991)</b>	<b>263.125</b>	<b>-</b>	<b>(111.632)</b>	<b>(12.728)</b>	<b>16.395</b>	<b>1.025</b>	<b>8.649.209</b>
<b>Construction in progress</b>	197.800	9.191	442.958	(4.795)	(279.760)	(19.067)	-	363	-	-	346.690
<b>Total</b>	<b>8.368.055</b>	<b>196.224</b>	<b>859.685</b>	<b>(285.786)</b>	<b>(16.635)</b>	<b>(19.067)</b>	<b>(111.632)</b>	<b>(12.365)</b>	<b>16.395</b>	<b>1.025</b>	<b>8.995.899</b>
<b>Accumulated depreciation:</b>											
Land and land improvements	(214.975)	(3.096)	(6.918)	-	-	(41)	-	566	-	-	(224.464)
Buildings	(847.050)	(12.198)	(60.917)	21.142	-	(6.036)	5.154	6.056	-	-	(893.849)
Machinery and equipment	(1.582.488)	(53.137)	(129.145)	51.113	-	-	35.580	198	-	(1.018)	(1.678.897)
Motor vehicles	(492.255)	(577)	(8.958)	16.147	-	-	280	(3.717)	-	-	(489.080)
Furniture and fixtures	(1.332.715)	6.981	(218.289)	127.327	-	(15.878)	1.736	4.187	-	-	(1.426.651)
<b>Total</b>	<b>(4.469.483)</b>	<b>(62.027)</b>	<b>(424.227)</b>	<b>215.729</b>	<b>-</b>	<b>(21.955)</b>	<b>42.750</b>	<b>7.290</b>	<b>-</b>	<b>(1.018)</b>	<b>(4.712.941)</b>
<b>Net book value</b>	<b>3.898.572</b>										<b>4.282.958</b>

(\*) Transfers during the period consists of TL 16.635 are accounted under the intangible fixed assets.

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

### NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movement in property, plant and equipment for the year ended 31 December 2014 is as follows:

	1 January 2014	Currency translation differences	Additions	Disposals	Transfers (*)	Impairment	Transfers to non-current assets held for sale	Change in consolidation method due to sale of shares (**)	Subsidiary liquidation (***)	31 December 2014
<b>Cost:</b>										
Land and land improvements	565.916	912	76.471	(17.549)	2.619	-	(23.087)	-	(3.752)	601.530
Buildings	2.351.394	11.601	48.703	(21.351)	(6.095)	-	(66.184)	-	(24.628)	2.293.440
Machinery and equipment	2.933.715	42.227	81.853	(49.548)	151.205	-	(388.560)	(665)	(58.041)	2.712.186
Motor vehicles	197.188	(9.795)	17.496	(24.235)	15.993	-	(1.780)	(86.061)	(576)	108.230
Furniture and fixtures	2.233.971	(5.229)	260.902	(93.045)	67.427	-	(5.682)	(1.695)	(1.780)	2.454.869
<b>Total</b>	<b>8.282.184</b>	<b>39.716</b>	<b>485.425</b>	<b>(205.728)</b>	<b>231.149</b>	<b>-</b>	<b>(485.293)</b>	<b>(88.421)</b>	<b>(88.777)</b>	<b>8.170.255</b>
<b>Construction in progress</b>	209.008	2.273	287.655	(2.128)	(285.543)	-	(10.673)	-	(2.792)	197.800
<b>Total</b>	<b>8.491.192</b>	<b>41.989</b>	<b>773.080</b>	<b>(207.856)</b>	<b>(54.394)</b>	<b>-</b>	<b>(495.966)</b>	<b>(88.421)</b>	<b>(91.569)</b>	<b>8.368.055</b>
<b>Accumulated depreciation:</b>										
Land and land improvements	(213.407)	(747)	(6.610)	423	-	-	5.366	-	-	(214.975)
Buildings	(832.645)	(7.051)	(61.704)	5.892	-	-	41.602	-	6.856	(847.050)
Machinery and equipment	(1.805.938)	(14.822)	(102.874)	35.331	-	(2.004)	284.102	446	23.271	(1.582.488)
Motor vehicles	(514.749)	(2.358)	(13.110)	15.244	-	-	1.661	19.963	1.094	(492.255)
Furniture and fixtures	(1.225.621)	1.624	(189.034)	81.073	-	(6.548)	4.235	969	587	(1.332.715)
<b>Total</b>	<b>(4.592.360)</b>	<b>(23.354)</b>	<b>(373.332)</b>	<b>137.963</b>	<b>-</b>	<b>(8.552)</b>	<b>336.966</b>	<b>21.378</b>	<b>31.808</b>	<b>(4.469.483)</b>
<b>Net book value</b>	<b>3.898.832</b>									<b>3.898.572</b>

(\*) Transfers during the period consists of TL 93 to intangible assets and TL 54.302 to investment property.

(\*\*)The share transfer agreement to sell the shares of Temsa GG Makineleri A.Ş., the subsidiary of Temsa Global, representing 49% of the total capital of the entity to Japon Marubeni Corporation, has been signed on 3 March 2014. The majority of the shareholding will remain at Temsa Global by 51% ownership. The transfers of shares have been executed on 28 April 2014.

(\*\*\*)A share transfer agreement for Kordsa Argentina S.A. of Kordsa's subsidiaries, one of the subsidiaries of the Group, has been signed on 30 September 2014.

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### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### NOTE 15 - INTANGIBLE ASSETS

The movements in intangible assets for the years ended 31 December 2015 and 2014 are as follows:

	1 January 2015	Currency translation differences	Additions	Disposals	Transfers	Stock difference	Impairment/ (provision)	Change in shareholding structure by the effect of share purchases	31 December 2015
Cost	921.948	18.778	203.412	(2.714)	16.635	16.823	(7.473)	-	1.167.409
Accumulated amortisation (-)	(485.649)	(9.227)	(135.563)	1.633	-	(7.809)	(351)	-	(636.966)
<b>Net book value</b>	<b>436.299</b>								<b>530.443</b>

	1 January 2014	Currency translation differences	Additions	Disposals	Transfers	Subsidiary liquidation	Impairment/ (reversal)	Change in shareholding structure by the effect of share purchases	31 December 2014
Cost	713.034	8.123	180.184	(13.459)	54.302	(7.387)	(2)	(12.847)	921.948
Accumulated amortisation (-)	(407.276)	3.324	(98.796)	7.200	-		(83)	9.982	(485.649)
<b>Net book value</b>	<b>305.758</b>								<b>436.299</b>

(\*)Ownership of the Group on Carrefoursa shares, which has been 38,78% previously, increased by 12% due to “Share Transfer Agreement” dated 30 April 2013. As a result of the purchase transaction, the control of Carrefoursa, has been transferred to Sabancı Holding and therefore consolidated as a subsidiary as of 31 December 2013.

(\*\*) TL 1.680 and TL 285 of the additions include the amortization expense of SASA and Kordsa Argentina which are presented in discontinued operations, respectively.

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#### NOTE 16 - GOODWILL

The movements in goodwill for the years ended 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
1 January	478.935	478.935
Additions(*) (Note 3)	545.476	-
Disposals(**)	(10.056)	-
<b>Total</b>	<b>1.014.355</b>	<b>478.935</b>

(\*) On 15 May 2015, the the Group’s subsidiary Carrefoursa has signed Share Purchase Agreement with Kiler Holding Anonim Şirketi, Nahit Kiler, Ümit Kiler, Vahit Kiler, Hikmet Kiler, Sevgül Kiler and Denge Reklam San. ve Tic. Ltd. Şti. (“Vendors”), in order to acquire 85% of the shares of Kiler Alışveriş, of which 15% of its shares are publicly traded in Borsa İstanbul A.Ş., with an amount of TL 429.574.000. The share purchase demand has been approved by Turkish Competition Authority on 30 June 2015, with decision numbered 61813209-120-6544. The Company has taken over the management of Kiler Alışveriş on 8 July 2015 by changing the members of the Board of Directors and has paid by cash the agreement amount of TL 429.574.000 to the vendors on the same day. As a result of mandatory tender offer between 17 September - 5 October 2015, ownership rate of the Company has increased to 97,27% by paying additional TL 62.290.926.

The Group, has recognized Kiler Alışveriş as a subsidiary in accordance with TFRS 3 “ Business Combinations” within acquisition accounting. As of 31 December 2015, the fair values of the acquired identifiable assets and identifiable liabilities within the scope of the business combination are determined as draft and these items are disclosed in condensed consolidated financial statements with their temporary values. The period for adjustment and changes in the fair value of assets, liabilities and contingent liabilities are restricted with 12 months after acquisition date.

(\*\*)Includes goodwill effect due to sale from real estate of Group’s subsidiary Carrefoursa

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#### NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

<b>Other short term provisions</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Provision for liabilities	334.659	280.219
<i>Credit bonus provision</i>	141.262	119.070
<i>Litigation</i>	68.664	60.164
<i>Uncompensated and not encashed</i>		
<i>non-cash loans</i>	83.688	66.434
<i>Onerous contracts</i>	34.000	34.000
<i>Other short-term provisions</i>	7.045	551
Other	33.637	43.405
<b>Total</b>	<b>368.296</b>	<b>323.624</b>

<b>Other long term provisions</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Provision for liabilities	4.694	4.890
<i>Other long-term provisions</i>	4.694	4.890
<b>Total</b>	<b>4.694</b>	<b>4.890</b>

<b>Commitments – Banking segment</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Letters of guarantee given	22.551.263	20.827.862
Letters of credit	5.359.136	5.259.940
Foreign currency acceptance	933.230	1.130.533
Other guarantees given	3.513.090	3.119.945
<b>Total</b>	<b>32.356.719</b>	<b>30.338.280</b>

<b>Commitments – Non-banking segment</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Letters of guarantee given	477.230	283.323
Other guarantees given	289.631	176.650
Mortgages, guarantees and pledges for tangible assets	74.870	10.302
<b>Total</b>	<b>841.731</b>	<b>470.275</b>



# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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### NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

#### Commitments for resale and repurchase of debt securities:

Commitments for the resale and repurchase of debt securities (government bonds, treasury bills and Eurobonds) at 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015	31 December 2014
Repurchase commitments	74.870	28.215.166
Resale commitments	-	700.215

#### Commitments to forward currency purchase/sale and swap transactions

##### **Transactions for held for trading**

	31 December 2015	31 December 2014
Foreign currency purchases	6.686.807	4.217.615
Foreign currency sales	6.782.859	4.308.110
<b>Total</b>	<b>13.469.666</b>	<b>8.525.725</b>

	31 December 2015	31 December 2014
Currency swap purchases	42.647.513	29.345.571
Currency swap sales	39.246.203	25.070.191
Interest swap purchases	29.350.383	19.299.989
Interest swap sales	29.350.383	19.299.989
<b>Total</b>	<b>140.594.482</b>	<b>93.015.740</b>

