



Annual Report 2023



For 98 years, Sabancı Group has developed and moved forward alongside the Republic of Türkiye...

Founded with the same courage, drive to succeed and confidence in the future, Sabancı Group's values still mirror those of the newly established the Republic of Türkiye so many years ago.

Our commitment to steady progress, continuous innovation and modernization coupled with a forward-looking vision have served us well on our ongoing journey to excellence.

As the Republic of Türkiye celebrates its 100th anniversary, we at Sabancı Group echo the heartfelt sentiment, "There is no other Republic!" Similarly, we recognize the unique role that Sabancı plays. Our success is not merely an ambition, but a major responsibility – to help lead our nation forward into the future, for the next century and generations to come.

With this future-focused mindset, we navigate the present day with a clear vision. Guided by science and reason, we march resolutely toward our goals, united in a common purpose.

We are confident in our destination and the path we have chosen...

Here's to a bright future with limitless possibilities. We look forward to achieving the distinction of "Sabancı of the World," all while upholding the enduring values of the Republic!



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

Strategy House



(1) SMR: Small Modular Reactor (2) HFC: Hydrogen Fuel Cell (3) ECT: Equipment for Climate Technologies

About the Report

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

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

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

Rising from a foundation of global experience, high performance culture and value focused ecosystem built in the course of 98 years, Sabancı Group advances with a high confidence and enhanced strategic focus to accelerate its growth and transformation.

Meet “Harmony in Motion,” our Annual Report 2023 concept inspired by a maestro’s live performance where a symphony of individual actions culminates in a unified masterpiece.

Just like a maestro who masterfully conducts a symphony orchestra, the Harmony in Motion concept refers to Sabancı Holding’s artful and harmonious management of every facet of its global ecosystem. Sabancı Holding aims for each aspect of its ecosystem to be in continuous and perfect harmony with each other, the natural environment, and people, by using innovative technologies.

Harmony in Motion also represents the synchronized excellence that Sabancı Holding strives to achieve by combining dynamic portfolio management, technological innovation, environmental responsibility, investment in people, and strategic alliances. This synergy translates into continuous growth and progress for our investors. Our 2023 annual report, much like a maestro’s captivating performance, visually represents this intricate symphony of actions. We designed the report to showcase the seamless collaboration within the visionary Sabancı Holding ecosystem, pushing beyond traditional boundaries to deliver world class excellence.

The Harmony in Motion of the Sabancı ecosystem highlights our activities in 2023. We invite you to discover the exceptional value created by this unique forward-looking ecosystem.

Orchestrating Success beyond Borders: Sabancı's Global Ecosystem

14

Countries

6

Business Partners

60

THOUSAND+

Employees



Sabancı's Sustainable Symphony: Orchestrating Environmental, Social and Governance Responsibility

USD
5
BILLION

Commitment to spend for SDG-linked activities by 2027

AA

By MSCI, a remarkable 4-notch increase in 4 years

9

Sabancı companies listed in leadership level in CDP Climate Change



A Symphony of Excellence: Aligning Financial Success with Long-Term Value

USD
8.8
BILLION

Net Asset
Value*

5%

Share of
total BIST
capitalization**

21

Years of
Uninterrupted
Dividend Payment

*As of 31.12.2023. Market values for listed assets, independent valuation for Enerjisa Üretim, Sabancı Building Solutions and Sabancı Climate Technologies, and book values for the rest of unlisted assets.
**As of 31.12.2023 and including 11 listed Sabancı companies

Sabancı in Numbers

MIDTERM GUIDANCE

Midterm financial targets announced at Capital Markets Day in November 2020 for the period of 2021-2025

	2021-2025 Targets	2021-2023 Figures	Status
Combined Revenue Growth	CPI + 8%	CPI + 28%	Delivered
Combined EBITDA ⁽¹⁾ Growth	CPI + 10%	CPI + 34%	Delivered
New Economy Share ⁽²⁾⁽³⁾	~13%	11%	On track
Fx Revenue Share ⁽²⁾	30%+	21%	On track
Net Debt/EBITDA ⁽¹⁾⁽⁴⁾	<2.0x	0.8x	Delivered
Consolidated ROE ⁽⁵⁾	15%-20%	34.4%	Delivered

(1) Excludes one-offs (2) in combined non-bank revenue and at the end of the period (3) New economy refers to revenues generated from energy and climate technologies, materials technologies and digital technologies (4) Non-bank and at the end of the period (5) Excludes one-offs, at the end of the period

Summary Key Financials (TL Billion)

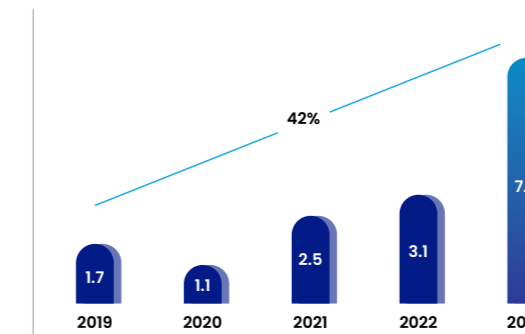
Without IAS29	2019	2020	2021	2022	2023	CAGR
Combined Revenue*	97.1	103.6	150.1	401.5	631.5	60%
Combined EBITDA**	17.1	20.9	33.4	113.0	138.9	69%
Consolidated Net Income**	3.8	5.2	9.7	34.6	41.3	82%
Consolidated ROE**	12.2%	14.5%	22.6%	45.4%	34.4%	

* Excludes holding dividend income

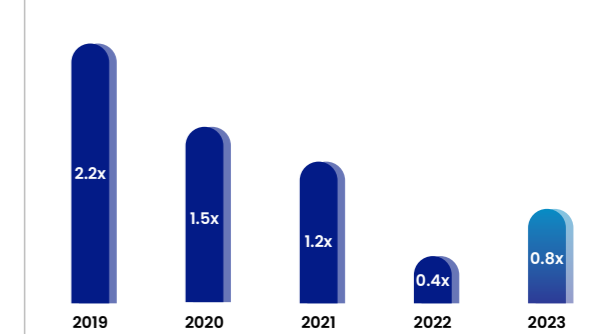
** Excludes non-operational and non-recurring one off items. Share of parent company for consolidated net income.

With IAS29	2022	2023	y/y
Combined Revenue	763.2	811.1	6%
Combined EBITDA	208.0	169.8	-18%
Consolidated Net Income (Share of Parent Company)	39.4	15.4	-61%
Consolidated ROE	19.8%	7.0%	

Holding Only Net Cash Position (TL Billion)

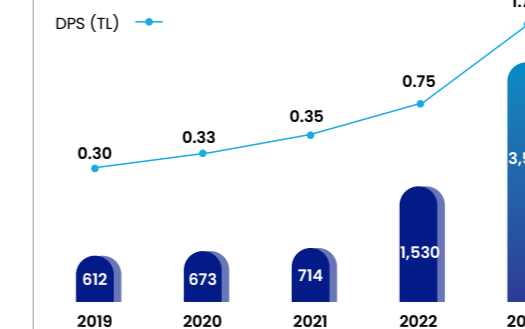


Combined Net Financial Debt/EBITDA*

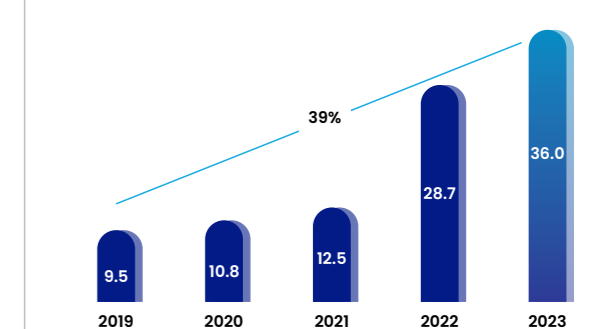


*Excludes banking and net cash position of financial services.

Dividends Paid (TL Million)



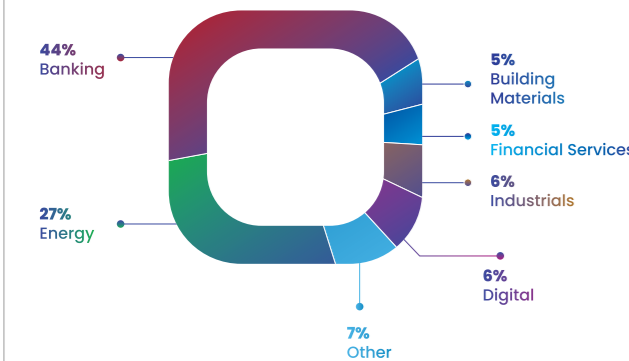
Combined Operational Cash Flow**



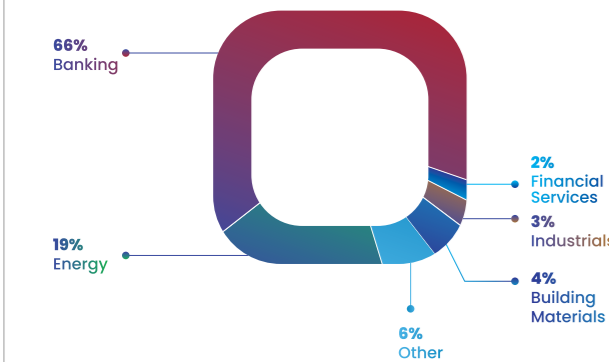
** Excludes financial services, banking and other segment.

Sabancı in Numbers

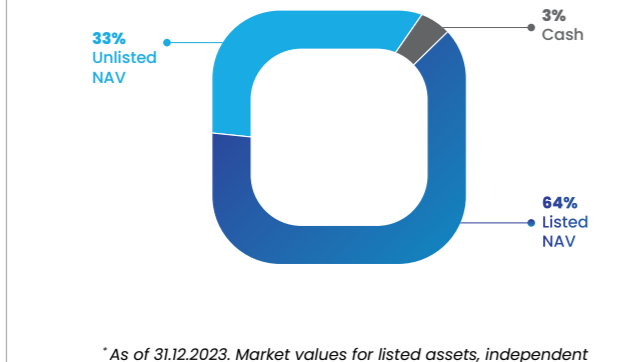
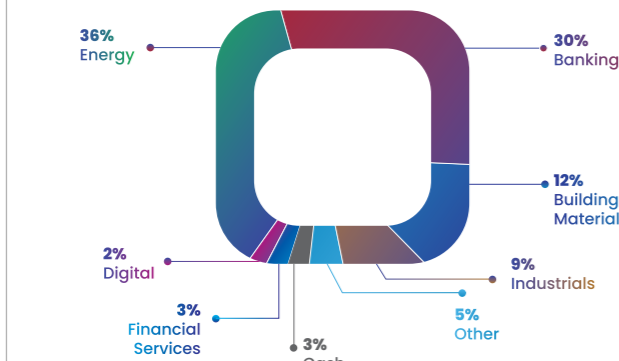
Combined Revenue Breakdown



Combined EBITDA Breakdown

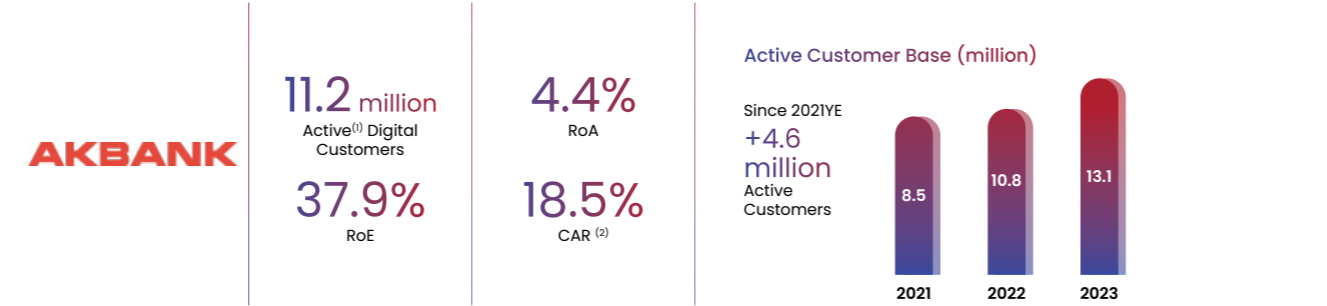


Net Asset Value (NAV) Breakdown*



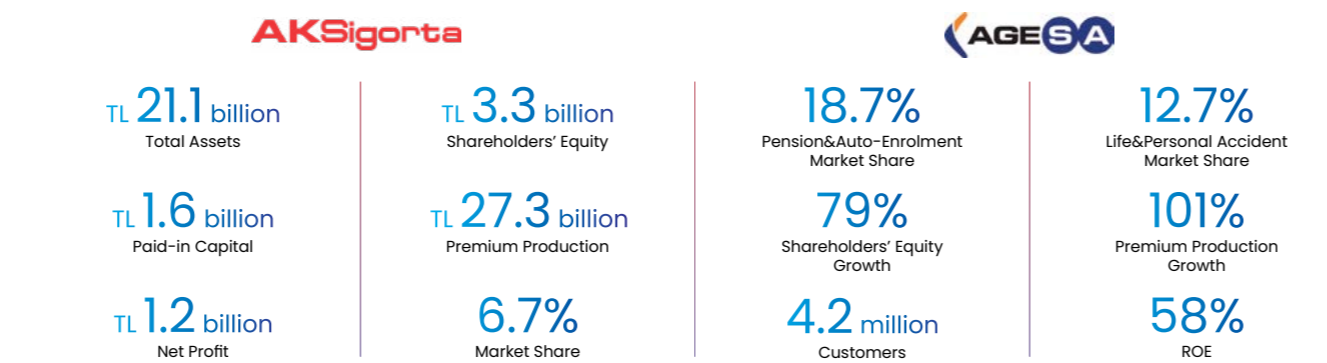
* As of 31.12.2023. Market values for listed assets, independent valuation for Enerjisa Üretim, Sabancı Building Solutions and Sabancı Climate Technologies, and book values for the rest of unlisted assets.

Banking

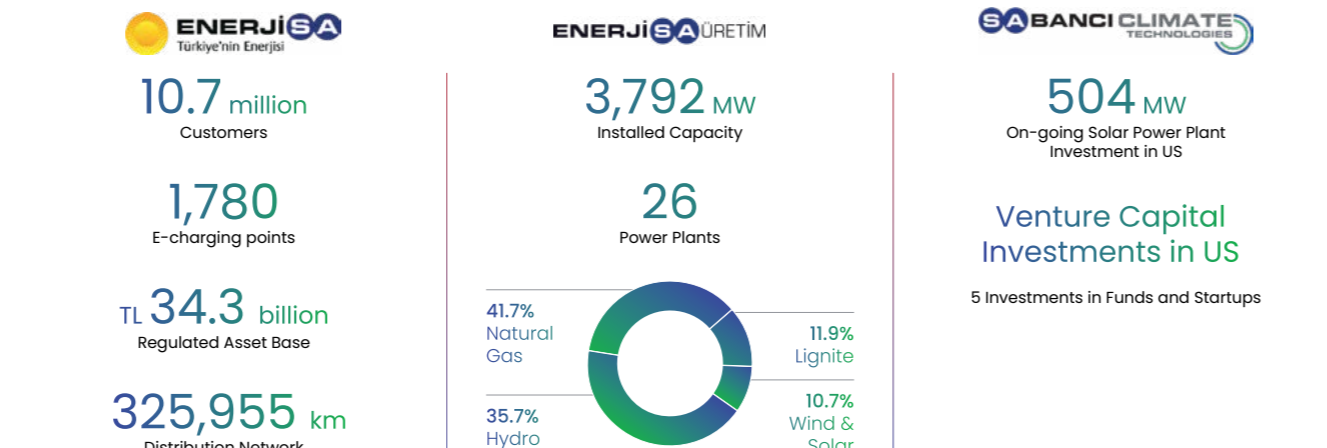


⁽¹⁾ Based on MIS data. Active: Login in last 3 months
⁽²⁾ w/o forbearances. Forbearance: Fixing MTM losses of securities & FX rate for RWA calculation to 2022YE FX rate

Financial Services



Energy



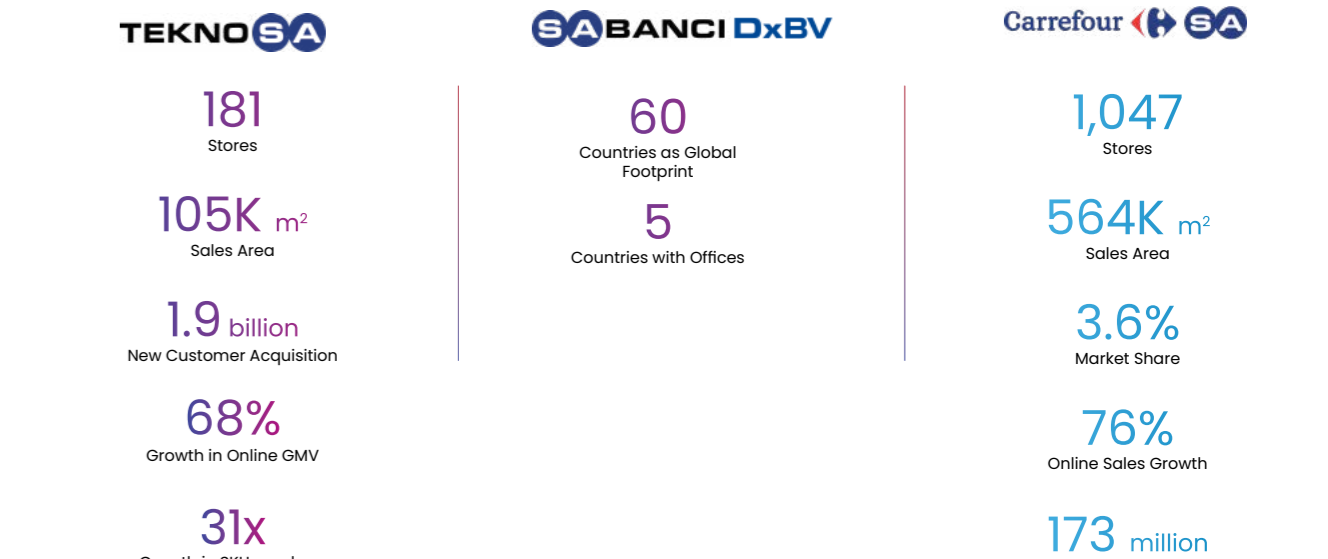
Building Materials



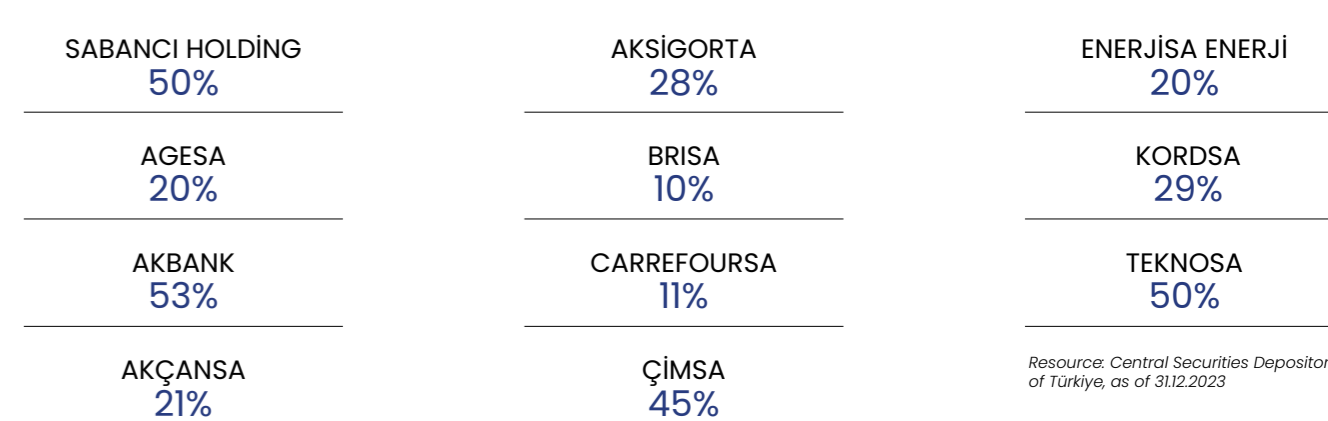
Industrials



Digital



Free Float Ratios

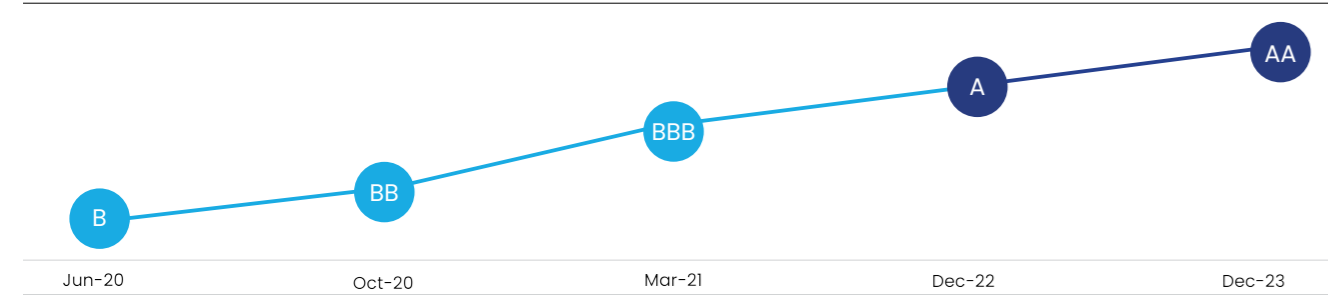


Resource: Central Securities Depository of Türkiye, as of 31.12.2023

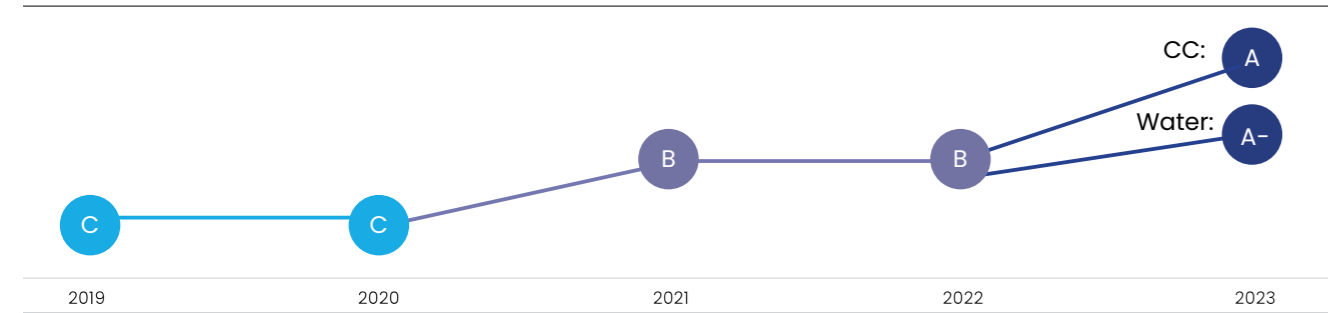
In 2023, having a balanced portfolio once again played an important role in maintaining Sabancı Holding's solid performance in high volatility and challenging political and macro backdrop.

Focusing on sustainable businesses across all sectors in its portfolio, Sabancı Holding has the most ambitious sustainability roadmap among all Holding companies in Türkiye.

MSCI ESG Ratings



CDP Climate Change (CC)⁽¹⁾ & Water Security Program⁽²⁾



Out of the 11 Sabancı Group companies that reported to the CDP Climate Change Program, an impressive nine have ascended to leadership levels, with grades of A or A-: Sabancı Holding, Akçansa, Brisa, Carrefoursa, Enerjisa Enerji, Enerjisa Üretim, Kordsa, Teknosa, Temsa

Refinitiv ESG Assessment



2023 Bloomberg GEI
1st and Only
Conglomerate
from Türkiye⁽³⁾

Sustainalytics
Low
ESG Risk⁽⁴⁾

BIST
Sustainability 25
Index

⁽¹⁾ Global A List
⁽²⁾ Leadership Level
⁽³⁾ Twice in a row, GEI, Gender Equality Index
⁽⁴⁾ Diversified Financials Category

Values



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



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



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



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



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

Sabancı Culture

Putting the needs and expectations of customers & all stakeholders at focus,

Valuing different perspectives and making decisions by considering comprehensive inclusion,

Being the pioneer of innovation,

Being courageous to make mistakes and seeing it as a learning & development opportunity,

Focusing on long-term and sustainable value creation.

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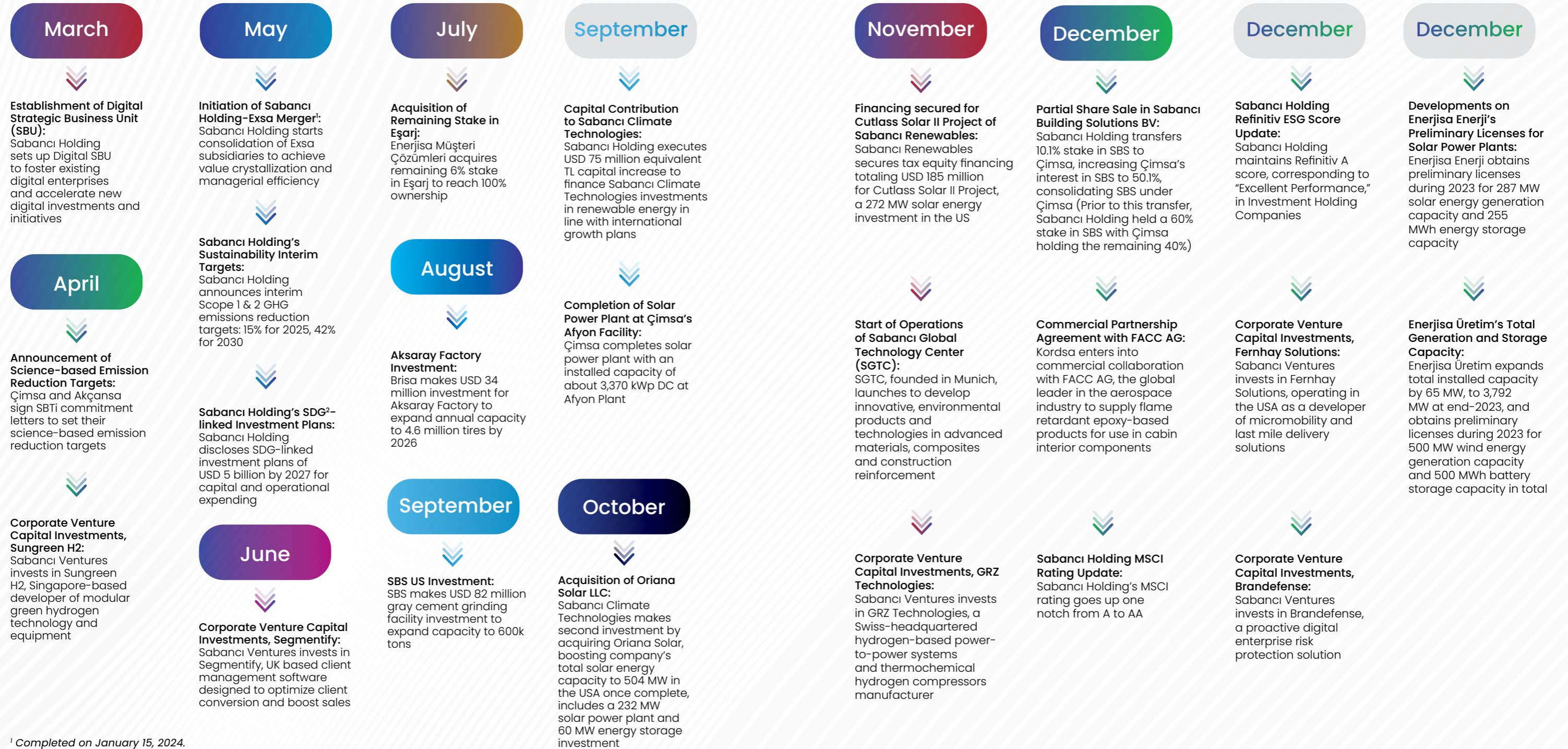
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General Assembly Meeting Agenda

HACI ÖMER SABANCI HOLDİNG A.Ş. AGENDA FOR THE 2023 ORDINARY GENERAL ASSEMBLY MEETING TO BE HELD ON 29 APRIL 2024, AT 11:00 A.M.

1. Opening and formation of the Meeting Council,
2. Reading and discussion of the 2023 Annual Report of the Board of Directors,
3. Reading the 2023 Auditor's Reports,
4. Reading, discussion and approval of the 2023 Financial Statements,
5. Release of the members of the Board of Directors with regard to the 2023 activities,
6. Determining the use of the 2023 profit and rate of dividend to be distributed,
7. Election of the members of the Board of Directors and determination of their terms of office,
8. Determination of monthly gross salaries payable to the members of the Board of Directors,
9. Election of the Auditor and Group Auditor,
10. Discussion and approval of the Remuneration Policy for the Board of Directors and Senior Executive Officers,
11. Discussion and approval of the Diversity Policy for the Board of Directors,
12. Briefing of the transactions carried out during the period within the scope of the share buy-back program in effect,
13. Briefing of the donations and grants made by the Company in 2023,
14. Determination of the upper limit for donations to be made in 2024,
15. Granting permission to the Chairperson and the Members of the Board of Directors for the activities under the Articles 395 and 396 of the Turkish Commercial Code.
16. Wishes and remarks.

2023 at a Glance



¹ Completed on January 15, 2024.
² Sustainable Development Goals

Sabancı Holding in Brief

Sabancı Holding continues to create value for all its stakeholders in line with its higher purpose: "We unite Türkiye and the World for a sustainable life with leading enterprises."

Sabancı Group companies supply their products and services around the globe with more than 60 thousand employees in 14 countries worldwide.

Hacı Ömer Sabancı Holding A.Ş. (Sabancı Holding), Türkiye's leading conglomerate, is a holding company engaged in a wide variety of business activities through its subsidiaries and affiliates, mainly in the banking, financial services, energy and climate technologies, industrials, building materials and digital sectors.

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

Sabancı Holding is managed by an Executive Committee, a team of senior executives including the Chief Executive Officer, Group Chief Financial Officer, Strategic Business Unit Presidents and function-based Group Presidents. The Executive Committee is mainly responsible for major capital allocation decisions and reports to the Board of Directors, which is the ultimate decision-making body of the Holding.

Sabancı Holding's higher purpose is to unite Türkiye and the World for a sustainable life with leading enterprises. With this core reason for being, Sabancı Holding works to create value for its stakeholders. As of the end of 2023, Sabancı Group companies supply their products and services around the globe with more than 60 thousand employees in 14 countries worldwide. Sabancı Holding's multinational business partners include leading global companies such as Ageas, Bridgestone, Carrefour, E.ON, Heidelberg Materials, and Skoda. Sustainability is a central aspect of Sabancı Holding's higher purpose. To this end, the Holding has adopted a target of net zero emissions and net zero waste by 2050.

Sabancı Holding is registered with the Capital Markets Board, the securities regulator of Türkiye. Since 1997, Sabancı Holding has been listed on Borsa Istanbul. The Sabancı Family jointly controls Sabancı Holding as a majority shareholder, while 50.47% of the Holding's shares is publicly traded. As of year-end 2023, Sabancı Holding and its 11 listed subsidiaries' shares constitute around 5% of the total market capitalization of Borsa Istanbul. In 2023, Sabancı Group delivered combined revenue of TL 811 billion and consolidated net income of TL 15 billion.



INVESTMENT
CRITERIA



Strategic Criteria

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

Sustainability

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

Financial Criteria

- ✓ Sector growth potential > Real GDP growth



PERFORMANCE
CRITERIA



Short-Term Financial KPIs

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

Short-Term Non-Financial KPIs

- ✓ Actions taken to tackle the climate crisis, reduce plastic usage, improve ESG scores, execute on diversity and inclusion, promote Future of Work, and boost operational excellence

Long-Term KPIs

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



CAPITAL
ALLOCATION
CRITERIA



Grow and Protect the Core

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

Invest in New Platforms

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

Keep Healthy Balance Sheet

- ✓ Non-bank Net debt to EBITDA of < 2x
- ✓ Healthy use of capital & debt

Maximize Shareholder Return

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

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

Message from the Chair

Our goal is to become a truly future-proof organization in every respect...

As a company with a rich legacy, we remain dedicated to upholding the Republic of Türkiye's vision as a modern civilization on a journey launched by the Great Leader Atatürk, guided by reason, science, and knowledge.

Dear Investors, Business Partners and Esteemed Employees,

2023 was a year of significant challenges for the global business landscape.

The recent wave of humanitarian crises and geopolitical conflicts, unbecoming of the 21st century, served as a stark reminder of the world's yearning for mutual respect and empathy.

The relentless rise of global uncertainties coupled with a search for a new economic order has significantly dimmed the outlook for future economic growth. The world is clearly facing a new rupture.

Navigating crises, once an infrequent aspect of our operations, is now an ever-present reality.

Within this dynamic landscape, cultivating agility and emotional intelligence have become essential competencies.

The February 6th earthquake underscored the critical role of agility and emotional resilience.

Our nation and our Group endured immense hardship and great pain, losing valued colleagues and fellow citizens. We lost 21 colleagues to the disaster and tens of thousands of other Turkish residents.

During this traumatic crisis, the adaptability, emotional strength, and unwavering commitment displayed by our companies and colleagues,

particularly at Enerjisa, played a vital role in saving countless lives.

Emerging from the devastation, many colleagues returned to work or volunteered for crucial assistance and relief services. Their selfless dedication in the face of collective trauma serves as a lasting inspiration for all of us.

Once again, I express my deepest gratitude to everyone involved.

Beyond these challenges, the world is undergoing a rapidly accelerating transformation.

This shift necessitates a new approach and a revised business culture for all of us.

Digital technologies and artificial intelligence are pervading every facet of our lives.

Emerging breakthroughs like quantum computing are impacting our businesses, further blurring the boundaries between the physical and digital realms.

These developments are ushering in a new era filled with new opportunities for Sabancı Group.

Undoubtedly, a significantly faster and more uncertain future lies ahead.

To thrive in this new environment, we must redefine success and transform our business practices.

While maintaining our core operations, we must also remain future-focused.

This imperative has driven Sabancı Group's recent digital transformation efforts.

Our goal is to become a truly future-proof organization in every respect...

2023 marked a significant milestone on this journey.

We further bolstered innovation capabilities within our Group companies via our R&D centers as well as our university.

Additionally, we solidified our digital presence while integrating artificial intelligence across our businesses.

The establishment of our Digital Strategic Business Unit in 2023 exemplifies Sabancı's forward-looking vision.

Digital and Artificial Intelligence Transformation is a cornerstone of the five strategic priorities on our roadmap for the coming period, meticulously developed by our management team under Mr. Alper's leadership.

These strategic and structural changes propel us toward our goals: becoming a key player in future technologies and evolving from Sabancı of Türkiye to Sabancı of the World.

Esteemed Stakeholders,

2023 was a year of significant challenges and milestones.

We commemorated the Republic of Türkiye's founding centennial with immense pride.

Our actions, not just words, embodied the Republic's values through our projects and activities.

Sabancı Volunteers once again displayed remarkable dedication during the third annual Sabancı Republic Day Campaign in 2023.

We spearheaded innovative projects, with a particular focus on education and development in numerous provinces, including the earthquake-affected region.



I express my deepest gratitude to all Sabancı Volunteers who contributed to this meaningful campaign.

The Republic's values are intrinsically linked to those of Sabancı.

Founded in 1925, Sabancı embodies the Republic's spirit of faith and courage.

We remain a trusted entity, known for our integrity, unwavering commitment to keeping our word, and a deep-rooted belief in a brighter future for the people of Türkiye.

These core principles will continue to guide Sabancı in the years to come.

As a company with a rich legacy, we remain dedicated to upholding the Republic's vision as a modern civilization on a journey launched by the Great Leader Atatürk, guided by reason, science, and knowledge.

We aim to leverage the century-old Republic's legacy to build a more advanced and enlightened Türkiye.

Sabancı strives to exemplify the values of flexibility, agility, goal-oriented progress, and continuous development.

Our achievements in 2023 serve as a testament to this commitment.

On behalf of Sabancı, I extend my heartfelt gratitude to our employees, business partners, and shareholders for their contributions to our successes in 2023.

Yours sincerely,

**Güler Sabancı
Chair**

Letter from the CEO

A deep sense of responsibility defines Sabancı. This commitment is reflected in our pioneering investments, ambitious steps forward, and sustainability achievements.

While exceeding financial targets, particularly income statement metrics, we maintained our focus on cash generation, keeping our balance sheet rock solid.

Dear Investors, Business Partners and Esteemed Employees,

Challenges and uncertainties are undeniably inherent aspects of our business environment.

In today's multipolar world, geopolitics has become a defining factor in the global economy. Regionalization trends, trade route competition, supply chain transformations, and the critical materials required for the green transition all pose potential risks, further complicating the international landscape.

These developments create a more demanding global economic environment. However, they also underscore a crucial truth: We are all in the same boat, and we are only as strong as our weakest member.

As the pandemic clearly revealed, and the recent inflationary pressures sharply demonstrated, today's world is closely intertwined. The ongoing global fight against inflation, thankfully, is showing signs of progress.

While Türkiye recently faced a period of economic hardship impacting all segments of society, we are now entering a new phase. New economic policies are fostering renewed confidence and investor sentiment is recovering.

These early gains are promising, yet we recognize that enduring success depends upon unwavering determination.

Sabancı Group is proud to have achieved solid results in 2023 despite these major economic challenges.

We achieved a combined revenue increase of 57%, a combined EBITDA growth of 23% and a consolidated net income increase of 20%, all without inflation adjustments and in line with our midterm guidance. Additionally, we remain on track to meet our targets for New Economy and FX share in our total revenue.

While exceeding financial targets, particularly income statement metrics, we maintained our focus on cash generation, keeping our balance sheet rock solid. In fact, we recorded a historic high year-end cash position at the Holding-level on an annualized basis. Our net debt to EBITDA ratio remains well below our midterm target, providing a solid foundation for further investment.

Our energy business unit spearheads our portfolio's sustainability transformation. By year-end 2023, Enerjisa Üretim's total operational installed capacity increased to 3,792 MW with the completion of renewable energy projects. We are confidently progressing toward our 2026 goal of exceeding 5,000 MW of installed capacity in Türkiye, with 60% generated from renewable sources. This translates to Sabancı Group establishing one-third of the country's new wind and solar power plants over the next five years.

2023 marked the production of our first green hydrogen in the Hydrogen Valley, constructed by Enerjisa Üretim in Bandırma. This project holds the potential to position Türkiye as Europe's leading green hydrogen supplier, while also representing a major step forward in Europe's energy security.

Our commitment to renewable energy extends globally. In 2023, we initiated our second solar energy investment in the U.S. with a 232 MW solar plant and a 60 MW energy storage facility in Texas. This investment expands our US solar energy capacity to 504 MW.

Our Building Materials unit advanced our Sabancı of the World vision with a strategic investment this year. Construction of a new USD 82 million grey cement grinding plant in the US is underway and is scheduled to commence operation in fourth quarter 2025. This major investment will solidify Çimsa's global presence in the grey cement market after its success in white cement. Furthermore, Çimsa continues to expand its sustainable product portfolio. Çimsa commissioned a USD 42.5 million calcium aluminate cement (CAC) investment at its Mersin plant to become a global leader in this key segment.

In our Industrials unit, Kordsa celebrated its 50th anniversary last year and maintained global leadership in tire reinforcement despite fierce competition. The company also achieved steady growth in composite technologies, a sector poised to revolutionize materials. Kordsa expanded its composites business line to 20% of total revenue in 2023 and launched compounding as a fourth core business line. This business unit will develop essential raw materials for sustainable plastics and provide value-added, sustainable products across diverse industries including automotive, aviation, aerospace, electric and electronics, white goods, small household appliances, and packaging.

Both Kordsa's expansion into compounding and Çimsa's CAC investments demonstrate our commitment to sustainable materials.



Brisa, another Sabancı industrial company, plans to further expand its Aksaray Factory (USD 300 million investment in 2018) with a USD 34 million investment equipping it with state-of-the-art technologies. This additional investment will increase the Aksaray Factory's production capacity to 4.6 million tires annually by 2026.

Temsa, a leader in zero-emission vehicles, signed an R&D agreement with Portugal-based CaetanoBus to develop Türkiye's first hydrogen-fueled intercity bus, following its launch of Europe's first intercity electric bus. The prototype is targeted for completion in 2024, with mass production beginning in 2025.

Akbank significantly increased its credit support to Türkiye's economy in 2023, reaching TL 1.201 trillion, with TL 962 billion provided in cash loans. Maintaining a strong consolidated capital adequacy ratio of 21%, Akbank continues to be a vital contributor to the growth and development of the real economy.

Aksigorta and Ageas, within our financial services unit, delivered on their mission to pioneer next-generation financial services.

We solidified our multi-channel strategy fostering synergy between Sabancı Holding and Ageas. Our newly established health insurance company, already incorporated and poised to begin operations in 2024, will position us as a leader in the evolving healthcare ecosystem.

At Sabancı Group, we continued to prioritize innovation in 2023. A key organizational change established a dedicated Digital Strategic Business Unit under the Holding. This unit has a dual goal: strengthening recently acquired cybersecurity and digital marketing capabilities while exploring new growth platforms. Cloud technologies, scalable digital technology platforms, and hyper-scale data centers are our priority focus areas. We are currently exploring synergies between these data centers and our pioneering renewable energy initiatives. Our roadmap also emphasizes establishing SabancıDx as a service provider, digitizing Teknosa's multi-channel operations, and enhancing Carrefoursa's digital capabilities, building on its successful asset-light growth strategy.

Letter from the CEO

2023 marked a year of strategic reinforcement. Guided by cross-functional X-Teams, we developed a comprehensive roadmap for the Sabancı Group.

As a pioneer of Türkiye's modernization journey since 1925, we will move forward toward our own 100th year with Sabancı values that define who we are today.

Since 2020, we have actively invested in startups across Türkiye and global innovation hubs, participating in over 30 funds and startups, half each in Türkiye and internationally.

We established the Sabancı Technology Center under Sabancı Holding in Munich, Germany to support Çimsa and Kordsa's R&D and technology development. Located within one of Europe's leading innovation hubs, this center strengthens our Group's global R&D, technology and sustainable product development capabilities. Sabancı Technology Center also furthers our Sabancı of the World vision and bolsters our commitment to integrate Türkiye with the world. Situated on the Technical University of Munich (TUM) campus, the center fosters exemplary university-industry cooperation in Europe.

Committed to 2050 net-zero goals, Sabancı Group has set ambitious science-based targets. In collaboration with the Science Based Targets Initiative (SBTi), we aim to reduce direct carbon emissions by at least 42% by 2030 (2021 baseline). In addition, the Holding targets a 15% reduction by year-end 2025. By 2027, our cumulative sustainability-linked investments will reach USD 5 billion.

Sabancı Group recognizes the critical role of sustainability in addressing climate change and global inequality. Our comprehensive ESG (environmental, social,

governance) roadmap guides our existing businesses and investments toward a circular economy model. Annual gap analyses, benchmarked against international standards and best practices, ensure continuous improvement. This approach has led to rising sustainability ratings from globally recognized platforms like MSCI and CDP.

A deep sense of responsibility defines Sabancı. This commitment is reflected in our pioneering investments, ambitious steps forward, and sustainability achievements.

The February 6th earthquake was a devastating disaster for Türkiye. Our Group companies, partners, and Sabancı Volunteers responded swiftly with immediate and immense solidarity. We supported nearly 7,000 Group employees and local residents impacted by the disaster. This genuine spirit of unity and solidarity extended through Sabancı Republic Day and the Republic's centennial celebrations.

Led by Sabancı Volunteers, the third annual Sabancı Republic Day campaign focused on eight major education and development projects featuring more than 1,000 individual activities positively impacting nearly 7,000 people, primarily women, youth, and children. This initiative significantly advanced volunteerism in Türkiye.

We are introducing "scalability" as a new investment criterion. We will continue pursuing innovation, but prioritize opportunities with high growth potential for faster, impactful investments.

In October, we partnered with Habitat Association, Brisa, Kordsa, Temsa and Teknosa to open the Sabancı Hatay Incubation Center in earthquake-affected Hatay as part of Sabancı Republic Day activities. Launched in October, the center has already trained 1,250 persons in its first two months. This center aims to support displaced residents' return, empower women and youth economically, create new business opportunities, and integrate local entrepreneurs into broader ecosystem across Türkiye and the world.

Esteemed Stakeholders,

We are constantly innovating and exploring future growth opportunities alongside managing our existing businesses. 2023 marked a year of strategic reinforcement. Guided by cross-functional X-Teams, we developed a comprehensive roadmap for the Sabancı Group.

We established five strategic priorities to achieve our Group Purpose: "Agile global/local footprint that scales," "Digital and AI transformation," "Innovation for growth," "Sustainability for a better life," and "Future-ready organization and talent."

I would like to highlight a key point about these strategic priorities. In addition to sustainability, a core tenet of Sabancı's Group Purpose, we are introducing "scalability" as a new investment criterion. We will continue pursuing innovation, but prioritize opportunities with high growth potential for faster, impactful investments.

Digital and artificial intelligence transformation are key to achieving scalability. We will leverage digital tools much more effectively, especially for customer acquisition. In AI, we plan to prioritize projects and applications that will optimally impact our businesses, enhance

existing customer experiences, broaden our customer base and drive growth. Akbank's 2.3 million new active customers last year exemplify this success. Over 60% of these new customers were acquired digitally, demonstrating how digital is more than simply efficiency and cost reduction. Digital is a business culture that opens new horizons while enabling rapid, high-quality growth.

Our "Future-ready organization and talent" priority focuses on strengthening our purpose-driven culture and attracting top talent by investing in human capital. We will promote delegation, collaboration, and ecosystem synergy across the entire Group. The Executive Committee will lead this transformation.

Moving forward, our enduring mission and top priorities remain: embedding a purpose-driven culture throughout Sabancı, leading by example and collaborating with stakeholders, and empowering our future leaders to reach their full potential.

Dear Stakeholders,

We celebrated the Republic of Türkiye's 100th anniversary with great pride. Now, we approach another important milestone: Sabancı Group's 100th anniversary...

As a pioneer of Türkiye's modernization journey since 1925, we will move forward toward our own 100th year with Sabancı values that define who we are today.

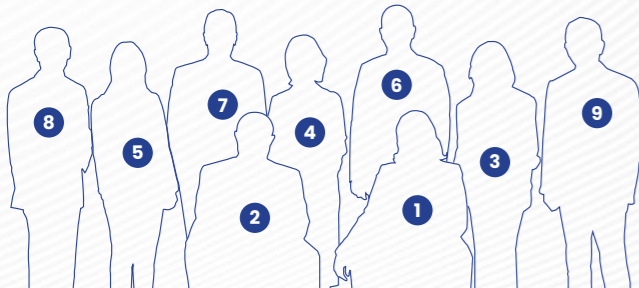
Thank you for being a part of this journey.

Yours sincerely,

Cenk Alper
Member of the Board of Directors
and CEO

Board of Directors

- 1 **GÜLER SABANCI**
Chair
- 2 **EROL SABANCI**
Vice Chair
- 3 **SUZAN SABANCI, CBE**
Board Member
- 4 **E. MELİSA SABANCI TAPAN**
Board Member
- 5 **SERRA SABANCI**
Board Member
- 6 **CENK ALPER**
Board Member and CEO
- 7 **HAYRİ ÇULHACI**
Independent Board Member
- 8 **HÜSEYİN GELİS**
Independent Board Member
- 9 **MEHMET KAHYA**
Independent Board Member



Board of Directors

Güler Sabancı Chair

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

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

Chair of the Board of Trustees of the Sabancı Foundation, Güler Sabancı is also the Founding Chair of Sabancı University and Chair of the Sakıp Sabancı Museum.

Güler Sabancı is among "World's 100 Most Powerful Women" lists by international media organizations.

The first female member of the European Round Table for Industry, she sits on the MIT Energy Initiative's External Advisory Board. She is also a member of The Trilateral Commission and TÜSİAD.

Besides being an effective industrialist, prominent business figure, and renowned art-enthusiast, she has also been accepted as one of the most influential women in the region for her work on gender equality and social development. Her remarkable success has been recognized internationally with numerous awards, including the David Rockefeller Bridging Leadership Award, the Clinton Global Citizen Award, the Raymond Georis Prize for Innovative Philanthropy, and the European School of Management Responsible Leadership Award. In recognition of her contributions to sustainability, Güler Sabancı was honored with the European Sustainability Award – Prix Film4climate at the 36th European Film Awards organized by the European Film Academy in 2023 for the sustainability-focused efforts of the Sabancı Foundation Short Film Competition.

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

Erol Sabancı Vice Chair

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

Suzan Sabancı, CBE Board Member

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

Ms. Sabancı is a member of the Institute of International Finance Board of Directors and Emerging Markets Advisory Board, Harvard University's Global Advisory Council, Harvard Business School's Global Leaders Circle, and an emeritus member of the Harvard Business School's Middle East and North Africa Advisory Board. Suzan Sabancı is also co-chair of the New York-based American-Turkish Society, as well as a member of the Global Board of Advisors at the Council on Foreign Relations (CFR), the Board of Managing Directors of Venetian Heritage, Inc, and the Cultural and Social Affairs Committee of the Serpentine Council respectively.

From 2009 to 2016, Ms. Sabancı sat on the Global Board of Advisors of Chatham House and she is currently a member of the Chatham House Chairman's Circle. Having previously served as an Advisory Board Member for The Prince's Charities, Ms. Sabancı is currently a Patron of Prince's Trust International, a highly prestigious charity organization set up by King Charles III.

Suzan Sabancı is a founding member and board member of the leading high-impact entrepreneurship movement, Endeavor Türkiye, a founding and honorary member of the Women Entrepreneurs Association of Türkiye, and chairman of the Executive Advisory Board and member of the board of patrons of the Contemporary Istanbul Art Fair.

Suzan Sabancı holds a BA in Finance from Richmond College in the UK and an MBA from Boston University in the USA. Ms. Sabancı has two children.

E. Melisa Sabancı Tapan Board Member

Elçin Melisa Sabancı Tapan earned her BA in International Business and Psychology at Richmond University in London before completing her graduate studies at Columbia University in New York in Economics and Political Development. During these years, she pursued additional training at consultancy companies including

BCG and PWC, the International Energy Agency, and Sabancı Holding; she later completed a management trainee program at Marshall Wace.

Melisa has worked in several fields pursuing diverse projects ranging from financial inclusion to sustainable industry. Focusing her knowledge and experience around initiatives targeting social impact, she founded Gate 27 in the autumn of 2019 to enable value creators, artists and projects centered on sustainability and economic development. She has since overseen its growth, establishing collaborations with leading institutions in the art world.

Melisa concentrates on social entrepreneurship in both her professional and personal work. She supports the Sabancı Foundation, and in line with its vision and that of Sabancı University and the Sakıp Sabancı Museum, acts as an advisor in social responsibility projects with a number of different civil society organizations.

Melisa is currently a member of the board of directors at Sabancı Holding. She is a member of the Tate International Council, TÜSİAD, and WORLD.MINDS.

Serra Sabancı Board Member

Serra Sabancı was born in Adana in 1975. She graduated from the University of Portsmouth, and then from the Istanbul Bilgi University Department of Economics at the top of her class. She began her professional career at Temsa, then received training on mergers and acquisitions and corporate governance at the Institute of Directors (IoD) in London.

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

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

Çenk Alper Board Member and CEO

Çenk Alper has been serving as the CEO and a Board Member of Sabancı Holding since 2019, leading the sustainable, technology-driven, entrepreneurial, and operational excellence transformation of the Group's business areas, while working diligently for the maturation of these concepts on both global and Turkish scales.

Between 2017 and 2019, Mr. Alper served as the President of Sabancı Holding Industrial Group, where he particularly spearheaded the global expansion of the group in the fields of mobility and material technologies.

From 2007 to 2017, he held successive positions as CTO, COO, and then CEO at Kordsa, guiding the company's transformation into an advanced material and technology company and executing its secondary public offering.

Çenk Alper's career in Sabancı Group began in 1996 at the Sabancı-Bekaert partnership, Beksa. Between 2002 and 2007, he gained international business operations experience by holding managerial positions within Bekaert in Belgium and the USA.

In addition to his executive roles, Mr. Alper contributes to discussions on business and sustainability by being a part of various boards and councils, including the Global Impact Coalition CEO Advisory Board, Chapter Zero Türkiye Advisory Board, and the Board of 30% Club Turkey Campaign, as well as being a member of the Turkish Industry and Business Association (TÜSİAD), the World Economic Forum (WEF), the World Business Council for Sustainable Development (WBCSD), the CNBC ESG Council, and WORLD.MINDS.

Çenk Alper holds a bachelor's and master's degree in Mechanical Engineering from the Middle East Technical University and has completed an MBA at Sabancı University.

Hayri Çulhacı Independent Board Member

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

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

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

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

Hüseyin Gelis Independent Board Member

Hüseyin Gelis studied micro-macro economics at the University of California Berkeley and business administration at the University of Arizona Phoenix and graduated in 1990. He began his career at Siemens' telecommunications manufacturing plant in 1976 and worked successively in R&D, manufacturing, PBX systems, planning, logistics organization, and strategic purchasing groups. In 2000, Gelis was appointed CFO and Vice President of Siemens India, and in 2005, he was recognized as one of the top 10 CFOs among Fortune 500 companies by "Business Today" magazine. On October 1, 2007, Gelis was appointed Chairman and CEO of Siemens Türkiye. Hüseyin Gelis is responsible for the overall strategic management and leadership of all Siemens activities in Türkiye.

Between 2015 and 2022, Hüseyin Gelis served as the Chairman of TÜSİAD's Germany Network Working Group and participated in the G20/B20 Turkey Digitalization Working Group in 2015. He was a Board Member of YASED between 2017 and 2019 and Vice Chairman of YASED between 2019 and 2023. In 2018, he signed PWN's Manifesto of CEOs Supporting Gender Equality and assumed the role of Equality Ambassador. Gelis has been serving as the President of the Berlin Bosphorus Initiative within TÜSİAD since 2018, and he has been a member of the advisory boards at Hacettepe University, Turkish-German University, and Izmir Institute of Technology. Gelis also holds the position of a High Advisory Board Member at Darüşşafaka Society.

On November 28, 2017, Hüseyin Gelis was awarded the Order of Merit by the President of the Republic of Germany for his contributions and the bridge he has built between Türkiye and Germany in the economic, political, and cultural fields.

Mehmet Kahya Independent Board Member

Mehmet Kahya, who completed his undergraduate education at Yale University with a double major BS degree in chemical engineering and economics (1973), received his MBA degree in finance, marketing and operations research at the Kellogg School of Management (1975).

He started his working life in Sabancı Holding at Sasa A.Ş. as the Chief of Management Services (1975-1980) and later served as the President of MKM International (Netherlands, 1980-1984) and Siberetik Sistemler (1984-1986), of both of which he was the founder. Mehmet Kahya served as Vice President and President of Temsa (1986-1990), Founding Vice President of Toyotasa (1990-1994) as well as a member of the Sabancı Holding Planning and Steering Council and a Board Member of Temsa, Toyotasa, Susa and Sapeksa.

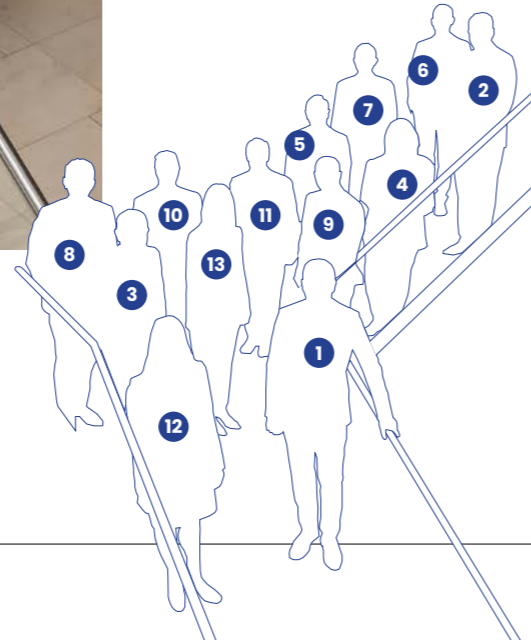
Mehmet Kahya was Managing Director and Deputy Chairman of the Board of Directors of CarnaudMetalbox between 1994-1998 and then President of Uzel Makine and Executive Board Member of Uzel Holding (1998-2001), General Manager of DYO and Vice President of Yaşar Holding Paint Group (2001-2002), Executive Board Member of Sarten Ambalaj (2002-2003), Vice Chairman of the Board of Gierlings Velpor (Portugal, 2003-2005) and President of Assan Aluminum (2004-2006).

Mehmet Kahya, was an Independent Member of Çimsa, Yünsa, Sasa, Yaşar Holding, Altinyunus, DYO, Viking Kağıt Board of Directors and continues to contribute as a consultant for strategy, restructuring, profitability transformation, growth, acquisition and merger projects through Kronus, of which he is the founder. At the same time, he works as an Independent Board Member at Sabancı Holding, as a Board Member at Electrosalus and as a shareholder consultant at various companies.

Executive Committee



- 1 **CENK ALPER**
Board Member and CEO
- 2 **BURAK ORHUN**
Building Materials
- 3 **CEVDET ALEMDAR**
Industrials
- 4 **FİLİZ KARAGÜL TÜZÜN**
Corporate Brand Management and Communications
- 5 **FUAT ÖKSÜZ**
Audit and Secretary General
- 6 **GÖKHAN EYİĞÜN**
Strategy and Business Development
- 7 **HAKAN BİNBAŞĞIL**
Banking
- 8 **HALUK DİNÇER**
Financial Services
- 9 **KIVANÇ ZAIMLER**
Energy
- 10 **MAX SPEUR**
Digital
- 11 **N. ORHUN KÖSTEM**
Finance
- 12 **ŞEBNEM ÖNDER**
Legal and Compliance
- 13 **YEŞİM ÖZLALE ÖNEN**
Human Capital and Sustainability



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Cenk Alper's career in Sabancı Group began in 1996 at the Sabancı-Bekaert partnership, Beksa. Between 2002 and 2007, he gained international business operations experience by holding managerial positions within Bekaert in Belgium and the USA.

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Cenk Alper holds a bachelor's and master's degree in Mechanical Engineering from the Middle East Technical University and has completed an MBA at Sabancı University.

Burak Orhun Building Materials

Burak Orhun embarked on his professional journey as a Financial Analyst at Mercedes Benz Turk. His career then took him to the United States, where he held various management roles, such as Finance Manager at Thomson Corporation/Reuters, Director of Portfolio Management and Director of Corporate Development at CapitalOne Financial, and CFO at CadenceQuest, Inc.

In 2009, Mr. Orhun joined Oyak Group in Türkiye. As General Manager of OYAK Girişim Danışmanlığı AŞ, he led all M&A and new investment initiatives until 2018. During this period, Mr. Orhun also held executive board member, and chairman positions at group's chemical and energy companies in Türkiye and abroad.

In 2018, Mr. Orhun joined Sabancı Group as the Head of Strategy and Business Development. Currently, he serves as Building Materials Group President of Sabancı Holding. He is the Chairman of Afyon Çimento, Akçansa, Çimsa, and Sabancı Building Solutions BV, and is also a board member at Teknosa. His career reflects a blend of management, financial expertise and strategic leadership across diverse industries and geographies.

Burak Orhun holds a Bachelor's degree in Economics from Boğaziçi University. He has a Master's degree in Finance from George Washington University and an MBA from University of Pennsylvania – Wharton School of Business.

Cevdet Alemdar Industrials

Cevdet Alemdar joined Sabancı Group in 1993 and took various leadership positions, respectively in Beksa, Sakosa, Kordsa, Temsa İş Makinaları and Brisa.

During first half of his career, he has lead manufacturing investments in Türkiye and managed factories serving to tire industries in Brazil, Thailand and China. Returning to Türkiye, he has steered Kordsa's R&D and innovation processes as VP of Technology and Market Development.

From 2012 onwards, as CEO, he steered Temsa İş Makinaları to transform from a construction equipment company to a heavy machine and truck provider in Türkiye. Next, he led Brisa, a joint venture of Bridgestone and Sabancı Holding, an important tire manufacturing venture in the world and leader of Türkiye's tire and mobility solutions. From April 2020 onwards, he is Sabancı Holding Industrials SBU President. He is also the Chairperson of the Board of Kordsa, Brisa, Temsa Skoda Transportation and Temsa Motorlu Araçlar, member of the board of Teknosa.

He is SUNUM's (Sabancı University Nanotechnology Research and Application Center) Chairperson of the Board, TÜSİAD's (the Turkish Industry and Business Association) board member, Chapter Zero Steering Committee Chairperson and Boğaziçi University alumni. Mr. Alemdar's career reflects a breadth of experience in industrial engineering and business management across different regions and sectors.

Cevdet Alemdar holds a Bachelor of Science in Industrial Engineering from Boğaziçi University, obtained in 1992, and an MBA from Sabancı University, completed in 2000.

Filiz Karagül Tüzün Corporate Brand Management and Communications

Filiz Karagül Tüzün embarked on her career at Hürriyet as the Advertising and Research Manager.

In the subsequent years, Mrs. Tüzün expanded her experience in the media and marketing sector. Between 1996 and 1997, she held the position of Marketing Manager at NTV. This role was succeeded by her tenure as the General Coordinator at the International Advertising Association from 1997 to 1999.

Mrs. Tüzün's career then transitioned to the telecommunications industry when she joined Turkcell Group in 1999. Her initial role was as the Corporate Sponsorships Coordinator, eventually progressing to Corporate Sponsorships Manager and later to Corporate Communications Director, a position she held until 2016.

Since 2016, Mrs. Tüzün has been part of Sabancı Holding, initially serving as the Corporate Communications Director. Her responsibilities and scope expanded over the years, culminating in her appointment as the President of Corporate Brand Management and Communications Department at Sabancı Holding, effective from February 1, 2024.

Filiz Karagül Tüzün completed her education at Saint-Benoit French High School, followed by a degree in Business Administration from Bilkent University in 1994.

Fuat Öksüz Audit and Secretary General

Fuat Öksüz completed his degree in Business Administration at Boğaziçi University in 1986. His professional journey commenced at Andersen Istanbul Office, where he began as an assistant auditor in the same year. Over the years at Andersen, he rose through the ranks to become a local partner in 1997 and an international partner in 2000, contributing significantly to the firm until the end of 2002. His early career was marked by roles in independent auditing and financial advisory.

Subsequently, Mr. Öksüz played a pivotal role in establishing and leading the Andersen Business Process Outsourcing practice, eventually taking on the leadership of the Andersen Business Consulting Practice. His tenure at Andersen was characterized by significant contributions to the firm's growth and diversification of services.

In 2003, Mr. Öksüz transitioned to Ernst & Young, where he served as a Partner for a year. January 2004 marked the beginning of his tenure at Sabancı Holding, initially as the Head of Audit. In this capacity, he also chaired the Sabancı Board of Ethics, aligning the organization's practices with ethical standards.

Executive Committee

Between 2010 and 2017, Mr. Öksüz's career took him to Enerjisa, a part of the Sabancı Group, where he undertook various critical roles. His responsibilities included serving as the CFO of Enerjisa Generation Company and Enerjisa Trading Company, where he shared management duties with the CEO. Additionally, he was the Enerjisa Group Head of Planning & Controlling, Head of Accounting, Reporting & Tax, and Head of Special Projects, taking part in the restructuring and the IPO process.

Since 2018, Mr. Öksüz has been the Head of Audit at Sabancı Holding and the Chair of the Sabancı Holding Ethics Board. In July 2022, he expanded his responsibilities by assuming the role of Secretary General, further contributing to the strategic and operational oversight at Sabancı Holding.

Gökhan Eyigün Strategy and Business Development

Gökhan Eyigün began his professional journey at Arthur Andersen in 1998, focusing on Corporate Finance Advisory. In 2004, he played a pivotal role in establishing the Corporate Finance and M&A Advisory department at PricewaterhouseCoopers, where he subsequently led the department. His expertise in corporate finance and mergers and acquisitions guided his career path and contributed to his professional development.

In 2007, Mr. Eyigün joined Sabancı Group, initially contributing to the Strategy and Business Development department in various executive capacities until 2018. He served as the Secretary General of Sabancı Holding and the General Manager of Exsa, Tursa and AEO companies between 2018 and 2021. Additionally, from 2020 to 2021, he served as an Executive Board Member of Temsa Motor Vehicles.

In 2021, Mr. Eyigün was appointed Group President of Strategy and Business Development at Sabancı Holding, where he continues to contribute to the strategic direction and growth of the company. Alongside his primary role, he serves as Vice Chairman of the Board at Afyon Çimento, Çimsa, Exsa, and Temsa Motorlu Araçlar. He is also a board member at İklim Teknolojileri, Dx Technology Services and Investment BV, SabancıDx, Carrefoursa, and Temsa Skoda Ulaşım Araçları.

In addition to his executive and board responsibilities, Mr. Eyigün oversees Sabancı Ventures and Sabancı ARF Almost Ready to Fly, further demonstrating his involvement in various strategic and developmental aspects of the Sabancı Group.

Gökhan Eyigün completed his undergraduate studies in Management Engineering at Istanbul Technical University, graduating with honors in 1998. He later pursued an MBA at Rotterdam School of Management, graduating in 2004, and participated in several executive programs at Harvard Business School.

Hakan Binbaşgıl Banking

Hakan Binbaşgıl is the Vice Chairman and Executive Board Member of Akbank. Binbaşgıl also serves as the President of the Banking Group and Executive Committee Member of Sabancı Holding, Chairman of Akbank AG and Chairman of Akbank Ventures BV.

Mr. Binbaşgıl, who served as CEO at Akbank for nearly 12 years between 2012 and 2023, commenced his tenure with Akbank in 2002, assuming the role of Executive Vice President responsible for Change Management. In 2003, he became the Executive Vice President overseeing Retail Banking and in 2008, he ascended to Deputy CEO. Starting in 2002, he spearheaded a multitude of initiatives encompassing strategic direction setting, restructuring, digitalization, technology, corporate identity, change management, talent building and cultural transformation.

Prior to joining Akbank, Mr. Binbaşgıl worked as a Management Consultant in the London and Istanbul offices of Accenture, and as Executive Vice President in a different private sector bank.

Mr. Binbaşgıl has an extensive history of leadership roles, having held the positions of chairman and board member across numerous respected domestic and international organizations. Additionally, he has held the office of Term President at the Institut International D'Etudes Bancaires (IIEB), a prominent institution comprised of member banks from across Europe.

After graduating from Robert College, Hakan Binbaşgıl graduated from Bosphorus University, Faculty of Mechanical Engineering. Binbaşgıl later received master's degrees in business administration and finance from LSU.

Haluk Dinçer Financial Services

Haluk Dinçer began his professional journey at General Motors Technical Center in 1985. In August 1995, he transitioned to Sabancı Group, initially taking on the role of Executive Board Member, and then in December 1995, as Executive Vice Chairman of Temsa. In October 2001, he assumed responsibilities within the Holding company, first as Food Group Vice President, and six months later, as Holding

Executive Board Member and Food Group President. He took over as Food and Retail Group President in September 2004, and in March 2011, appointed as Retail and Insurance Group President.

In June 2016, after organizational restructuring, Mr. Dinçer was named Insurance Group President and later in April 2020, Financial Services Group President. In this capacity, he currently serves as Chairman of the Board of Aksigorta, Agesa, Exsa, Tursa, and Ankara Enternasyonel Oteliçilik, and as a Board Member of Brisa.

Beyond his corporate responsibilities, Mr. Dinçer has been actively involved in various business and industry associations. He served as President of TÜSİAD (Turkish Industry and Business Association) in 2014-2015 and currently a member of council of TÜSİAD Presidents. He also served as President of Türkiye-U.S. Business Council (TAİK) from 2008 to 2014. Since June 2019, he has been a member of the Geneva Association, contributing his expertise to international business and policy discussions.

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

Kıvanç Zaimler Energy

Kıvanç Zaimler has been serving as the President of the Energy Group at Sabancı Holding since July 2018, overseeing roles as Chairperson at two of the sector's leading companies, Enerjisa Enerji and Enerjisa Üretim. Additionally, he is the Chair at Sabancı Climate Technologies in the USA, a company established to manage Sabancı Holding's international investments in renewable energy and climate ventures.

Mr. Zaimler joined Enerjisa in 2008, starting a career that began in natural gas trading and progressed through various General Manager roles in Electricity Distribution and Retail companies, eventually leading to his appointment as CEO. He played a pivotal role in the notable public offering of Enerjisa in 2018, which was one of the standout IPOs of that year. Today, he actively plays a key role in the transformations of Türkiye's largest companies in their respective sectors.

Beginning his professional journey in 1992, Mr. Zaimler has held various managerial positions in the private sector, shaping his career with the experience gained during this time. He completed his education in Industrial Engineering at Istanbul Technical University and Berlin Technical University, acquiring a solid foundation in both technical and managerial skills.

Furthermore, Mr. Zaimler contributes to Sabancı Holding's digital and technology-focused strategies, initially serving as the Chair at SabancıDx and currently as the Vice Chair of the Board.

Beyond his commitments in the energy sector, Mr. Zaimler is actively involved in non-governmental organizations. He serves as the Vice President of the World Energy Council Türkiye, a Board member at the Sabancı University Istanbul International Center for Energy and Climate (IICEC), an Advisory Council member at SHURA, and the Chair of the Electricity Distribution Companies Association, ELDER. He is also an Observer at COP Climate Summits and actively participates in the energy-related working groups of the World Economic Forum.