	31 December 2015	31 December 2014
Spot purchases	2.169.146	4.568.209
Spot sales	2.155.390	4.543.227
<b>Total</b>	<b>4.324.536</b>	<b>9.111.436</b>

	31 December 2015	31 December 2014
Currency, interest and securities options purchases	34.647.992	27.014.182
Currency, interest and securities options sales	34.776.488	27.000.352
<b>Total</b>	<b>69.424.480</b>	<b>54.014.534</b>

	31 December 2015	31 December 2014
Future purchases	1.856	3.263
Future sales	83.775	95.275
<b>Total</b>	<b>85.631</b>	<b>98.538</b>

	31 December 2015	31 December 2014
Other purchase transactions	4.594.069	1.138.539
Other sales transactions	6.436.738	5.128.421
<b>Total</b>	<b>11.030.807</b>	<b>6.266.960</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

##### Transactions for held for trading (continued):

	31 December 2015	31 December 2014
Interest swap purchases	4.791.937	3.816.116
Interest swap sales	4.791.937	3.816.116
<b>Total</b>	<b>9.583.874</b>	<b>7.632.232</b>

	31 December 2015	31 December 2014
Foreign currency purchases	115.886	-
Foreign currency sales	246.300	95.150
<b>Total</b>	<b>362.186</b>	<b>95.150</b>

	31 December 2015	31 December 2014
Currency swap purchases	1.871.978	1.128.590
Currency swap sales	1.348.580	878.044
<b>Total</b>	<b>3.220.558</b>	<b>2.006.634</b>

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2015 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	1.450.808	20.112.780	21.563.588
Letters of credits	3.725.510	1.528.180	5.253.690
Acceptance credits	920.299	12.931	933.230
Other guarantees	1.349.002	1.932.013	3.281.015
<b>Total</b>	<b>7.445.619</b>	<b>23.585.904</b>	<b>31.031.523</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2014 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	2.249.733	18.578.129	20.827.862
Letters of credits	3.909.440	1.350.500	5.259.940
Acceptance credits	1.089.463	41.070	1.130.533
Other guarantees	1.326.325	1.793.620	3.119.945
<b>Total</b>	<b>8.574.961</b>	<b>21.763.319</b>	<b>30.338.280</b>

On 22 January 2013, Exsa, a subsidiary of the Group, is subjected to a tax penalty statement due to the corporate tax calculation in 2010 with an additional tax amounting to TL 39 million and its penalty amounting to TL 58 million. The main comment at the tax investigation report in accordance with the penalty is related to the spin-off transaction that took part in 2010 which was previously subjected to another investigation report in 2011. Regarding to that report in 2011, the Company has already reached a reconciliation with the Ministry of Finance. On 22 January 2013, the Company applied to the Ministry of Finance to reach a reconciliation settlement according to the same issue and the same year but no reconciliation was provided. The Company filed a lawsuit related to this matter. Exsa management did not allow any provision in the financial statements for period ended on 31 December 2014.

Aksigorta, one of the Group's joint ventures, has been subjected to tax investigation by the T.C. Ministry of Finance Tax Audit Board with starting 24 June 2014. Through the this limited tax investigation, with subject to BİTT covers years 2009, 2010, 2011 and 2012; 1,8 Million tax and 2,8 Million tax penalty for year 2009, 2 Million tax and 3 Million tax penalty for year 2010, 3 Million tax and 4,6 Million tax penalty for year 2011, 4,3 Million tax and 6,4 Million tax penalty for year 2012, and totally 27,9 Million tax and tax penalty has been charged to the company the claim recovery and salvage operations of the banking and insurance transactions weren't not subject to tax and has not booked any provision on financial statements. The company has requested reconciliation for the year 2009 tax penalty on 16 January 2015 and for the year 2010, 2011 and 2012 tax penalty on 20 February 2015 to the Ministry of Finance Central Reconciliation Commission.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

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#### NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The economic sector risk concentrations of the commitments of the Banking segment at 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Financial institutions	4.680.024	4.748.550
Construction	3.753.902	2.902.968
Chemicals	3.157.227	3.702.554
Wholesale	6.141.969	6.717.649
Small-scale retailers	3.461.873	3.776.343
Steel and mining	1.771.624	1.890.713
Food and beverage	455.109	518.647
Electricity, gas and water	1.807.922	1.449.108
Automotive	767.684	491.561
Other manufacturing	1.599.379	1.205.349
Electronics	420.290	534.112
Textile	711.655	747.155
Transportation	318.507	306.910
Telecommunications	61.115	64.651
Tourism	187.396	154.319
Agriculture and forestry	53.886	87.355
Other	1.681.961	1.040.336
<b>Total</b>	<b>31.031.523</b>	<b>30.338.280</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 18 - COMMITMENTS

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries at 31 December 2015 is as follows:

	31 December 2015				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	750.267	131.461	144.484	58.869	11.642
B, Collaterals given on behalf of fully consolidated companies	1.347.914	979.321	59.675	61.393	-
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	31.031.523	12.783.633	4.334.931	1.682.094	298.623
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	-	-	-	-	-
<b>Total Collaterals</b>	<b>33.129.704</b>	<b>13.894.415</b>	<b>4.539.090</b>	<b>1.802.356</b>	<b>310.265</b>
A, Total amount of the mortgages given for its own legal entity	75.535	-	-	23.771	-
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	-	-	-	-	-
<b>Total Mortgages</b>	<b>75.535</b>	<b>-</b>	<b>-</b>	<b>23.771</b>	<b>-</b>
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	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
<b>Total Pledges</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 18 – COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Joint Ventures at 31 December 2015 is as follows:

	31 December 2015				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	1.480.870	1.476.498	246	1.151	-
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	79	79	-	-	-
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	203	203	-	-	-
<b>Total Collaterals</b>	<b>1.481.152</b>	<b>1.476.780</b>	<b>246</b>	<b>1.151</b>	<b>-</b>
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	-	-	-	-	-
<b>Total Mortgages</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	-	-	-	-	-
<b>Total Pledges</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As of 31 December 2015, the ratio of other CPMs given by the Group to the equity is 0,0005%.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 18 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries at 31 December 2014 is as follows:

	31 December 2014				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	657.100	169.144	155.196	44.395	2.846
B, Collaterals given on behalf of fully consolidated companies	1.960.313	1.551.651	51.513	94.717	22.039
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	30.338.280	13.286.518	5.003.556	1.831.318	283.420
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	-	-	-	-	-
<b>Total Collaterals</b>	<b>32.955.693</b>	<b>15.007.313</b>	<b>5.210.265</b>	<b>1.970.430</b>	<b>308.305</b>
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	-	-	-	-	-
<b>Total Mortgages</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	-	-	-	-	-
<b>Total Pledges</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 18 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Joint Ventures at 31 December 2014 is as follows;

	31 December 2014				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	1.513.599	1.373.431	59.948	409	-
B, Collaterals given on behalf of fully consolidated companies	625.557	625.500	25	-	-
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	15	12	1	-	-
D, Total amount of other Collaterals	231	231	-	-	-
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	231	231	1	-	-
<b>Total Colleterals</b>	<b>2.139.402</b>	<b>1.999.174</b>	<b>59.974</b>	<b>409</b>	<b>-</b>
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	-	-	-	-	-
<b>Total Mortgages</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
<b>Total Pledges</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As of 31 December 2014, the ratio of other CPMs given by the Group to the equity is 0,03%.



## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### NOTE 19 – EMPLOYEE BENEFITS

	31 December 2015	31 December 2014
Payables to personnel	27.339	18.174
Social security premiums payable	27.455	20.709
Other	1.611	1.331
<b>Total</b>	<b>56.405</b>	<b>40.214</b>

#### Short-term provision for employee benefits:

	31 December 2015	31 December 2014
Unused vacation pay provision	90.928	75.396
Bonus provision	26.034	22.064
Other	121.287	105.549
<b>Total</b>	<b>238.249</b>	<b>203.009</b>

#### Long-term provision for employee benefits:

	31 December 2015	31 December 2014
Unused vacation pay provision	2.318	2.130
Provision for employment termination benefits	269.402	165.236
Other	13.109	12.638
<b>Total</b>	<b>284.829</b>	<b>180.004</b>

#### 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 2015, the amount payable consists of one month’s salary limited to a maximum of TL 3,82 (31 December 2014: TL 3,43) 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.

The reserve has been calculated by estimating the present value of the future probable obligation of the Holding arising from the retirement of the employees. TAS 19 “Employee Benefits” requires actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly actuarial assumptions were used in the calculation of the total liability as these actuarial assumptions apply to each individual company’s defined benefit plan and legal framework in which those companies operate.

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.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 19 – EMPLOYEE BENEFITS ( Continued)

##### Provision for retirement pay liability (continued):

Consequently, in the accompanying financial statements as at 31 December 2015, 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 3,40% at the respective balance sheet date (31 December 2014: 3,30%). Severance pay ceiling is revised semi-annually. 4,09 TL severance pay ceiling, which is effective on 1 January 2016, has been considered in the provision for employment termination benefits calculations of the Group.

Movements in the provision for employment termination benefits for the years ended 31 December 2015 and 2014 are as follows:

	<b>2015</b>	<b>2014</b>
1 January	165.236	162.547
Subsidiary acquisition	6.300	-
Charge for the period	107.133	56.356
Payments	(102.790)	(51.738)
Interest cost	2.897	2.246
Foreign currency translation adjustments	220	(21)
Business combinations	-	(17.244)
Actuarial losses	90.406	13.090
<b>31 December</b>	<b>269.402</b>	<b>165.236</b>

#### NOTE 20 - OTHER ASSETS AND LIABILITIES

<b>Other Current Assets</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Cheques in clearance	513.180	462.917
Deductible, deferred and other VAT	100.018	65.109
Other	64.092	91.263
<b>Total</b>	<b>677.290</b>	<b>619.289</b>

<b>Other Non-Current Assets</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Long term tax claims and other legal receivables	5.157	5.157
Deductible, deferred and other VAT	17.778	12.990
Other non-current assets	40.263	6.672
<b>Total</b>	<b>63.198</b>	<b>24.819</b>

<b>Other Short Term Liabilities</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
Cheques in clearance	1.028.687	905.937
Saving deposits insurance	35.641	38.033
Other short term liabilities	226.801	380.806
<b>Total</b>	<b>1.291.129</b>	<b>1.324.776</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### NOTE 21 - EQUITY

The Holding's authorised and issued capital consists of 204.040.393.100 (31 December 2014: 204.040.393.100) shares of Kr 1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 31 December 2015 and 2014 is as follows:

<b>Shareholders:</b>	<b>Share (%)</b>	<b>31 December 2015</b>	<b>Share (%)</b>	<b>31 December 2014</b>
Sakıp Sabancı Holding A.Ş.	14,07	287.100	14,07	287.100
Serra Sabancı	7,21	147.160	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	64,84	1.323.010	64,84	1.323.010
<b>Share capital</b>	<b>100</b>	<b>2.040.404</b>	<b>100,00</b>	<b>2.040.404</b>
<b>Share premium</b>		<b>22.237</b>		<b>21.670</b>

#### 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:

	<b>31 December 2015</b>	<b>31 December 2014</b>
Legal reserves	559.450	522.338
Investments sales income	333.369	333.369
<b>Total</b>	<b>892.819</b>	<b>855.707</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 21 - EQUITY (Continued)

##### Dividend Distribution

Public companies distribute profit in accordance with Profit Share Communiqué no II-19.1 issued by CMB effective from 1 February 2014.

Furthermore, Group companies that are obliged to prepare consolidated financial statements based on the related decision of General Assembly, are permitted to calculate net distributable profits based upon the net income for the period presented on consolidated financial statements that have been prepared within the framework of TAS/IFRS.

##### 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 differences
<b>Balance as of 1 January 2014</b>	<b>(552.070)</b>	<b>(142.727)</b>	<b>(68.764)</b>	<b>258.722</b>
Increases/ (decreases) during the period	846.947	7.667	9.615	(50.460)
Gains transferred to income statement	(244.311)	10.866	-	
Subsidiary liquidation	-	-	-	(24.324)
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	(32.587)	-	-	-
Tax effect	(113.887)	(3.709)	(1.923)	-
<b>Balance as of 31 December 2014</b>	<b>(95.908)</b>	<b>(127.903)</b>	<b>(61.072)</b>	<b>183.938</b>
<b>Balance as of 1 January 2015</b>				
Increases/ (decreases) during the period	(419.923)	37.982	(34.796)	99.666
Gains transferred to income statement	(10.370)	14.053	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	(737)	-	-	-
Tax effect	86.637	(10.853)	6.959	-
<b>Balance as of 31 December 2015</b>	<b>(440.301)</b>	<b>(86.721)</b>	<b>(88.909)</b>	<b>283.604</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### NOTE 22 – ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

##### 1 January – 31 December 2015

The share transfer agreement was signed on 13 January 2015 regarding the sale of all shares in Group's subsidiary SASA Polyester Sanayi A.Ş., corresponding to 51 % of the share capital of the Company, to Erdemoğlu Holding A.Ş. According the share transfer agreement, the transfer price of Sabancı Holding's shares in SASA Polyester Sanayi A.Ş., corresponding to 51 % of the share capital is USD 104 million, after adjustments. USD 20 million of the transfer price was paid in advance, remaining part of it amounting to 82 million was collected on 30 April 2015 and share transfer has been completed. As of 31 December 2015 and 2014, the results of operating activities of Sasa have been classified to income amounting TL 103 million from discontinued operations on the consolidated statement of profit or loss.

Statement of balance sheet of SASA for the period ended 31December 2015 and 2014 is as follows:

##### Statement of balance sheet

	31 December 2015	31 December 2014
Assets	-	665.554
Liabilities	-	345.208
Equity	-	320.336

##### Statement of profit or loss

	1 January - 30 April 2015	1 January - 31 December 2014
Income	390.717	1.292.703
Expense	385.745	(1.225.615)
<b>Net loss before tax</b>	<b>6.972</b>	<b>67.088</b>
Tax	4.443	4.292
<b>Net profit</b>	<b>11.415</b>	<b>71.380</b>

According to The Group's subsidiary Kordsa Global's Board of Management decision numbered 2015/29 dated December 31 2015, %51 shares of Nile Kordsa and %100 shares of Interkordsa are classified as "Assets Held for Sale" in the balance sheet as of December 31 2015.

As of 31.12.2015; the operating loss of Kordsa Global's subsidiary Nile Kordsa Company for Industrial Fabrics S.A.E. is 3.019 TL (31.12.2014: 2.081 TL Profit) and loss of the period is 8.315 TL (31.12.2014: 525 TL Loss) .In the consolidated financial statements ; operating results of the company (Nile Kordsa) reclassified as discontinued operations income/expenditure

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#### NOTE 22 – ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

Profit/Loss Statements of Nile Kordsa as of 31 December 2015 and 31 December 2014 are as follows:

Statement of profit or loss of Nile Kordsa	1 January - 31 December 2015	1 January - 31 December 2014
Income	41.820	40.661
Expense	(49.453)	(40.547)
<b>Net profit/(loss) before tax</b>	<b>(7.633)</b>	<b>114</b>
Tax	(682)	(640)
<b>Net profit(loss)</b>	<b>(8.315)</b>	<b>526</b>

As of 31.12.2015; the operating income of Kordsa Global's subsidiary InterKordsa GmbH is 190 TL (31.12.2014: 1.448 TL Loss) and income for the period is 188 TL (31.12.2014: 1.224 TL Loss) .In the consolidated financial statements; operating results of the company (InterKordsa) reclassified as discontinued operations income/expenditure

Statement of profit or loss of Interkordsa	1 January - 31 December 2015	1 January - 31 December 2014
Income	45.594	96.675
Expense	(45.437)	(98.274)
<b>Net profit/ (loss) before tax</b>	<b>157</b>	<b>(1.599)</b>
Tax	31	375
<b>Net profit/(loss)</b>	<b>188</b>	<b>(1.224)</b>

Cumulative translation reserves with an amount of 15.715 TL related with the loss occurred due to the excluding of Kordsa Arjantin S.A. financial statements from the Korsa Global consolidated financial statements, one of the subsidiary of the Group, calculated on financial statements and presented under equity is included in period income at current year.

Cumulative translation reserves with an amount of 10.981 TL calculated on financial statements and presented under equity related with the liquidation of Korsa Global's subsidiary Kordsa Qingdao Nylon Enterprise ("KQNE"), one of the subsidiary of the Group, is included in period income at current year.

Due to the sale desicion of the land taken by the board which has owned by Kordsa Global Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret A.Ş.'s associate Nile Kordsa, one of the Group's subsidiary, the amount of 4.385 TL reclassified under assets held fo sale at financial statements.

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#### NOTE 23 – REVENUE AND COST OF SALES

	1 January- 31 December 2015	1 January- 31 December 2014
Domestic sales	10.734.167	9.570.604
Foreign sales	1.428.005	1.249.033
Less: Discounts	(504.979)	(435.388)
<b>Total</b>	<b>11.657.193</b>	<b>10.384.249</b>

#### Cost of sales

	1 January- 31 December 2015	1 January- 31 December 2014
Cost of raw materials and merchandises	7.608.310	6.886.170
Change in finished good work in process inventory and	(2.991)	124.110
Depreciation and amortisation	187.915	161.371
Personnel expenses	290.131	249.954
Other	1.010.336	810.607
<b>Total</b>	<b>9.093.701</b>	<b>8.232.212</b>

#### NOTE 24 - EXPENSES BY NATURE

##### Research and development expenses:

Allocation of research and development expenses on nature basis for the years ended 31 December 2015 and 2014 are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Personnel expenses	1.251	2.473
Depreciation and amortisation	1.352	1.316
Consultancy expenses	93	257
Repair and maintenance expenses	22	49
Other	605	438
<b>Total</b>	<b>3.323</b>	<b>4.533</b>

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#### NOTE 24 - EXPENSES BY NATURE (Continued)

##### Marketing, selling and distribution expenses:

Allocation of marketing, selling and distribution expenses on nature basis for the years ended 31 December 2015 and 2014 are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Personnel expenses	547.423	416.213
Rent expenses	353.593	285.838
Transportation, logistic and distribution expenses	82.919	87.085
Depreciation and amortisation	94.540	66.726
Advertisement expenses	99.922	64.722
Consultancy expenses	43.227	43.607
Outsourced services	54.377	24.037
Maintenance and repair expenses	35.866	23.021
Energy expenses	43.867	22.856
Insurance expenses	5.575	6.072
Material costs	3.484	3.424
Communication expenses	1.636	1.994
Other	213.506	179.536
<b>Total</b>	<b>1.579.935</b>	<b>1.225.131</b>

##### General administrative expenses:

Allocation of general administrative expenses on nature basis for the years ended 31 December 2015 and 2014 are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Personnel expenses	1.908.086	1.679.657
Credit card and banking service expenses	504.390	438.302
Consultancy expenses	281.230	197.451
Depreciation and amortisation	227.982	181.019
Taxes and duties	188.959	148.703
Repair and maintenance expenses	187.754	230.195
Insurance expenses	186.223	189.709
Communication expenses	126.131	129.123
Advertisement expenses	124.080	109.370
Energy expenses	49.241	48.463
Material expenses	17.245	20.060
Outsourced services	886	12.176
Other	1.124.499	1.013.603
<b>Total</b>	<b>4.926.706</b>	<b>4.397.831</b>



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#### NOTE 25 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2015 and 2014 are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Foreign currency gains resulting from operations	391.039	199.198
Interest income	-	5.118
Due date income from trade receivables	38.489	35.727
Other income	502.579	570.562
<b>Total</b>	<b>932.107</b>	<b>810.605</b>

The details of other expenses from operating activities for the years ended 31 December 2015 and 2014 are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Foreign currency losses resulting from operations	291.939	211.012
Due date expense from trade payables	89.342	87.528
Provision expense	33.852	30.596
Other expenses	152.709	76.851
<b>Total</b>	<b>567.842</b>	<b>405.987</b>

#### NOTE 26 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

##### Income from investing activities

The details of other income from investing activities for the years ended 31 December 2015 and 2014 are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Interest income:		
Time deposit	7.356	2.344
Dividend income	2.293	1.424
Gain on sale of fixed assets	161.680	115.369
Gain on sale of associates	975	147.152
Other	5.329	24.991
<b>Total</b>	<b>177.633</b>	<b>291.280</b>

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#### NOTE 26 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES (Continued)

##### Expenses from investing activities

The details of other expenses from investing activities for the years ended 31 December 2015 and 2014 are as follows:

	1 January- 31 December 2015	1 January- 31 December 2014
Loss on sale of fixed assets	2.054	1.658
Other	4.937	-
<b>Total</b>	<b>6.991</b>	<b>1.658</b>

#### NOTE 27 – FINANCE INCOME/EXPENSES

	1 January- 31 December 2015	1 January- 31 December 2014
<b>Financial income</b>		
Foreign currency gains	54.974	52.605
Other	-	1.360
<b>Total</b>	<b>54.974</b>	<b>53.965</b>
<b>Financial expenses</b>		
Foreign currency losses	126.608	50.593
Interest expense	115.503	95.418
Other financial expenses	37.810	35.052
<b>Total</b>	<b>279.921</b>	<b>181.063</b>

Financial income and financial expenses relate to segments other than banking.