Additionally, Mr. Zaimler's history as a professional basketball player brings a unique perspective and discipline to his business and management roles.

Max Speur Digital

Max Speur graduated from Technische Hogeschool Rijswijk, with a Mechanical Engineering & Business Administration degree from, complemented by an MBA in Technology Science and Management from the University of Twente, and an MBA Leadership Program in Mergers & Acquisitions from Henley Business School. Having started his carrier in 1992 at Royal Dutch Shell, serving as a Finance & Marketing Analyst. His career progressed at Logica from 1993 to 2001, where he held various managerial roles, enhancing his expertise and experience in the industry.

In 2001, Mr. Speur transitioned to IBM, starting as Partner-Managing Principal at IBM Business Consulting Services in Amsterdam until 2003. He then took on the role of Communication Sector Leader for IBM Global Services in the Asia Pacific, based in Shanghai, from 2003 to 2005. Following his tenure at IBM, Mr. Speur joined Hewlett Packard Enterprise Services in 2005 as Vice President and Sales & Industry Leader in Singapore and Melbourne, a position he held until 2011. That same year marked a significant milestone in Mr. Speur's career as he founded the AT10TION Group. In 2012, Mr. Speur expanded his career portfolio by joining SunTec Business Solutions as CCO & COO, overseeing operations in the UK, Singapore, UAE, USA, and India. His leadership journey continued with his appointment as CEO of CCS Connects in 2017, a role he fulfilled until 2021.

Prior to joining Sabancı Group, Mr. Speur has been working as the founder and the CEO of AT10TION Group. His extensive experience and leadership roles across major technology and IT service companies highlight his profound expertise and contributions to the industry. Mr. Speur joined Sabancı Group in 2023 and appointed as Digital Business unit Group President.

N. Orhun Köstem Finance

Orhun Köstem joined Anadolu Group in 1994, where he held several management roles until 2008. He was appointed as the CFO of Efes Breweries International in 2008. A year later, in 2009, he transitioned to the role of Corporate Finance Coordinator within the Anadolu Group.

From 2010 to 2018, Mr. Köstem furthered his career at Coca-Cola İçecek, serving as the CFO between 2010 and 2016 and then as the Regional Director for the Middle East and Pakistan. He was the CFO of Anadolu Efes between 2019 and 2021.

Since July 1, 2021, Mr. Köstem has been the Group CFO of Sabancı Holding. In addition to his primary role, he holds significant positions across various organizations: Chairman of Carrefoursa, Vice Chairman of Sabancı İklim Teknolojileri, Board of Trustees of Sabancı University, and Member of the Board of Directors at Akbank, Kordsa, Enerjisa Enerji, and Enerjisa Üretim.

He was one of the co-authors of the book "Opening the Window to Capital Markets: From A to Z Initial Public Offerings and Investor Relations," published in 2009. His expertise has been recognized for many years by various national and international platforms; while listing among "Türkiye's Most Influential 50 CFOs" by BMI Business School and DataExpert in 2016, 2019, 2020, and 2021, he also received accolades as Türkiye's Best CFO in Thomson Reuters Extel's Investor Relations Awards in 2011 and 2013, and was named "Best CFO" in the Consumer Sector in Emerging EMEA by Institutional Investor (II) in 2020. He also achieved rankings as Best CFO in Industrials in 2022 and in SMID-cap Industrials in 2023 in the Emerging EMEA Region by II, and was selected Best CFO among BIST30 companies at the Turkish IR Society (TUVID) Summit in 2022 and 2023.

Mr. Köstem, featured in the C-Suite Series – Fortune CFO 2022 list, is a member of the CFA Society Istanbul and the CFO Network of the World Business Council for Sustainable Development (WBCSD), reflecting his commitment to excellence in finance and sustainable development.

In 1991, Orhun Köstem completed his undergraduate studies in Mechanical Engineering at Middle East Technical University (METU), where he also obtained his MBA. Furthering his education, he acquired a master's degree in Finance and Corporate Law from Bilgi University.

Şebnem Önder Legal and Compliance

Şebnem Önder started her career at White & Case LLP in Türkiye as an Associate in 1994. She then took her expertise to New York between 1999 and 2000, working in the same capacity at the company's headquarters. Her tenure at White & Case LLP saw significant progression when she returned to Türkiye to serve as a Partner until 2014.

In 2014, Mrs. Önder transitioned to British American Tobacco (Türkiye & North Africa), where she took on the role of Legal Director. Her responsibilities expanded as she assumed the position of European Regional Head of Compliance between 2018 and 2022, overseeing compliance activities across the region.

Since September 2022, Mrs. Önder has been serving as the Legal and Compliance President at Sabancı Holding. In addition to her executive role, she holds board memberships at several Sabancı Group companies, including Akçansa, Brisa, Carrefoursa, Temsa Skoda Sabancı Ulaşım Araçları, and Sabancı Building Solutions B.V., contributing her legal and compliance expertise to the governance of these entities.

Şebnem Önder completed her law education at Ankara University Faculty of Law in 1994.

Yeşim Özlale Önen Human Capital and Sustainability

Yeşim Özlale Önen began her professional journey in 1999 as Associate Consultant at Davranış Bilimleri Enstitüsü. Her career trajectory took a new direction in 2003 when she joined Deloitte as a Senior Consultant, a position she held until 2005. Her role at Deloitte involved providing expert consultancy services in Human Resources, leveraging her background in psychology.

From 2005 to 2007, Mrs. Önen served as a Project Manager at DDI Türkiye, where she managed various projects on human resources and organizational development, contributing to her growing expertise.

In 2007, Mrs. Önen's career path led her to Sabancı Holding, where she assumed the role of Group Human Resources Manager. Her tenure at Sabancı Group lasted until 2011, during which she played a key role in shaping the human resources strategies and practices within the group.

In 2011, Mrs. Önen started her role as a Director Consultant at Korn-Ferry. She then served as a Senior Client Partner from 2018 until March of 2023. Yeşim Özlale Önen has been serving as Sabancı Holding Human Capital and Sustainability Group President since March 15, 2023.

Yeşim Özlale Önen completed her secondary education at İzmir Amerikan Lisesi in 1993, followed by a Bachelor's degree in Psychology from Middle East Technical University in 1997, and a Master's degree in Clinical Psychology in 1999.

Sabancı Holding Management

COMMITTEE MEMBERS

Corporate Governance, Nomination and Remuneration Committee:

- Mehmet KAHYA – Chairman (Independent Board Member)
- Suzan Sabancı, CBE – Member
- Serra SABANCI – Member
- Elçin Melisa Sabancı TAPAN – Member
- Şerafettin KARAKIŞ – Member

Audit Committee:

- Hüseyin GELİS – Chairman (Independent Board Member)
- Hayri ÇULHACI – Member (Independent Board Member)

Committee of Early Detection of Risk:

- Hayri ÇULHACI – Chairman (Independent Board Member)
- Suzan Sabancı, CBE – Member
- Serra SABANCI – Member
- Elçin Melisa Sabancı TAPAN – Member

Sustainability Committee:

- Hüseyin GELİS – Chairman (Independent Board Member)
- Hayri ÇULHACI – Member (Independent Board Member)
- Mehmet KAHYA – Member (Independent Board Member)

SENIOR MANAGEMENT*

Şerafettin Karakiş

President, Financial Affairs,
Accounting and Investor Relations

Derya Özet Yalçı

Director, Sustainability

Devrim Baykent

Director, Treasury and Corporate
Finance

Duygu Kayan Bulut

Director, Brand Communication

Erdem Erdoğan

Director, Financial Affairs and
Investor Relations

Erkan Şahinler

Director, Group Financial Control

Filiz Karagül Tüzün*

Director, Corporate Communication

İlker Yıldırım

Director, Accounting

Kerem Tezcan

Director, Investor Relations

Murat Gençer

Director, Risk

Mustafa Özturan

Director, Employee Experience and
Labor Relations

Olçay Gürdal

Coordinator, Security

Sarven Peştamalcıgil

Director, Strategy and Business
Development

Seçkin Yelmen

Director, Strategy and Business
Development

Seval Kor

Director, Human Resources

Taner Aytaç

Director, Audit

Utku Gülmeden

Director, Strategy and Business
Development

Yeliz Erinçkan

Director, Strategy and Business
Development

*As of 31.12.2023. Filiz Karagül Tüzün was appointed as Corporate Brand Management and Communications President in 2024.

Shareholder Structure and Dividend Policy

Shareholders Holding More Than 5% of Capital and Voting Rights

Shareholder	Share in Capital (TL)	Ratio in Capital (%)	Voting Right Ratio (%)
Sakıp Sabancı Holding Anonim Şirketi	287,100,000.56	14.07	14.07
Serra Sabancı	147,370,880.80	7.22	7.22
Çiğdem Sabancı Bilen	141,566,960.87	6.94	6.94
Suzan Sabancı, CBE	141,566,960.87	6.94	6.94
Other	1,322,799,127.90	64.83	64.83
Total	2,040,403,931	100.00	100.00

*As of 31.12.2023

Dividend Policy

Hacı Ömer Sabancı Holding A.Ş.'s Dividend Policy is to distribute dividend up to 20%, but not less than 5% of the distributable profit of the year calculated in accordance with the provisions of the Turkish Commercial Code, Capital Markets Legislation and the provisions of our Articles of Association, in cash and/or in the form of shares. Application of this policy is determined by the General Assembly in line with Hacı Ömer Sabancı Holding A.Ş.'s medium and long-term strategies, national and global economic conditions.

Dividends will be distributed equally to all shareholders, regardless of their date of issuance and acquisition within the legal period following the approval of the General Assembly on the date determined by the General Assembly. Hacı Ömer Sabancı Holding A.Ş. does not apply advanced dividend distribution policy.

General Assembly can transfer a portion or all of the net profit to the extraordinary reserves. If Board of Hacı Ömer Sabancı Holding A.Ş. offers the General Assembly not to distribute dividend, the reason for not distributing dividends and information about the usage of undistributed profit needs to be presented to the shareholders at the General Assembly Meeting.

Dividend Performance (TL Million)	2019	2020	2021	2022	2023
Dividends Received	601	492	1,562	2,114	7,076
Dividends Paid	612	673	714	1,530	3,571
Dividends Paid/Received	102%	137%	46%	72%	50%
Dividends Pay Out Ratio	16%	18%	15%	13%	8%

Investor Relations and Share Buyback Program

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

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

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

Investor Relations 2023 Activities

Sabancı Holding's 2023 Annual General Assembly Meeting was held on March 30, 2023 in accordance with legal and regulatory requirements, the Articles of Association and other internal policies. Documents required to be submitted for the information and review of shareholders regarding the Annual General Assembly Meeting were fully and completely prepared by the IR Department and were disclosed to the public in a timely manner.

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

As part of efforts to maintain constant communications with the entire investment community, the Investor Relations Department engaged in a wide range of activities and events this year. In 2023, the IR Department conducted 39 roadshows and conferences, three analyst and portfolio managers days, 16 meetings with sales teams, four sector days, and numerous one-on-one calls with a total of 801 institutional investors and analysts from Türkiye and abroad. In addition, four web conferences were held during the year to communicate quarterly financial results with the investment community.

To address the growing number of retail investors, the Investor Relations Department launched a human-like natural language processing (NLP), machine learning and artificial intelligence (AI) powered digital IR assistant – named SirA (Sabancı IR Assistant) – in February 2023. This innovative chatbot was developed and trained to answer frequently asked IR questions virtually – a first of its kind in Türkiye. SirA provides a best-in-class IR experience to Sabancı Holding's investors visiting the Investor Relations [website](#). The chatbot understands investor and stakeholder requests with a very high accuracy and rapidly delivers either a text- or voice-based response using the latest in advanced technology.

Sabancı Holding Investor Relations Department aims to foster the "Power of One" while identifying and mainstreaming best practices within Sabancı Group, driven by a strict focus on stakeholder value. Toward these ends, the IR Department organizes IR Coordination Meetings every quarter with the participation of IR teams, CEOs and CFOs of Sabancı Group Companies together with Sabancı Holding CEO, CFO and SBU presidents.

In fourth quarter 2023, the Sabancı Holding IR team conducted an independent perception study including 36 in-depth interviews with qualified domestic and international investment community professionals. The study was designed to capture an independent evaluation of the financial community's sentiment toward Sabancı Holding, quantify investment community perception, and identify factors impacting sentiment, valuation and areas to strengthen communication and engagement. The ultimate goal of the perception study was to provide a better IR experience to the investment community. In 2024, the Investor Relations team plans to reevaluate all IR instruments by addressing the issues that emerged from the perception study.

International Rewards

In 2023, Sabancı Holding was once again recognized for its IR excellence by investment professionals in Europe, Middle East and Africa (EMEA). The Holding was named the "Best Company in Investor Relations" among small-mid cap industrials in EMEA and presented with the "Grand Prix – Best Overall Team in IR" designation in EMEA. Winning companies are determined by votes of sell-side and buy-side global investment professionals based on Institutional Investor's Emerging EMEA Executive Team survey – the world's most comprehensive and prestigious research survey for independent performance validation and qualitative market intelligence.

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

Share Buyback Program

Sabancı Holding initiated a share buyback program pursuant to its Board of Directors decision dated November 9, 2021. With this program, Sabancı Holding aims to support the price performance of SAHOL shares in the equity market and reduce the net asset value discount by bringing SAHOL shares closer to its fair value. The share buyback program is designed to provide shareholders with a more attractive long-term investment opportunity. Under the program, a maximum of 102 million ordinary shares are to be repurchased, the equivalent of 5% of total shares outstanding. The Board of Directors set a total maximum fund allocation for the buyback effort at TL 1.75 billion, which was raised to TL 3.25 billion on December 19, 2022.

On December 12, 2022 and September 19, 2023, shares repurchased pursuant to the share buyback program and owned by Sabancı Holding were sold to institutional investors via the block sale method executed on the Borsa Istanbul Stock Exchange. As of September 19, 2023, there remained no repurchased shares owned by Sabancı Holding. Nevertheless, Sabancı Holding continued its share repurchases for the rest of 2023 as the share buyback program is still in force. As of December 31, 2023, total nominal value of repurchased shares amounted to 4.85 million, or 0.2377% of the share capital.

Risk Management

Sabancı Group manages risk in line with its risk appetite using a mix of quantitative and qualitative metrics.

RISK MANAGEMENT

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

The Group manages risk in line with its risk appetite using a mix of quantitative and qualitative metrics. Prioritized risks are handled under the strategies of risk avoidance, risk transfer, risk reduction and risk acceptance. The Group's corporate risk management framework includes specific categories, such as identifying, analyzing and measuring, prioritizing, and monitoring of risks. Group risk operation results are evaluated periodically by the Risk Coordination Committee and the Early Detection of Risk Committee.

Early Detection of Risk Committee

The Early Detection of Risk Committee (EDRC) initially evaluates, identifies, and determines any necessary risk measures and management processes for strategic, operational, financial and compliance risks. The EDRC also informs the Board of Directors about these issues. The Committee reviews risk management systems at least once a year. Tolerance and critical levels of prioritized risks are updated annually. The review process includes quantitative and qualitative approaches – statistical analysis by historical data, Monte Carlo simulations – incorporating the company's strategic direction and financial performance targets. In 2023, the EDRC convened on six occasions and presented its evaluations to the Board of Directors. Guest participants may be invited to EDRC meetings if relevant to the agenda.

Risk Management in Group companies

Akbank, Sabancı Group's banking institution, conducts risk management in compliance with Banking Regulation and Supervision Agency regulations under the responsibility and supervision of the bank's Board of Directors. The Board of Directors and senior management formulate a risk appetite framework and develop risk management policies. The Board of Directors approves Akbank's general principles of risk control and risk management in addition to limits for all relevant risks and risk management procedures. Board members periodically attend five risk management related committees: Audit Committee, Credit Committee, Executive Risk Committee, Conduct Risk Management Committee, and Information Security Committee.

The Risk Management Office, the Information Risk Management Office (IRMO) and the Internal Control, Compliance and Internal Audit departments also report directly to the Board of Directors. Internal methods and risk models are continuously improved to ensure effective risk management.

At Sabancı Group's non-bank companies, corporate risks are managed by risk management officers and senior management responsible for risk management processes. Group companies issue periodic reports on potential and prioritized risks to the EDRC and the Board of Directors. Financial, strategic, operational and compliance risks of subsidiaries are supervised by the Risk Directorate, Risk Coordination Committee, and relevant Group Presidents in the Holding.

Risk Categories

Financial Risks

The Sabancı Holding Treasury Management Policy defines the rules and principles of the company's investment policy encompassing interest, exchange rate and liquidity risks.

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

Strategic Risks

Strategic risks are assessed within the scope of corporate risk, industrial risks, economic risks, regulatory changes, reputational risk, and sustainability risk.

The Holding manages strategic risks with a long-term dynamic business lines management approach. This approach focuses on highly profitable and sustainable businesses to create a competitive advantage.

Sabancı Holding categorizes sustainability risks within the



framework of strategic risks. Sustainability risks include the potential for non-compliance with sustainability policies, regulations, and international standards in addition to transition risks stemming from investments aimed at aligning with a lower-carbon economy. This risk type also encompasses physical risks, such as financial implications resulting from extreme weather events. These risks and associated opportunities are managed systematically by the Holding to align with its overall strategic direction.

Operational Risks

The Audit Department conducts regular checks of company processes and systems to determine and eliminate operational risks. The Information Technology Department manages technology risks – damage to information systems,

cyberattacks, and the like – via preventive actions, regular tests and back up plans. Sabancı Group utilizes cyber risk insurance to ensure an effective level of cyber security and mitigate technology risks.

The Human Resources Department manages occupational health and safety risks. Sabancı Group's crisis management and business continuity initiative was widened with disaster management studies in 2023.

Compliance Risks

Compliance with applicable laws, rules and regulations is a key responsibility of Sabancı Holding. The Holding's Legal and Compliance team conducts effective compliance risk analyzes in relation to competition law, sanctions/export controls, third-party due diligence and data privacy.

Compliance

In 2023, Sabancı Group completed its policies and procedures on compliance by consolidating efforts among all strategic business units to facilitate working together and sharing knowledge.

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

In 2023, Sabancı Group completed its policies and procedures on compliance including third parties and data privacy by consolidating efforts among all strategic business units to facilitate working together and sharing knowledge.

Competition and anti-trust

As a Group, we ensure that our companies compete fairly and ethically, in line with competition laws.

Where Group companies are involved in mergers and acquisitions, Sabancı Group conducts a competition risk assessment and ensures mandatory filings are made before the transaction is closed.

Sanctions and export controls

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

Policies and procedures are in place to ensure that our business is conducted in compliance with all applicable sanctions and export control regimes.

Third parties

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

Policies and procedures are in place to assess third party risks, perform enhanced due diligence where appropriate and take measures and safeguards to mitigate risks.

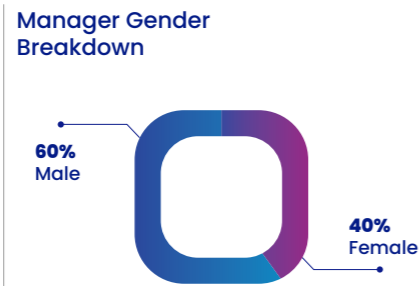
Data privacy

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



Human Capital

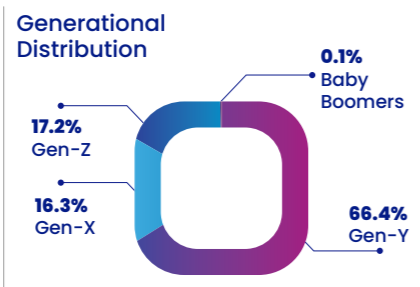
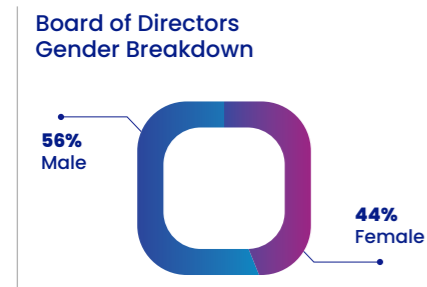
Committed to becoming a global player, Sabancı Group is striding confidently towards the future with its diverse and highly capable human capital.



Introduction

As of December 2023, Sabancı Group provides employment opportunities to more than 60 thousand employees worldwide, including subcontractor employees.

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



Strategic Human Resources Roadmap

Sabancı Group designed its human capital strategy in line with the Group Strategy House and defined a new human resources roadmap for the next three years.

The roadmap focuses on five key pillars:



1. Attract and Retain the Best Talent Ever

This pillar aims to attract and retain top-tier talent by aligning with global trends and implementing strategies that resonate with the needs and preferences of top talent.

In 2023, Sabancı Group maintained its position as being an “Employer of Choice.” Aiming to hire the best local and global talent, Sabancı Group is committed to delivering exceptional employee experience.

The New Generation Career Experience Program offers third-year and fourth-year university students the opportunity to work

on projects and experience the Sabancı ecosystem for an eight-week period. A diverse group of 42 highly capable undergraduates from six countries, 54% of whom were women, participated in this program in 2023.

The SEED Young Talent Program was redesigned to align with the Group’s digital growth strategy. The revamped SEED Digital Young Talent Program targets young professionals with 1-3 years of experience in digital fields. A total of 5,600 applications were received in 2023. The program participants are involved in a diverse range of digital roles, embarking on an upskilling journey to launch their professional careers.

Sabancı Global Ambassadors program is designed to help achieve the Group’s global growth target. Under the program, top Turkish students at QS 500 European and American universities are selected as Sabancı Ambassadors. The student ambassadors aim to raise awareness about Sabancı Group at career events and across other networks.

Reskilling and upskilling are key strategic initiatives for talent management across the Group.

Program	Objective	Duration	Number of Participants
Advanced Data Analytics Academy	Ensuring the development of critical employees in the field of “data analytics” within the digitalization road map of Sabancı Group.	8 months	55
IN-LEAD	Providing high-potential technical managers and engineers with professional and leadership development.	1 year	23
NEXT	Targeting the alumni of Group Development Programs; this year’s focus was on crafting a comprehensive, experiential cybersecurity training program, including cyber threats.	1 day	45
X-TEND	Fostering a resilient and socially responsible community, this online academy provides insights into key areas such as Adult and Child Psychology after Earthquake, First 72 Hours of Disasters, Practical Information on Earthquake Resistant Buildings, etc.	1 year	~ 3,100
X-LAB	Supporting the Group’s strategic direction on innovation; the third cohort, including the Ideathon phase, was completed in 2023 and four teams were selected for Sabancı ARF.	4-6 months	224

Human Capital

Aiming to hire the best local and global talent, Sabancı Group is committed to delivering exceptional employee experience.



2. Establish a Fast, Flexible, Fluid Organization

Creating an agile and adaptable organizational structure that emphasizes speed, flexibility, and fluidity in companies to push Sabancı Group's strategy forward is the goal of this pillar.

In 2023, Sabancı Group completed the strategic workforce planning initiative. Human resources actions will be designed accordingly, focusing on crucial organizational skills and capabilities for companies to achieve their objectives.

Leadership bench strength is a key success factor at Sabancı Group. Maintaining continuity and expanding the talent pool are accomplished through organizational and group-level people review gatherings. These efforts ensure adherence to leadership potential assessments, succession strategies, pipeline capacity, and overall organizational health and flexibility across the Group.

X-TEAMS, a business development platform utilizing agile methodology, aims to identify potential business areas aligned with the Group's strategies. Since the platform's launch, eight cohorts with 50 teams consisting of employees from cross-functional teams have realized more than 50 projects.

3. Build a Purpose Driven, High Performance Culture

The objective of this pillar is to foster a culture centered on purpose and high performance, motivating Sabancı Group employees to concentrate on an inspiring goal and collectively attain sustainable outcomes.

Sabancı Group's purpose is to *unite Türkiye and the World for a sustainable life with leading enterprises*. All strategies and actions based on this purpose are shared with Group employees at the annual management meeting and quarterly CEO talks.

As part of the Sabancı Republic Day Campaign, the Group participated in the Istanbul Marathon with 2,800 employees – the largest number to join the popular event from a single company. Adopting the slogan "It's Worth Running," Sabancı Group ranked among the top conglomerates to raise the most charity donations.

At the 14th Golden Collar Awards, 153 projects from across the Group competed. The best projects were recognized and rewarded in the following categories: "Digitalization and

Continuous Improvement," "Innovation," "Customer Experience," "Sustainability," and "Sabancı of New Generation."

Embraced by every Sabancı Group company, the continuous performance system (OKRs, KPIs) prioritizes transparency, maintains agility, fosters collaboration, and thrives on feedback. In 2023, 100% of Group employees had regular performance evaluations.

Remuneration – Total Reward Model

Total Reward	Total Income Package	Recognition, Appreciation and Supportive Practices	Flexible Working Career Development Training Support Golden Collar Awards Recognition & Appreciation Programs	Sabancı Group provides a range of benefits, recognition, appreciation, and supportive practices to employees that are designed to reflect peer group and market practices.
		Benefit & Allowances	Employer-Contributed Private Pension System Private Health Insurance Employee Transportation Support / Fuel Support/Company Car Mobile Phone/Data Line	
	Total Cash	Variable Salary	Short-Term Incentives Long-Term Incentives	
		Fixed Salary	Base Salary	Base salary is defined by the size, scope and complexity of the role, level of responsibility, professional experience and is reviewed annually.

Human Capital

All Sabancı Group companies offer separate side benefit schemes with varying content and flexibility based on role status and requirements in line with employee expectations and needs. The Group does not tolerate a raw gender pay gap between male and female employees. Sabancı Group is committed to conducting an annual equal pay for equal work research study, including a raw gender pay gap analysis, to maintain wage equity going forward.

In 2023, Sabancı Group executed an interim salary increase in line with macroeconomic data and market conditions to ensure competitive employee welfare.

STI (short-term incentive plan) enable employees to focus their performance on achieving key financial and non-financial objectives. LTI (long-term incentive plan) are offered to a defined group of senior executive positions to

boost share value and help them gain a shareholder perspective, as well as to reward long-term performance and stability. The Board of Directors reviews and defines long-term KPIs for the senior management team each year.

KPIs for variable remuneration in 2023 follow below.

Short Term (1-Year) Financial KPIs*

- Net Sales
- EBITDA
- Free / Operational Cash Flow
- Net Financial Debt
- Working Capital
- Market Share
- Market Cap Growth
- Net Profit

Short Term (1-Year) Non-Financial KPIs*

- Action against the climate crisis
- Reduction in plastic usage
- Improvement in MSCI score
- Diversity and Inclusion
- Future of Work
- Operational Excellence

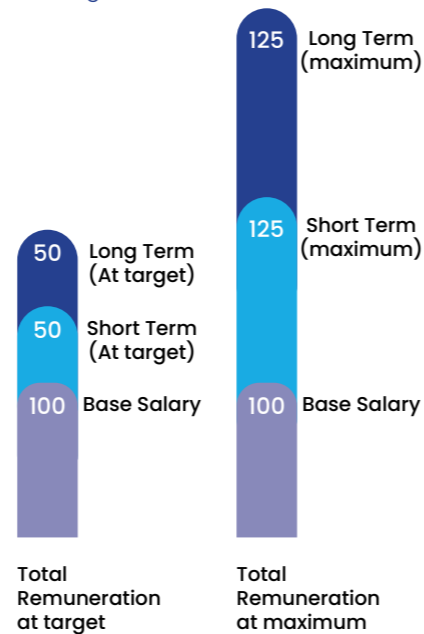
Long Term (3-Year) KPIs

- r-TSR above competing companies**
- Net Asset Value Growth
- Free Cash Flow***
- Equity Growth***

Pricing ability, competitive position and operational excellence

Capital distribution and value creation

Total Cash Distribution Model (%)
Sample for a company general manager



* Short-term KPIs are not limited to those included on this page; those shown are merely examples.
** Change in market capitalization compared to peers for listed companies.
*** For non-listed companies.

4. Enable Orchestrator Leadership for Teams

Cultivating leaders in line with the Sabancı Leadership Model, and skillfully orchestrating teams and all stakeholders are the objective of this pillar.

In 2023, the Sabancı Leadership Model was renewed with collective wisdom and a participatory approach. The new model aims to raise future-ready leaders who act as ecosystem leaders, focus on growth, prepare for the future by transforming, and strengthen connections.

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

Program	Objective	Duration	Number of Participants
TP-X	Supporting individuals with high potential who are new in their business careers and the Group.	1 ½ years	17
X-POSURE	Improving the leadership potential of Sabancı Group mid-level managers.	1 ½ years	21
HR Journey	Supporting Group HR leaders by incorporating global perspectives and methods to prepare them for a future-ready ecosystem.	1 year	24
X-CELERATE	Supporting CXO leaders' transformation and deepening their global and leadership perspective.	1 ½ years	22
Sabancı Transformation Team (SATT) Program	Sabancı Holding Executive Board Members and Company General Managers are positioned as "key accelerators" who will realize the transformation of the Group. Throughout the Sabancı Transformation Team (SATT) initiatives, strategic areas are focused, and leadership development is supported.	1 year	30

5. Create a Human Touch for Sustainable Lives

This pillar aims to instill a human-centric approach to promote sustainable lifestyles, fostering connections that prioritize personal touchpoints and continuous learning for general well-being and vitality.

Sabancı Group is committed to providing an inclusive work environment and driving community growth where it operates. The Group strictly prohibits discrimination based on language, race, ethnicity, gender, religion, age, or disability. Embracing the Declaration of Principles on Equality at Work, Sabancı Group prioritizes a fair workplace in line with its sustainability strategy. Progress is monitored via a comprehensive roadmap, which includes female leadership, equal pay, inclusive culture, anti-harassment policies, and women's support, as acknowledged by the Bloomberg Gender Equality Index. Notably,

Sabancı Holding was included in the 2023 Bloomberg Gender Equality Index – the sole Turkish holding company in the global index.

Sabancı Group companies receive regular data-based analysis on potential industrial relations and labor law risks. Immediate updates are provided on these developments to aid proactive risk management. Embracing adaptable work approaches, the Group implements flexible working models within legal and regulatory frameworks.

Respecting employees' rights to organize and engage in collective bargaining, Sabancı Group maintains a neutral stance towards unions and unionization processes. A substantial portion of Group

employees are union members. Collaborative environments are fostered by labor and employer unions, ensuring sustainable labor relations. As the leader of TÜSİAD's Employment and Social Security Working Group, Sabancı Group supports initiatives focused on labor legislation compliance, secure flexible work, employment incentives, and future job skills.

Sabancı Group ensures compliance with relevant legislation and internal standards for employee health and safety. Through training and knowledge transfer, the Group aims to standardize and enhance employee health and safety practices continually. Embracing the principle of "Occupational Health and Safety First," Sabancı Group emphasizes the importance of employee well-being. This commitment to excellence is reflected in both the Group's workforce and stakeholders.

Sustainability

The commitment of Sabancı Group to sustainability is clearly shown through its investments across various sectors, which play a crucial role in delivering substantial environmental and social benefits.

At Sabancı Group, we adopt the strategic direction of “Sustainability for a better life” because we see sustainability as a strategic approach to enhance business resilience.

Sustainability

The 2023 World Economic Forum Global Risk Report highlights that half of the world’s emerging as the most severe global risks within the next two years, and 60% within a decade, are environmentally driven. These environmental challenges are making societal issues more severe and increasing inequality, significantly changing daily lives and causing wider social disruptions.

At Sabancı Group, we adopt the strategic direction of “Sustainability for a better life” because we see sustainability as a strategic approach to enhance business resilience. Our primary focus is on new investments in key aspects of the new economy: energy and climate technologies, advanced materials technologies, and digital technologies. This approach enhances Sabancı Group’s resilience of current environmental sustainability challenges, while also positioning the Group as a key player to integrating sustainability into the heart of growth strategy.

Decarbonization Strategy

In alignment with its strategic framework, Sabancı Group has formulated a comprehensive decarbonization strategy to address potential risks to achieving the 1.5°C goal. Embarking on this journey in 2021, the Group has elevated its commitment by introducing interim GHG emissions reduction targets within the scope of its Nature Project in 2023.

This effort was vital in identifying key areas for improvement towards our Net Zero Emissions target. Specific measures and actions for both Sabancı Holding and its Group companies were outlined to mitigate their environmental impact. Besides its interim GHG emissions reduction target, Sabancı Holding has determined 15 decarbonization initiatives designed to accelerate the transition process, effectively decarbonizing the various industries in which Sabancı Group is actively engaged.

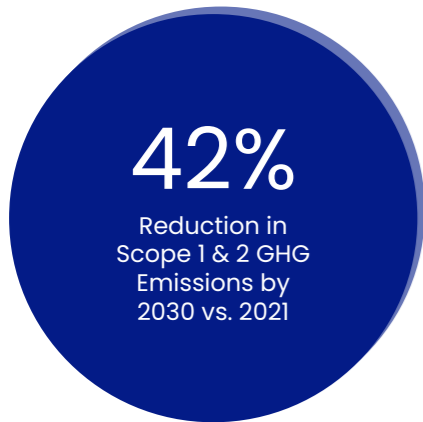


List of Decarbonization Initiatives

- Renewable electricity usage / generation
- Switching away from CO₂ intensive fuels
- Electrification of kiln/boiler
- Fleet EV transformation
- Alternative cooling gas
- Blending of renewable natural gas (RNG)
- Grid decarbonization
- Raw material substitution
- Heat pumps
- Theft & Loss reduction
- Alternative fuels
- Bio diesel blend
- SF₆ recovery
- Clinker substitution
- Product/network optimization

Sustainability

Sustainability is a key pillar of innovation and business development initiatives at Sabancı Group.

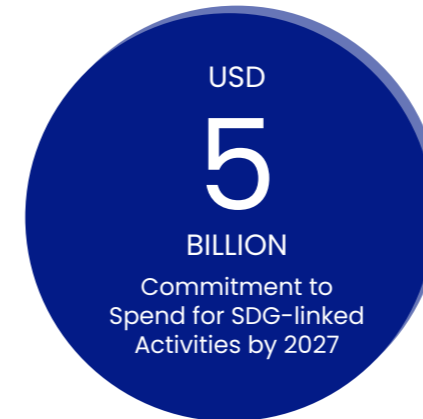


We will reduce our Scope 1 & 2 GHG emissions at least 15% by 2025 and 42% by 2030 vs. 2021 baseline without using carbon offsets.

Sabancı Holding Midterm Targets on Climate

In response to the scientific consensus on limiting global warming to 1.5°C above pre-industrial levels, Sabancı Holding has aligned its emission reduction objectives accordingly. As a strategic investment holding, we have committed to a 15% reduction in Scope 1 & 2 GHG emissions by 2025 and a 42% reduction in Scope 1 & 2 GHG emissions by 2030. Our target is aligned with 1.5°C pathway of the globally recognized Science-Based Targets initiative (SBTi).

Group companies have begun establishing their Scope 3 GHG emissions targets and are actively engaging in the SBTi approval process. Currently, 60% of Sabancı Holding's Scope 1 and 2 GHG emissions are either in the process of SBTi evaluation or awaiting approval, underscoring our commitment to this ambitious environmental goal.



We will grow in sustainable businesses to contribute to the transition for a sustainable economy.

As Sabancı Group, we started to track SDG-linked activities in 2022. Our CapEx and OpEx will reach USD 5 billion in SDG-linked activities by 2027, with climate mitigation and adaptation having a share of 70%.

Sabancı Holding's Growing Investments in SDG-linked Areas

Sabancı Holding is dedicated to fostering growth in sustainable businesses and facilitating the transition to a lower carbon economy. This commitment was further strengthened in 2022 with strategic investments in activities linked to the UN Sustainable Development Goals (SDGs). By 2027, Sabancı Holding plans to allocate USD 5 billion in capital expenditures and operational spending towards SDG-linked activities within new economy areas, with a major focus on climate mitigation and adaptation.

To enhance new investments at both startup and scale-up levels, Sabancı Ventures functions as the corporate venture capital arm of Sabancı Holding, serving the needs of both financial and strategic investors. Sabancı Ventures capitalizes on the expertise, operational excellence, and extensive global network of

Sabancı Holding companies, while creating value through commercial partnerships. Sabancı Ventures aligns its investment evaluation process with the Principles for Responsible Investment (PRI)'s six principles. For detailed information on Sabancı Ventures, please refer to page 63 of this report.

Sustainability is a key pillar of innovation and business development initiative at Sabancı Group. Our commitment to sustainability is clearly shown through our investments across various sectors, which play a crucial role in delivering substantial environmental and social benefits.

Key highlights of Sabancı Group's sustainability-related investments for 2023 include:

- Sabancı Renewables has acquired 100% of the shares of Oriana Solar, a US-based solar power plant facility, with an investment comprising 232 MW of solar energy and 60 MW of energy storage.
- Sabancı Renewables secured tax equity financing totaling USD 185 million through Advantage Capital for the Cutlass Solar II Project, which involves a 272 MW solar energy investment.
- Enerjisa Üretim has completed and commissioned the Akköy Wind Power Plant (WPP) with a capacity of 25.2 MW as part of the Aydın Region YEKA-2 projects totaling 250 MW. In addition, field construction activities for power plants with a total capacity of 185 MW have started. The investments aim for the gradual completion and commissioning of the Renewable Energy Resource Area 2 (YEKA-2) projects with a total capacity of 1,000 MW.
- Enerjisa Üretim has completed an M&A, along with an increase in existing plant capacity, providing an additional 40 MW of generation capacity for renewable energy power.
- Preliminary licenses have been obtained for three separate storage WPPs with a total wind power generation capacity of 500 MW and a battery storage capacity of 500 MWh, following applications made to the regulatory authority.
- Enerjisa Enerji has obtained preliminary licenses for Solar Power Plants (SPP) with storage, consisting of 287 MW of solar-powered electricity generation capacity and 255 MWh of energy storage capacity.
- Eşarj recorded success of over 1,300+ total high speed DC charging stations covering all 81 cities of Türkiye. Based on the number of charging points, Eşarj has a market share of 33% in high-speed charging and is the country's biggest DC charge point operator.
- The Afyon SPP, jointly constructed by Enerjisa Enerji in Çimsa Afyon Plant with an investment of TL 52 million, has started operations. This initiative is a strategic part of the decarbonization efforts, aiming to lower carbon emissions by utilizing renewable energy sources.
- Investment of EUR 2.2 million has been made to open the Technology Center at the Technical University of Munich. The new center will support the development of innovative and environmental products and technologies in advanced building materials, composites, and construction reinforcement.
- Sabancı Building Solutions has planned an investment of EUR 4.2 billion for a SPP project at the Buñol factory. This investment is part of the company's decarbonization initiative, aiming to reduce GHG emissions and promote sustainable energy practices.
- The announcement has been made for a waste heat recovery facility investment at the Eskişehir facility of Çimsa, scheduled for completion in 2024. This project is jointly initiated with Enerjisa Enerji.
- Sabancı Building Solutions has made an investment in the Switzerland-based startup FenX, which produces sustainable insulation materials from waste materials as part of its circular economy practices.
- Temsa is conducting an R&D project to develop Türkiye's first hydrogen-fueled intercity coach.
- Pulsora's sustainable data management journey has received a green boost with Sabancı Climate Ventures joining its USD 20M Series A funding.



Sustainability

In 2023, Sabancı Holding's ESG rating was upgraded from 'A' to 'AA' by MSCI, marking a notable four-notch increase within a span of just four years.

Sabancı Renewables has acquired 100% shares of US-based Oriana Solar, a solar energy facility, with a 232 MW solar power plant and 60 MW energy storage investment.

Sabancı Group for People and Society

Community investment programs are connected to the core strategy and business operations of Sabancı Group. Investing in communities aligns with the Group's commitment to maximizing positive impact on people and society. Sabancı Group develops and implements strategic community investment programs above an SROI (Social Return on Investment) value of 1.

Sabancı Holding contributes to societal development via various initiatives, including institutional support, social projects, and corporate social responsibility activities, involving both the Holding and the Group companies.

One notable example is Sabancı Holding's organization of Türkiye's largest social responsibility campaign – Sabancı Republic

Day Campaign. This year, the campaign focused on mitigating the effects of the devastating February 6th earthquake in South Anatolia. Numerous participants from Group companies had a valuable impact across several disaster-affected cities. For detailed information on Sabancı Republic Day Campaign, please refer to page 61 of this report.

In addition to the Group's efforts, Sabancı Foundation operates with the vision of building a society where all individuals enjoy their rights equally. The Foundation directs its activities toward key areas that include education, social change, culture and the arts. Sabancı Foundation places a special emphasis on women, young people, and individuals with disabilities in its various initiatives, underscoring its commitment to fostering inclusive opportunities and equitable rights through its programs. For detailed information on Sabancı Foundation, please refer to page 109 of this report.

For 24 years, Sabancı University, with the vision of ranking among the world's leading research universities with its innovation-based studies, has contributed to the development of self-confident individuals who are sensitive to the needs of society, focused on creating solutions and open to continuous improvement. For detailed information on Sabancı University, please refer to page 115 of this report.

ESG-related Indices Management and Communication with Stakeholders

In 2023, Sabancı Holding's ESG rating was upgraded from 'A' to 'AA' by MSCI, marking a notable four-notch increase within a span of just four years. MSCI is one of the most widely used ESG rating firms for responsible investment worldwide. Sabancı Holding is also included in the BIST 25 Sustainability Index whose constituents are BIST-listed companies with the top corporate sustainability performance in Türkiye. Sabancı Holding has been listed in Global A List for CDP Climate Change and increased its total score to A- for CDP Water programs. In addition, out of the 11 Sabancı Group companies that reported to the CDP Climate Change Program, an impressive nine have ascended to leadership levels, with grades of A or A-.

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

matters. Finally, Sabancı Holding was listed once again in the 2023 Bloomberg Gender-Equality Index. The Holding was the only conglomerate from Türkiye included in the ranking.

Beyond its own internal ESG-related efforts, Sabancı Holding participates in local and international sustainability platforms and initiatives that advocate for further change to environmental and social policy frameworks.

Sabancı Group is a member of the United Nations Global Compact (UNGC), World Business Council for Sustainable Development (WBCSD), World Economic Forum (WEF), 30% Club

Türkiye and CNBC ESG Council. The Group also supports local associations and committees to accelerate the transition of Türkiye's economy to a more sustainable model and enhance the resilience of society and economy to sustainability risks. For example, Sabancı Group has high level representation on various commissions and working groups in the Turkish Industry & Business Association (TÜSİAD), which plays a major role in Türkiye's economy.



Sabancı Volunteers Program

Initiated in 2015, Sabancı Volunteers Program aims to strengthen the bond between employees and Group companies, enhance employee social awareness and carry out activities that benefit society.

More than 10 thousand Sabancı Volunteers participated in activities across Türkiye organized in two focus areas: Education and Development.

Sabancı Holding consistently demonstrates the importance it places on solidarity and unity in achieving common goals. Innovation and participation are actively encouraged to generate sustainable solutions for various significant social and environmental challenges. Sabancı Holding also believes that unlocking the tremendous potential of employee volunteering is a vital component of sustainable development.

Initiated in 2015, Sabancı Volunteers Program aims to strengthen the bond between employees and Group companies, enhance employee social awareness and carry out activities that benefit society. Sabancı Volunteers Program executed meaningful projects and initiatives that touched the lives of thousands of people across the country.

Sabancı Republic Day Campaign

Since its founding, Sabancı Group's highest priority has been to uphold the values of the Republic of Türkiye. Following the devastating forest fires and floods in Türkiye in 2021, the Group launched Sabancı Republic Day Campaign. This effort was designed to support restoration and healing in the aftermath of environmental disasters while also serving as a pioneer and example for sustainable living. The campaign aims to ensure a better future for new generations, the environment, and all living things while honoring the legacy of Mustafa Kemal Atatürk.

2023

In its third installment this year, Sabancı Republic Day Campaign celebrated the 100th anniversary of the Republic of Türkiye with great enthusiasm, with all volunteers participating in this effort. In 2023, the campaign once again became Türkiye's most attended social responsibility initiative.

More than 10 thousand Sabancı Volunteers participated in activities across Türkiye organized in two focus areas: Education and Development. Sabancı Volunteers devoted 153 thousand hours to activities focused on sustainability and social impact. About half the projects were carried out in provinces affected by the highly destructive February 6 earthquake to support and revive the region.

Over the past three years, Sabancı Volunteers dedicated a total of approximately 170 thousand hours to activities as part of Sabancı Republic Day Campaign. In other words, Sabancı volunteers compressed 19 years of work into just three calendar years with their incredible commitment.

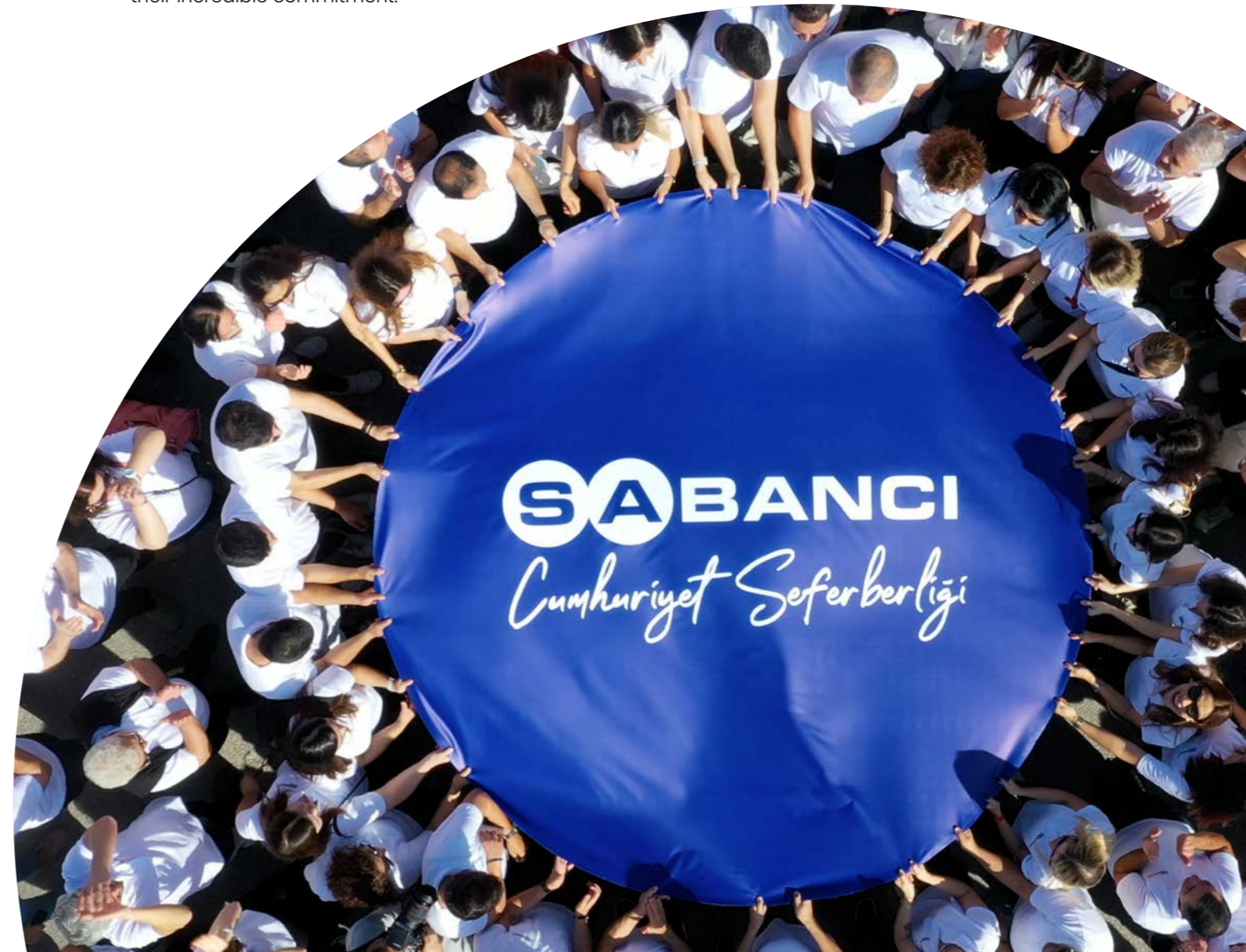
All efforts as part of Sabancı Republic Day Campaign were dedicated to the Great Leader Mustafa Kemal Atatürk on November 10, as in previous years, honoring the lasting legacy of Atatürk.

"Running for Good"

As part of Sabancı Republic Day Campaign, 2,800 Sabancı Volunteers participated in the 45th Istanbul Marathon this year and collected donations to support education and development in the 100th anniversary of the Republic of Türkiye.

International Awards

In 2023, Sabancı Volunteers received an award from one of the most reputable international organizations in recognition of their exceptional work and broad impact. Sabancı Holding won the prestigious global award, the "International CSR Excellence Gold Award 2023," for its Sabancı Republic Day Campaign. The presentation ceremony took place at world-renowned St. Paul's Cathedral in London in June.



Sabancı Ventures

Sabancı Ventures acts as a “sensor” for Group companies to identify new growth areas, actively evaluating investment opportunities with innovative business models and/or cutting-edge technologies.

Sabancı Ventures (“SV”) is the corporate venture capital arm of Sabancı Holding. SV adopts global best practices and creates value for both parties with solid commercial partnership plans, leveraging the know-how, operational excellence, and global network of Sabancı Holding companies. SV also accepts the UN Principles for Responsible Investment (PRI)’s six principles as a guide for evaluating investment decisions.

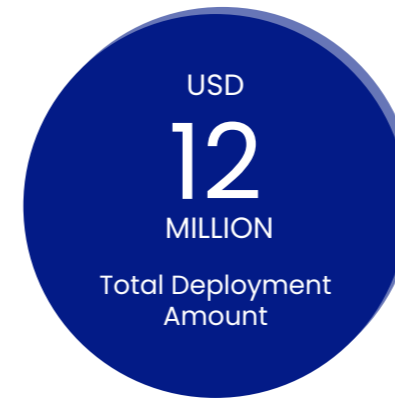
As a corporate VC fund, Sabancı Ventures invests in post-revenue scale-ups and seeks solid synergies and value creation opportunities between its future portfolio companies and Sabancı Group companies. SV strives to

find exceptional founders with scalable business models and help them realize their global expansion potential. Typically, SV invests in post-seed to Series A stage companies, though it can also invest in later stage companies.

Sabancı Ventures acts as a “sensor” for Group companies to identify new growth areas, actively evaluating investment opportunities with innovative business models and/or cutting-edge technologies. SV focuses on burgeoning areas such as Internet of Things (IoT), artificial intelligence (AI) and big data, climate tech, insurtech, health tech, fintech, mobility, advanced materials, and cloud tech.

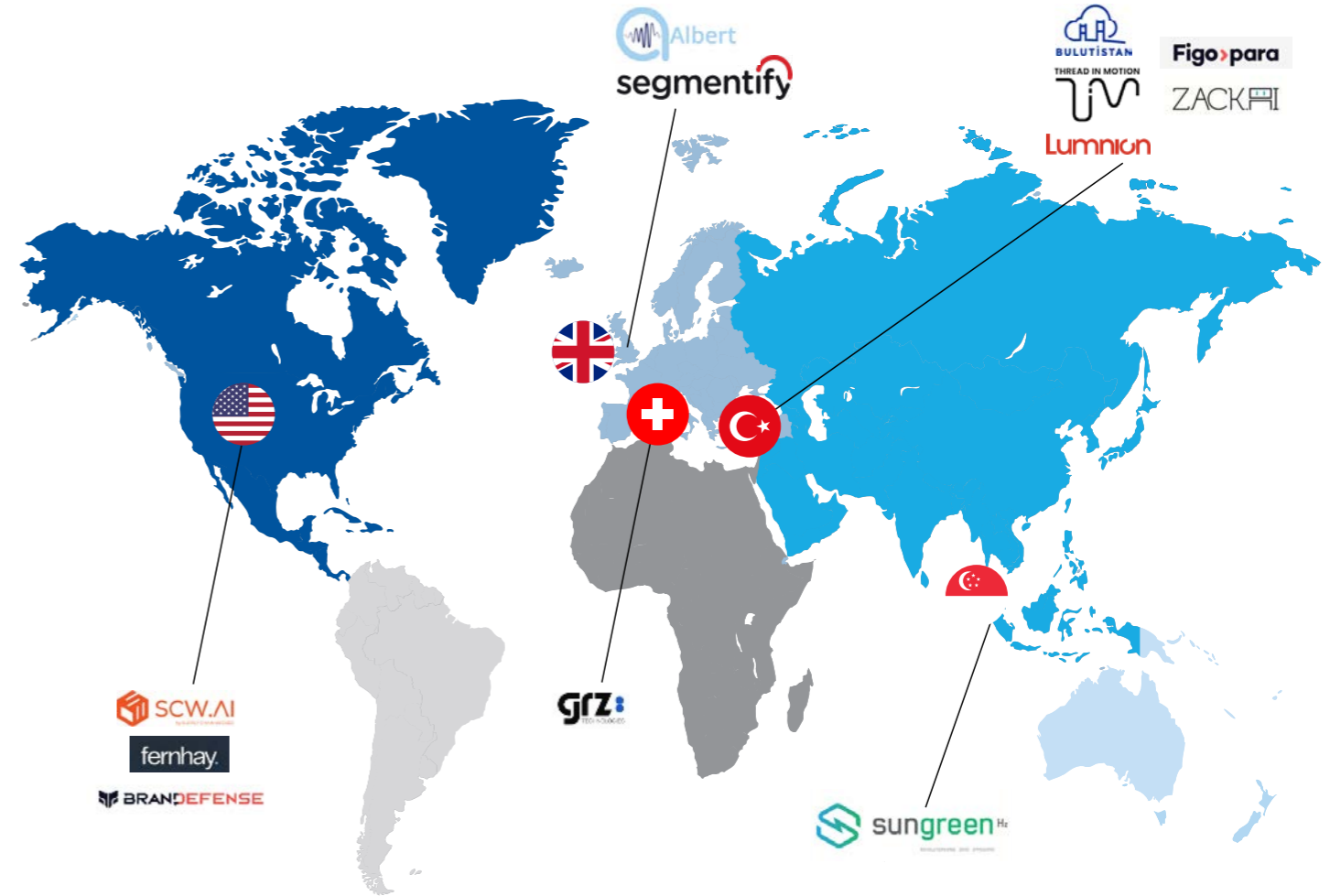
Sabancı Ventures has made direct corporate venture capital investments in 12 companies in five countries and has deployed over USD 12 million to date. Five of these investments were completed in 2023.

As a part of its overall CVC strategy, Sabancı Group uses several investment vehicles where the total number of direct investments reached 17+ companies and total investments exceeded USD 45 million between 2020 and 2023.



Vertical Invested

- Fintech
- Martech
- Cybersecurity
- Climate tech
- IoT & Wearable
- Insurtech
- Cloudtech
- Healthtech
- AI
- Mobility



Banking

Akbank, Sabancı Group's banking arm, executes a bifocal strategy of "Run the Bank" and "Crafting the Future" to identify key priorities.



Banking

Akbank, achieved superior results in 2023, surpassing most of the metrics defined at the beginning of the year.

Akbank sustained strong positioning among peers with leading profitability.

Financial and Operational KPIs

Sabancı Group's banking institution, Akbank, achieved superior results in 2023, surpassing most of the metrics defined at the beginning of the year. Highlights of the year include:

- Reached an outstanding 4.4% RoA and 37.9% RoE with 9.0 leverage.
- Maintained strong momentum in customer acquisition with a net active customer increase of 2.3 million year-on-year, resulting in a massive 55% cumulative jump over the last two years.
- Achieved robust market share gains in retail loans and broad-based deposits driven by higher customer business volume and diversified product portfolio which increased 24% year-on-year.
- Further solidified customer-based revenue generation thanks to advanced digital capabilities and expanded digital migration.
- Excelled across the board with an outstanding fee performance, boosting fee income market share and increasing fee/OPEX ratio.
- Continued agile and prudent ALM with a focus on maturity mismatch and regulatory compliance.
- Maintained solid capital ratios yielding significant competitive advantage for sustainable profitability: CAR of 21.0% and Tier 1 of 17.9%.
- Sustained strong positioning among peers with leading profitability and CAR demonstrating financial strength and operational resilience.

Protect and Grow the Core

Akbank, Sabancı Group's banking arm, executes a bifocal strategy of "Run the Bank" and "Crafting the Future" to identify key priorities. Growing and protecting the core business is aligned with Run the Bank activities, as a backbone of future investments and sustainable growth.

In addition to pursuing robust growth and expanding the customer base, Akbank prioritizes risk and return centered sustainable and sound profitability with a focus on customer-driven revenue growth.

Akbank is committed to conducting superior customer acquisition, deepening customer relations as well as bolstering customer retention efforts. Enhanced digital capabilities and strong cross-sell are central to running and growing Akbank's core business. A well-established franchise and ongoing improvement of the sound deposit base are a strategic priority to fund sustainable retail loan growth.

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

Sales and service model design is another key driver in growing the core business at Sabancı Group's banking institution. Akbank's efforts in this area aim to further improve customer touchpoints along different customer journeys covering the SME, Retail and Commercial business lines. Akbank delivers a strong omni channel customer experience combining web/mobile platforms, a redesigned branch layout, and the call center, by using sales and service design strategically. In the future, the Group's banking arm is aiming to expand this initiative by redesigning the sales and service model it has with its subsidiaries and business partners including insurance companies. The objective is to provide banking services to customers whenever and wherever with a meticulous focus on quality and efficiency.

Enhancing and Managing the Customer Journey with a Holistic Approach

Akbank aims to provide products and services by considering the entire value chain including its suppliers, subsidiaries, customers, distribution structures and employees. The goal is to provide 360-degree solutions to customers and to boost potential cross-sell and up-sell opportunities.

Developing and Participating in Ecosystems

As ecosystem structures grow and evolve, providing customers with holistic solutions in key areas such as mobility, healthcare, financial health, supply chain and IoT-ecosystems are critical to respond to ever-changing customer needs. These new structures will also enable Akbank to tap into the unbanked and underbanked population, supporting financial inclusion – a priority for the bank's sustainability objectives.



Developing New Solutions in Trade Finance

Trade finance and its sub-areas are a key part of Akbank's future growth both domestically and internationally. As bank customers' businesses become more complex with expanding supply chains, growing product portfolios and changing customer expectations, management of the financial side of these business challenges becomes more important. Developing new products and services in this area – including but not limited to supply chain finance, export factoring and digital trade finance – are crucial in expanding the Group's banking business. One target group is customers with strong export business lines.

Akbank aims to provide products and services by considering the entire value chain.

Banking

Akbank invests in the future with the mindset of reducing its environmental footprint while increasing its positive impact.

59%

Akbank's ESG-themed share in wholesale funding

Invest in New Growth Platforms

To achieve its objectives in "Crafting the Future," Akbank has identified the following strategic priority areas:

- Startup Banking is a major focus area. This new business line will provide both traditional banking offerings in addition to complementary services, including mentoring, angel investment, VC and PE connections and collaboration with incubation programs. One key objective is to develop this new business around innovation hubs (Teknokents) established across the country.
- Akbank LAB is a vital innovation engine as it runs innovation cycles for a wide range of areas. These innovation cycles bring considerable know-how to the bank and drive partnerships with a wide range of startups.
- Akbank+, an in-house startup accelerator program, will continue to run with new rounds. As companies from the previous round gain momentum in their business activities, the next acceleration rounds will contribute to the bank's innovation base, employee experience and engagement, while giving birth to new startup enterprises.
- Akbank Ventures, the bank's CVC arm, will play a central role in Akbank's ongoing innovation journey. This key asset will drive fintech investment, participate in international high-tech markets, and develop the necessary skill set in this burgeoning area.

- Defining new cloud services by utilizing both Akbank's core business and its data center infrastructure is another growth agenda item. As the technology infrastructure of various industries revolves more around cloud services, entering this key field and developing innovative services is vital.
- Open Banking technologies need different innovative approaches to answer current and anticipated customer needs. Today, most banks in the market have banking service APIs for various areas but none have created a business model resolving the open banking problem. Focusing on this area and developing new business models will be a major contributor to Akbank's strategic objectives.

Strengthening Subsidiaries with New Initiatives

As major revenue contributors, Akbank subsidiaries are pivotal for diversifying the overall business. Akbank is focused on developing the existing business of its subsidiaries while identifying and investing in new business areas including wealth management, digital asset management and asset management.

The Way Forward

Next-Generation Technology Infrastructure

Implementation of a next-gen technology infrastructure will include combining components to support advanced analytics and artificial intelligence, as they become mainstream technology components. The second area is to implement components to support business initiatives including customer acquisition, new product development and subsidiary related initiatives. Keeping up with the technology developments and surpassing competitor capabilities in this arena will be crucial.

Investing in talent

Improving employee engagement and experience – especially investing in talent and capabilities – is a central part of Akbank's Crafting the Future efforts. In the banking business, human capital is a determining factor in winning and retaining new business. Akbank plans to look at not just today or tomorrow but the future trajectory in terms of new skill and capability requirements.

Sustainability

Akbank invests in the future with the mindset of reducing its environmental footprint while increasing its positive impact. The bank's sustainability targets include extending TL 800 billion in sustainable loans by 2030, raising sustainable investment funds to TL 15 billion by 2030, and becoming a net-zero bank by eliminating operational and financed emissions by 2050.

As being the first deposit bank in Türkiye to set long term commitments on sustainable financing (SF), Akbank has exceeded its initial 2030 target, set at the beginning of 2021 (TL 200 billion), by the end of 2023 and quadrupled its 2030 SF target to TL 800 billion.

Akbank's ESG-themed share in wholesale funding reached 59% during the year, with new additional funding in July of USD 300 million, a



Sustainability and Gender-themed Tier 2 which included AIIIB, DFC and IFC among the investors. This facility is the first gender Tier 2 loan globally.

Akbank also further contributed to its ecosystem for a more inclusive, innovative economy. As one of the founding signatories of the UN Financial Health and Inclusion Commitment, the bank disclosed a financial inclusion target of 10% growth per year in the number of women-led business customers to boost financial resilience and support sustainable business growth by 2025.

To become a net-zero bank by 2050, Akbank embarked on a comprehensive program in 2023 to achieve net-zero commitments in its operations and bank-only loan

portfolio. For its own operations, Akbank has set an interim emission reduction target in line with 1.5°C scenario which is: to Reduce absolute Scope 1 and Scope 2 GHG emissions %90 by 2030 from 2019 base year. For its portfolio emissions Akbank has calculated its financed emissions in line with PCAF methodology for various business segments and have set interim emission reduction targets for prioritized carbon intensive sectors. The monumental task ahead and its results are expected to become a key milestone in the bank's sustainability journey. A thorough and single-minded execution of the initiatives in this program is a strategic priority for Sabancı Group's banking institution. This effort will also open the way for Akbank to become the primary bank of choice for the transition to a low-carbon economy.

Financial Services

Sabancı Holding financial services companies serve 6+ million customers through an extensive distribution network.



Financial Services

Sabancı Holding financial services companies aim to achieve commercial excellence with a diversified product portfolio and accelerated customer acquisition driven by smart automated processes powered by AI.

Sabancı Holding financial services companies serve 6+ million customers through an extensive distribution network comprised of a bancassurance network established with Akbank.

Sabancı Holding's non-life insurance provider, Aksigorta, retained its strong fifth position market position in 2023. During the year, the company posted gross written premiums (GWP) of TL 27.3 billion – up a record high 101% year-on-year. Effectively using multi-asset management to achieve the best performance, Aksigorta reported AUM of TL 9.2 billion at end-December 2023.

In the life and pension business, Agesa successfully continued to grow in the private pension segment. At year-end, Agesa ranked among the private sector leaders in terms of total net asset value of pension funds under management. In 2023, Sabancı Holding's life and pension provider reported a total fund size of TL 136.7 billion with a 19.4% market share in private pensions, growing by 88% compared to the previous year. In the life and personal accident insurance market, Agesa outperformed the market average in terms of growth and maintained its leadership position among private sector providers with a 12% market share in premium production.

In line with its strategy to grow in core and new platforms, Sabancı Financial Services SBU established a new health insurance company in August 2022. Sabancı Ageas health insurance company was founded to serve as a health competence center for Sabancı Group's financial services companies and expand

the Group's insurance business towards a holistic healthcare ecosystem.

Protect and Grow the Core

Sabancı Holding financial services companies aim to achieve commercial excellence with a diversified product portfolio and accelerated customer acquisition driven by smart automated processes powered by AI. The companies are actively bolstering their respective leadership positions across all business lines and developing distribution channel efficiencies with their strong, long-term relationship with Akbank. Sabancı Holding financial services companies serve 6+ million customers through an extensive distribution network comprised of a bancassurance network established with Akbank, the industry's largest direct sales team, agencies, brokers and digital channels.

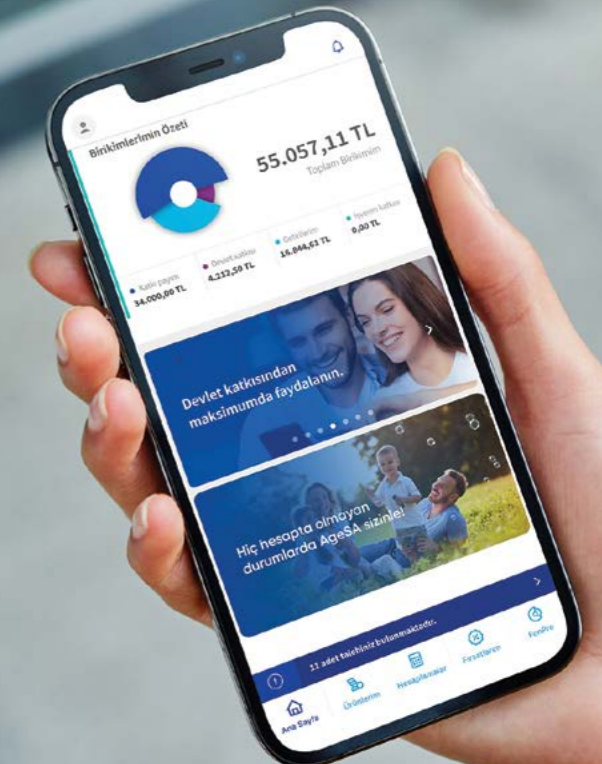
Over the past five years, Sabancı Holding financial services companies have expanded their agency distribution network substantially, recording over 50% growth during that time. Today, Sabancı Holding financial services companies have nearly 4,000 affiliated agencies – about 20% of the total agency network in Türkiye in 2023. Meanwhile, the direct sales channel continued to grow in 2023, reaching 691 advisors in 14 regions. The channel is a differentiating factor for Agesa with its unique structure in the market.

Sabancı Holding financial services companies continuously renew their product portfolios to provide the most suitable options in line with changing customer needs. At Aksigorta, the strong relationship with Akbank and agencies are further extended with the eco-casco and electrical vehicle casco products. The Eco-casco product is designed to attract customers without casco coverage, with more limited coverage and relatively lower premiums. The EV casco product was introduced in 2023 to deliver best in class coverage, with a potential to have a market leading position with a first mover advantage in the segment. Shortly after the product introduction, Aksigorta launched its first branded EV casco in partnership with China-based BYD Auto. In 2023, Agesa launched a competitive and differentiated new return on premium life insurance product to maintain its leading position in that market segment. To provide credit life insurance coverage for a wider customer rolled out a credit life insurance product for customers of Akbank's Installment Commercial Loan and Personal Vehicle Loan offerings. Adding optional critical illness coverage to its credit life product range, Agesa aimed to provide a wider range of coverage options for its customers.

In the non-life business, Aksigorta utilizes data analytics to develop advanced pricing algorithms such as GLM. AI-based pricing models effectively assess risks via smart scoring applications by incorporating various risks from multiple data sources into a single score. Aksigorta Digital Assistant (ADA) facilitates nearly 6 million transactions each year across 171 automated processes, both customer-facing such as price quotations and chat bot, and back-end operations like claims process automation. ADA has improved its capabilities and started responding to all health-related questions from agencies through Aksigorta's core insurance platform utilizing generative AI.

In the life and pension business, Agesa further embraced digitalization in 2023. Agesa moved its sales processes to digital platforms to reach more customers online this year. Akbank customers can now purchase pension contracts through end-to-end digital processes via Akbank Mobile in only a few minutes. Thanks to policy/contract viewing, lead generation and after-sales services features placed in the application, customers can easily and quickly access transactions that suit their needs with a user-friendly experience.

By year-end 2023, Agesa Mobile recorded approximately 2.5 million downloads at the conclusion of its fifth year. Agesa Mobile is continuously upgraded in terms of functions and features to further boost user penetration. Policy applications for the most preferred products can now be completed paperless with remote mobile approval via Agesa Mobile. The latest version of the Agesa Mobile app introduced the Video Call service – a first in the sector. This innovative feature provides a significantly enhanced mobile application experience for hearing impaired customers where sign language certified consultants can be reached in a single click.



Financial Services

Sabancı Holding financial services companies plan to maintain their strong presence across all existing business lines while further expanding the life, non-life and health insurance businesses to new growth platforms.

Sabancı Holding financial services companies have nearly 4,000 affiliated agencies – about 20% of the total agency network in Türkiye in 2023.

At Sabancı Ageas health insurance company, the health insurance core system development initiative kicked off by using cloud native, API based and advanced digital technologies. Organization built with expertise and being expanded currently. A comprehensive differentiating strategic plan has been formulated under four key pillars: distribution channel synergies with Aksigorta, Ageas and Akbank, product and service offers, a focus on the ecosystem, and a commitment to sustainability. The health insurance company is expected to operate actively in the market in the second half of 2024.