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#### NOTE 28 - TAX ASSETS AND LIABILITIES

	31 December 2015	31 December 2014
Corporate and income taxes payable	953.826	1.248.286
Less: prepaid taxes	(551.052)	(894.696)
<b>Total taxes payable</b>	<b>402.774</b>	<b>353.590</b>

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 corporate tax rate of the fiscal year 2015 is 20% (2014: 20%). Corporation tax is payable at a rate of 20% 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 20% 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.

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:

#### *Exemption for participation in subsidiaries*

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 28 - TAX ASSETS AND LIABILITIES (Continued)

##### *Preferential right certificate sales and issued 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. 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 additional paragraph to Provisional Article 69 included in accordance with Law No:6009, which is related to the 25% threshold and requires the incentive amount that will be subject to investment incentive exemption in determining tax base cannot exceed 25% of the respective income, has been revoked based on the ground that it is contrary to the Constitution upon the Constitutional Court's resolution No: E. 2010/93 K. 2012/20 ("stay of execution") issued on 9 February 2012 and published in the Official Gazette No: 28208 on 18 February 2012. The related Constitutional Court's decision was published in the official Gazette No: 28719 as at 26 July 2013.

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#### NOTE 28 - TAX ASSETS AND LIABILITIES (Continued)

The tax charges for comprehensive income statement items for the years ended 31 December 2015 and 2014 are as follows:

	31 December 2015			31 December 2014		
	Before Tax	Tax Charge	After Tax	Before Tax	Tax Charge	After Tax
Net unrealized fair value from available for sale financial assets	(1.034.169)	206.834	(827.335)	2.062.219	(412.444)	1.649.775
Net gain on available for sale financial assets transferred to the income statement	(25.448)	5.090	(20.358)	(599.241)	119.848	(479.393)
Net gain included in the income statement due to transfer of available for sale financial assets into held to maturity assets	(1.808)	362	(1.446)	(79.929)	15.986	(63.943)
Cash flow hedges	76.160	(15.232)	60.928	44.268	(8.854)	35.414
Gain/ (loss) on net foreign investment hedge	(85.390)	17.078	(68.312)	23.584	(4.717)	18.867
Currency translation differences	238.089	-	238.089	(34.911)	-	(34.911)
Actuarial gain/losses	(99.604)	19.921	(79.683)	(18.641)	3.728	(14.913)
<b>Other comprehensive income</b>	<b>(932.170)</b>	<b>234.053</b>	<b>(698.117)</b>	<b>1.397.349</b>	<b>(286.453)</b>	<b>1.110.896</b>

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#### NOTE 28 - TAX ASSETS AND LIABILITIES (Continued)

The reconciliation of the current year tax charge for the years ended 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Profit before tax	5.299.364	5.247.494
Expected tax charge according to parent company's tax rate %20 (2014: %20)	(1.059.873)	(1.049.499)
Tax rate differences of subsidiaries	3.342	364
<b>Expected tax charge of the Group</b>	<b>(1.056.531)</b>	<b>(1.049.135)</b>
Revenue that is exempt from taxation	29.541	27.603
Expenses that are not deductible in determining taxable profit	(54.364)	(48.327)
Utilizing carryforward tax losses that are not subject to deferred tax	(19.663)	-
Timing differences not subject to tax	395	693
Dividend income	165.582	-
Investment incentives	7.107	20.651
Tax of assets that are hold for sale purpose	5.421	561
Exemption of gain on real estate sales	2.138	6.031
Other	(52.770)	69.964
<b>Current year tax charge of the Group</b>	<b>(973.144)</b>	<b>(971.959)</b>

#### *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%.

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#### NOTE 28 - TAX ASSETS AND LIABILITIES (Continued)

##### Deferred tax (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.

At 31 December 2015, the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TL 105.255 which can be offset against future taxable profits for a period of five years (31 December 2014: TL 66.611). As of 31 December 2015 and 31 December 2014 carry forward tax losses and the latest annual periods are as follows:

	31 December 2015	31 December 2014
2015	-	1.171
2016	11.196	21.159
2017	8.405	-
2018	11.899	-
2019	29.736	44.281
2020	44.019	-
<b>Total</b>	<b>105.255</b>	<b>66.611</b>

The movements in deferred tax assets/ (liabilities) for the years ended at 31 December 2015 and 2014 are as follows:

	2015	2014
Deferred tax assets	714.698	477.413
Deferred tax liabilities	(118.323)	(114.976)
<b>31 December</b>	<b>596.375</b>	<b>362.437</b>

  

	2015	2014
1 January	362.437	387.767
Change in consolidation method due to acquisition of shares	25.909	-
Subsidiary liquidation	-	(6.971)
Charged to equity	171.455	(242.711)
Currency translation differences	(19.610)	(3.494)
Charged to statement of profit or loss	50.666	229.008
Transfers to assets held for sale	7.071	(1.162)
Other	(1.553)	-
<b>31 December</b>	<b>596.375</b>	<b>362.437</b>

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#### NOTE 29 - DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2015	Fair Value	
	Asset	Liability
<b>Derivative instruments held for trading:</b>		
<b>Foreign exchange derivative instruments</b>		
Currency and interest rate swaps purchases and sales	1.340.366	1.260.512
Forward currency purchases and sales	106.964	162.414
Currency and interest rate futures purchases and sales	-	-
Currency options purchases and sales	222.214	257.901
Other purchases and sales	1.032.735	89.293
<b>Total derivative instruments held for trading</b>	<b>2.702.279</b>	<b>1.770.120</b>
<b>Derivative instruments held for hedging:</b>		
Currency and interest rate swap purchases and sales	651.367	158.961
Forward currency purchases and sales	14.743	2.048
Currency options purchases and sales	373	-
<b>Total derivative instruments held for hedging</b>	<b>666.483</b>	<b>161.009</b>
<b>Total derivative instruments</b>	<b>3.368.762</b>	<b>1.931.129</b>

  

31 December 2014	Fair Value	
	Asset	Liability
<b>Derivative instruments held for trading:</b>		
<b>Foreign exchange derivative instruments</b>		
Currency and interest rate swaps purchases and sales	910.205	798.156
Forward currency purchases and sales	45.416	128.910
Currency and interest rate futures purchases and sales	35.922	4.474
Currency options purchases and sales	234.099	248.141
Other purchases and sales	189.458	29.757
<b>Total derivative instruments held for trading</b>	<b>1.415.100</b>	<b>1.209.438</b>
<b>Derivative instruments held for hedging:</b>		
Currency and interest rate swap purchases and sales	284.541	105.952
Currency options purchases and sales	7.249	93
<b>Total derivative instruments held for hedging</b>	<b>291.790</b>	<b>106.045</b>
<b>Total derivative instruments</b>	<b>1.706.890</b>	<b>1.315.483</b>

Akbank, Enerjisa, Brisa and Kordsa Global hedge cash flow risk arising from the financial liabilities through the use of interest rate swaps. Within the scope of cash flow hedge accounting, effective portion of the fair value changes of the hedging instrument is recognized under hedge reserves within equity. Akbank also hedges its TL denominated fixed rate financial assets and foreign currency denominated financial liabilities with cross currency swaps. Brisa, in order to mitigate the foreign currency risks arising from the Euro exports and US Dollar raw material purchases, the Company enters into Euro selling/ US buying, TL selling/Euro buying and TL selling/ Dollar buying forward contracts.



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#### NOTE 30 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

##### a) Banking

Loans and advances to customers	31 December 2015	31 December 2014
Consumer loans and credit cards receivables	39.226.044	42.109.660
Project finance loans	23.426.197	20.348.175
Small-scale enterprises	12.937.790	11.531.705
Health care and social services	1.594.398	1.266.825
Other manufacturing industries	8.836.325	8.819.469
Construction	13.772.265	11.763.192
Financial institutions	12.366.155	9.584.714
Telecommunication	4.579.290	3.607.809
Mining	3.718.392	2.778.317
Chemicals	1.458.066	2.136.492
Textile	3.579.486	3.287.312
Food and beverage, wholesale and retail	2.632.605	2.210.412
Automotive	1.724.711	1.386.585
Tourism	2.702.900	1.975.210
Agriculture and forestry	1.578.102	977.627
Electronics	340.375	445.003
Other	18.335.340	11.580.646
Non-performing loans	3.373.323	2.330.155
<b>Total loans and advances to customers</b>	<b>156.181.764</b>	<b>138.139.308</b>
Allowance for loan losses	(5.701.872)	(4.271.108)
Leasing receivables	3.958.451	3.683.321
<b>Net loans and advances to customers</b>	<b>154.438.343</b>	<b>137.551.521</b>

Effective interest rates of USD, EUR and TL denominated loans and advances to customers are 4,35% p.a. (31 December 2014: 4,34% p.a.), 3,69% p.a. (31 December 2014: 4,31% p.a.) and 9,71% p.a. (31 December 2014: 12,01% p.a.), respectively.

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### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### NOTE 30 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

##### a) Banking (cont'd)

The movement of loan loss provision of banking segment as of 31 December 2015 by class is as follows:

	Corporate	Commercial	Total
<b>1 January 2015</b>	<b>2.016.841</b>	<b>2.254.267</b>	<b>4.271.108</b>
Gross provisions	979.442	1.427.603	2.407.045
Recoveries	(182.014)	(452.290)	(634.304)
Written-off (*)	(135.021)	(206.956)	(341.977)
<b>31 December 2015</b>	<b>2.679.248</b>	<b>3.022.624</b>	<b>5.701.872</b>

(\*) TL 248,5 million of the Bank's non-performing loan portfolio are sold to Girişim Varlık Yönetimi A.Ş. at a price of TL 40.3 million.

The movement of loan loss provision of banking segment as of 31 December 2014 by class is as follows:

	Corporate	Commercial	Total
<b>1 January 2014</b>	<b>1.531.588</b>	<b>1.740.355</b>	<b>3.271.943</b>
Gross provisions	786.969	1.321.264	2.108.233
Recoveries	(143.719)	(377.426)	(521.145)
Written-off	(157.997)	(429.926)	(587.923)
<b>31 December 2014</b>	<b>2.016.841</b>	<b>2.254.267</b>	<b>4.271.108</b>

(\*) TL 252,2 million of the Bank's non-performing loan portfolio were sold to Girişim Varlık Yönetimi A.Ş. at a price of TL 44 million and TL 250,5 million of the Bank's non-performing loan portfolio were sold to Efes Varlık Yönetim A.Ş. at a price of TL 41 million.