Invest in New Growth Platforms

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

In 2023, Aksigorta customers' experience improved in Akbank Mobile with a bundled credit card unemployment product offer in the credit card application process.

In addition, a paperless approval process for corporate customers was introduced thanks to expanded digital capabilities. With these new features, Aksigorta can now offer its customers an inclusive and barrier-free digital insurance experience.

In the health insurance business, development of the healthcare ecosystem is currently underway. With digital products and services and collaborations via strategic partners, Sabancı Ageas health insurance company aims to provide insurance and healthcare services in one web platform/app delivering a seamless end-to-end experience to customers. Tele-health, disease management and wellness are the key focus areas in the health business. The new healthcare entity will also prioritize capitalizing on synergies via strategic partnerships with Sabancı Group companies and Sabancı CVC investments such as Bulutistan and Albert. The ultimate goal is to create a healthcare business to accompany individuals on their unique health journey towards healthier communities and a sustainable planet.

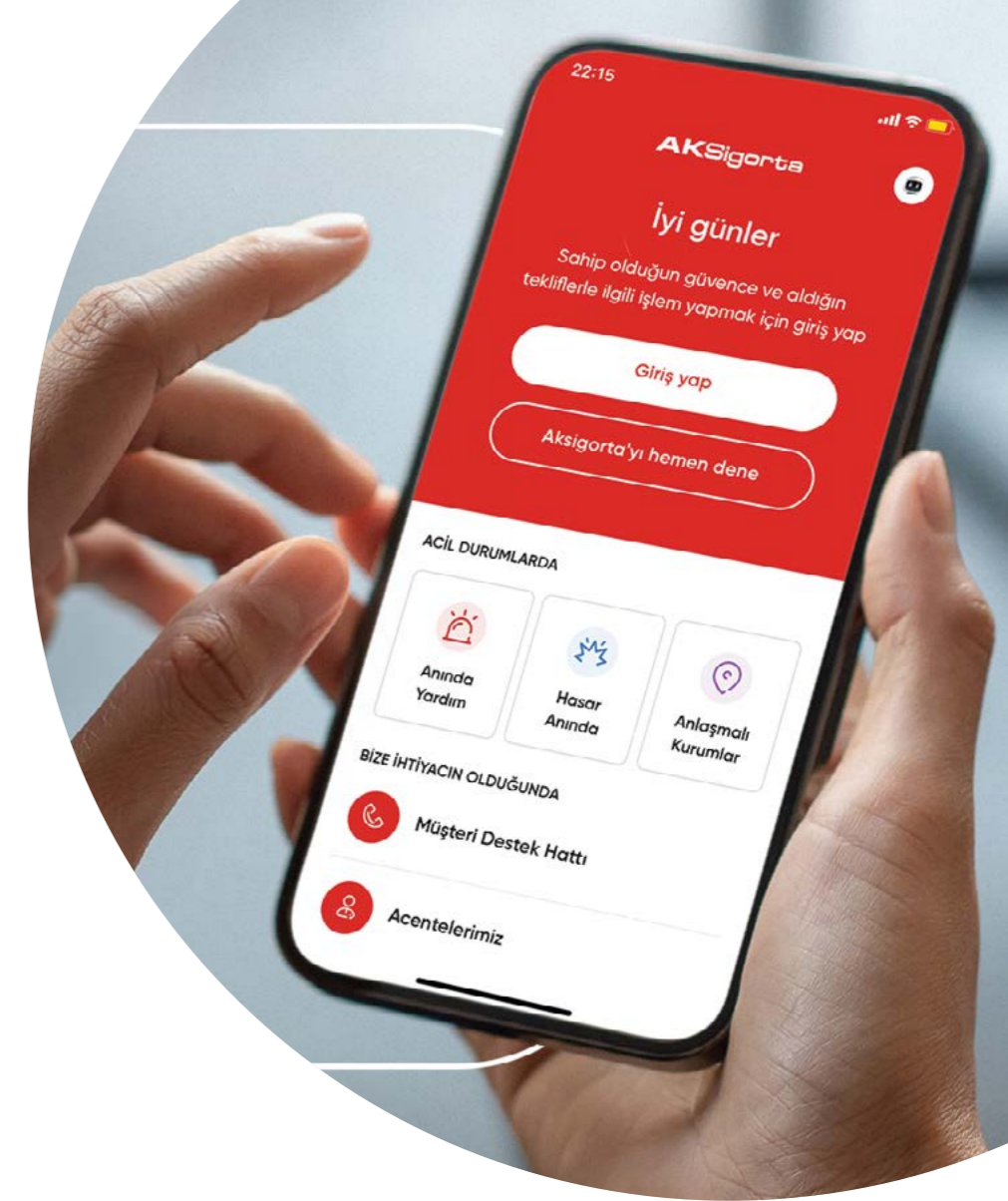
The Way Forward

Sabancı Holding financial services companies plan to maintain their strong presence across all existing business lines while further expanding the life, non-life and health insurance businesses to new growth platforms.

The non-life business closely cooperates with third-party digital platforms, especially in the payment services, telco and e-commerce sectors. In 2023, Aksigorta strengthened its partnerships with Papara and Vodafone with new product offerings. Utilizing Sabancı Group synergies, Aksigorta partners with Enerjisa and Arvento as well. Aksigorta initiated a partnership with Arvento, subsidiary of Brisa, by offering a 20% discount on new insurance policies and renewals to its customers who have an Arvento tracking device in their vehicles.

Ageas plans to move forward with its efforts to enrich the product portfolio with new product options that are innovative, inclusive of different risks and flexible in the stand-alone life insurance market, where Ageas is currently the market leader.

Digital development at Ageas will proceed in response to the rapidly changing business environment and evolving customer needs. Ageas plans to step up investments in analytical competencies in line with its strategy to become a data-centered company. Toward this objective, Ageas is developing an end-to-end program that builds upon its artificial intelligence and customer data analytics modelling capabilities. This effort aims to provide customers with the most appropriate service and product recommendations and consolidate all up- and cross-selling suggestions under a single roof with multi-channel management.



Greater awareness of health and wellbeing, an ageing society and higher healthcare expenditures are key growth drivers in expanding Sabancı Holding's healthcare business. Rather than simply providing financial support for health needs via insurance provision, Sabancı Group financial services companies aim to provide personalized health and wellbeing products to increase the health span of individuals and society by leveraging their unique expertise and advanced technology.

A comprehensive differentiating strategic plan has been formulated under four key pillars: distribution channel synergies, product and service offers, a focus on the ecosystem, and a commitment to sustainability.

Energy

Sabancı Holding's Energy Group is the leading private sector group in Türkiye's energy transition.



Energy

Sabancı Group energy companies maintained a strong financial and operational performance by focusing on energy transformation, sustainability and technology despite the volatility this year.

Sabancı Climate Technologies, a wholly-owned subsidiary of Sabancı Holding, continued its investments in the US this year in both renewable energy and climate technology ventures. The first two solar power plant licences were obtained in the US and field operations are underway for a total capacity of 504 MW.

2023 saw many rapidly emerging developments in energy markets around the world and in Türkiye. Sabancı Group energy companies maintained a strong financial and operational performance by focusing on energy transformation, sustainability and technology despite the volatility this year.

Sabancı Group's energy business unit was once again the main contributor to the Group's non-bank revenue and EBITDA. For the electricity distribution and retail business, the year witnessed record growth in distribution network investments, the foundation of Sabancı Group's commitment to electrification and energy transformation. Significant investments were made in customer energy solutions services, such as solar energy and energy efficiency projects. These efforts were further bolstered by an accelerated deployment of electric vehicle high speed charging stations. The Group's generation business in Türkiye navigated challenging market conditions successfully, becoming the main driver of revenue and EBITDA growth in the energy group while continuing its investments with a low debt ratio. The 25.2 MW Akköy WPP was commissioned under the Renewable Energy Resource Zone (YEKA) project, in which Enerjisa Üretim, Group's generation company, has a total of 1 GW wind power capacity across western Türkiye.

Sabancı Climate Technologies, a wholly-owned subsidiary of Sabancı Holding, continued its investments in the US this year in both renewable energy and climate technology ventures. The first two solar power plant licences were obtained in the US and field operations are underway for a total capacity of 504 MW. Climate venture investments are ongoing in accordance with the fund strategy. In 2023, the number of climate-related venture capital investments rose to a total of five funds and startups.

Protect and Grow the Core

In Türkiye, Sabancı Group's energy business operates in every field where the private sector takes part in the electricity value chain – from electricity generation to trade, distribution to retail. The Group's energy companies operating in Türkiye maintain their market leadership positions while pursuing sustainable growth.

Sabancı Group's electricity generation business in Türkiye reached a portfolio of 3,792 MW, consisting of five different technologies. The generation business executes a portfolio management strategy designed to maximize the economic value created by the installed capacity. The generation fleet's average availability exceeds that of the overall sector. The technologically diversified portfolio enables the Group's electricity generation company to take advantage of all opportunities in the market while mitigating risks.

In line with its sustainability-focused growth strategy in renewable energy, Sabancı Group's energy business unit prioritized new investments in 2023. The Group's generation company started commissioning the 1,000 MW wind power generation capacity project in the Renewable Energy Resource Zone (YEKA) – one of the biggest wind power projects in Europe.

In 2023, Sabancı Group's electricity generation company recorded 13.6 MW wind power capacity growth in existing power plants and acquired 26.1 MW operational wind power plants at two different locations across Türkiye. With these investments, the generation company increased its installed capacity in wind energy to 397 MW and expanded its wind fleet to eight WPPs. Moreover, the energy generation company invested in 90 MW hybrid solar power capacity to integrate into the current fleet, while at existing power plant locations, investment processes started for a total of 73 MW hybrid solar capacity.

Energy trade is another business line of Sabancı Group's generation company, which has engaged in energy and related commodities for over a decade. Taking an important step towards becoming a global energy trader, Enerjisa Commodities B.V. was established as a subsidiary of Enerjisa Üretim in Amsterdam. In 2023, carbon and green certificates were traded heavily in addition to electricity and gas, contributing to the company's strong financial performance while bolstering its position in Türkiye and several international markets in 2023.

Hydrogen production within the Group's energy generation business commenced with a pilot project. The green hydrogen production project, which also includes other business partners, received an EUR 8 million grant from the European Union's Horizon Europe program – the largest grant issued for such a project in Türkiye to date. In addition, the Hydrogen Valley Grant Agreement was signed at the end of July.

At another critical position in the electricity value chain, Sabancı Group's electricity distribution and retail company is the leading player in the market. The company provides electricity distribution and retail



services to a population of 22 million – one out of every four people in Türkiye – in three regions and 14 cities, six of which are metropolitan. As a result, the company serves a population larger than many European countries.

The Group's electricity distribution and retail company has maintained its instrumental position in the fourth tariff period of 2021-2025, which supports investments, encourages quality improvements in service levels and fosters better corporate governance. Grid investments reached a record high in 2023 to provide energy to customers and boost network quality. Realized distribution CAPEX jumped by more than 200% in 2023 compared to the previous year, on a TRY basis.

The ever-changing geopolitical environment roiled energy markets and caused price volatility in Europe and Türkiye this year. Despite these challenges, Sabancı Group's retail energy business has maintained its operational earnings profitability in 2023. Electricity sales operations also registered a successful performance in fulfilling commitments to customers.

Sabancı Group's electricity generation business in Türkiye reached a portfolio of 3,792 MW, consisting of five different technologies. The generation business executes a portfolio management strategy designed to maximize the economic value.

Energy

Sabancı Group's energy companies, with a sharp focus on sustainability, lead the industry in operational quality, health and safety measures, and digital transformation.

Committing to
100%
zero carbon technologies in new power plant investments

In line with its focus on sustainable services and technologies, Sabancı Group has long included electrification and e-mobility as part of its energy business. The Group's distribution and retail company, via its subsidiary Enerjisa Müşteri Çözümleri A.Ş., increased its stake in Eşarj – Türkiye's first and fastest electric vehicle charging station operator – to 100% this year. In 2023, Eşarj expanded its charging network to 1,780 points, up more than 125% compared to the previous year. By the end of the year, Eşarj operated charging stations at 1,003 locations across Türkiye. In fast speed DC charging, Eşarj is the market leader in Türkiye by a large margin and has a presence in all 81 cities of the country.

Invest in New Growth Platforms

Sabancı Group's energy companies are successfully carrying out their sustainability-oriented activities in line with Sabancı Holding's strategic plan. The Group's energy companies, with a sharp focus on sustainability, lead the industry in operational quality, health and safety measures, and digital transformation. Besides employing the most qualified human resources in the sector, the Group's energy companies use digital applications at a rate above the European average.

Over the past few years, Sabancı Group's generation company has invested in digital solutions for power plant management, predictive maintenance, data services, and business transformation.

To commercialize these solutions while securing a competitive advantage, Senkron.Energy Digital Services B.V. was established in Amsterdam. In November, Senkron.Energy announced a cooperation with global tech giant Microsoft to develop digital solutions for renewable energy generation development at the Conference of the Parties of the United Nations Framework Convention on Climate Change (COP28 UNFCCC).

Sabancı Group's distribution and retail company further improved its ESG performance and ratings this year, especially in terms of CDP climate change, and CDP water. Investments in technology and network modernization will boost this performance in the future. In order to meet Sabancı Holding's net zero emissions goal, The Group's generation company in Türkiye also follows a 4-pillar approach while transforming its generation portfolio until 2045, namely:

- Committing to 100% zero carbon technologies in new power plant investments
- Transforming the existing fleet into hybrid solar energy hubs
- Using nature based solutions and offsetting technologies
- Implementing a hydrogen strategy

While strengthening its leading position in Türkiye with Enerjisa companies, Sabancı Group aims to transfer its experience in the energy sector to the global arena and identify early-stage energy and climate

technologies to create new business areas. Toward this objective, Sabancı Climate Technologies was established in 2022 as a 100% Sabancı Holding subsidiary under the energy business unit.

Sabancı Renewables, a subsidiary of Sabancı Climate Technologies, focuses on renewable power plant investments in the US. In 2023, the company increased its total obtained project licensed capacity in the US market to 504 MW with two solar power plants. Field operations are ongoing for additional solar power plants in the US, with the first plant expected to be commissioned by mid-2024.

Sabancı Climate Ventures is structured as the venture capital arm of Sabancı Climate Technologies. The firm aims to invest in venture capital funds and startups while supporting promising technologies by establishing a strong link between emerging and developed markets. In 2023, Sabancı Climate Ventures continued its investments in a US-based venture capital fund and obtained the right of direct investment in startups in this fund portfolio. Sabancı Climate Ventures directly invested in five of the world's leading climate and energy technology startups originating from the US's top universities.

The Way Forward

At Sabancı Group, maintaining a healthy balance sheet is a strategic priority. The Group's energy business in Türkiye has the strongest balance sheet and lowest debt ratio in the sector, providing a major opportunity to grow with its own resources while maintaining a solid financial performance. Driven by this positive outlook, the Group's energy business investments in Türkiye and abroad are poised to continue. Through investments in e-mobility, distributed generation and energy efficiency, Sabancı Group's distribution and retail company is set to remain a leader of Türkiye's energy transformation. Grid expansion and modernization will be the priority in the electricity distribution segment, as Sabancı Group pioneers the application of cutting-edge technologies in this field. In the US market, the Group's energy business unit monitors investment

opportunities in renewable energy in various scales, locations, and technologies. Sabancı Renewables' primary objective is to develop a 1,000 MW well-diversified renewable portfolio consisting of on-shore wind and utility-scale solar projects, much like its first two investments, within the next three years. The venture capital arm plans to invest further in venture capital funds and startups.

In Türkiye, Sabancı Group aims to bolster its leading position in renewable energy generation. The goal is to deploy a wind fleet of about 1,500 MW towards the target of 5,000 MW+ total installed capacity. Some 1,000 MW YEKA is scheduled for implementation with a total investment of USD 1.2 billion and gradual commissioning by first quarter 2026. The generation portfolio is planned to reach installed power of about 5 GW with renewable energy constituting 60% of the portfolio. More than 150 MW of hybrid solar capacity is scheduled for completion between 2022-2026.

Growth in new geographies in energy trading is a core of objective of the Group's generation company in addition to growth in commercialization of its digital products, services, and know-how.

Further technology analyses, feasibility studies, and market research are ongoing for green hydrogen production on a larger scale. Additional collaborations are planned with local customers for potential on-site generation facilities for green hydrogen. Relationships with European counterparties are being cultivated to develop ideal logistics and production solutions. Sabancı Group's energy business unit plans to explore opportunities for green hydrogen export to Europe.



Industrials

Industrials Group strengthened its leadership in its respective fields in 2023 with operational excellence and competitiveness while shaping the future with product and service innovations.



Industrials

Capitalizing on its long history of success in Türkiye, Sabancı Group's industrials business has adopted an international operations model consisting of manufacturing and service centers located in North America, South America, Europe and Asia.

Sabancı Group's industrials business companies performed and delivered positive results with executional depth.

In 2023, Sabancı Holding Industrials Strategic Business Unit (SBU) strengthened its leadership in its respective fields with operational excellence and competitiveness while shaping the future with product and service innovations.

More than 70% of the SBU's combined revenue consists of foreign currency revenues from activities in 125 countries around the world. In 2023, conditions in these markets can be summarized as high inflation in Türkiye; contracting demand due to macro measures to reduce inflation in North America and Europe; a combination of slowing domestic demand and falling supply chain costs in China and Far East triggering the redirection of inventories to Western markets.

In this environment, the SBU recorded positive results. Brisa boasted one of the world's highest operating profit margins in its field and differentiated in the global market with its pioneering mobility solutions. Temsa demonstrated historical superior financial results and strengthened its international footprint by expanding its competence in new

energy vehicles. Kordsa took major steps towards cost reduction and cash management and keeping its world leadership in tire reinforcement, while its composite product range outperformed its competitors.

While delivering an exceptional performance today, SBU also strengthened the foundations of its future strategy in two priority areas: Advanced Materials and Mobility Solutions. In advanced materials, Kordsa established two technical centers – in Indonesia and Germany – with the approach of 'Innovation Everywhere, Together with the Customer.' As a result, Kordsa brought its R&D activities closer to where its customers are, ensuring innovation is driven from these locations. Furthermore, Kordsa initiated R&D activities on bio-based polymers to the market through its compounding business unit, which initially prioritized recycling. In mobility solutions and equipment for climate technology, Temsa introduced vehicles operating with new types of energy to new markets in Europe and America. Meanwhile, Brisa extended Arvento's digital telematics services to 750,000 vehicles, as the undisputed leader in its sector.

Protect and Grow the Core

Capitalizing on its long history of success in Türkiye, Sabancı Group's industrials business has adopted an international operations model consisting of manufacturing and service centers located in North America, South America, Europe, and Asia. Thanks to its sales and service hubs around the world, the Group's industrials companies have a significant market share in the tire reinforcement, tire, and commercial vehicles business lines. This core business is strengthened through designing new customer experiences and adapting to changing operational models.

Brisa, the Group's tire company, riveted its strong position in domestic and international markets with 7,200 points of sales in 88 countries worldwide while also becoming the leading brand in five countries. Brisa is already supplying energy efficient products compatible with electric vehicles, including Türkiye's first locally produced brand. Launching over 120 new products, Brisa also introduced a new retread brand that helps reuse end-of-life tires. A capacity increase at the Aksaray plant for new generation and high technology tires is scheduled for completion in 2024. To provide a unique customer experience, over 150 tire dealers' websites were standardized and supported with a focus on operational excellence in internal processes. Over 200 processes are now managed with RPAs (Robotic Process Automation). By using artificial intelligence, Brisa implemented production-oriented analytical projects such as forecasting tire operations, an early failure detection system, and warehouse tracking as well as demand forecasting.

In commercial vehicles, Temsa reaped the benefits of its restructured international network and bolstered Sabancı Group's electric bus journey during the year by providing five electric bus models to US, Sweden, France, and other major European markets. In 2023, Temsa reached 18% market share in North America, one of the most important and competitive markets worldwide, cementing its position as one of the world's leading commercial vehicle manufacturers. Temsa's TS45E model was successfully tested in Silicon Valley (California, US)

over a two-year period. Sabancı Group's commercial vehicle manufacturer also boosted the electric vehicle transformation in Türkiye by introducing Avenue EV, the country's first domestically produced electric bus. In the Turkish market, Temsa launched a finance application to facilitate consumer access to financing with independent finance sector leaders in Türkiye and abroad.



Industrials

Aiming for profitable and sustainable growth, Sabancı Group's industrial business unit adopted a dual growth strategy in Advanced Materials and Mobility Solutions – Equipment for Climate Technology.

Kordsa, Sabancı Holding's pioneer company in material sciences, is a global leader in cord fabric, reinforcing 1 out of every 3 automobile tires and 2 out of every 3 aircraft tires worldwide. Currently, Kordsa is focused on offering green products developed jointly with global tire manufacturers to replace those manufactured with conventional chemicals. Kordsa's highlights of the year included growth in the composite business line, the opening of new technical centers and the introduction of 100% recycled polyester cord fabric products to consumers. Further research and development activities conducted in partnership with Sabancı University, focusing on recycling polypropylene products and bio-based resins, were merged with the company's polymerization capabilities to lay a solid groundwork for the future of sustainable plastics. Kordsa has outstripped its competitors in expanding business volume and profitability within the composite sector, driven by growth in the US aviation and aerospace industry and diversification efforts in geography and applications, while increasing the share of composites in its total revenue to 20%.

Sabancı Holding's industrial companies rose to new heights in the sector in 2023 thanks to their remarkable successes in the field of sustainability. Two industrial companies achieved the highest accolade by securing a place on the A list in the Climate Change category of CDP, one of the world's most recognized and respected environmental reporting platforms. This accomplishment reinforces the companies' unwavering commitment to environmental sustainability and their leadership in combating climate change. At the same time, three of the industrial companies demonstrated excellence in environmental impact management by setting medium- and long-term emission reduction targets that are scientifically based and approved by the Science Based Targets initiative (SBTi). Financial scenarios were studied in-depth related to the impact of the Carbon Border Adjustment Mechanism (CBAM). Seeing sustainability as a holistic ecosystem, the Group's tire company also contributed to the transformation of its dealers. Under the Green Dealer Program, Brisa dealers were supported on various sustainability-related solutions, such as energy, water, and waste management.

Invest in New Growth Platforms

Aiming for profitable and sustainable growth, Sabancı Group's industrial business unit adopted a dual growth strategy in Advanced Materials and Mobility Solutions – Equipment for Climate Technology.

In advanced materials, the Group's industrials business took the first step of its journey to transform its reinforcement unit with composites. Demand to transition from traditional materials to composites grows every day in a wide range of usage areas, expanding out from aerospace to automotive, motorsport, sports equipment, marine and wind turbines. In the aerospace industry, Kordsa offers AX180 flame retardant epoxy resin for aircraft cabin interiors and seats instead of solutions that release harmful gases during the production process. The company signed an agreement to supply epoxy-based products to a leading global aerospace parts manufacturer. In automotives, innovative KCF650 carbon fabrics provide lightening, hardness, and chemical sealing in the event of explosion malfunction of electric vehicle battery boxes.



Kordsa has applied for 44 patents developed at the Composite Technology Excellence Center (CTCE). By acquiring the Italian composite company Microtex, Sabancı Group's advanced materials operations are expanding beyond the US to Europe. Combined with the R&D capabilities of CTCE, Microtex is diversifying its composites product portfolio to strategic segments such as motorsport and luxury vehicles. The newly opened technical center at Munich Technical University will further boost growth in the composites business by being closer to European customers and developing a strong university-industry cooperation.

The Kratos® product line, designed to serve reinforcement applications in construction was enhanced with carbon fiber wrappings and strips, used for earthquake resistance.

Sabancı Group's bus manufacturer Temsa is diversifying its revenue in the Mobility Solutions and Equipment for Climate Technology sector by adding battery packs and battery management systems to its portfolio, alongside producing electric buses, to explore new market opportunities. Developed internally by the R&D center, these products have a wide range of usage areas, from storage to marine, farming to refrigeration. Temsa signed a joint development agreement with the European company CaetonaBus to produce hydrogen buses; Türkiye's first inter-city hydrogen bus prototype is scheduled to roll off the assembly line at the Adana facility in 2025. The E-quad last-mile micro mobility vehicle has also commenced mass production, reflecting the Group's commitment to sustainable mobility.

Otopratik and Propratik service points, the best-known domestic brands in the fast-service category servicing more than 1 million vehicles, expanded to 154 locations in 58 cities in Türkiye. E-vehicle charging services were delivered via 68 charging stations in 35 cities. Brisa signed an agreement with an American-based, electric light commercial vehicle brand to provide authorized services under Otopratik. A comprehensive training program was carried out to boost the competencies of Otopratik's technicians on hybrid and electrical vehicles. Efforts are underway to expand the Pratik service point network to over 500 locations by 2028.

Building Materials

In 2023, Building Materials Group made significant strides in decarbonization; transitioning from a conventional cement producer to an electricity self-sufficient cement player with best alternative fuel ratio in Türkiye while strengthening also its global position.



Building Materials

Building Materials Strategic Business Unit is focused on optimizing its domestic and global network by effectively harnessing network synergies.

Sabancı Group Building Materials companies continuously increase their efforts to combat the global climate crisis and refine their eco-friendly exemplary practices.

In 2023, the Turkish cement sector outperformed expectations with robust 20% growth year-on-year. Acceleration of sector growth was driven mainly from urbanization projects in the country's earthquake regions. Sabancı Holding building materials strategic business unit (SBU)'s sustainable business model received substantial support from new investments and initiatives. In 2023, Building Materials Strategic Business Unit made significant strides in decarbonization; transitioning from a conventional cement producer to an electricity self-sufficient cement player with best alternative fuel ratio in Türkiye while strengthening also its global position.

Grow & Protect the Core

With business operations in seven countries, Building Materials Group have bolstered their potential with the integration of the Bunol plant in Spain. In line with its goal of expanding in international markets, Çimsa Americas has initiated a USD 82 million investment in a new gray cement grinding mill in Houston, Texas set to be completed by 2025. With an annual capacity of 600,000 tonnes, this new facility aims to strengthen the Group's presence in this massive market.

Currently, Group is active in the Americas region with a 300,000-ton white cement grinding plant and substantial high-volume exports originating from Çanakkale, Türkiye and other facilities.

At present, the business unit is focused on optimizing its domestic and global network and effectively harnessing network synergies. Toward this end, Çimsa acquired a controlling stake in Sabancı Building Solutions B.V. from Sabancı Holding in 2023. This strategic move is aimed at expediting the SBU's international expansion efforts. Over the past year, Building Materials SBU bolstered its global presence, strengthening its position as the premier provider of white cement in the western hemisphere. Thanks to its steady expansion into diverse regions like North America, South America, and Europe, Group strategically position itself in closer proximity to clients. Building Materials SBU aims to be the preferred choice among cement users globally.

In 2023, Building Materials companies exceeded their targets by significantly boosting alternative fuel use, incorporating more alternative raw materials,

and reducing the clinker usage ratio. Alternative fuels account for an average of 25% of total fuel consumption, far outpacing the 10% average in Türkiye. Group shapes its investments in line with its sustainability goals. This year, a solar energy production power plant in Afyon with an investment of TL 52 million was launched. Additionally, another solar power plant investment at the Bunol facility worth EUR 4.2 million was initiated. This latest solar power plant is scheduled to become operational in early 2024 and cover 16% of total energy consumption of Bunol plant. Simultaneously, Building Materials SBU announced its waste-heat-recovery investment at Eskişehir plant. The waste-heat-recovery unit is expected to be operational by the end of 2024 and cover 25% of the total energy consumption of the Eskişehir plant.

Sabancı Group Building Materials companies continuously increase their efforts to combat the global climate crisis and refine their eco-friendly exemplary practices. The Sustainable Product Movement initiative supports the sustainability goals of the building materials SBU by prioritizing nature-friendly products like Ecocrete without compromising on the fundamental performance parameters of production and quality. This year, a high-value added product Flycrete was introduced. This innovative solution is specifically tailored for airports where rapid maintenance and repair work is necessary. Flycrete enables runways to be ready for flights within three hours after application. Building Materials SBU aims to further strengthen its commitment to sustainability by developing and introducing additional innovative products and solutions.



Growth in New Platforms

Calcium Aluminate Cement (CAC) is a pivotal component in the transformational strategy of Building Materials SBU. This specialized product holds significant value in the construction industry, bridging the gap between cement and construction chemicals for the Group. Çimsa announced a USD 45 million investment to double its calcium aluminate production capacity at its Mersin plant last year. The capacity expansion investment became operational in the last quarter of 2023. As Türkiye's one and only CAC producer, Çimsa became the third largest producer globally with this major capacity increase investment. The expanded production capacity will be primarily dedicated to exports, targeting the US and European markets. This significant investment aligns with

Sabancı Group's commitment to sustainable investments, aiming to deliver high value while maintaining low CO₂ intensity.

Building Materials companies are continuously searching for innovative technologies and solutions in the construction and advanced building materials industries. Through a partnership with Zacia Ventures, Group has invested in 10+ start-ups indirectly while making a direct investment in FenX, a Zürich based waste-derived sustainable insulation material producer. With FenX, portfolio of direct start-up investments increased to three: Ecolocked, Ecoworks, and FenX.

Building Materials

Building Materials SBU is committed to becoming a globally recognized portfolio specialized in sustainable building solutions.

This year, Sabancı Technology Center in Munich became operational. This newly established university-industry collaboration platform between Technical University of Munich and Building Materials SBU extends the unit's R&D, technology, and sustainable product development capabilities to the international arena in a major way. This center will significantly contribute to Sabancı Holding's vision of being "Sabancı of the World" and the promise of "Uniting Türkiye and the World." To further this aim, in November, the Building Materials SBU hosted the first Innovation and Inspiration Day at Sabancı Technology Center with the participation of academics from Europe's leading universities as well as Sabancı Group's building materials customers.

The Way Forward

A slight slowdown from this year's rapid expansion is forecast in the domestic market's performance in 2024. With many ongoing large-scale construction projects nearing completion and interest rates on the rise, domestic cement consumption in Türkiye is expected to slow from its breakneck pace of 2023. Expanding capacities of local players will intensify domestic competition and squeeze profit margins.

In export markets, Türkiye faces adverse effects from both the Russia-Ukraine and Israel-Palestine conflicts. Growing competition in export markets is also putting pressure on profit margins. Stagnation in the Chinese market spurred Vietnamese cement producers to redirect their focus to the American market, resulting in surplus supply and subsequent price pressures. North-African producers, backed by low production costs and investments in port facilities, have now emerged as competitive players in export markets within the global cement industry.

To maintain its strong market position, Building Materials SBU is committed to becoming a globally recognized portfolio specialized in sustainable building solutions. Efforts toward these ends are focused around sustainability. In alignment with Sabancı Holding's 2050 sustainability targets, the Group's building materials SBU has formulated a comprehensive CO₂ reduction roadmap. This roadmap encompasses a wide spectrum of action items, including further reducing the clinker usage ratio, integrating more alternative raw materials, and aggressively expanding alternative fuel use. In addition, the CO₂ reduction roadmap is aimed at diversifying the portfolio towards sustainable building materials other than cement via potential acquisitions.



Digital

The new Digital Strategic Business Unit aims to foster existing digital business capabilities within Sabancı Group and accelerate new investments and initiatives in target areas.



Digital

In 2023, Digital SBU continued its transformation with a focus on investing in cloud, digital marketing and cyber security under DxBV and integrated digital solutions under Teknosa.

Strategic partnerships under DxBV focus on providing hybrid cloud and artificial intelligence competencies to Türkiye's digital ecosystem.

During the year, Sabancı Holding significantly ramped up its commitment to create a global player in the digital arena. In-line with its ambitious growth plans in digital business and restructure its portfolio management strategies, Sabancı Holding established the Digital Strategic Business Unit (SBU). This new SBU aims to foster existing digital business capabilities and accelerate new investments and initiatives in target areas. Mr. Max Robert Speur was appointed Digital SBU President. As a result of this corporate restructuring, DxBV and Teknosa will now be managed under the Sabancı Holding Digital SBU. These two digital flagship entities will continue their transformation as part of the Digital SBU.

Protect and Grow the Core

In 2023, the Sabancı Digital SBU companies continued their strategic business transformation with a focus on investing in cloud business infrastructure and services through SabancıDx under DxBV. Opportune and Radiflow - two other Group companies under DxBV, engaged in digital marketing and cyber security - played a key role in supporting growth locally and globally in their respective digital areas.

Meanwhile, Teknosa, the Group's tech retailer, has transformed its retail approach by opening and revamping its stores into a new concept that focuses on experiential shopping. By blending its physical and its digital platforms, Teknosa has aimed to provide a comprehensive "phygital" experience for customers since 2022. This effort includes optimizing the store network for better customer engagement and satisfaction, contributing to improved sales. Teknosa's operational footprint includes 181 stores across 64 cities, boasting a total sales area of 105,125 square meters.

Embracing a digital-first strategy, Sabancı Group's tech retailer has expanded its online presence, social commerce, and integrated digital solutions in stores to enhance customer journeys. Significant investments in technology, such as AI-enhanced supply chain initiatives, reinforced its market position and operational efficiency. İklimsa, operating under Teknosa and specializing in HVAC (Heating, Ventilating and Air Conditioning), solar energy, and B2B solutions, extended Teknosa's reach and sustainability efforts. These strategic moves underscore Sabancı's objective to blend digital innovation with customer-centric services, securing its pioneering in technology retail.

Teknosa's commitment to a value-driven approach is exemplified through its five key brands, attracting 1.9 million new customers, and maintaining an active customer base of 5 million. Notable successes include Preo achieving sales of over 2 million SKUs, TeknoHizmet surpassing 3 million service sales, and the



TeknoClub loyalty program growing to 3.2 million members within two years. Teknosacell has attracted ~500,000 subscribers. İklimsa, offering 200+ models, underscores Teknosa's commitment to diversity and sustainability, including solar energy operations, emphasizing the synergy between Teknosa and İklimsa in enhancing market presence.

Invest in New Growth Platforms

SabancıDx solidified its position as a provider of multi and hybrid cloud solutions and technologies, in line with the Digital SBU's strategy in the digital market. The strategic partnership with Microsoft has expanded Sabancı's cloud value proposition, enabling Azure capabilities within Türkiye. The cooperation agreement with Microsoft focuses on offering

hybrid cloud solutions to respond to both local and global customer needs. The collaboration extends to the Cloud Solution Center, providing hybrid cloud and artificial intelligence competencies to Türkiye's digital ecosystem. The agreement also presents potential expansion opportunities for SabancıDx in Southeast Europe, Central and Eastern Europe, and the Middle East and Africa, enabling market access and foreign currency revenue generation. In addition to the Microsoft partnership, SabancıDx initiated cloud and cloud infrastructure partnerships with major brands, leveraging the expertise of digital native talent to implement and manage cloud solutions, thereby better serving its growing customer base.

Digital

The digital strategy aims not only to accelerate Sabancı Group companies and Türkiye's digital transformation but also to enable scaled business models and international expansion.

5
MILLION
Teknosa's Active
Customer Base

Since 2022, Teknosa's digital-first strategy has positioned the company as a leader in industry innovation and the digital economy. Teknosa, aiming to deliver an optimal omnichannel customer experience, introduced Türkiye's first specialized electronics marketplace and bolstered its digital channels, contributing to Sabancı Holding's overarching goals in digital business. In 2023, Sabancı Group's tech retailer made a record TL 582 million investments in technology and digitalization, with plans to make TL 1 billion investment in 2024. This strategic move aims to enhance both the digital platform and physical stores, ensuring sustainable profitability and market growth.

Teknosa Marketplace, now in its second year, outperformed global benchmarks, contributing 38% to the online channel Gross Merchandise Value (GMV), which surged by 68% to TL 10.1 billion.

Teknosa online channel saw traffic increase by 1.3 times, boosting service quality, and performing a higher Net Promoter Score (NPS) resulting in a satisfying level.

Teknosa strategically expanded its customer satisfaction efforts, adopting a comprehensive NPS measurement across all touchpoints, including store, online, services, and returns – a significant evolution from the 2019 approach that focused solely on in-store experiences.

Additionally, Teknosa launched the Digital-First Company program this year, investing in digital and technological advancements to foster a data-driven culture and AI adoption. This program aims to boost Teknosa's customer service and efficiency, while strengthening its market position through digital transformation.

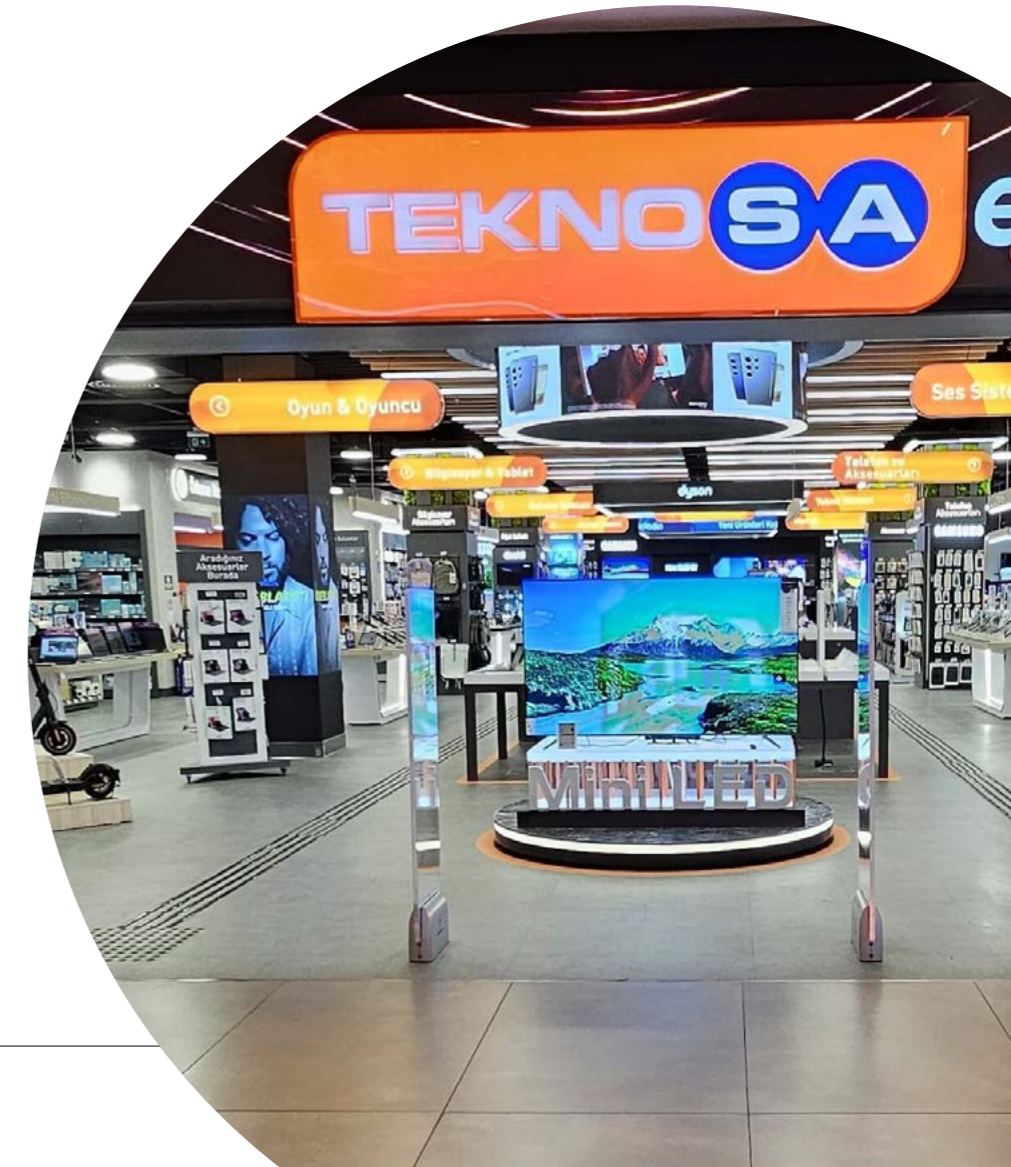
The Way Forward

Looking toward the future, Sabancı Group's digital and tech retail business unit plans to ramp up its sustainability initiatives and product offerings, execute a blended digital and physical strategy, move into services that complement its current operations and effectively leverage its digitalization, transformation, cloud, and big data capabilities.

The Digital SBU's vision is to create an end-to-end integrated digital value proposition for future connected enterprises. The digital strategy aims not only to accelerate Sabancı Group companies and Türkiye's digital transformation but also to enable scaled business models and international expansion. The Group's know-how, partnerships, and global access to resources serve as catalysts for all layers of the digital value chain. The focus remains on creating a reliable infrastructure for the growth of digital businesses, leveraging scalable and secure cloud capabilities. Future initiatives will also concentrate on investing in emerging and frontier markets, bringing next generation technologies into play to power the enterprises of the future.

Sabancı Group's tech retailer embeds sustainability into its core business, promoting gender equality and achieving a 52% female workforce at its headquarters, and endorsing the WEPs-Women Empowerment Principles. Since 2007, Teknosa has championed gender equality

with its "Technology For Women" project, offering digital literacy training to over 28,000 women. Teknosa aims for 'Net Zero Emissions' by 2050, improving its Carbon Disclosure Project score from B- to A-, reflecting its commitment to environmental sustainability and leadership in climate initiatives.



Other



Other

Carrefoursa, Sabancı Group's food retailer and distribution company, executes a strategy centered around achieving optimal growth and operational profitability.

In 2023, with 1,047 stores across 57 cities, Carrefoursa solidified its pioneering position in organized food retailing.

Carrefoursa

Carrefoursa, Sabancı Group's food retailer and distribution company, executes a strategy centered around achieving optimal growth and operational profitability through physical store investments and focuses on digital growth and new customer acquisition.

The company boosts customer value by consistently improving its infrastructure and internal operations. At the same time, Carrefoursa optimizes sales efficiency and margins via digitalization.

After three decades in the retail sector, Carrefoursa has transformed into a distribution-centric entity. Leveraging its extensive knowledge of customer preferences and market dynamics, the company is strategically growing its customer base. At the end of 2023, Carrefoursa operates more than 1,000 stores – a major milestone in its journey.

In the food-beverage sector, Carrefoursa is celebrated for introducing Lezzet Arası restaurants with 14 locations across six cities. This year, the retailer expanded its Cloud Kitchen effort, bolstering its leadership in this innovative arena.

Carrefoursa maintains significant like-for-like growth while expanding in ecommerce, franchise, and B2B operations. In order to provide services to hotels and restaurants during the year, Antalya and Bodrum under the name of Carrefoursa Profesyonel has also realized the new mass sales format.

In 2023, Carrefoursa broadened its export network in 12 countries – primarily the Middle East alongside expansion in Europe – recording sales of TL 217 million, up 31% year-on-year.

Carrefoursa's asset-light franchising provides sustainable, cost-effective growth, while supporting artisans/entrepreneurs and enhancing competitiveness under a mutually beneficial framework. In 2023, with 1,047 stores across 57 cities, Carrefoursa solidified its pioneering position in organized food retailing.

Protect and Grow the Core

Carrefoursa strengthens its core business by expanding via omnichannel integration, adopting a 'phygital' strategy, and prioritizing lean transformation. Focused on simplification and efficiency, Carrefoursa refines its product assortment and minimizes the long tail.

Embracing digitalization, Carrefoursa enhances CRM and customer experience through integrating the world's leading technologies. The company, which has more than 10 million unique customers, has won many national and international awards during the year with its advanced customer service structure. Collaborative ventures across various sectors and an innovative organizational structure help realize the ecommerce vision. The number of stores feeding ecommerce sales rose 27% in 2023. Mobile application orders increased 35% with personalized shopping experiences and effective digital marketing strategies this year.

Invest in New Growth Platforms

Carrefoursa extended its success in the food-beverage industry, exemplified by Lezzet Arası restaurants, into the online food ordering sector, via cloud kitchen investments with Carrefoursa Mutfak.

Carrefoursa Mutfak offers customers a wide variety, guaranteeing a seamless and user-friendly experience pursuant to its pledge of providing fresh, tantalizing products. This innovation further anchors the food retailer's position in the ever-changing culinary world, facilitated by efficient home delivery services via external partners.

Carrefoursa's strategic B2B expansion, anchored by the Carrefoursa Profesyonel food retail strategy, introduces fresh products in selected regions and establishes distribution hubs in Antalya and Bodrum demonstrating a commitment to the Horeca sector. Horeca professionals can easily access specialized products via Carrefoursaprofesyonel.com. Especially in the Horeca sector, B2B sales are targeted for growth in 2024, expanding their presence in the upstream value chain. Carrefoursa plans to expand its existing Horeca network in the coming year.



Carrefoursaisortagi.com, a franchise system website, lets retailers manage all business operations from one unified platform. The website provides a multi-channel technology framework for optimizing processes, including product sourcing, sales, real-time analytics, inventory checks, and payments.

The Way Forward

Carrefoursa is rapidly going digital while channeling investments into both physical and online sectors, driven by customer insights. Recognizing the growing phygital trend, the food retailer aims to deliver consistent experiences across all platforms with seamless accessibility in offline and online channels. In this context, with the advertising technologies and

digital wallet applications that will be implemented in the coming period, the company will expand its customer base and expand its services for different customer needs.

In addition to digitalization efforts, Carrefoursa remains committed to environmental awareness and sustainability going forward. These strategic imperatives are realized through innovative initiatives such as urban agriculture – collaborating with local farmers for fresh produce. Other plans in this arena include investing in solar energy for increased efficiency. Carrefoursa aims to source 70-80% of its energy from renewables by 2030.

Other

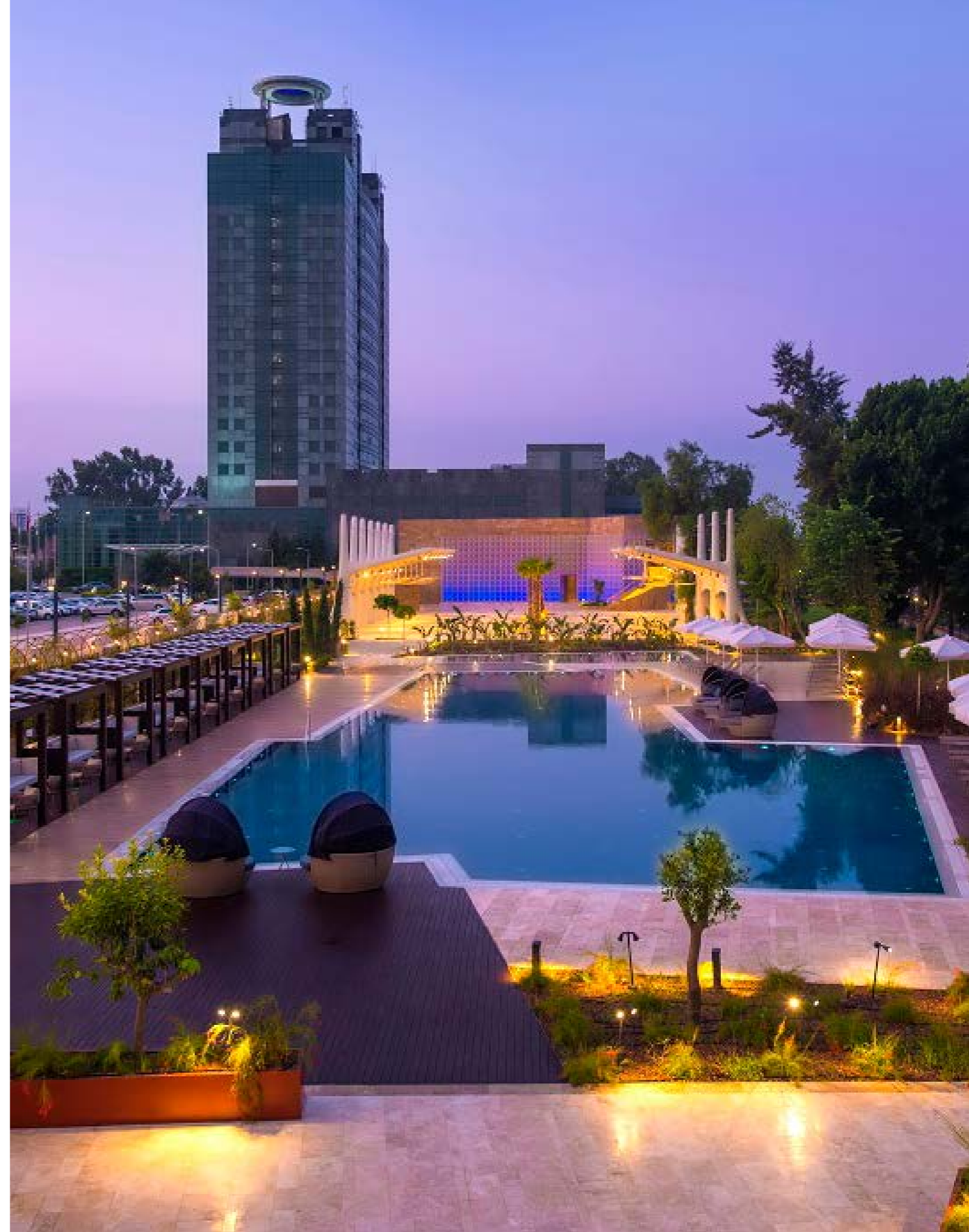
As of year-end 2023, the Hiltonsa chain of hotels had a 793-room capacity in total.

793

Total room capacity

Tursa, a Sabancı Holding subsidiary, is the owner of Adana Hiltonsa and Mersin Hiltonsa, while Ankara Enternasyonal Otelcilik (AEO) owns Ankara Hiltonsa. Sabancı Group entered the tourism industry with the Adana Erciyas Hotel many years ago. The Group established a founding partnership with Hilton Group and inaugurated the Ankara Hiltonsa Hotel in 1988.

Sabancı Group's tourism business expanded further with the addition of Mersin Hiltonsa Hotel in 1990 and Adana Hiltonsa in early 2001. As of year-end 2023, the Hiltonsa chain of hotels had a 793-room capacity in total: 310 rooms at Ankara Hiltonsa, 295 rooms at Adana Hiltonsa, and 188 rooms at Mersin Hiltonsa. The hotels are operated by Hilton Group.



Sabancı Foundation

We touch the lives
of people everywhere
in Türkiye.



Sabancı Foundation

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

In February 2023, a devastating earthquake hit Türkiye. After the initial urgent humanitarian aid efforts, Sabancı Foundation prioritized support to resuming education in the region as soon as possible by constructing schools.

Embracing the late Hacı Ömer Sabancı's life philosophy of "Sharing what we have obtained from this land with its people," the Sabancı family established Hacı Ömer Sabancı Foundation (known as Sabancı Foundation) in 1974 to consolidate all their philanthropic activities under one organization. Sadıka Sabancı, wife of Hacı Ömer Sabancı, donated her entire wealth to the Foundation's endowment. Sabancı Foundation's financial resources consist of donations provided by the Sabancı Family and Sabancı Group, and revenues generated from the Foundation's assets.

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

During its 49-year history, Sabancı Foundation has built more than 120 institutions - schools, dormitories, teachers' centers, medical facilities, sports complexes, cultural centers and social facilities - in 78 districts across Türkiye. Since 2007, the Foundation has supported 238

projects carried out by civil society organizations nationwide. In culture and the arts, the Foundation has provided long term support to major activities and events.

Having provided more than 54 thousand scholarships over the last 49 years, Sabancı Foundation encourages and recognizes success with awards in education, the arts and sports.

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

Highlights from 2023

In February 2023, a devastating earthquake hit Türkiye affecting nearly 16 million people across 10 provinces. After the initial urgent humanitarian aid efforts, Sabancı Foundation prioritized support to resuming education in the region as soon as possible by constructing schools. In the three months after the earthquake, two steel construction schools were built by the Foundation in Hatay province. Another school under construction before the disaster also opened this year. Three more schools are planned to be opened in 2024.

Social Change

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

Introduced in 2007, Sabancı Foundation Grants Program supports civil society organizations in promoting social development to achieve equality and active participation of women, youth, and persons with disabilities in society. During its 17-year history, the Grants Program has extended support to 238 projects and initiatives, directly impacting nearly 300 thousand persons and indirectly reaching over 4.6 million people nationwide.

Launched in 2022, "Young Women Building Their Future" project targets women in the NEET (Not in Employment, Education or Training) category. The initiative is implemented by Sabancı Foundation and UNDP in cooperation with the Ministry of Family and Social Services and the Ministry of Labor and Social Security. A comprehensive training program - including vocational and personal development trainings for NEET women - commenced in three pilot cities: Adana, Diyarbakır, and Izmir. Some 770 NEET women were reached by trainings;

80 of them were employed. A digital portal was launched with an Opportunities Map, facilitating access to job, training, internship, and entrepreneurship opportunities for young women. Major organizations, including Sabancı Group companies, actively participate on this platform. The project expanded in 2023 by incorporating mentorship and grants programs. Mentors from diverse sectors provided invaluable career guidance to 513 NEET women this year. The grants program supported seven projects focused on enhancing NEET women's employability.

Türkiye's Changemakers Program, successfully completing its 14th year in 2023, highlights stories and efforts of individuals who significantly contribute to social development and inspire society in the country. Since its inception in 2009, the program has received nearly 14 thousand applications; stories of 210 Changemakers were selected and recorded. These inspiring videos are widely disseminated on the program's website as well as social media platforms.



Sabancı Foundation

Sabancı Foundation is the first organization from Türkiye to sign the International Philanthropy Commitment on Climate Change.

Recognizing the work done through Sabancı Foundation Short Film Competition, European Film Academy presented Güler Sabancı with its European Sustainability Award – Prix Film4Climate 2023.

Since 2021, Sabancı Foundation has published a series of children's books about animal rights and environmental issues centered around a rabbit named Papuduk. These books are distributed to civil society organizations working with children and state schools in disadvantaged areas. As of end-2023, over 150 thousand books were distributed free-of-charge; audiobook versions are also available. Workshops for children are conducted in diverse locations throughout the year to support the themes of the book series.

Sabancı Foundation is addressing the climate emergency by reviewing all its programs through a climate lens and creating a road map with the approach of "All foundations are climate foundations no matter what their area of work." The Foundation is the first organization from Türkiye to sign the International Philanthropy Commitment on Climate Change.

The Foundation remains actively engaged in advancing disability rights and gender networks within Philanthropy Europe Association (Philea). Nevgül Bilsel Safkan, General Manager of Sabancı Foundation, was appointed to the Philea Advisory Board in 2023, further enhancing the Foundation's commitment and contribution to these significant initiatives.

Institutions

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

In 2023, construction of two vocational and technical high schools in İstanbul and Hatay was completed. Reconstruction of Sakıp Sabancı Secondary School in Adana and construction of an additional building for Sabancı Vocational and Technical High School in Kocaeli was also completed this year.

CUMHURİYETİN 100.YILI KONSERİ



School buildings completed in 2023:

- Enerjisa İstanbul Vocational and Technical High School
- Enerjisa Hatay Vocational and Technical High School
- Sakıp Sabancı Secondary School, Adana (completed in 2023, scheduled to open in 2024)
- Hatay - Dört Yol / Sabancı Lassa Secondary School (steel-construction)
- Hatay - Arsuz / Sabancı Arsuz Secondary School (steel-construction)
- Hatay - Hassa / Enerjisa Atatürk Primary School (steel-construction)
- Kocaeli - Sabancı Vocational and Technical High School Additional Building

Some of these schools are constructed with donations from Sabancı Group companies and their foreign partners.

Culture & the Arts

Through the years, Sabancı Foundation has extended long-term support to culture and the arts. The Foundation has supported The State Theaters – Sabancı International Adana Theater Festival for the last 24 years and Türkiye Youth Philharmonic Orchestra for the last 15 years. In 2023, a special book on Metropolis Ancient City excavations was published on the 20th anniversary of the Foundation's support to the excavation efforts.

Sabancı Foundation Short Film Competition was launched in 2016 with the motto "Short Film, Long Impact." This popular competition raises awareness of social issues through art, while highlighting the creative perspective of cinema and encouraging young talent. In 2023, the theme of the 8. Sabancı Foundation Short Film

Competition was "Water Crisis." Recognizing the work done through Sabancı Foundation Short Film Competition, European Film Academy presented Güler Sabancı, Chair of the Board of Trustees of Sabancı Foundation, with its European Sustainability Award – Prix Film4Climate 2023.

Scholarships and Awards

During its 49-year history, the Foundation has provided more than 54 thousand scholarships to students demonstrating academic excellence through its scholarship program. Currently, Sabancı Foundation scholarships support around 1,500 students each year, 350 of whom are first time recipients.

Sabancı Foundation has award programs in education, sports, arts, and culture. Under these programs, over 1,200 awards have been presented to date.

Sabancı University

One of only three
foundation universities
in Türkiye officially
recognized as a
“Research University”

SABANCI ÜNİVERSİTESİ

A photograph of the Sabancı University building, a large, modern structure with a prominent, multi-tiered, conical roof. The building is white with large windows and columns. The name "SABANCI ÜNİVERSİTESİ" is visible on the facade. The building is set on a grassy hillside with a colorful staircase leading up to it. The image is overlaid with a blue semi-transparent circle on the left side.

Sabancı University

Sabancı University executes numerous future-shaping strategic initiatives toward its vision: becoming a leading global research university.

Sabancı University ranks among the top universities in Times Higher Education (THE) 2024 World University Rankings.

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

One of only three foundation universities in Türkiye officially recognized as a "Research University" by the Presidency of Strategy and Budget and the Council of Higher Education (YÖK), Sabancı University conducts research in faculties, centers, and forums with an interdisciplinary approach in basic and social sciences, engineering and technology, business and art. The University's 10 centers and forums contribute to scientific research, economic development and society. Embracing research since its founding, Sabancı University has issued more than 8,500 publications* and obtained more than 315 patents*** to date. As of end-November 2023, the University has 285 active research projects with external

funding and a total budget of TL 957 million.** According to the YÖK 2022 University Monitoring and Evaluation Report, Sabancı University ranked first among all universities in Türkiye with 30.66% of its budget spent on R&D. In 2023, Sabancı University faculty members published more than 635 scientific publications* and obtained 23 patents.***

A globally recognized university
Sabancı University ranks among the top universities in Times Higher Education (THE) 2024 World University Rankings.

- Sabancı University ranked 351-400 in 2024 THE World University Rankings globally and first among universities in Türkiye. In subject rankings, Sabancı University ranked 301-400 in Engineering, 176-200 in Social Sciences, 251-300 in Business and Economics, 401-500 in Computer Science, and 501-600 in Physical Sciences.
- Sabancı University ranked 76th in 2023 THE Asia University Rankings and 89th in 2023 THE Young University Rankings.

* Data updated: 13.12.2023 (Scopus) ** Data updated: 30.11.2023 *** Data updated: 07.12.2023

Sabancı University Executive Development Unit (EDU) climbed to 36th worldwide in 2023 Financial Times Executive Education Rankings and is the only Turkish university represented. Sabancı Business School placed 81st in Financial Times Executive MBA Rankings, one of only two Turkish universities on the list.

Sabancı University: Türkiye's Leader in Research Quality

According to the 2022 Performance Ranking of Research Universities compiled by the Council of Higher Education (YÖK), Sabancı University placed first among all research universities in the Research Quality category.

Türkiye's top university for graduate employability

Sabancı University was included in the top 250 universities worldwide in the 2023-2024 Global Employability University Ranking and Survey published by Times Higher Education. One of only two Turkish universities included in the rankings, Sabancı University ranked 219th globally.

Some 91% of Sabancı University alumni are placed in a job within one year of graduation. Meanwhile, 26% of alumni continue their graduate studies or professional careers overseas.

University-industry collaborations

Since its founding, Sabancı University has emphasized university-industry collaborations. The University has developed pioneering business models and completed many successful projects in partnership with leading companies and institutions. Sabancı University was presented with the



University-Business Cooperation Award at the 2023 Outstanding Achievement Awards Ceremony held by YÖK in October 2023.

Sabancı University signed a letter of intent with Siro Silk Road Clean Energy Storage Technologies, in partnership with TOGG and Farasis Energy, to design educational programs in the field of batteries and energy storage.

Under an agreement signed by Sabancı University and TEI, Türkiye's leading aviation engine manufacturer, a fan duct inner case was delivered for the TEI-TF6000 Turbofan Engine manufacturing project. Produced by Sabancı University's Integrated Manufacturing Technologies Research and Application Center (SU IMC), the case was designed and developed for the first time in Türkiye and features Kordsa semi-finished products.

Home to the country's best students

More than 5,200 students are enrolled at Sabancı University: 82% undergraduate and 18% graduate students. In the 2023 Higher Education Institutions Exam, 802 students were placed at Sabancı University. The University regularly attracts the best high school graduates. Among students who chose to study at Sabancı University in 2023, 12% ranked in the top 1,000 nationwide. Foreign student enrollment at Sabancı University reached 13% in the 2023-2024 academic year.

The Make a Promise for the Future Scholarship Program provided full scholarships to eight students from the earthquake region who were placed at Sabancı University via the entrance exam. Three current students will also receive scholarships through the same program.

Sabancı University

With the I-REC-certification 100% Green Energy Agreement signed with Enerjisa Enerji, Sabancı University meets all its energy needs from renewable energy sources.

Disaster Awareness and Relief Management Course

After the earthquake disaster in February, Sabancı University designed a new course – Disaster Awareness and Relief Management – to give students a comprehensive understanding of disaster relief management principles and practices. The course started in Fall 2023-24 semester and is coordinated by Sabancı Business School. Topics covered include risk assessment, vulnerability analysis, logistics and resource management, evacuation procedures and personal preparation plans, communication and coordination in disaster relief, psychological aspects, and economic burden on society.

2023 Sakıp Sabancı International Research Awards

Sakıp Sabancı International Research Awards have been granted for 18 years following the will of Sakıp Sabancı, Honorary President of Sabancı University Board of Trustees, to recognize exceptional studies in the social sciences. In 2023, the theme of Sakıp Sabancı International Research Awards was “The 100th Anniversary of the Republic of Türkiye: Republicanism in Theory and Application.” This year, the Special Jury Prize was presented to Philip Pettit, L.S. Rockefeller Professor of Human Values at Princeton University since 2002 and Professor of Philosophy at the Australian National University since 2012.

Türkiye’s first campus to announce a net zero target

Prioritizing energy and climate issues since its founding, Sabancı University now aims to achieve a net zero energy target on its Tuzla campus. The University is a green campus and features a significant solar energy infrastructure. With the I-REC-certification 100% Green Energy Agreement signed with Enerjisa Enerji, Sabancı University meets all its energy needs from renewable energy sources. In 2023, 9,206

MWh of electrical energy consumed by the University was obtained from renewable energy sources. The Tuzla campus has a solar power plant and cogeneration system, installed in conjunction with Enerjisa. Solar panels are installed on all building roofs of the Tuzla campus to boost its total solar energy capacity to 1.1 MW.

Sabancı University’s campus buildings have natural ventilation and lighting. System working hours and temperatures are optimized to save energy on campus heating and cooling. EV charging stations are installed across the campus to encourage electric vehicle use and reduce vehicle emissions.

Pioneering work in social contribution

Sabancı University Istanbul International Center for Energy and Climate (IICEC) focuses on the world’s current issues and Türkiye’s agenda. A conference and panel were held this year with the theme “Changing Energy Geopolitics in the World, Climate Crisis and Türkiye.” This event aimed to address changing energy geopolitics in light of new developments and the climate crisis – the most pressing

problem facing humanity. The IICEC also released its Türkiye Green Hydrogen Report 2023 at the conference. Conference speakers included Minister of Energy and Natural Resources Alparslan Bayraktar, International Energy Agency (IEA) Executive Director and IICEC Honorary Chair Fatih Birol, Sabancı University Founding Chair of the Board of Trustees Güler Sabancı, and IICEC Director Bora Şekip Güray.

In 2006, the University set out to support entrepreneurship by establishing Inovent, Türkiye’s first technology commercialization company. This year, Sabancı University launched SUCool Incubation Center and J-Start Venture Capital Investment Fund in cooperation with Sabancı Holding and Abdul Latif Jameel (ALJ). SUCool Incubation Center offers start-ups a unique space to work, collaborate and network, with a state-of-the-art facility equipped with the latest technology. J-START Fund aims to invest in start-ups in Türkiye and give priority to deep-tech start-ups.



Sabancı University Sakıp Sabancı Museum (SSM)

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



Sabancı University Sakıp Sabancı Museum (SSM)

Sabancı University Sakıp Sabancı Museum hosted the exhibition titled *The Living Pyramid*, by Agnes Denes, a pioneering artist of ecological art.

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

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

SSM Collections

Sakıp Sabancı Museum Book Arts and Calligraphy Collection offers a comprehensive perspective on five centuries of Ottoman calligraphy art. The collection encompasses a variety of items, including rare handwritten copies of the Koran, as well as various kitas, murakkas, calligraphic compositions, hilyes, imperial decrees and tools used by calligraphers.

In the rooms on the lower floor of Atlı Köşk are Western-style furniture and decorative art pieces inspired by late Rococo, Neo-Classical, and Empire styles, used by the Sabancı family. These rooms also house 19th-century decorative artwork.

Turkish Painting: In the Pursuit of Modernism

Sakıp Sabancı Museum Painting Collection is a personal collection focusing on a specific period of Turkish painting as well as a cultural legacy that provides insight into the early development of painting in Türkiye. The exhibition *Turkish Painting: In the Pursuit of Modernism* traces the trajectory of Westernization in the Ottoman Empire, spanning from artistic expressions reflecting the history of the late Ottoman era to the intellectual endeavors of the Republic generation.

As part of the exhibition, the series "Talks on Turkish Art" featured art historians, academics, and writers discussing the modernization process extending from the Ottoman Empire to the Republic of Türkiye and addressing artists of that period.

Agnes Denes. The Living Pyramid

Sabancı University Sakıp Sabancı Museum hosted the exhibition titled *The Living Pyramid*, by Agnes Denes, a pioneering artist of ecological art. Sponsored by Sabancı Holding, with communication sponsorship by Çimsa, the exhibition vividly portrays humanity's relationship with nature as a metaphor for

our existence in the world. The artwork, along with Agnes Denes's *Manifesto* written in 1969, was on display in the SSM garden until October 31, 2023.

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

SSM Learning Programs

Programs for Children

SSM Learning Programs, designed for children of different age groups, continued in 2023 with workshops on topics such as painting, science, nature, conservation, archaeology, and abstract art, paralleling current exhibitions and SSM collections. In addition, guided tours for school groups were organized throughout the year.

SSM Learning Programs also hosted workshops called "Pusetli Aileler (Stroller Families)," focusing on texture, shape, and color concepts for babies aged 18-24 months.

On International Day of Persons with Disabilities, recognized by the United Nations annually on December 3rd, Sabancı Foundation, in collaboration with the Inclusive Atta Festival, supported and organized inclusive performances, workshops, and discussions for children and young people with special needs on December 2-3, 2023.

Programs for Adults

SSM Learning Programs for Adults organized workshops on various topics throughout the year.

The "Mindfulness at the Museum (Müzedede An'da)" program, inspired by the concept of mindfulness and rooted in art therapy, was launched in 2023. Based on an in-depth exploration of eight selected works from the Turkish Painting: In the Pursuit of Modernism exhibition, the program serves as a means for visitors to deeply comprehend their emotions and thoughts.

Mindfulness at the Museum can be experienced via QR codes placed alongside artworks in the museum and on Sakıp Sabancı Museum's website. The program is conducted in Turkish.