The maturity schedule of loans and advances to customers at 31 December 2015 and 2014 are summarised below:

	31 December 2015	31 December 2014
Up to 3 months	42.616.346	39.197.718
3 to 12 months	34.802.687	29.014.030
<b>Current</b>	<b>77.419.033</b>	<b>68.211.748</b>
1 to 5 years	53.425.747	46.566.593
Over 5 years	19.635.112	19.089.859
<b>Non-current</b>	<b>73.060.859</b>	<b>65.656.452</b>
<b>Total</b>	<b>150.479.892</b>	<b>133.868.200</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### NOTE 30 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

##### a) Banking (cont'd)

The repricing schedule of loans and advances to customers at 31 December 2015 and 2014 are summarised below:

	31 December 2015	31 December 2014
Up to 3 months	60.788.870	61.015.004
3 to 12 months	44.549.095	31.127.676
1 to 5 years	39.025.020	35.163.779
Over 5 years	6.116.907	6.561.741
<b>Total</b>	<b>150.479.892</b>	<b>133.868.200</b>

#### NOTE 31 - PAYABLES FROM FINANCE SECTOR OPERATIONS

##### a) Banking

	31 December 2015			31 December 2014		
	Demand	Time	Total	Demand	Time	Total
Saving deposits	11.275.748	67.455.714	78.731.462	9.349.364	55.693.817	65.043.181
Commercial deposits	10.134.810	42.515.523	52.650.333	9.318.933	29.662.363	38.981.296
Bank deposits	256.697	12.661.189	12.917.886	501.286	13.082.116	13.583.402
Funds provided from repo transactions	-	24.169.207	24.169.207	-	28.408.773	28.408.773
Other	1.028.245	2.925.399	3.953.644	615.793	3.387.864	4.003.657
<b>Total</b>	<b>22.695.500</b>	<b>149.727.032</b>	<b>172.422.532</b>	<b>19.785.376</b>	<b>130.234.933</b>	<b>150.020.309</b>

Effective interest rates of USD, EUR and TL denominated customer deposits are 1,02% p.a. (31 December 2014: 1,19% p.a.), 0,51% p.a. (31 December 2014: 0,77% p.a.) and 9,53% p.a. (31 December 2014: 9,89% p.a.).

As at 31 December 2015 and 2014, the contractual maturity date and contractual repricing schedules based on the remaining period of banking customer deposits are as follows:

	31 December 2015	31 December 2014
Demand	19.971.284	17.572.163
Up to 3 months	125.277.763	106.273.793
3 to 12 months	11.521.758	14.001.312
1 to 5 years	13.118.878	8.574.579
Over 5 years	2.532.849	3.598.462
<b>Total</b>	<b>172.422.532</b>	<b>150.020.309</b>

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#### NOTE 32 - MUTUAL FUNDS

As of 31 December 2015, the Group manages 43 (31 December 2014: 44) mutual funds with unaudited total value of TL 3.283.444 (31 December 2014: 3.233.211). The participating certificates of these funds which were established under Capital Markets Board Regulations are preserved at Istanbul Settlement and Custody Bank Inc.

#### NOTE 33 - EARNINGS PER SHARE

Earnings per share for each class of share disclosed in the consolidated statements of income is determined by dividing the net income attributable to that class of share by the weighted average number of shares of that class that have been outstanding during the year.

**31 December 2015    31 December 2014**

Earnings per share in full TL

- ordinary share ('000)	10,96	10,19
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Earnings per share of continuing operations in full TL

- ordinary share ('000)	10,50	9,81
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Weighted average number of

shares with TL 0,01 face value each

- ordinary shares	204.040.393.100	204.040.393.100
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In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and revaluation surplus calculated before 1 January 2004. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and for each earlier year. When the number of ordinary shares outstanding increases as a result of bonus shares after the balance sheet date but before the issue of financial statements, the earnings per share calculation is based on the new number of shares.

There were no differences between the basic and diluted earnings per share for any class of shares for any of these periods.

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### NOTE 34 - 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 belonging to a group and over. 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 years ended 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Short term benefits	20.754	19.774
Benefits resulted from termination	883	655
Other long term benefits	259	260
<b>Total</b>	<b>21.896</b>	<b>20.689</b>

### NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

#### 35.1 *Financial Instruments and Financial Risk Management*

##### 35.1.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by individual Subsidiaries and Joint Ventures under policies, approved by their Board of Directors.

##### 35.1.1.1 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 analysing 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.

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### NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

#### 35.1.1.1 Foreign Exchange Risk (continued)

The Group is exposed to foreign exchange risk arising primarily from the EUR, USD and GBP.

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations at 31 December 2015 and 2014 terms of TL are as follows:

	31 December 2015	31 December 2014
Assets	128.626.065	100.539.856
Liabilities	(136.166.574)	(111.100.362)
<b>Net foreign currency balance sheet position</b>	<b>(7.540.509)</b>	<b>(10.560.506)</b>
<b>Net foreign currency position of off-balance sheet derivative financial instruments</b>	<b>8.402.667</b>	<b>11.258.432</b>
<b>Net foreign currency balance sheet and off-balance sheet position</b>	<b>862.158</b>	<b>697.926</b>

	Total TL Equivalent	USD TL Equivalent	EUR TL Equivalent	GBP TL Equivalent	Other TL Equivalent
<b>31 December 2015</b>					
<b>Assets:</b>					
Cash and cash equivalents	8.229.608	5.864.491	2.213.366	34.705	117.046
Financial investments	29.204.701	23.367.054	5.837.647	-	-
Receivables from financial operations	66.913.937	40.103.231	26.747.536	12.698	50.472
Reserve deposits at Central Bank	22.776.999	15.304.344	3.865.549	-	3.607.106
Trade receivables	764.041	286.725	365.522	26.084	85.710
Other assets	736.780	475.138	182.051	2.140	77.451
<b>Total Assets</b>	<b>128.626.066</b>	<b>85.400.983</b>	<b>39.211.671</b>	<b>75.627</b>	<b>3.937.785</b>
<b>Liabilities:</b>					
Funds borrowed and debt securities in issue	36.031.708	26.354.414	9.468.915	5.273	203.106
Customer deposits	98.496.275	68.859.632	26.690.548	1.523.676	1.422.419
Trade payables	274.414	165.358	84.117	1.077	23.862
Other payables and provisions	1.364.178	623.653	692.714	2.582	45.229
<b>Total Liabilities</b>	<b>136.166.575</b>	<b>96.003.057</b>	<b>36.936.294</b>	<b>1.532.608</b>	<b>1.694.616</b>
<b>Net assets/(liabilities) foreign currency position of off-balance sheet derivative financial instruments</b>	<b>8.402.706</b>	<b>10.025.671</b>	<b>(908.680)</b>	<b>1.459.007</b>	<b>(2.173.292)</b>
<b>Net assets/(liabilities) foreign currency position</b>	<b>862.197</b>	<b>(576.403)</b>	<b>1.366.697</b>	<b>2.026</b>	<b>69.877</b>
<b>Net assets/(liabilities) foreign currency monetary position</b>	<b>862.197</b>	<b>(576.403)</b>	<b>1.366.697</b>	<b>2.026</b>	<b>69.877</b>

Net profit effect of the consolidated to the total net foreign currency position is TL 2.774 as of 31 December 2015 (Akbank and Philsa-Philip Morris excluded).

**HACI ÖMER SABANCI HOLDİNG A.Ş.****NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)****35.1.1.1 Foreign Exchange Risk (continued)**

<b>31 December 2014</b>	<b>Total TL Equivalent</b>	<b>USD TL Equivalent</b>	<b>EUR TL Equivalent</b>	<b>GBP TL Equivalent</b>	<b>Other TL Equivalent</b>
<b>Assets:</b>					
Cash and cash equivalents	5.237.279	3.761.304	1.278.393	50.427	147.155
Financial investments	21.237.202	16.197.318	5.039.884	-	-
Receivables from financial operations	56.933.096	38.335.141	18.539.364	33.465	25.126
Reserve deposits at Central Bank	16.334.281	10.072.841	2.994.356	-	3.267.084
Trade receivables	581.228	285.920	215.497	10.932	68.879
Other assets	216.770	80.772	63.383	129	72.486
<b>Total Assets</b>	<b>100.539.856</b>	<b>68.733.296</b>	<b>28.130.877</b>	<b>94.953</b>	<b>3.580.730</b>
<b>Liabilities:</b>					
Funds borrowed and debt securities in issue	(28.999.873)	(20.682.537)	(8.274.882)	(7.528)	(34.926)
Customer deposits	(81.019.266)	(55.014.991)	(22.532.383)	(1.272.980)	(2.198.912)
Trade payables	(259.682)	(143.468)	(68.492)	(263)	(47.459)
Other payables and provisions	(821.542)	(425.574)	(308.404)	(42.468)	(45.096)
<b>Total Liabilities</b>	<b>(111.100.363)</b>	<b>(76.266.570)</b>	<b>(31.184.161)</b>	<b>(1.323.239)</b>	<b>(2.326.393)</b>
<b>Net assets/(liabilities) foreign currency position of off-balance sheet derivative financial instruments</b>	<b>11.258.432</b>	<b>7.843.349</b>	<b>3.389.745</b>	<b>1.236.042</b>	<b>(1.210.705)</b>
<b>Net foreign currency position</b>	<b>697.926</b>	<b>310.075</b>	<b>336.461</b>	<b>7.756</b>	<b>43.632</b>
<b>Net foreign currency monetary position</b>	<b>697.926</b>	<b>310.075</b>	<b>336.461</b>	<b>7.756</b>	<b>43.632</b>

Net profit effect of the consolidated to the total net foreign currency position is TL 886.484 as of 31 December 2014 (Akbank and Philsa-Philip Morrissa excluded).

# HACI ÖMER SABANCI HOLDİNG A.Ş.

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### NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

#### 35.1.1.1 Foreign Exchange Risk (continued)

Change of foreign currency has no material effect on financial statements because foreign exchange risk of the Bank is not material.

The foreign exchange risk of Group companies other than that of the banking segment for the years ended 31 December 2015 and 2014 is summarized as follows:

31 December 2015	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
USD net assets/liabilities	(28.385)	28.385	(20.963)	20.963
Hedged items (-)	-	-	-	-
<b>USD net effect</b>	<b>(28.385)</b>	<b>28.385</b>	<b>(20.963)</b>	<b>20.963</b>
Change in EUR against TL by 10%				
EUR net assets/liabilities	23.600	23.600	(4.582)	4.582
Hedged items (-)	-	-	-	-
<b>EUR net effect</b>	<b>23.600</b>	<b>23.600</b>	<b>(4.582)</b>	<b>4.582</b>
Change in GBP against TL by 10%				
GBP net assets/liabilities	14	(14)	-	-
Hedged items (-)	-	-	-	-
<b>GBP net effect</b>	<b>14</b>	<b>(14)</b>	<b>-</b>	<b>-</b>
Change in other currency against TL by 10%				
Other currency net assets/liabilities	(2.240)	2.240	5	(5)
Hedged items (-)	-	-	-	-
<b>Other currency net effect</b>	<b>(2.240)</b>	<b>2.240</b>	<b>5</b>	<b>(5)</b>
<b>31 December 2014</b>				
31 December 2014	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
USD net assets/liabilities	5.837	(5.837)	26.366	(26.366)
Hedged items (-)	-	-	-	-
<b>USD net effect</b>	<b>5.837</b>	<b>(5.837)</b>	<b>26.366</b>	<b>(26.366)</b>
Change in EUR against TL by 10%				
EUR net assets/liabilities	(9.712)	9.712	2.944	(2.944)
Hedged items (-)	-	-	-	-
<b>EUR net effect</b>	<b>(9.712)</b>	<b>9.712</b>	<b>2.944</b>	<b>(2.944)</b>
Change in GBP against TL by 10%				
GBP net assets/liabilities	340	(340)	-	-
Hedged items (-)	-	-	-	-
<b>GBP net effect</b>	<b>340</b>	<b>(340)</b>	<b>-</b>	<b>-</b>
Change in other currency against TL by 10%				
Other currency net assets/liabilities	-	(2.192)	2.192	-
Hedged items (-)	-	-	-	-
<b>Other currency net effect</b>	<b>(2.192)</b>	<b>(2.192)</b>	<b>-</b>	<b>-</b>



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#### NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

##### 35.1.1.2 Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

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 2015 and 2014, the Group's borrowings at floating rates are denominated in TL, USD, EUR and GBP.

The interest rate risk of Group companies other than that of the banking segment for the years ended 31 December 2015 and 2014 is summarized below as follows: (Please refer to Note 35.1.1.5 for banking industrial segment)

	31 December 2015	31 December 2014
<b>Fixed interest rate financial instruments</b>		
Financial assets	188.928	52.413
Time deposits	188.928	52.413
Financial liabilities	1.130.266	393.939
<b>Floating interest rate financial instruments</b>		
Financial liabilities	529.275	641.927

Group composed various scenarios for borrowings issued at floating rates taking into account hedging position, alternative funding and renew state of positions. According to these scenarios: (Please refer to Note 35.1.1.5 for banking industrial segment).

At 31 December 2015, if the annual interest rate on TL denominated floating rate borrowings had been higher/lower by 10% with all other variables held constant, income before tax for the year would have been TL (1.099) (31 December 2014: TL 1.099) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

At 31 December 2015, 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 TL 512 (31 December 2014: TL (4) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

At 31 December 2015, if the annual interest rate on EUR 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 TL (146) (31 December 2014: TL 191) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

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#### NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

##### 35.1.1.3 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 2015 and 2014 the contractual cash flows of the non-derivative financial liabilities of the Group companies banking segment are as follows:

Liabilities	31 December 2015						
	Book value	Contractual Cash flows	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over
Customer deposits	173.640.026	175.956.942	121.993.491	25.234.138	11.985.377	13.988.530	2.755.406
Funds borrowed and debt securities in issue	38.587.062	42.266.675	1.132.501	7.362.329	12.772.790	14.751.396	6.247.659
Interbank money market deposits	80.633	80.633	50.082	30.551	-	-	-
	<b>212.307.721</b>	<b>218.304.250</b>	<b>123.176.074</b>	<b>32.627.018</b>	<b>24.758.167</b>	<b>28.739.926</b>	<b>9.003.065</b>

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### NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

#### 35.1.1.3 Liquidity Risk (continued)

##### i) Banking industrial segment (continued)

Liabilities	31 December 2014						
	Book value	Contractual Cash flows	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over
Customer deposits	150.703.714	153.372.079	102.437.008	23.086.439	14.456.641	9.456.739	3.935.252
Funds borrowed and debt securities in issue	31.809.785	36.504.843	1.023.407	6.685.320	13.574.373	9.742.241	5.479.502
Interbank money market deposits	441.722	441.722	441.722	-	-	-	-
	<b>182.955.221</b>	<b>190.318.644</b>	<b>103.902.137</b>	<b>29.771.759</b>	<b>28.031.014</b>	<b>19.198.980</b>	<b>9.414.754</b>

##### ii) Other industrial segment

The table below depicts the cash outflows the Group companies other than that of the banking segment will pay for the financial liabilities in the balance sheet in accordance with the remaining maturities. The amounts in the table are contractual and non-discounted. The Group performs its liquidity risk management by considering expected non-discounted cash flows.

As of 31 December 2015 and 2014 the contractual cash flows of the non-derivative financial liabilities of the Group companies other than that of the banking segment are as follows:

31 December 2015 <sup>(1)/(2)</sup>	Book value	Contractual Cash flows	Up to 3 months	3-12 months	1-5 years	5 years and over
Financial liabilities	2.293.413	2.367.515	505.280	888.157	935.171	38.907
Financial lease obligations	118.265	129.552	7.434	22.446	83.313	16.359
Trade payables	1.423.803	1.529.844	1.478.743	50.885	216	-
Payables from insurance operations	-	-	-	-	-	-
Other payables	48.916	56.032	54.557	1.475	-	-
	<b>3.884.397</b>	<b>4.082.943</b>	<b>2.046.014</b>	<b>962.963</b>	<b>1.018.700</b>	<b>55.266</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

##### 35.1.1.3 Liquidity Risk (continued)

###### i) Other industrial segment (continued)

31 December 2014 <sup>(1)(2)</sup>	Book value	Contractual Cash flows	Up to 3 months	3-12 months	1-5 years	5 years and over
Financial liabilities	1.127.052	1.133.945	329.007	450.607	235.598	118.733
Financial lease obligations	17.607	19.457	220	659	4.002	14.576
Trade payables	1.162.728	1.137.695	1.108.681	29.014	-	-
Payables from insurance operations	-	-	-	-	-	-
Other payables	77.902	80.557	69.156	1.137	10.264	-
	<b>2.385.289</b>	<b>2.371.654</b>	<b>1.507.064</b>	<b>481.417</b>	<b>249.864</b>	<b>133.309</b>

- (1) Maturity analysis is performed for only financial assets. Legal obligations are not considered in the analysis.
- (2) The aforementioned cash flows are contractual and non-discounted amounts. Since, discounted amounts for the balances with a maturity of less than 3 months are immaterial, the discounted amounts are equal to the book value.

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**NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)**

**35.1.1.4 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 monitors this risk by reference to credit risk ratings and by limiting the aggregate risk to any individual counterparty, group of companies and industry. 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 determined credit limits are constantly revised according to changing conditions. The type and amount of collateral and guarantees to be obtained are specified on a customer basis during the determination of credit limits.

During loan extensions, limits determined on a customer and product basis are essentially followed up; information on risk and limits is closely monitored.

There are risk control limits set for the market risks and credit risks arise from forward and option agreements and other similar agreements.

When necessary, derivative instruments are exercised to control and to offset credit risks that can especially originate from foreign exchange and interest rate fluctuations.

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 in their relevant groups until all receivables from the loans are collected. Monitoring also continues until the receivables from the loans are completely collected.

Akbank considers that long-term commitments are more exposed to credit risk than short-term commitments, and points such as defining risk limits for long-term risks and obtaining collateral are treated in a wider extent 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.

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#### NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

##### 35.1.1.3 Credit Risk (continued)

##### *i) Banking industrial segment (continued)*

Akbank assesses the credit quality and assigns an internal risk rating to all borrowers and other counterparties based on Advanced Internal Rating Based Approach (Advanced IRB Approach).

The default probabilities of counterparties are calculated by using scoring tools tailored to various categories of counterparty and are derived credit rating for corporate and commercial, SME, consumer and credit card loan portfolios.

Scoring systems calculate the risk of default for different types of customers and form different rating systems. The rating tool concentration by risk classes are as follows:

	31 December 2015	31 December 2014
Above average	49,10%	41,80%
Average	37,10%	48,04%
Below average	13,30%	8,16%
Unrated	0,50%	2,00%

The credit risks of the consumer loans and credit cards and financial lease receivables given by rating system for the period ended 31 December 2015 and 2014 are summarized below as follows:

31 December 2015	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Standard loans	109.354.585	38.544.677	3.901.989	151.801.251
Close monitoring loans	2.249.269	2.659.910	33.300	4.942.479
Non Performing loans	1.016.088	2.357.235	114.268	3.487.591
<b>Total</b>	<b>112.619.942</b>	<b>43.561.822</b>	<b>4.049.557</b>	<b>160.231.321</b>
<b>Provisions</b>	<b>(2.679.248)</b>	<b>(3.022.624)</b>	<b>(91.106)</b>	<b>(5.792.978)</b>
<b>Net</b>	<b>109.940.694</b>	<b>40.539.198</b>	<b>3.958.451</b>	<b>154.438.343</b>

31 December 2014	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Standard loans	90.070.595	41.465.234	3.651.128	135.186.957
Close monitoring loans	1.835.940	2.437.384	18.332	4.291.656
Non Performing loans	751.403	1.578.752	82.287	2.412.442
<b>Total</b>	<b>92.657.938</b>	<b>45.481.370</b>	<b>3.751.747</b>	<b>141.891.055</b>
<b>Provisions</b>	<b>(2.016.841)</b>	<b>(2.254.267)</b>	<b>(68.426)</b>	<b>(4.339.534)</b>
<b>Net</b>	<b>90.641.097</b>	<b>43.227.103</b>	<b>3.683.321</b>	<b>137.551.521</b>

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#### NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

##### 33.1.1.4 Credit Risk (continued)

##### j) Banking industrial segment (continued)

31 December 2015	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Up to 1 month	1.647.651	1.639.137	9.741	3.296.529
Between 1- 2 months	304.223	701.961	1.632	1.007.816
Between 2-3 months	297.395	318.812	1.444	617.651
Leasing payment receivables (uninvoiced)	-	-	20.483	20.483
	<b>2.249.269</b>	<b>2.659.910</b>	<b>33.300</b>	<b>4.942.479</b>

The aging analysis of the loans under close monitoring for the year ended 31 December 2015 and 2014 are as follows:

31 December 2014	Corporate loans	Consumer loans and credit cards	Financial lease receivables	Total
Up to 1 month	686.229	1.621.594	8.821	2.316.644
Between 1- 2 months	230.447	518.661	807	749.915
Between 2-3 months	919.264	297.129	2.647	1.219.040
Leasing payment receivables (uninvoiced)	-	-	6.057	6.057
	<b>1.835.940</b>	<b>2.437.384</b>	<b>18.332</b>	<b>4.291.656</b>

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### NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

#### 35.1.1.4 Credit Risk (continued)

##### i) Banking industrial segment (continued)

Maximum exposure to credit risk of banking industrial segment:

	31 December 2015	31 December 2014
Loans and advances to other banks	32.822.588	24.832.131
Loans and advances	150.479.892	133.868.200
<i>Consumer loans and advances</i>	40.539.198	43.227.103
<i>Corporate loans and advances</i>	109.940.694	90.641.097
Financial lease receivables	3.958.451	3.683.321
Trading financial assets (*)	33.981	54.896
Trading purpose derivative financial assets	2.697.157	1.410.739
Available for sale and held to maturity financial assets	53.673.459	48.101.547
Other assets	1.098.566	543.094
<b>Total</b>	<b>244.764.094</b>	<b>212.493.928</b>

(\*) Share certificates are not included.