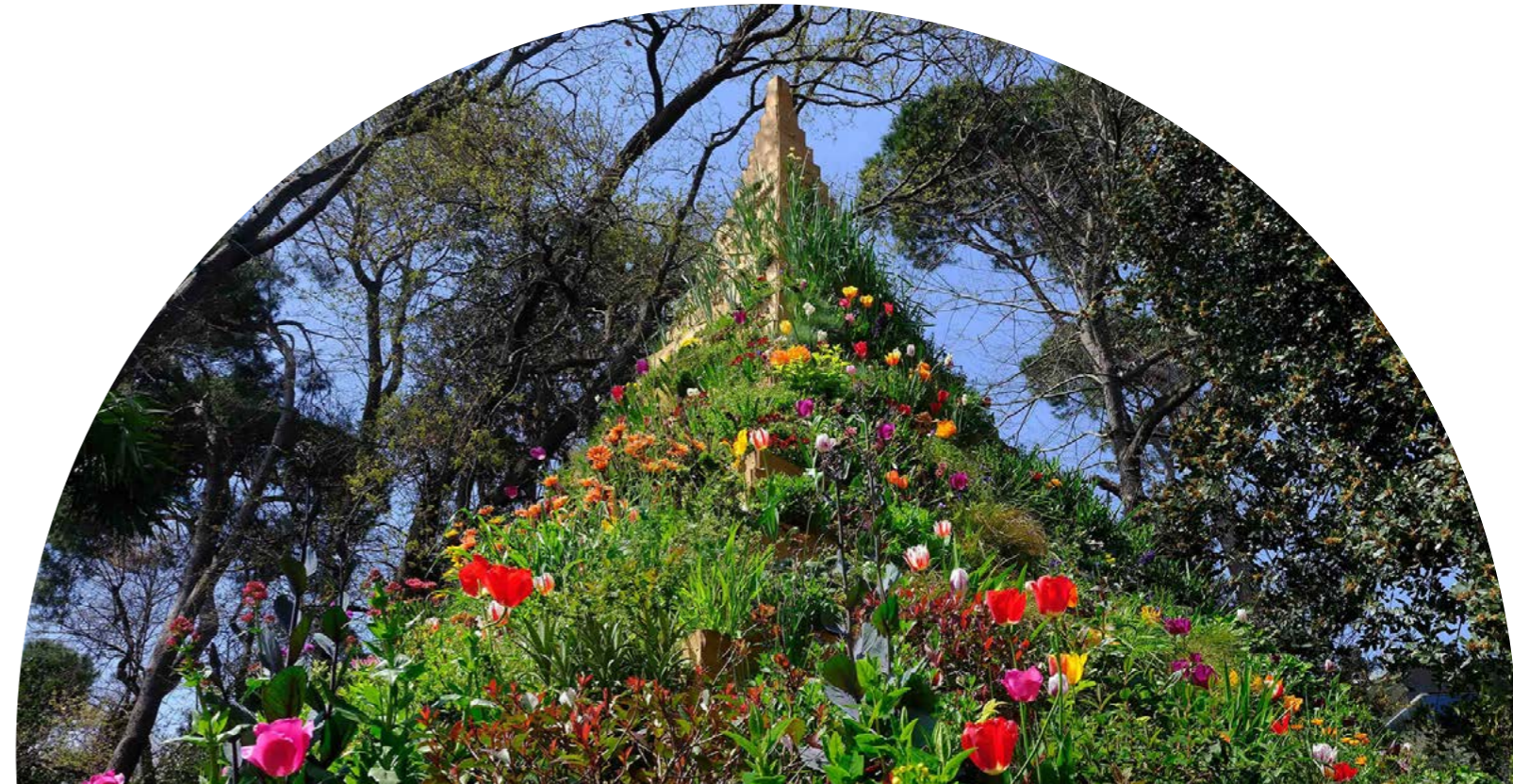
SSM also continues to conduct art therapy workshops with the active participation of visitors, facilitated by art therapist Seren Pehlivanoğlu İlkdoğan, both on-site and online.

Outdoor Events

The Stage at the Museum

Organized with the support of Sabancı Foundation since 2017, The Stage at the Museum hosts culturally significant events through performing arts.

This year's edition, held from August 17 to 20, focused on understanding shared human experiences under the theme "Hep Yan Yana (Side by Side, Always)."



Sabancı University Sakıp Sabancı Museum (SSM)

Organized with the support of Sabancı Foundation since 2017, The Stage at the Museum hosts culturally significant events through performing arts.

Featuring renowned actor Genco Erkal alongside Tülay Günal, Dostlar Tiyatrosu presented *Yaşamaya Dair*, while the Talimhane Tiyatrosu presented their production *Harika Şeyler Listesi*, starring the young and talented actor Bora Akkaş, and *Herkes Kocama Benziyor* by Kadıköy Emek Theater, led by Pinar Güntürkün, named the Most Successful Female Actor at the 2022 Afife Theater Awards, along with the highly acclaimed play *Ne Olacak Bu Yusuf Umut'un Hali* by Hakan Emre Ünal, from Theater Hemhal, took the stage at Fıstıklı Teras, one of Istanbul's most scenic venues. The program also included children's plays, storytelling sessions, a sound workshop, and dance performances.

Yoga

A highly popular annual series, "Yoga at the Museum" was held on the terrace of SSM with sweeping views of the Bosphorus between June and September in 2023.

Special yoga sessions were held in June to commemorate the 10th anniversary of yoga events at SSM.

SSM Gift Shop

Sakıp Sabancı Museum Gift Shop (SSM Gift Shop) features unique products and services that enable art enthusiasts to cherish enduring culture and art experiences. Open to everyone with its physical store and digital platform, SSM Gift Shop closely collaborates with designers and design material suppliers. Through these collaborations, SSM Gift Shop is committed to being accessible, innovative and distinctive in the products and services it offers, in conjunction with SSM's permanent collections and temporary exhibitions.

SSM Gift Shop operates with a conscientious regard for social responsibility and sustainability in conducting its museum retailing activities.



Corporate Social Responsibility Policy and Principles

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

With this policy statement, Sabancı Group stresses corporate social responsibility principles as well as the importance and priority given to the topic by the Group.

Sabancı Group considers social responsibility awareness as an unchangeable core element of its management approach in all its activities as a part of its core values of modesty, respect and proximity to people. We expect all our establishments that constitute Sabancı Group to manage the economic, social and environmental impact of their actions with responsibility and to prioritize the development of the society. We do not regard the scope of our social responsibility limited to just our business operations or their impact. We determine our level of social responsibility and its priority on what is good for society and the environment as a whole.

We pursue a pioneering role concerning actions that protect human rights as well as the environment. At Sabancı Group, the SA-ETHICS program, prepared and put into practice following the Principles of Corporate Social Responsibility, constitutes a guide to our business operations.

The basic principles that govern our social responsibility practices are:

Any discrimination within the organization based on race, religion, gender, age, political opinion, language, physical disability or similar reasons is not tolerated.

We strive to ensure that people of different beliefs, views and opinions work together in harmony by creating a positive and cordial work environment that supports cooperation and prevents conflict.

We administer programs that contribute to preserving employee health that we accept as important to ensuring our employees' quality of life and success.

1. At Sabancı Group, we believe that all employees deserve to work in a healthy and secure work environment consistent with human dignity. Our employees are our most valuable assets and we strive to provide employee safety and security as our primary goal.

2. Beyond their legal requirements, we ask our companies to apply the best environmental solutions and support any initiative that will develop and deploy environment-friendly technology and enhance environmental awareness. At Sabancı Group, we fulfill our social and environmental responsibilities towards the society in all places that we operate, in close collaboration with our shareholders, employees, public, non-governmental organizations and other stakeholders.

3. We regard our human capital as the most significant component in creating sustainable growth. We ensure that all employees take advantage of their rights as members of the Group, fully and accurately. We treat our employees with honesty and fairness; we are committed to creating a nondiscriminatory, safe and healthy work environment. We undertake efforts to enable personal development of all employees while pursuing a balance between their private and professional lives.

4. We manage the environmental impact of our activities with a sense of responsibility. All our companies are required to identify and apply the necessary improvements and development activities that minimize or eliminate negative environmental impact.

5. At Sabancı Group, we strive toward the improvement of society pursuant to our sense of corporate social responsibility. We encourage our employees to take part in social volunteering.

6. We develop and implement approaches to ensure that all of our partners and particularly our suppliers, act following the social responsibility standards of the Group.



7. We show sensitivity to the traditions and culture of Türkiye and other countries in which we operate. We comply with all legal regulations currently in effect.

8. We encourage our Group companies to comply with international standards and assure that their operations are certified.

All principles of this policy statement are put into practice in accordance with applicable regulations; relevant units audit the level of implementation. We consider the success of the companies with regard to social responsibility activities as a significant criterion for evaluating overall company performance. At Sabancı Group, we disclose

corporate social responsibility activities realized by our Group with the public via annual reports and on our website.

All our executives and employees, including CEO of Sabancı Holding, undertake accountability for carrying out corporate social responsibility activities.

This policy document has been prepared to share with our employees, shareholders and all other stakeholders our public commitment on the part of Sabancı Group to fulfill our responsibility toward helping to create a better world and a better future.

Communication Principles

Communications at Sabancı Group are managed in line with the Group's business targets and social responsibilities.

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

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

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

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

Business activities of Sabancı Holding are disclosed to the public through its website in both Turkish and English. Sabancı Holding also shares information with the public through social media channels.

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

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

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

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

Environmental Policy

Our Corporate Environment Policy

- We develop and implement our own environmental standards that exceed legal requirements.
- We aim for excellence by sharing know-how and experience between our companies.
- We adopt a proactive approach in all our business activities to continuously improve our environmental performance.
- We identify and manage environmental risks.
- We aim to implement the best available production techniques.
- We contribute to sustainability while monitoring environmental developments and turning them into business opportunities.
- We support environmental awareness and information sharing to further society's development.

Environmental Policy Requirements within the Group

- We comply with environmental legislation and other legal and regulatory requirements.

- We implement environmental practices that exceed legal requirements and ensure compliance.
- We identify our environmental impacts.
- We identify all our environmental impacts while we develop, monitor and improve our targets, programs and monitoring systems.

Manage resource consumption within the Group.

- We determine organizational roles, responsibilities and authorizations in infrastructure, technology, finance and human resources units and we foster environmental awareness among our employees.

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

- We set our business standards with a proactive approach and facilitate compliance for all relevant stakeholders – including our employees, suppliers, and contractors.

- We proactively identify the risks that may harm the environment when we conduct our business activities, and we aim to promptly and fully take measures to minimize these risks.

Continuously strive to monitor and improve our environmental performance.

- We set and implement targets for energy and waste management, and natural resource consumption.
- We aim for continuous improvement with clean products and clean production technologies.
- We undertake the environmental responsibility of our products and services.
- We aim to prevent biodiversity loss in green field investments by following the international standards.
- We report on our business activities and facilitate access to simplified, understandable information.

Compliance of Corporate Governance and Sustainability Principles

SECTION I – CORPORATE GOVERNANCE

1. Corporate Governance Approach

Sabancı Group has adopted the principle of complying with the 4 main pillars of corporate governance that are Transparency, Fairness, Responsibility and Accountability. The Group acknowledges that good corporate governance practices are essential for sustainable growth in today's economies.

Sabancı Holding, the parent company of Sabancı Group and whose shares are listed on Borsa İstanbul Stars Market, designs its management approach based on these principles and continues to develop its corporate governance practices by taking the best practices in the world as its guide.

2. Compliance with Corporate Governance Principles

Sabancı Holding is in full compliance with the 24 principles mandatory to be followed by public companies whose shares are traded on Borsa İstanbul. These principles are specified in the Corporate Governance Principles attached to the Corporate Governance Communiqué (Communiqué) numbered II-17.1 of the Capital Markets Board, which is the securities regulator responsible for the regulation and supervision of corporate governance practices in Türkiye.

On the other hand, Sabancı Holding continued to fully comply with 63 out of a total of 73 discretionary principles, partially comply with 4 while failed to comply with 2 of these principles. Since no activities that fall within the scope of the remaining 4 principles were carried out in 2023, the remaining 4 principles were considered irrelevant and no compliance status could be assessed.

As a result of its efforts, Sabancı Holding achieved 93.5% full compliance and 4.3% partial compliance status while failing to comply with only 2.2% of all Corporate Governance Principles that are relevant and applicable in 2023. Sabancı Holding is committed to continue its efforts to further improve compliance with the remaining corporate governance principles for the benefit of all stakeholders, especially shareholders.

2.1. The partially complied principles are summarized below with the reasons for not achieving full compliance:

3.1.2. *Effective and rapid compensation should be offered in case the rights of the stakeholders that are protected under the relevant legislation and contracts are violated. The corporation shall make it convenient to provide the utilization of the mechanisms such as compensation provided for the stakeholders as per the legislation. Furthermore, the corporation shall form a policy on compensation towards the corporation's employees and disclose this policy to public via the corporate website.*

Sabancı Holding prioritizes pursuing the rights of all its stakeholders and maintaining a business model based on creating value together. However, there are no compensation policies in place towards Sabancı employees, yet no legal issues have been encountered in this regard.

4.4.7. *Members of the board of directors shall allocate a reasonable time for the business of the corporation. In cases where the member of the board of directors is a manager or board member in another corporation or renders consultancy services to another corporation, in principal this situation should not cause a conflict of interest and the member shall not hinder his/her duty in the corporation. Within this context, external duties that the member conducts shall be conditional on certain rules or become limited. The external duties conducted by the member of the board of directors and the grounds thereof shall be submitted for the shareholders' information, by*

distinguishing either such corporation is intragroup or out of the group, together with the agenda item regarding election, at the general assembly meeting in which the election is discussed.

It is important for the members of the Board of Directors to allocate a reasonable time for the Company and to abstain from external duties that may cause a conflict of interest. However, external duties that are out of the Sabancı Group a member conducts are not regulated nor restricted. Additionally, resumés of the members of the Board of Directors were presented in the annual report.

4.5.5. *It shall be noted that any member of the Board of Directors shall not have a duty in more than one committee. Although a specific attention is given to determine committee memberships based on professional experiences of independent directors, due to the limited number of independent Board members and the obligations required by the capital market regulations, the members may be assigned to more than one committee.*

4.6.5. *Remunerations provided for members of the board of directors and executives and all other benefits provided shall be disclosed via the annual report to the public. Principally, public disclosure shall be made on the basis of the persons.*

The remunerations of the members of the Board of Directors are disclosed individually as they are decided by the General Assembly, while the total remunerations provided for the executives are disclosed to public in the notes to the financial statements. Compensations for the executives have been made in accordance with wage policies taking into account performance criteria. Since this information is a personal information, it was not announced on an individual basis.

2.2. The principles that have not been complied are summarized below, with the reasons for not achieving full compliance:

1.3.11. *General Assembly meetings may be conducted open to public including stakeholders and media, provided that those shall not have right to speak and a provision may be included in the articles of association in this respect.*

General Assembly meeting was not held publicly for the sake of efficient time management.

1.5.2. *Minority rights may be defined in the articles of association for shareholders holding less than one twentieth of the capital of the corporation. The scope of minority rights may be enlarged in the articles of association.*

Minority rights are determined in accordance with the relevant legislation, and there is no specific provision for the extension of minority rights in the Articles of Association.

2.3. The principles considered irrelevant since no activities that fall within the scope of these principles were performed in 2023 are as follows:

1.3.7. *Persons who have the opportunity to access information of the corporation in a privileged way shall inform the board of directors to have this item add to the agenda in order to provide information at the general assembly regarding the transactions that they have conducted on their behalf within the scope of the corporation's field of activity.*

1.6.3. *In case the board of directors proposes not to distribute dividends to the general assembly, the reason for such proposal and information as to use of the dividend shall be included into the agenda item regarding dividend distribution.*

4.4.3. *The opinions of a member who does not attend the meeting but who submits his or her opinions to the board of directors in writing are communicated to the other members.*

4.6.4. *Corporation shall not loan money, make credit available, enlarge the term of the loan money or credit, improve conditions, make credit available via a third party as a personal credit or grant securities such as surety to any of its Members of the Board of Directors or executives. However, institutions providing personal loan may make credits and other services available to these persons, within the conditions provided to other persons.*

Sabancı Holding's compliance status with Corporate Governance Principles in 2023 is summarized in the table below:

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

Compliance of Corporate Governance and Sustainability Principles

These discretionary principles could not be complied with in 2023 due to the practical difficulties for compliance with the principles, ongoing discussions on the implementation of these principles in international platforms as well as in Türkiye, and the fact that compliance with these principles may not benefit the interests of Sabancı Holding and its stakeholders. Thanks to the importance attached to corporate governance by Sabancı Holding, developments on the matter are closely monitored. Efforts to ensure full compliance with these principles are continuing at full speed.

The Corporate Governance Compliance Report (KYUR) and the Corporate Governance Information Form (KYBF) for 2023 issued in accordance with the CMB's Decision No. 2/49 dated 10.01.2019 and approved by the Board of Directors of Sabancı Holding are made available to public in the links.

3. Investor Relations Activities

Sabancı Holding has adopted a meticulous approach to inform all market participants simultaneously on the developments that will affect investment decisions in a transparent, timely, accurate, complete, direct, understandable, adequate and regular manner in accordance with the legislation and in a way to assist analysts and investors to make informed decisions.

For this purpose, Sabancı Holding updates the Public Disclosure Platform (PDP) and the Investor Relations webpage (<https://yatirimciiliskileri.sabanci.com/tr/>) on a regular basis. Investor meetings and conferences were organized to keep the continuous and effective communication with the investors and the analysts. Sabancı Holding participated in a total of 39 roadshows and investor conferences in 2023, and met with 801 investors/analysts.

No issues that may cause conflicts of interests between Sabancı Holding and institutions Sabancı Holding receives services such as investment consultancy, audit and rating agencies have been encountered in 2023.

A more detailed content for investor relations activities in 2023 is provided in the Investor Relations section of this Annual Report.

4. Monitoring the Changes in Legislation and Legal Procedures

In 2023, there have been no changes in the legislation that may significantly affect Sabancı Holding's operations. However, the amendments made in 2023 in the legislation, tax and capital markets regulations in particular, and their potential impacts on both Sabancı Holding and Sabancı Group were analyzed in detail. The regulatory changes that may affect Sabancı Group, especially those may affect Sabancı Holding, have been monitored closely in 2023 and necessary actions were taken.

Additionally, collaborations have been made with Turkish Industry and Business Association and other relevant institutions and organizations in order to help legislative changes benefit the interests of Sabancı Group and the development of the Turkish economy and markets. In line with the vision "Sabancı of Rising Türkiye" significant contributions were made to the changes in the financial legislation by prioritizing the interests of the country.

Finally, in 2023, there have been no major pending lawsuits against the Company that may impact the financial position or operations of Sabancı Holding. In addition, Sabancı Holding, Board Members and the Company Executives faced no administrative or legal sanctions due to actions violating the legislation.

SECTION II – BOARD OF DIRECTORS

1. Structure and Composition of the Board of Directors

The procedures and principles concerning the company's Board of Directors' structure, duties, management right and representation authority etc. are decided upon in accordance with the provisions stipulated in the company's Articles of Association.

The Company is managed and represented by a Board of Directors consisting of minimum 7 and maximum 15 members elected by the General Assembly in accordance with the provisions of the Turkish Commercial Code and Capital Market Legislation.

The minimum qualifications to be sought for the Members of the Board of Directors are not provided for in the Articles of Association. However, the qualifications of the Members of the Board of Directors of the company comply with the required qualifications outlined in the relevant articles of the Corporate Governance Principles. Three of the members of the Board of Directors are elected as Independent Members determined in accordance with the CMB Corporate Governance Principles and regulations on corporate governance. Declarations of independence of the Independent Members of the Board of Directors were received prior to their appointment and these declarations remain valid. There is no circumstance eliminating independence as of the related activity period.

The Members of the Board of Directors may be elected for a term of office of one year, and re-election of the members whose term of office has expired is permissible. If a membership is vacated for any reason, at its first meeting, the Board of Directors elects a new member and submits him/her to General Assembly's approval. This member completes the remaining term of his/her predecessor.

Based on the General Assembly's decisions, Board Members are authorized to perform transactions pursuant to the Articles 395 and 396 of the Turkish Commercial Code.

2. Operating Principles of the Board of Directors

The Board of Directors convenes as frequently as required to efficiently fulfill its duties. The Board operates in a transparent, accountable, fair and responsible manner, and while doing so it always considers the company's long-term interests.

Every year, the Members of the Board of Directors elect a Chairman and a Deputy Chairman who will be the acting Chairman in the absence of the Chairman for the meetings. The Chairman of the Board of Directors determines the agenda of the Board of Directors' meetings by taking the opinions of the other members and the CEO. The determined agenda and the contents of the agenda items are communicated in writing to the Board Members one week in advance to enable them to carry out the necessary assessments and works. The agenda items of the Board of Directors' meetings are discussed explicitly and in every aspect. The Chairman of the Board of Directors is obligated to show the maximum effort for ensuring effective participation of the non-executive members in the meetings.

The meeting days and agenda are regulated by the Chairman or the Deputy Chairman.

The Board of Directors convenes as necessitated by the company affairs upon the Chairman's or Deputy Chairman's call for the meeting. The meeting date may be determined with the decision of the Board of Directors as well. In case the Chairman or the Deputy Chairman does not call the Board of Directors for the meeting upon the request of one of the Members, then the Members will be entitled to make a call for the meeting ex-officio.

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

Unless one of the members makes a request for a meeting that will be held physically, the decisions of the Board of Directors can be taken by means of getting the written approvals of the other members for another member's proposal regarding a certain issue.

Meeting and decision quorums of the Board of Directors are subject to the provisions of the Turkish Commercial Code.

The Board of Directors of the Company held 6 physical meetings between 1 January 2023 and 31 December 2023. The participation rate of the Members of the Board of Directors to these meetings is 94%.

Compliance of Corporate Governance and Sustainability Principles

At the Board meetings, each member had 1 vote, and unanimous consent was sought while resolving matters and the Board always complied with Corporate Governance Principles. Attendance in person of the members without an excuse at the meetings of the Board of Directors was ensured. At the meetings held in 2023, no different opinion against the resolutions taken was expressed by the Members of the Board of Directors and no comments were written down in the minutes. Additionally, there were no additional queries about the agenda items from the Board Members so no matter was materialized.

No opposite opinions were put forward against the resolutions reached by the Board Members at the Board meetings held in 2023.

2.1 Skill Matrix Principle of Board of Director

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

3. Number, Structure and Independence of the Committees Established within the Structure of the Board of Directors

According to the Company's Articles of Association, the Board of Directors establishes a sufficient number of Committees ("Committee") to fulfill the required tasks and responsibilities properly.

The liabilities of the "Nomination Committee" and the "Remuneration Committee" stipulated in the Article 4.5.1 of the Communiqué are undertaken by the "Corporate Governance Committee." This Committee was renamed as "Corporate Governance, Nomination and Remuneration Committee." Although care is taken to follow the recommendation of the Article 4.5.5 of the Communiqué; "It shall be noted that any member of the board of directors shall not have a duty in more than one committee," some of our Board Members can be a member in more than one committee due to business expertise in related areas.

Corporate Governance, Nomination and Remuneration Committee

Corporate Governance, Nomination and Remuneration Committee aims to maintain the continuity of the management process based on the ethical values of the company, having internal and external accountability, risk awareness and that is transparent and responsible in its decisions and oversees the benefits of the stakeholders and has a sustainable success goal.

The duty of this Committee is to make suggestions and recommendations to the Board of Directors with regard to establishing the corporate governance principles in line with the principles of the CMB or other internationally recognized Corporate Governance Principles.

Corporate Governance, Nomination and Remuneration Committee, including the President, is composed of a maximum of five Members, and two Rapporteurs appointed by the Board of Directors of the company in accordance with the "Corporate Governance Principles." The Chairman of the Committee is appointed among Independent Members by the Board of Directors of the company.

Should the position of Chairman of the Committee become vacant for any reason, the Chairman of the Board assigns one of the Committee Members as temporary Chairman until the new Chairman is appointed at the next Board meeting.

The Corporate Governance, Nomination and Remuneration Committee ensures the implementation of the Corporate Governance Principles within the company, and if these principles are not implemented, the Committee makes suggestions for improvement to the Board of Directors. The Committee also oversees the activities of the Investor Relations Department. Alongside the determination of the principles and evaluation of the performance and remuneration of the Board of Directors and Senior Executive Managers, the Committee submits the independent candidate member proposals to the Board of Directors by evaluating the independence qualifications of the candidates, also taking into account the candidates nominated by the management and the shareholders. The Independent Board Member Candidate submits a written declaration to the Corporate Governance, Nomination and Remuneration Committee at the time of nomination.

According to the bylaws, the Corporate Governance, Nomination and Remuneration Committee must convene 4 times at minimum. The Committee convened 8 times in 2023.

Additionally, the Committee has received consultancy services from Korn Ferry International regarding the revision of the bonus system. The costs relating to such service was covered by the Company as there is no conflict of interest between the Company and the consultant or any other relationship between the parties apart from the aforementioned scope of services.

The members of the Corporate Governance, Nomination and Remuneration Committee determined in accordance with the decision of the Board of Directors of the company are as follows:

Full Name	Role	Nature of the Board of Directors Membership / Duty
Mehmet KAHYA	Committee Chairman	Independent Board Member
Suzan SABANCI, CBE	Committee Member	Non-Executive Committee Member
Serra SABANCI	Committee Member	Non-Executive Committee Member
Elçin Melisa Sabancı TAPAN	Committee Member	Non-Executive Committee Member
Şerafettin KARAKIŞ	Committee Member	President of Financial Affairs, Accounting and Investor Relations

Early Detection of Risk Committee

Early Detection of Risk Committee was established in accordance with Article 378 of the Turkish Commercial Code (Law no. 6102) and the provisions of the Capital Markets Board's Communiqué on the Corporate Governance Principles.

The Committee performs activities with the purposes of early detection of any risk such as strategic, operational, financial, compliance etc. that may jeopardize the existence, development and continuity of the company, of taking necessary measures, implementing solutions and managing the risk.

The members of the Committee shall be determined by the Board of Directors of the Company and disclosed to the public. The Chairman of the Committee is appointed among independent members by the Board of Directors of the Company. In the Committee; there are maximum two Members elected by the Company's Board of Directors except the President. The members of the Committee are preferably elected from among the non-executive Board Members.

Committee meetings are held at least six times a year, at a location deemed appropriate by the Chairman. The annual meeting schedule is determined by the Chairman of the Committee and communicated to all committee Members at the beginning of each year.

The term of office of the Committee Members is in parallel to the term of office of the Members of the company's Board of Directors. The Committee is re-established upon the election of the Members of the Board of Directors.

Early Detection of Risk Committee convened 6 times in 2023.

Compliance of Corporate Governance and Sustainability Principles

The members of the Early Detection of Risk Committee determined in accordance with the decision of the Board of Directors of the company are as follows:

Full Name	Role	Nature of the Board of Directors Membership
Hayri ÇULHACI	Committee Chairman	Independent Board Member
Suzan SABANCI, CBE	Committee Member	Non-Executive Committee Member
Serra SABANCI	Committee Member	Non-Executive Committee Member
Elçin Melisa Sabancı TAPAN	Committee Member	Non-Executive Committee Member

Audit Committee

The duty of the Audit Committee is to supervise the Company's accounting system, financial reporting, disclosure of financial statements, progress and effectiveness of independent audit and internal control systems, on behalf of the Company's Board of Directors. The Audit Committee reports its activities, evaluations and suggestions with respect to its duties and area of responsibility to the Board of Directors in writing.

The Chairman and the Members of the Audit Committee are appointed by the Board of Directors from among the Independent Members.

The Audit Committee held 4 meetings in 2023 and the main agenda items were the review of the independent audit report and the examination of the presentations of the Audit Department.

The members of the Audit Committee determined in accordance with the decision of the Board of Directors of the company are as follows:

Full Name	Role	Nature of the Board of Directors Membership
Hüseyin GELİS	Committee Chairman	Independent Board Member
Hayri ÇULHACI	Committee Member	Independent Board Member

Sustainability Committee

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

Sustainability Committee comprises of a Rapporteur and maximum three members including Chair who is appointed by Sabancı Holding Board of Directors. The Chair of the Committee is selected among the independent Board Members and appointed by Sabancı Holding Board of Directors. The Committee meets in ordinary session at least twice a year.

Sustainability Board Committee convened 5 times in 2023.

The Committee, in coordination with Sabancı Holding's Human Capital and Sustainability Group Presidency, monitors the following activities which are under the responsibility of other Management functions related with the Sustainability Leadership Committee, follows up developments and performance, provides guidance for improvement to Holding Management in case of need. The Committee also briefs the Board of Directors and makes suggestions as needed. Sustainability topics are as follows:

a) Sustainability Governance

- Structure and functioning of sustainability governance which was established to implement sustainability initiatives in accordance with expectations of internal and external stakeholders,
- Treating all risks which may arise in environmental and social issues, and which may transform into financial risks at times, including reputation risks, with the coordination of Early Detection of Risk Committee (EDRC),
- Having the necessary knowledge level to comply with all local and international developments to execute managerial duties of Sabancı Holding executive level in sustainability areas,

b) Sustainability Performance

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

c) Transparency

- Disclosure of Sustainability Report and environmental and social performance at the Investor Relations web site or other platforms suggested by Human Capital and Sustainability Group Presidency.

d) Policies

- Establishment of environmental and social policies, which should be treated at the Board of Directors level, primarily Responsible Investment principles, and updating of current policies.

The members of the Sustainability Board Committee determined in accordance with the decision of the Board of Directors of the company are as follows:

Full Name	Role	Nature of the Board of Directors Membership
Hüseyin GELİS	Committee Chairman	Independent Board Member
Hayri ÇULHACI	Committee Member	Independent Board Member
Mehmet KAHYA	Committee Member	Independent Board Member

4. Risk Management and Internal Control Mechanism

Sabancı Group holds the position that every risk brings an opportunity, and considers that "sustainable growth" may be achieved by effectively identifying, measuring, and managing risks. The Group places a great importance on risk management in order to "create value for its stakeholders," which is a crucial part of its mission. As one of Türkiye's leading institutions, the Sabancı Group continues to implement a defined risk management system throughout the Group with its strong risk management infrastructure.

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

In Sabancı Group, the risk is seen as a concept that incorporates opportunities as well as threats and corporate risk management is applied as a continuous and systematic process in all Group companies to manage these risks most efficiently. Efforts are being made to cultivate the risk culture throughout the Group, and assurance is provided to ensure that the right activity is carried out taking the right amount of risk. The risks faced by the Group companies are monitored via Key Risk Indicators (KRI) determined by Sabancı Holding and Group companies. These indicators are continuously monitored and periodically reported. The necessary actions to manage the risks indicated by the Main Risk Indicators are taken by the Group companies under the coordination of Sabancı Holding.

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

Compliance of Corporate Governance and Sustainability Principles

Ceaselessly continuing to create shareholder value in 2023 owing to the importance it attaches to risk management, Sabancı Group displayed a sustainable growth performance. Sabancı Group commits to manage the potential risks in all business lines in 2024 thanks to its strong capital and effective management understanding.

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

5. Company's Strategic Goals

Having determined the vision and the mission of the company, the Board of Directors incorporated them in writing in the Annual Report and announced to the public on the company's website, www.sabanci.com and company's long-term strategies are built on these principles.

The Board of Directors, together with the CEO and Group Presidents, sets three-year strategic goals which are updated each year. Whether the targets are achieved or not are monitored by executive reports prepared at the end of each month. Whether the Company achieved its targets or not constitutes the basis for performance evaluation at the end of the year.

6. Financial Rights

The terms and conditions of any right, fee, and benefit granted to the company's Board Members are laid down in detail in the Articles of Association. The General Assembly determines the payments to be made to the Chairman and Members of the Board of Directors as well as the attendance fee. The payments made to the senior executives are disclosed to the public in the footnotes of our financial statements.

In 2023, the Company did not lend any money or extend any credit to the Board Members; did not extend the maturity or improve the terms and conditions of existing debts or credits; did not extend any individual loan through third persons, or did not offer guarantees.

SECTION III – SUSTAINABILITY

1. Sustainability Approach

Sabancı Holding integrates sustainability principles at the core of its business and ensures compliance with the regulations and ethical rules on the environment, consumers and public health. The Company supports and respects international human rights.

2. Compliance with Sustainability Principles

Aiming for full compliance with the Sustainability Principles Compliance Framework, compiled in line with the amendment dated 02.10.2020 in the Corporate Governance Communiqué of the Capital Markets Board, Sabancı Holding achieved a significant level of compliance thanks to efforts made in this field by the Holding and the Group companies.

Sabancı Holding's ESG rating has been rated AA by MSCI which is one of the most reputable ESG rating companies regarding responsible investment all over the world. Sabancı Holding also has achieved to be listed in the Global A List through CDP Climate Change and scored with A- for CDP Water. In 2023, 9 out of the 11 Sabancı Group companies that reported to the CDP Climate Change Program were elevated to leadership level with an A or A- score. Sabancı Holding is also included in BIST 25 Sustainability Index where constituents are shares of companies with high performance on corporate sustainability in Türkiye.

Sabancı Holding has been rated with A for 2023 LSEG (Refinitiv) Excellent Performance within more than 50 Companies in Investment Holdings Category and received 14.1 rating which shows Low Risk level from Morningstar (Sustainalytics) in Diversified Financials Category.

Besides that, Sabancı Holding became one of 484 companies across various countries in Bloomberg Gender Equality Index 2023 which adopts transparency in gender data report and aims to monitor performance of publicly traded company.

Following the promulgation of the Sustainability Principles Compliance Framework in 2020 for the first time by CMB, a world-class sustainability compliance standard has been adopted in Türkiye. This year, Sabancı Group fully complied with 48 out of a total of 50 discretionary principles and partially complied with 1 principle and not relevant for the remaining principle. The efforts to achieve 100% compliance with these principles across Sabancı Group will continue in 2024 as well.

Sabancı Holding's compliance with the Sustainability Principles in 2023 is summarized in the table below

Type	Full Compliance	Partial Compliance	Non-Compliance	Not Relevant
General	10	-	-	-
Environment	22	1	-	-
Social	14	-	-	1
Corporate Governance	2	-	-	-
Total	48	1	-	1

2023 Sustainability Compliance Report, which shows the compliance status of Sabancı Group with the principles in the Sustainability Principles Compliance Framework of CMB is available to public in the [link](#).

Dividend Distribution Table

HACI ÖMER SABANCI HOLDİNG A.Ş. DIVIDEND DISTRIBUTION TABLE FOR THE YEAR 2023 (TRY)			
1. Paid-in Capital			2,100,375,969.18
2. General Legal Reserves (As per Turkish GAAP)			408,080,786.20
According to Article 35 of the Articles of Association, 3% of the remainder after reserving (i) 5% of the Net Profit for General Legal Reserves and (ii) 5% of Paid-in Capital for First Category Dividend will be reserved for Hacı Ömer Sabancı Foundation.			
		As per IFRS	As per Turkish GAAP
3. Profit		47,952,859,000.00	10,429,592,258.86
4. Taxes (-)		28,103,428,000.00	505,894,931.33
5. Net Profit for the Period (=)		15,427,320,000.00	9,923,697,327.53
6. Previous Years' Losses (-)		0.00	0.00
7. General Legal Reserves (-)		11,994,407.64	11,994,407.64
8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD		15,415,325,592.36	9,911,702,919.90
9. Donations Granted During the Year (+)		15,826,862.95	
10. NET DISTRIBUTABLE PROFIT INCLUDING DONATIONS		15,431,152,455.31	
11. First Category Dividend for Shareholders		105,018,798.46	
- Cash		105,018,798.46	
- Share		0.00	
- Total		105,018,798.46	
12. Dividends Distributed to the Privileged Shareholders		0.00	
13. Other Dividends Distributed		294,200,523.64	
- Members of the Board of Directors		0.00	
- Employees		0.00	
- Non Shareholders		294,200,523.64	
14. Dividends Distributed to the Holders of Usufruct Right Certificates		0.00	
15. Second Category Dividend for Shareholders		6,076,387,678.84	
16. General Legal Reserves		0.00	
17. Status Reserves		0.00	0.00
18. Special Reserves (According to the Article 5/1-e of Corporate Tax Law)		0.00	462,915,200.31
19. Extraordinary Reserves		8,939,718,591.42	2,973,180,718.64
20. Other Resource Planned for Distribution		0.00	0.00
- Previous Years' Profit		0.00	0.00
- Extraordinary Reserve		0.00	0.00
- Other Distributable Reserves as per the Legislation and the Articles of Association		0.00	0.00

HACI ÖMER SABANCI HOLDİNG A.Ş. DIVIDEND RATES TABLE FOR THE YEAR 2023					
	TOTAL DIVIDEND AMOUNT		TOTAL DIVIDEND AMOUNT / NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDEND PER SHARE OF TRY 1 NOMINAL VALUE	
	CASH (TRY)	SHARES (TRY)	RATIO (%)	AMOUNT (TRY)	RATIO (%)
GROSS	6,181,406,477.30	-	40.10	2.943	294.30
NET (*)	5,563,265,829.57	-	36.09	2.649	264.87

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

Events After the Balance Sheet Period

In line with the resolution of the Board of Directors of Sabancı Holding dated May 24, 2023, the merger transaction where all of the assets and liabilities of Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (Exsa), a subsidiary of Sabancı Holding, be acquired as a whole by Sabancı Holding, has been completed upon registration of the merger on January 15, 2024. With the registration, Exsa has been dissolved without liquidation and the merger transaction has become legally valid as of the registration date. Therefore, the financial assets of Exsa along with 50% of shares in Temsa Skoda Sabancı Ulaşım Araçları A.Ş., 100% of shares in Temsa Motorlu Araçlar Pazarlama ve Dağıtım A.Ş. and 100% of shares in Exsa Gayrimenkul Proje Geliştirme A.Ş. have been transferred to Sabancı Holding's possession. As a result of the merger, a capital increase of TRY 59,972 nominal value has been made by Sabancı Holding, and the respective shares issued will be allocated to the other shareholders of Exsa except for Sabancı Holding upon completion of the necessary legal procedures before the Capital Markets Board.