The Moody's rating analysis of trading securities, available for sale financial assets and held to maturity financial assets of the banking industrial segment for the years ended for 31 December 2015 and 2014 are as follows:

31 December 2015	Assets held at fair value through profit or loss	Available for sale financial assets	Held to maturity financial assets	Total
Aaa	-	-	-	-
Aa1, Aa2, Aa3	171	-	-	171
A1, A2, A3	8.434	255.376	-	263.810
Baa1, Baa2, Baa3	15.418	42.220.320	10.688.440	52.924.178
Ba1	-	509.323	-	509.323
Ba2 (*)	-	-	-	-
<b>Total</b>	<b>24.023</b>	<b>42.985.019</b>	<b>10.688.440</b>	<b>53.697.482</b>

(\*) Government bond and treasury bills of Turkish Treasury.



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### NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

#### 35.1.1.4 Credit Risk (continued)

##### *i) Banking industrial segment (continued)*

31 December 2014	Assets held at fair value through profit or loss	Available for sale financial assets	Held to maturity financial assets	Total
Aaa	-	73.883	-	73.883
Aa1, Aa2, Aa3	680	-	-	680
A1, A2, A3	16.593	119.431	-	136.024
Baa1, Baa2, Baa3	37.623	36.699.503	10.800.111	47.537.237
Ba1	-	289.512	-	289.512
Ba2 (*)	-	119.107	-	119.107
<b>Total</b>	<b>54.896</b>	<b>37.301.436</b>	<b>10.800.111</b>	<b>48.156.443</b>

(\*) Government bond and treasury bills of Turkish Treasury.

The geographical distribution of the financial assets of banking industrial segment for the years ended 31 December 2015 and 2014 are summarized as follows:

31 December 2015	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	27.428.611	788.144	4.591.356	14.477	32.822.588
Loans and advances	145.663.561	10	3.947.392	868.929	150.479.892
Consumer loans and advances	40.539.198	-	-	-	40.539.198
Corporate loans and advances	105.124.363	10	3.947.392	868.929	109.940.694
Financial lease receivables	3.958.451	-	-	-	3.958.451
Trading financial assets (*)	33.981	-	-	-	33.981
Trading purpose derivative financial assets	1.037.090	192.519	1.445.505	22.043	2.697.157
Available for sale and held to maturity financial assets	52.687.976	-	985.483	-	53.673.459
Other assets	1.090.213	-	6.854	1.499	1.098.566
<b>Total</b>	<b>231.899.883</b>	<b>980.673</b>	<b>10.976.590</b>	<b>906.948</b>	<b>244.764.094</b>

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#### NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

##### 35.1.1.4 Credit Risk (continued)

##### *k) Banking industrial segment (continued)*

31 December 2014	Turkey	USA	EU Contries	Non-EU Contries	Total
Loans and advances to banks	20.848.982	256.660	3.678.085	48.404	24.832.131
Loans and advances	132.605.709	-	664.892	597.599	133.868.200
<i>Consumer loans and</i>	<i>43.227.103</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>43.227.103</i>
<i>advances</i>					
<i>Corporate loans and</i>	<i>89.378.606</i>	<i>-</i>	<i>664.892</i>	<i>597.599</i>	<i>90.641.097</i>
<i>advances</i>					
Financial lease receivables	3.683.321	-	-	-	3.683.321
Trading financial assets (*)	54.896	-	-	-	54.896
Trading purpose derivative financial assets	538.176	82.311	779.611	10.641	1.410.739
Available for sale and held to maturity financial assets	47.234.925	16.368	815.275	34.979	48.101.547
Other assets	533.474	-	7.821	1.799	543.094
<b>Total</b>	<b>205.499.483</b>	<b>355.339</b>	<b>5.945.684</b>	<b>693.422</b>	<b>212.493.928</b>

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#### NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

##### 35.1.1.4 Credit Risk (continued)

##### *l) Banking industrial segment (continued)*

The industrial distribution of the financial assets of banking sector for the years ended 31 December 2015 and 2014 are summarized as follows:

	Financial institutions	Public sector	Wholesale and retail trade	Manufacturing	Other	Individual	Total
Loans and advances to banks	32.822.588	-	-	-	-	-	32.822.588
Loan and advances	11.955.491	1.470.425	29.382.960	36.401.380	30.730.438	40.539.198	150.479.892
Consumer loans	-	-	-	-	-	40.539.198	40.539.198
Corporate loans	11.955.491	1.470.425	29.382.960	36.401.380	30.730.438	-	109.940.694
Financial lease receivables	81.809	-	165.831	180.141	3.530.670	-	3.958.451
Trading financial assets	13.411	10.103	-	-	10.467	-	33.981
Derivative financial instruments	1.703.661	-	-	-	977.973	15.523	2.697.157
Available for sale and assets held for sale financial assets	7.127.897	46.121.712	-	51.213	372.637	-	53.673.459
Other assets	1.098.566	-	-	-	-	-	1.098.566
<b>31 December 2015</b>	<b>54.803.423</b>	<b>47.602.240</b>	<b>29.548.791</b>	<b>36.632.734</b>	<b>35.622.185</b>	<b>40.554.721</b>	<b>244.764.094</b>
<b>31 December 2014</b>	<b>41.094.298</b>	<b>45.485.931</b>	<b>26.776.004</b>	<b>37.234.030</b>	<b>18.666.916</b>	<b>43.236.749</b>	<b>212.493.928</b>

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#### NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

##### 35.1.1.4 Credit Risk (continued)

##### *ii) Other industrial segment*

Credit risk for the other than that of the banking segment arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The credit risks of the financial instruments of Group companies other than that of the banking segment for the years ended 31 December 2015 and 2014 is summarized below as follows:

31 December 2015	Receivables				
	Trade receivables	from insurance operations	Other receivables (*)	Bank deposits	Derivative instruments
<b>Maximum credit risk exposure as of reporting date (A+B+C+D)</b>	<b>1.305.480</b>	-	<b>97.237</b>	<b>93.668</b>	<b>14.410</b>
Collateralized or secured with guarantees part of maximum credit	662.359	-	-	-	-
A. Neither past due nor impaired	1.217.159	-	97.237	93.668	14.410
B. Restructured otherwise accepted as past due and impaired	-	-	-	-	-
C. Past due but not impaired net book value	92.158	-	-	-	-
guaranteed amount by commitment	51.027	-	-	-	-
D. Net book value of impaired assets	(3.837)	-	-	-	-
- Past due (Gross amount)	66.715	-	754	-	-
- Impairment	(70.552)	-	(754)	-	-
- Collateralized or guaranteed part of net value	4.135	-	-	-	-

(\*)Tax and other receivables are not included.

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#### NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

##### 35.1.1.4 Credit Risk (continued)

##### *ii) Other industrial segment (continued)*

31 December 2014	Trade receivables	Receivables from insurance operations	Other receivables (*)	Bank deposits	Derivative instruments
Maximum credit risk exposure as of reporting date	1.063.657	-	92.894	97.106	2.992
Collateralized or secured with guarantees					
part of maximum cre	574.263	-	-	-	-
A. Neither past due n	979.803	-	92.894	97.106	2.992
B. Restructured otherwise accepted as past due and impa	-	-	-	-	-
C. Past due but not impaired					
net book value	87.691	-	-	-	-
guaranteed amount	20.142	-	-	-	-
D. Net book value of impaired assets	(3.837)	-	-	-	-
- Past due (Gross arr	70.797	-	754	-	-
- Impairment	(74.634)	-	(754)	-	-
- Collateralized or guaranteed part					
of net value	8.366	-	-	-	-

(\*)Tax and other legal receivables are not included.

##### 35.1.1.5 Value at Risk

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by Risk Management, also indicated in the Market Risk Policy of Akbank, include interest rate stress testing. Interest rate risk for all banking transactions outside the trading portfolio are followed under interest rate risk related to the banking book. Asset Liability Committee (ALCO) performs daily management of interest rate risk in accordance with the risk limits set by the Executive Risk Committee in relation to interest rate sensitivities of the banking book. ALCO meetings are held on a weekly basis.

The interest rate risk arising from banking book is calculated and reported on a monthly basis according to "Regulation on Measurement and Evaluation of Interest Rate Risk in Banking Accounts with Standard Shock Method" published in the Official Gazette no. 28034 on 23 August 2011.

As of 31 December 2015, 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;

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#### NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

##### 35.1.1.5 Value at Risk (continued)

Currency	Applied Schock (+/- x basis points)	31 December 2015		31 December 2014	
		Gains / Losses	Gains / Shareholders Equity- Losses / Shareholders Equity	Gains / Losses	Gains / Shareholders Equity- Losses / Shareholders Equity
TL	-400	3.388.004	11,14%	3.327.669	11,79%
TL	500	(3.577.919)	(11,77%)	(3.481.510)	(12,33%)
US Dollar	-200	567.488	1,87%	583.134	2,07%
US Dollar	200	(592.080)	(1,94%)	(609.306)	(2,16%)
Euro	-200	84.302	0,27%	73.285	0,25%
Euro	200	(500.965)	(1,65%)	(330.476)	(1,17%)
Total (for negative shocks)		<b>4.039.794</b>	<b>13,28%</b>	<b>3.984.088</b>	<b>14,11%</b>
Total (for positive shocks)		<b>(4.670.964)</b>	<b>(15,36%)</b>	<b>-4.421.292</b>	<b>(15,66%)</b>

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.

Reinforced with scenario analyses and stress testing, VaR analyses also take into consideration the impact of events and market fluctuations that are unexpected and highly improbable but engender great consequences. The outputs of the model are regularly checked by back-tests.

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.

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#### NOTE 35 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

##### 35.1.1.5 Value at Risk (continued)

The average market risk table of Akbank is as follows;

31 Aralık 2015			
	Average	High	Low
Interest Rate Risk	98.051	104.576	76.059
Share Certificates Risk	178	31	230
Currency Risk	59.743	81.212	46.269
Commodity Risk	-	-	-
Settlement Risk	69	142	47
Option Risk	1.788	689	412
Counterparty Credit Risk	134.879	168.912	104.838
<b>Total Amount Subject to Risk</b>	<b>294.708</b>	<b>355.562</b>	<b>227.855</b>

##### 35.1.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. Net debt is calculated as the total liability less cash and cash equivalents and tax liabilities (current period and deferred income tax liabilities).

The net liability/invested capital ratios at 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Total financial liabilities	224.504.454	192.817.096
Cash and cash equivalents	10.705.724	7.518.753
Net liability	213.798.730	185.298.343
Equity	39.971.438	36.857.880
Invested capital	253.770.168	222.156.223
Net liability/ invested capital ratio	84%	83%

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#### NOTE 36 - 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 exchange.

For all other segments other than those of the banking segment the following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

##### 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 uncollectibility are carried at amortised cost using the effective yield method, and hence are considered 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 stated at their fair values and accordingly their carrying amounts 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 2015 and 2014 are as follows:

Fair value hierarchy 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.  |



## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 36 - FINANCIAL INSTRUMENTS (Continued)

##### *Fair Value of Financial Instruments (continued)*

##### *i) Banking industrial segment*

Fair values of the financial assets and liabilities of the Group's banking segment as of 31 December 2015 and 2014 are as follows:

	31 December 2015			Total
	Level 1	Level 2	Level 3	
<b>Held for trading securities</b>	<b>40.513</b>	-	-	<b>40.513</b>
- Government bonds	9.996	-	-	9.996
- Eurobonds	107	-	-	107
- Foreign government bonds	-	-	-	-
- Treasury bonds	-	-	-	-
-Share certificates	6.532	-	-	6.532
-Other	23.878	-	-	23.878
<b>Available for sale securities</b>	<b>43.029.205</b>	<b>342.399</b>	-	<b>43.371.604</b>
-Government bonds	19.376.723	-	-	19.376.723
-Eurobonds	15.929.478	-	-	15.929.478
- Treasury bonds	-	-	-	-
- Foreign government bonds	-	-	-	-
-Mutual funds	270.627	-	-	270.627
-Listed shares	-	115.958	-	115.958
-Other	7.452.377	226.441	-	7.678.818
<b>Trading derivative financial assets</b>	-	<b>2.697.157</b>	-	<b>2.697.157</b>
<b>Hedging derivative financial assets</b>	-	<b>651.368</b>	-	<b>651.368</b>
<b>Total Assets</b>	<b>43.069.718</b>	<b>3.690.924</b>	-	<b>46.760.642</b>
<b>Trading derivative financial instruments</b>	-	<b>1.767.851</b>	-	<b>1.767.851</b>
<b>Hedging derivative financial instruments</b>	-	<b>158.960</b>	-	<b>158.960</b>
<b>Total liabilities</b>	-	<b>1.926.811</b>	-	<b>1.926.811</b>

Share certificates classified as available for sale that are not traded in an active market and whose fair value can not be reliably determined are stated at cost less any impairment losses on the consolidated financial statements.

There are no transfers between levels in the current year.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 36 - FINANCIAL INSTRUMENTS (Continued)

##### Fair Value of Financial Instruments (continued)

##### i) Banking industrial segment (continued)

	31 December 2014			
	Level 1	Level 2	Level 3	Total
<b>Held for trading securities</b>	<b>54.964</b>	-	-	<b>54.964</b>
- Government bonds	8.525	-	-	8.525
- Eurobonds	2.491	-	-	2.491
- Foreign government bonds	-	-	-	-
- Treasury bonds	-	-	-	-
-Share certificates	68	-	-	68
-Other	43.880	-	-	43.880
<b>Available for sale securities</b>	<b>37.370.398</b>	<b>220.947</b>	-	<b>37.591.345</b>
-Government bonds	21.283.380	-	-	21.283.380
-Eurobonds	11.154.528	-	-	11.154.528
- Treasury bonds	-	-	-	-
- Foreign government bonds	-	-	-	-
-Mutual funds	289.909	-	-	289.909
-Listed shares	-	-	-	-
-Other	4.642.581	220.947	-	4.863.528
<b>Trading derivative financial assets</b>	<b>35.922</b>	<b>1.374.817</b>	-	<b>1.410.739</b>
<b>Hedging derivative financial assets</b>	<b>-</b>	<b>284.541</b>	-	<b>284.541</b>
<b>Total Assets</b>	<b>37.461.284</b>	<b>1.880.305</b>	-	<b>39.341.589</b>
<b>Trading derivative financial instruments</b>	<b>4.475</b>	<b>1.202.738</b>	-	<b>1.207.213</b>
<b>Hedging derivative financial instruments</b>	<b>-</b>	<b>105.952</b>	-	<b>105.952</b>
<b>Total liabilities</b>	<b>4.475</b>	<b>1.308.690</b>	-	<b>1.313.165</b>

Share certificates classified as available for sale that are not traded in an active market and whose fair value can not be reliably determined are stated at cost less any impairment losses on the consolidated financial statements.

There are no transfers between levels in the prior year.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

#### NOTE 36 - FINANCIAL INSTRUMENTS (Continued)

##### Fair Value of Financial Instruments (continued)

##### ii) Other industrial segment

	31 December 2015			
	Level 1	Level 2	Level 3	Total
Held for trading securities	-	-	-	-
Available for sale securities	-	-	-	-
Derivatives held for trading	-	1.843	-	1.843
Derivatives held for hedging	-	13.466	-	13.466
<b>Total Assets</b>	<b>-</b>	<b>15.310</b>	<b>-</b>	<b>15.309</b>
Derivatives held for trading	-	1.807	-	1.807
Derivatives held for hedging	-	1.215	-	1.215
<b>Total Liabilities</b>	<b>-</b>	<b>3.021</b>	<b>-</b>	<b>3.022</b>

  

	31 December 2014			
	Level 1	Level 2	Level 3	Total
Held for trading securities	-	-	-	-
Available for sale securities	-	-	-	-
Derivatives held for trading	-	1.117	-	1.117
Derivatives held for hedging	-	5.066	-	5.066
<b>Total Assets</b>	<b>-</b>	<b>6.183</b>	<b>-</b>	<b>6.183</b>
Derivatives held for trading	-	264	-	264
Derivatives held for hedging	-	93	-	93
<b>Total Liabilities</b>	<b>-</b>	<b>357</b>	<b>-</b>	<b>357</b>

Share certificates classified as available for sale that are not traded in an active market and whose fair value can not be reliably determined are stated at cost less any impairment losses on the consolidated financial statements.

There are no transfers between levels in the current year.

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

### NOTE 36 – FINANCIAL INSTRUMENTS (Continued)

#### Classification of financial instruments and fair value

		Held to maturity securities	Loans and Receivables (cash and cash equivalents included)	Available for sale financial Assets	Financial liabilities measured at amortized cost	Book value	Fair value
<b>31 December 2015</b>							
<b>Financial Assets</b>							
Cash and cash equivalents	5	-	10.705.724	-	-	10.705.724	10.705.724
Trade receivables	8	-	1.386.318	-	-	1.386.318	1.386.318
Other financial asset (*)	6, 9	10.688.533	1.416.014	43.388.825	-	55.493.372	55.645.761
Receivables from financial operations	30	-	154.438.343	-	-	154.438.343	155.016.752
<b>Financial Liabilities</b>							
Financial payables	7	-	-	-	40.678.713	40.678.713	40.240.524
Trade payables	8	-	-	-	2.386.991	2.386.991	2.386.991
Other financial liabilities (**)	9	-	-	-	5.036.963	5.036.963	5.036.963
Payables from financial operations	31	-	-	-	172.422.532	172.422.532	172.521.373
<b>31 December 2014</b>							
<b>Financial Assets</b>							
Cash and cash equivalents	5	-	7.518.753	-	-	7.518.753	7.518.753
Trade receivables	8	-	1.083.651	-	-	1.083.651	1.083.651
Other financial asset (*)	6, 9	10.800.186	698.660	37.608.207	-	49.107.053	49.509.601
Receivables from financial operations	30	-	137.551.521	-	-	137.551.521	140.149.877
<b>Financial Liabilities</b>							
Financial payables	7	-	-	-	33.718.100	33.718.100	33.297.755
Trade payables	8	-	-	-	1.809.699	1.809.699	1.809.699
Other financial liabilities (**)	9	-	-	-	3.634.546	3.634.546	3.634.546
Payables from financial operations	31	-	-	-	150.020.309	150.020.309	150.430.887

(\*) Other financial assets consist of other receivables, time deposits and securities held for to maturity.

(\*\*) Other financial liabilities consist of other payables.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

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#### NOTE 37 - EVENTS AFTER THE REPORTING PERIOD

On February 25, 2016 Akbank's Board of Directors has resolved to propose to Ordinary General Meeting the following the appropriation of 2015 annual profit. The dividend to be distributed out of 2015 net profit of TL 2.994.848.300,95 will be as follows. Gross TL 200.000.000 equal to 5% of the paid-in capital of the Bank as of 31 December 2015 which is TL 4.000.000.000 will be allocated as primary cash gross dividend; and gross TL 400.000.000 will be allocated as secondary cash gross dividend. Total gross dividend of TL 600.000.000 equal to 15% of the paid in capital, will be distributed to shareholders. Cash dividend distribution will start on the 30 March 2016. In accordance with paragraph 1) clause (e) and (f) of article 5 of the Corporate Tax Law, TL 8.645.864,60 will be allocated to Special Reserve Account, and after allocating TL 40.000.000 to Legal Reserves, the remaining profit will be retained under Extraordinary Reserves.

Applied to the Capital Markets Board on February 1, 2016 in order to increase the Capital of CarrefourSA; which is subsidiary of group; appears as 113.839.302,57 TL; increased to TL 700.000.000,00 as a rate of 515% and amounted 596.160.697 TL .Part of 504.863.697,43 TL fulfilled through positive distinction from share capital adjustments account and part of 81.297.659,42TL fulfilled to through share premium inflation adjustments on equity account .

As of 11 January 2016, Teknosa İç ve Dış Ticaret A.Ş and Kliksa which has been providing multi-categorized e-commerce service since 2012 will continue to persist 100 % subsidiary companies of the group. Kliksa.com will start its operations as a outlet store under the umbrella of TeknoSA. With this action which mean is technically close to closure of the company, Kliksa's operations has been downsized.

10th article of Group's Core Contract entitled "The Capital" which included the issue of making changes in 500.000.000 TL registered equity ceiling which was valid in the period between 2011-2015 to Group's Capital Market Board was examined in terms of Capital Market Law in a way that it would be appropriate for Capital System Annunciation numbered II 18.1, and it was decided that capital span registered in Group's Core Contact would be extended for 5 years (2016-2020). Draft concerning changes in above-mentioned 10th article of the Group's Core Contact was approved by Ministry of Customs and Trade of the Turkish Republic in January 11, 2015.

According to Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (Exsa)'s Board of Director decision on December 22, 2015, company has started to make repurchasing agreement at BİST (İstanbul stock market). Hence; with these transactions Exsa's share at Sabancı Holding reached at 1,17 % as of 26 February 2016.