On March 28, 2024, a project finance facilities amounting to USD 243 million has been signed by Sabancı Renewables Inc., a wholly-owned indirect subsidiary of Sabancı Holding through Sabancı İklim Teknolojileri A.Ş., with the equal participation of MUFG Bank Ltd., ING Bank LLC and NORD LB (Norddeutsche Landesbank Girozentrale) for the Oriana Solar Project, which consists of a 232 MW solar power plant investment that is expected to reach commercial operation in the second quarter of 2025.

In addition, Sabancı Renewables Inc.'s investments on 272 MW Cutlass II Solar Project, which was previously announced to be completed in the second quarter of 2024, is currently at commissioning stage. Sabancı Renewables Inc. will reach a total renewable energy portfolio of 504 MW in the USA, upon completion of both Cutlass II and Oriana Solar Projects.

As a result of a review in the organizational structure in line with our strategic priorities to focus on expanding core businesses and investing in new growth platforms; a decision has been made to restructure the Industrials and the Building Materials strategic business units as the Material Technologies and the Mobility Solutions to further strengthen our focus in material technologies and leadership in mobility solutions. After this change, Mr. Burak Orhun, current Building Materials Group President, will be appointed as the Material Technologies Group President; while Mr. Cevdet Alemdar, current Industrials Group President, will be appointed as the Mobility Solutions Group President, both effective from April 19, 2024. Together with these appointments, Akçansa, Çimsa and Kordsa will continue their operations under the Material Technologies Group while Brisa, Temsa Ulaşım and Temsa Motorlu Araçlar will operate under the Mobility Solutions Group.

Independent Auditor's Report on the Annual Report



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

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

1. Opinion

We have audited the annual report of Hacı Ömer Sabancı Holding A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January 2023 - 31 December 2023 period.

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

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA and the regulations of the Capital Markets Board and other relevant legislation that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 2 April 2024 on the full set consolidated financial statements for the 1 January 2023 - 31 December 2023 period.

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

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

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

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

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

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

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

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



Gökhan Yüksel, SMMM
Independent Auditor

Istanbul, 2 April 2024

**HACI ÖMER SABANCI
HOLDİNG A.Ş.**

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)



CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

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

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Hacı Ömer Sabancı Holding A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated balance sheet as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") the ethical requirements regarding independent audit in regulations issued by the POA; the regulations of the Capital Markets Board; and other relevant legislation are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

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3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the key audit matter was addressed in the audit
Application of TAS 29, "Financial Reporting in Hyperinflationary Economies"	
The Group applied TAS 29 "Financial reporting in hyperinflationary economies" ("TAS 29") in its consolidated financial statements as of and for the year ending 31 December 2023. According to TAS 29, the consolidated financial statements as of 31 December 2022 should be restated in accordance with 31 December 2023 purchasing power. Applying TAS 29 results in significant changes to financial statement items included in the Group's consolidated financial statements as of and for the year ending 31 December 2023. The application of TAS 29 has a pervasive and material impact on the consolidated financial statements. In addition, considering the additional effort required to perform the audit of the application of TAS 29, we identified the application of TAS 29 as a key audit matter. The Group's accounting policies and related explanations regarding the application of TAS 29 are disclosed in Note 2.1.2.	We performed the following audit procedures in relation to the application of TAS 29 "Financial reporting in hyperinflationary economies": <ul style="list-style-type: none">Understanding and evaluating the process and controls related to application of TAS 29 designed and implemented by management,Verifying whether management's determination of monetary and non-monetary items is in compliance with TAS 29,Obtaining detailed lists of non-monetary items and testing original entry dates and amounts with supporting documentation on a sample basis whether they are correctly included in the calculation,Verifying the general price index rates used in calculations correspond with the coefficients in the "Consumer Price Index in Turkey" published by the Turkish Statistical Institute,Testing the mathematical accuracy of the restatement non-monetary items, income statement, and cash flow statement to reflect the impact of inflation,Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Impairment of receivables from finance sector operations in accordance with TFRS 9 (Note 34)</p> <p>The Group has total provision for impairment of TRY 32 billion with respect to receivables from finance sector operations of TRY 981 billion which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2023.</p> <p>TFRS 9 is a complex accounting standard which requires considerable judgement and interpretation. These judgements are key in the development of the financial models built to measure the expected credit losses on loans recorded at amortized cost. In addition, the operation of the models requires large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit losses on loans. Impairment allowances are calculated on a collective basis for portfolios of receivables from finance sector operations of a similar nature and on individual basis for significant loans taking into account Management's best estimate at the balance sheet date and historical losses incurred. The uncertainties arising from these impacts have been evaluated by the management in their judgements and estimations. Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as developing macro-economic scenarios and their weightings, historical loss experiences; the significance of the loan balances; the appropriateness of classification of loans and lease receivables as per their credit risk (staging) in accordance with applicable regulation and the importance of determination of the associated impairment allowances. Timely and correct identification of state default and the level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as a key audit matter.</p>	<p>Within our audit procedures, we assessed policies and procedures together with the overall governance established by the Group with respect to classification of loans and lease receivables and estimation of impairment in line with the TFRS 9. We have tested the design and operating effectiveness of controls implemented by the Group in line with its governance, policies and procedures.</p> <p>Together with our modelling specialists, we have evaluated and tested the methodologies used in building impairment models in line with the requirement of TFRS 9 and the Group's policies for the significant portfolio of loans. We have tested model calculations through re-performance together with our modelling specialists on a sample basis. We have independently assessed together with our related specialists methodologies used in the models in respect to segmentation, use of macroeconomic expectations, life time expected credit losses, losses given default.</p> <p>We have carried loan review on a selected sample of receivables from finance sector operations with the objective to identify whether the classification of loans is performed appropriately in accordance with the applicable regulation, whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the TFRS 9 framework.</p> <p>In addition, for non-performing receivables from finance sector operations and other significant loans that are subject to individual assessment based on the Group policies, we have evaluated the appropriateness of specific impairment provision with supportable input. Based on our discussions with the Group management, we have evaluated and challenged whether the key assumptions and other judgements, underlying the estimation of impairment were reasonable.</p> <p>We have reviewed the appropriateness and sufficiency of disclosures made in the financial statements of the Group with respect to receivables from finance sector operations and related impairment provision.</p>

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Valuation of Pension Fund Obligations (Note 2.4.21)</p> <p>The Group has accounted for provision amounting to TRY 1.046 million for Pension Fund Liabilities in the accompanying consolidated financial statements as at 31 December 2023.</p> <p>The Group's Personnel Pension Fund Foundation ("Pension Fund") is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). The President of the Republic of Turkey is authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumption for benefits to be transferred and for non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. The Group's management uses external actuarial consulting firm for the purpose of valuations of pension obligations. The reason we focused on this area during our audit is; uncertainty of the transfer date, the importance of the actuarial and economic assumptions such as technical interest rate determined by the law, salary increases, demographic assumptions used in the valuation of pension obligations with respect to social benefits and the significant impact that may arise from the possible change in the assumptions used in the evaluation of pension fund liabilities.</p>	<p>Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Group management to the external consulting firm for the purpose of evaluation pension obligation. In addition, we have verified the existence and values of the Pension Fund assets.</p> <p>Through use of actuarial specialists, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.</p> <p>In addition to the above procedures, we evaluated the adequacy of the disclosures made with respect to Pension Fund in the accompanying consolidated financial statements.</p>



4. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor’s report on the early risk identification system and committee was submitted to the Company’s Board of Directors on 10 April 2024.

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

Gökhan Yüksel, SMMM
Independent Auditor

Istanbul, 2 April 2024

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Hacı Ömer Sabancı Holding A.Ş.

Consolidated Balance Sheets At 31 December 2023 and 2022

(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

	Note	Audited Current Period 31 December 2023	Audited Prior Period 31 December 2022
	References		
ASSETS			
Current Assets		1.304.049.618	1.187.072.392
Cash and Cash Equivalents	5	93.982.614	106.847.623
Balances with the Central Bank of the Republic Turkey	6	277.730.318	187.642.599
Financial Assets	7	102.303.499	107.379.464
- Fair Value Through Profit or Loss		26.346.947	25.080.449
- Fair Value Through Other Comprehensive Income		44.900.927	47.763.648
- Measured at Amortised Cost		29.892.055	34.032.995
- Time Deposits		1.163.570	502.372
Trade Receivables	10	9.567.657	10.860.109
Receivables from Finance Sector Operations	34	712.385.445	674.741.277
Other Receivables	11	13.553.335	12.672.160
Derivative Financial Instruments	33	18.077.329	16.742.196
Inventories	12	23.682.338	22.750.952
Prepaid Expenses	13	29.754.591	26.307.473
Deferred Commission Expenses		2.110.364	1.680.368
Current Tax Assets		257.170	989.860
Other Current Assets	23	19.968.218	17.261.539
Assets Classified As Held for Sale	25	676.740	1.196.772
Non-current Assets		888.281.675	942.152.906
Financial Assets	7	395.848.223	383.120.737
- Fair Value Through Other Comprehensive Income		245.335.724	242.358.819
- Measured at Amortised Cost		149.892.719	140.761.918
- Time Deposits		619.780	-
Trade Receivables	10	2.581	2.337
Receivables From Finance Sector Operations	34	243.901.235	325.511.927
Other Receivables	11	1.649.169	2.625.719
Derivative Financial Instruments	33	48.725.555	63.799.718
Investments Accounted Through Equity Method	14	77.028.827	66.114.225
Investment Property	15	2.629.144	2.421.064
Property, Plant and Equipment	16	63.439.398	47.577.486
Asset Right on Use	18	9.322.583	7.729.322
Intangible Assets		38.781.443	39.137.774
- Goodwill	19	10.757.590	11.214.304
- Other Non Current Assets	17	28.023.853	27.923.470
Prepaid Expenses	13	273.120	852.603
Deferred Commission Expenses		3.134.480	2.503.323
Deferred Tax Assets	32	1.667.274	177.323
Other Non Current Assets	23	1.878.643	579.348
Total Assets		2.192.331.293	2.129.225.298

These consolidated financial statements have been approved for issue by the Board of Directors on 2 April 2024 and signed on its behalf by Cenk Alper, Member of Board of Directors and CEO and Nusret Orhun Köstem, CFO, General Assembly has the right to change these consolidated financial statements.

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

Hacı Ömer Sabancı Holding A.Ş.

Consolidated Balance Sheets At 31 December 2023 and 2022

(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

	Note	Audited Current Period 31 December 2023	Audited Prior Period 31 December 2022
	References		
Short Term Liabilities			
Short Term Borrowings	8	53.803.753	41.780.312
Short Term Portion of Long-Term Borrowings	8	66.068.210	61.919.907
Liabilities from Leasing Transactions	9	1.154.452	1.089.169
Trade Payables	10	27.024.490	25.521.046
Payables of Finance Sector Operations	35	1.355.180.460	1.234.564.821
Payables related to Employee Benefits	23	811.683	430.488
Other Payables	11	56.262.182	57.806.744
Derivative Financial Instruments		6.524.648	9.555.025
Government Incentives		5.850	-
Deferred Income		2.289.958	842.735
Current Tax Liabilities		9.536.520	16.783.057
Short Term Provisions		38.992.950	29.750.908
- Short Term Provisions for Employee	22	4.244.201	2.930.149
- Insurance Technical Provisions	20	32.055.401	25.196.069
- Other Short-Term Provisions	20	2.693.348	1.624.690
Other Short Term Liabilities	23	7.675.385	6.922.944
Liabilities Related to Asset Group Held for Sale	25	29.566	22.888
Long Term Liabilities		181.815.890	241.629.145
Long Term Borrowings	8	91.470.005	121.903.621
Liabilities from Leasing Transactions	9	4.891.045	4.774.967
Trade Payables	10	60.337	-
Payables of Finance Sector Operations	35	22.050.068	40.599.800
Other Payables	11	19.653.848	26.487.598
Derivative Financial Instruments		8.517.175	15.337.314
Government Incentives		27.240	47.354
Deferred Income		1.311.884	834.051
Long Term Provisions		24.970.487	22.185.145
- Long Term Provisions for Employee Benefits	22	4.663.413	6.440.952
- Insurance Technical Provisions	20	18.313.557	14.131.004
- Other Long-Term Provisions	20	1.993.517	1.613.189
Taxes and Funds Payable		-	-
Deferred Tax Liabilities	32	7.943.942	8.565.427
Other Long Term Liabilities	23	919.859	893.868
EQUITY		385.155.296	400.606.109
Equity Attributable to the Parent		220.692.266	217.890.185
Share Capital	24	2.040.404	2.040.404
Adjustment to Share Capital		85.021.168	85.021.168
Share Premium	24	353.885	353.885
Treasury shares (-)	24	(316.694)	(1.697.299)
Other Comprehensive Income or Expenses That			
Will Not Be Reclassified to Profit or Loss			
- Actuarial Gain/Loss		(2.081.864)	(1.675.407)
Other Comprehensive Income or Expenses			
Will Be Reclassified to Profit or Loss			
- Currency Translation Reserve		(1.123.251)	(622.930)
- Gains/Losses on Hedge		(10.597.574)	(8.358.112)
- Revaluation Reserve		12.449	5.942.488
Restricted Reserves		10.818.840	10.538.199
Retained Earnings		121.137.583	86.926.298
Net Income for the Period		15.427.320	39.421.491
Non-controlling Interests		164.463.030	182.715.924
TOTAL EQUITY AND LIABILITIES		2.192.331.293	2.129.225.298

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

Hacı Ömer Sabancı Holding A.Ş.

Consolidated Statements Of Profit Or Loss For The Years Ended 31 December 2023 and 2022

(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

	Note References	Audited Current Period 1 January- 31 December 2023	Audited Prior Period 1 January- 31 December 2022
CONTINUING OPERATIONS			
Sales (net)	26	137.009.157	123.593.119
Cost of Sales (-)	26	(115.931.168)	(105.388.486)
Gross Profit From Non-Financial Operations		21.077.989	18.204.633
Interest, Premium, Commission and Other Income	26	393.756.589	312.280.147
Interest, Premium, Commission and Other Expense (-)	26	(228.961.195)	(126.376.342)
Gross Profit From Financial Operations		164.795.394	185.903.805
GROSS PROFIT		185.873.383	204.108.438
General Administrative Expenses (-)	27	(72.905.937)	(50.301.397)
Marketing, Selling and Distribution Expenses (-)	27	(14.844.457)	(12.003.271)
Research and Development Expenses (-)	27	(269.962)	(180.918)
Other operating Income	29	22.991.484	16.839.946
Other operating Expenses	29	(10.088.691)	(5.802.567)
Share of profit/loss of investments accounted for using the equity method	14	13.667.913	17.856.719
OPERATING PROFIT		124.423.733	170.516.950
Gains From Investment Activities	30	1.131.313	9.316.315
Losses From Investment Activities (-)	30	(635.129)	(453.244)
OPERATING PROFIT BEFORE		124.919.917	179.380.021
FINANCIAL INCOME / (EXPENSES)			
Financial Income	31	3.779.849	2.270.444
Financial Expenses (-)	31	(7.232.321)	(5.428.449)
Monetary Gain/(Loss)		(73.514.586)	(77.686.005)
NET INCOME BEFORE TAX		47.952.859	98.536.011
FROM CONTINUING OPERATIONS			
Tax Income / (Expense) from Continuing Operations			
Current Tax Expense	32	(19.375.475)	(42.691.113)
Deferred Tax Income/(Expense)		(8.727.953)	5.427.451
PROFIT FOR THE PERIOD		19.849.431	61.272.349
FROM CONTINUING OPERATIONS			
DISCONTINUED OPERATIONS			
Income After Tax from Discontinued Operations		(2.448)	(3.981)
PROFIT FOR THE PERIOD		19.846.983	61.268.368
ALLOCATION OF PROFIT			
- Non-controlling Interests		4.419.663	21.846.877
- Owner of the Company		15.427.320	39.421.491
Earnings per share			
- hundreds of ordinary shares (TRY)	36	7,56	19,32
Earnings per share from continuing operations			
- hundreds of ordinary shares (TRY)	36	7,56	19,33

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

Hacı Ömer Sabancı Holding A.Ş.

Consolidated Statements Of Comprehensive Income For The Years Ended 31 December 2023 and 2022

(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

	Audited Current Period 1 January- 31 December 2023	Audited Prior Period 1 January- 31 December 2022
INCOME FOR THE PERIOD	19.846.983	61.268.368
Other Comprehensive Income / (Loss):		
Items that will not be Reclassified		
To Profit or Loss		
Actuarial (losses) / gains	(715.676)	(3.364.848)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax	13.849	(290.595)
Items that will be Reclassified		
To Profit or Loss		
Fair value gains/(losses) from financial assets through other comprehensive income, after tax	(14.596.672)	20.275.299
Currency translation differences	(274.137)	(9.934.814)
Cash flow hedges, after tax	282.813	4.385.311
Loss from the derivative financial assets related to the hedging of net investment in a foreign operation, after tax	(9.593.190)	(4.763.456)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax	1.458.950	(214.563)
OTHER COMPREHENSIVE		
INCOME (AFTER TAX)	(23.437.912)	6.382.929
TOTAL COMPREHENSIVE INCOME	(3.590.929)	67.651.297
ALLOCATION OF TOTAL		
COMPREHENSIVE INCOME		
- Non-controlling Interests	(9.934.311)	27.699.093
- Equity Holders of the Parent	6.343.382	39.952.204

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

Hacı Ömer Sabancı Holding A.Ş.

Consolidated Statements Of Changes In Equity For The Years Ended 31 December 2023 and 2022

(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

	Accumulated Other Comprehensive Income or Loss That Will													Total	
	Not be reclassified												Be reclassified		
	Share capital	Adjustment to share capital	Treasury shares (-)	Share premium	Actuarial gains / losses	Currency translation reserve	Hedge reserve	Revaluation funds	Restricted reserve	Retained earnings	Net income for the period	Equity attributable to the parent	Non-controlling interest		Profit or Loss
Balance at 1 January 2022	2.040.404	85.021.168	(1.626.107)	353.885	-	4.226.651	(8.121.137)	(1.350.188)	9.935.211	89.924.409	-	180.404.296	155.791.861	-	336.196.157
Transfers	-	-	-	-	-	-	-	-	602.988	(602.988)	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	(3.201.112)	-	(3.201.112)	(2.434.757)	(5.635.869)	
Capital increase	-	-	-	-	-	-	-	-	-	-	-	1.171.667	1.171.667	-	
Increase / (decrease) through share-based transactions	-	-	-	-	-	-	-	-	-	-	-	331.279	331.279	-	
Subsidiary acquisition or disposal	-	-	(71.192)	-	-	-	-	-	-	874.115	-	802.923	156.781	959.704	
Other changes	-	-	-	-	-	-	-	-	-	(68.126)	-	(68.126)	-	(68.126)	
Total comprehensive income	-	-	-	-	(1.675.407)	(4.849.581)	(236.975)	7.292.676	-	-	39.421.491	39.952.204	27.699.093	67.651.297	
Balances at 31 December 2022	2.040.404	85.021.168	(1.697.299)	353.885	(1.675.407)	(622.930)	(8.358.112)	5.942.488	10.538.199	86.926.298	39.421.491	217.890.185	182.715.924	400.606.109	
Balance at 1 January 2023	2.040.404	85.021.168	(1.697.299)	353.885	(1.675.407)	(622.930)	(8.358.112)	5.942.488	10.538.199	86.926.298	39.421.491	217.890.185	182.715.924	400.606.109	
Transfers	-	-	-	-	-	-	-	-	280.641	39.140.850	(39.421.491)	-	-	-	
Dividends	-	-	-	-	-	-	-	-	-	(4.980.277)	-	(4.980.277)	(8.537.978)	(13.518.255)	
Increase / (decrease) ownership interests in subsidiaries	-	-	-	-	-	(13.200)	20.859	-	-	(257.272)	-	(249.613)	250.653	1.040	
That do not result in a loss of control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Increase / (decrease) due to share buy back transactions (*)	-	-	1.380.605	-	-	-	-	-	-	307.984	-	1.688.589	(31.258)	1.657.331	
Total comprehensive income	-	-	-	-	(406.457)	(487.121)	(2.260.321)	(5.930.039)	-	-	15.427.320	6.343.382	(9.934.311)	(3.590.929)	
Balances at 31 December 2023	2.040.404	85.021.168	(316.694)	353.885	(2.081.864)	(1.123.251)	(10.597.574)	12.449	10.818.840	121.137.583	15.427.320	220.692.266	164.463.030	385.155.296	

(*) Considering the matching orders within the period regarding the share buy-back transactions shows the net effect buying/selling as of December 31, 2023.

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

Hacı Ömer Sabancı Holding A.Ş.

Consolidated Statement Of Cash Flow For The Years Ended 31 December 2023 and 2022

(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

	Note References	Audited Current Period 1 January - 31 December 2023	Audited Prior Period 1 January - 31 December 2022
Net income from continuing operations		19.849.431	61.272.349
Net income from discontinued operations		(2.448)	(3.981)
Adjustments to reconcile income before taxation to net cash provided by operation activities:			
Tax expense/income		28.103.428	37.263.662
Depreciation and amortization expenses	4	12.101.669	10.931.323
Expected Credit Loss Provision for Receivables from Finance Sector Activities	34	15.221.891	33.059.823
Changes in the fair value of derivative instruments		(10.595.846)	(493.041)
Interest Income/expense adjustments of non finance sector		3.064.206	2.039.313
Interest Income/expense adjustments of finance sector		8.629.943	(52.647.077)
Provision for employment termination benefits		1.089.989	740.103
Impairment charge on property, plant and equipment,intangible assets and investment property		389.643	412.966
Impairment an assets held for sale		535	290
Impairment an Goodwill	19	254.615	-
Income from sale of property, plant and equipment,intangible assets and investment property		526	(2.117.654)
Adjustments for Retained Earnings of Investments Valued by Equity Method	14	(13.667.913)	(17.856.719)
Provision for / (reversal of) inventory impairment	12	109.804	40.663
Provision for / (reversal of) doubtful receivables		153.941	155.704
Unrealized Foreign Currency Conversion Differences		(17.417.054)	(20.401.081)
Monetary Gain/(Loss)		(23.964.654)	(60.637.367)
Adjustments for Losses (Gains) Resulting from Disposals of Subsidiaries, Joint Ventures and Financial Investments or Changes in Shares		-	(5.809.010)
Net cash provided by operation activities before changes in operating assets and liabilities			
Changes in trade receivables		1.138.267	601.213
Changes in inventories		(1.026.788)	(1.009.348)
Changes in other receivables		95.375	(3.764.267)
Changes in prepaid expenses		(2.867.635)	(20.692.871)
Changes in derivative financial instruments		5.173.983	12.302.277
Changes in other assets		(15.335.326)	5.547.344
Changes in trade payables		1.563.781	1.622.608
Changes in other liabilities and other payables		6.699.302	19.110.506
Net cash provided in operating activities of assets classified as held for sale		526.175	1.062.560
Changes in assets and liabilities in finance segment:			
Changes in financial investments		(8.382.543)	37.018.932
Changes in receivables from finance sector operations		48.702.873	10.121.499
Changes in payables from finance sector operations		78.582.572	(120.698.303)
Changes in Central Bank of the Republic of Turkey account		(90.087.719)	33.746.724
Income taxes paid		(25.889.322)	(31.623.119)
Employment termination benefits paid		(1.074.594)	(211.171)
Net cash provided from operating activities		21.140.107	(70.915.150)
Cash flow from investing activities:			
Sale / (Proceed) of fair value through other comprehensive income or amortized cost at financial asset		(10.465.296)	51.850.568
Cash outflow from purchasing of property, plant, equipment and intangible assets	16,17	(22.977.849)	(14.569.476)
Proceeds from sales of property, plant, equipment and intangible assets	16,17	1.533.705	3.618.005
Proceeds from investment property		(219.655)	-
Cash outflows related to purchases for obtaining control of subsidiaries		-	(2.046.027)
Cash Inflows Due to Sale of Shares in Subsidiaries and/or Joint Ventures or Capital Decrease		-	6.266.892
Cash outflows from capital increase of Joint Ventures		(240.767)	-
Dividends received	14	4.517.172	5.072.103
Other cash inflows/outflows		-	367.810
Net cash provided from / (used in) investing activities		(27.852.690)	50.459.875
Cash flow from financing activities:			
Cash inflows from financial liabilities	8	79.023.931	50.514.442
Cash outflows from repayments of borrowings		(22.044.095)	(26.866.613)
Cash outflows from payments of lease liabilities		(2.121.355)	(1.745.068)
Cash inflow/(outflow) from sale shares		(3.083.622)	(2.826.778)
Cash inflow/(outflow) from repurchased shares		4.843.614	4.004.271
Interest received from non finance sector		(2.909.283)	(2.255.569)
Dividends paid		(13.518.255)	(5.635.869)
Cash Inflows from Issuance of Shares and Other Equity Instruments		-	1.171.667
Net cash provided from financing activities		40.190.935	16.360.483
Effect of change in foreign currency rates on cash and cash equivalents		21.318.649	22.294.055
Monetary gain/(loss) on cash and cash equivalents		(59.957.083)	(69.297.575)
Net increase / (decrease) in cash and cash equivalents		(5.160.082)	(51.098.312)
Cash and cash equivalents at the beginning of the period (*)		89.043.797	140.142.109
Cash and cash equivalents at the end of the period		83.883.715	89.043.797

(*) Cash and cash equivalents include interest rediscount of TRY28.211 (31 December 2022: TRY16.360) in the current period. The blocked deposit was by TRY17.803.825 at the beginning of the current period, and it was TRY10.098.899 at the end of the period

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

Hacı Ömer Sabancı Holding A.Ş.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

Hacı Ömer Sabancı Holding A.Ş. (the “Holding”) was established in 1967 to coordinate and perform liaison services regarding the activities of companies operating in various fields including mainly finance, manufacturing and trade. The Holding is registered in Turkey. The number of employees in 2023 is 64.061 (31 December 2022: 67.375). Holding’s registered address is as follows:

Sabancı Center, 4. Levent, İstanbul, Türkiye.

The Holding is registered with the Capital Markets Board (“CMB”) and its shares have been quoted on Borsa İstanbul (“BİST”) (previously known as the Istanbul Stock Exchange (“ISE”) since 1997. As of 31 December 2023 the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 24):

	(%)
Sakıp Sabancı Holding A.Ş.	14,07
Serra Sabancı	7,22
Suzan Sabancı Dinçer	6,94
Çiğdem Sabancı Bilen	6,94
Other	64,83
	100,00

The Holding, its subsidiaries, associates and joint ventures are together referred as the “Group”. The Holding is managed by Sabancı Family.

Subsidiaries

The nature of the business of the Subsidiaries in these consolidated financial statements and their respective business segments are as follows as of 31 December 2023;

Subsidiaries	Trade Stock Market	Type of Activity	Business Segment	Number of Registered Employees	Country
Agesa Hayat ve Emeklilik A.Ş. (“Agesa”)	BİST	Individual Pension	Financial Services	1.839	Turkey
Akbank T.A.Ş. (“Akbank”)	BİST	Banking	Banking	15.107	Turkey
Aksigorta A.Ş. (“Aksigorta”)	BİST	Insurance	Financial Services	761	Turkey
Ankara Enternasyonal Otelcilik A.Ş. (“AEO”)	-	Tourism	Other	2	Turkey
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. (“Carrefoursa”)	BİST	Trade	Retail	11.363	Turkey
Çimsa Çimento Sanayi ve Ticaret A.Ş. (“Çimsa”)	BİST	Cement	Building Materials	2.181	Turkey
Dx Technology Services and Investment BV (“Dx BV”)	-	Information Technology	Other	771	Holland
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (“Exsa”)	-	Trade	Other	66	Turkey
Sabancı Building Solutions (“SBS”)	-	Cement	Building Materials	157	Holland
Sabancı İklim Teknolojileri A.Ş. (“İklim Teknolojileri”)	-	Energy	Energy	9	Turkey
Kordsa Teknik Tekstil Anonim Şirketi (“Kordsa”)	BİST	Tire reinforcement	Industry	4.936	Turkey
Teknosa İç ve Dış Ticaret A.Ş. (“Teknosa”)	BİST	Trade	Retail	3.113	Turkey
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. (“Tursa”)	-	Tourism	Other	2	Turkey

Hacı Ömer Sabancı Holding A.Ş.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

Subsidiaries (Continued)

Additionally, A.R.T.S. Ltd. is not a subsidiary of Bank; however, Bank has 100% control power on it. A.R.T.S. Ltd. established as “Structured Enterprise” in November 1999 in order to provide long-term financing from abroad has been included in the consolidation by full consolidation method.

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

Joint Ventures

The nature of business and operating segments of the Joint Ventures which are accounted through equity method in the consolidated financial statements as of December 31, 2023 are as follows:

Joint Ventures	Trade Stock Market	Type of Activity	Business Segment	Ventures	Number of Employees
Akçansa Çimento Sanayi ve Ticaret A.Ş. (“Akçansa”)	BİST	Cement	Building	Heidelberg	3.277
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. (“Brisa”)	BİST	Tire	Industry	Bridgestone	3.892
Enerjisa Enerji A.Ş. (“Enerjisa Enerji”)	BİST	Energy	Energy	E.ON SE	12.703
Enerjisa Üretim Santralleri A.Ş. (“Enerjisa Üretim”)	-	Energy	Energy	E.ON SE	2.079
Temsa Skoda Sabancı Ulaşım Araçları A.Ş. (“Temsa Ulaşım Araçları”)	-	Automotive	Other	PPF Industry CO. B.V.	1.803

All joint ventures are registered in Turkey.

Hacı Ömer Sabancı Holding A.Ş.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Statement of Compliance with TFRS

The consolidated financial statements of the Group have been prepared in accordance with Turkish Financial Reporting Standards (“TFRS”) promulgated by the Public Oversight Accounting and Auditing Standards Authority (“POA”) that are set out in the 5th article of the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board (“CMB”) on 13 June 2013 and published in Official Gazette numbered 28676.

The accompanying consolidated financial statements are presented in accordance with the “Announcement regarding to TAS Taxonomy” by POA and the format and mandatory information recommended by CMB. The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards and interpretations (“TFRS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué.

Sabancı Holding, its Subsidiaries and Joint Ventures registered in Turkey maintain their books of account and prepare their 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 Treasury and Finance, banking law, accounting principles and instructions promulgated by the Banking Regulation and the Supervision Agency (“BRSA”) and TFRS together with notes and explanations related to the accounting and financial reporting standards issued by POA in case of no specific regulations have been introduced by these institutions.

Foreign Subsidiaries, Joint Ventures and Associates 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 have been prepared under the historical cost conversion except for the financial assets and liabilities presented at fair values, and the revaluations related to the differences between the carrying value and fair value of the non-current assets recognised in business combinations. Adjustments and restatements, required for the fair presentation of the consolidated financial statements in conformity with the TFRS, have been accounted for in the statutory financial statements, which are prepared in accordance with the historical cost principle.

Hacı Ömer Sabancı Holding A.Ş.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2.1 Basis of Presentation (Continued)

2.1.1 Statement of Compliance with TFRS (Continued)

Functional and Presentation Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TRY, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

2.1.2 Financial reporting in hyperinflationary economies

Pursuant to the decision of the CMB dated 28 December 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that entities applying TFRS to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies as of financial statements for the annual reporting period ending on or after 31 December 2023.

In accordance with the aforementioned CMB decision and the announcement made by POA on 23 November 2023 and the “Guidance on Financial Reporting in Hyperinflationary Economies”, the Group has prepared the consolidated financial statements as of 31 December 2023 by applying TAS 29. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 31 December 2022, on the purchasing power basis as of 31 December 2023.

As of 31 December 2023, the indices and adjustment coefficients which obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TÜİK) and used in the adjustment of the consolidated financial statements for the current and prior periods since 1 January 2005, the date on which TL ceased to be designated as the currency of a hyperinflationary economy, are as follows:

Date	Index	Conversion Factor	Three-year Inflation Rate
31 December 2023	1.859,38	1,00000	%268
31 December 2022	1.128,45	1,64773	%156
31 December 2021	686,95	2,70672	%74

Hacı Ömer Sabancı Holding A.Ş.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

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

2.1.2 Financial reporting in hyperinflationary economies (Continued)

The main factors regarding financial reporting in hyperinflationary economies are as follows:

- Current period consolidated financial statements prepared in TL are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.

- Monetary assets and liabilities (such as cash and cash equivalents, trade receivables and payables, receivables and payables from financial sector operations, borrowings) are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items (such as inventories, property, plant and equipment, intangible assets, investment properties and equity items) exceed their recoverable amount or net realizable value, the provisions of TAS 36 "Impairment of Assets" and TAS 2 "Inventories" are applied, respectively.

- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.

- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.

- The impact of inflation on the Group's net monetary asset position in the current period is recognized under net monetary gain/(loss) account in the consolidated income statement. The purchasing power of companies carrying more monetary assets than monetary liabilities weakens with inflation, while the purchasing power of companies carrying more monetary liabilities than monetary assets increases with inflation. Net monetary position gain or loss is derived from the restatement differences of non-monetary items, shareholders' equity, items in the income statement and other comprehensive income statement and index-linked monetary assets and liabilities.

2.2 New and Revised Turkish Accounting Standards

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2023 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs

i) The new standards, amendments and interpretations which are effective as of January 1, 2023, are as follows:

Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8;

Effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

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

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;

Effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

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

Hacı Ömer Sabancı Holding A.Ş.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

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

2.2 New and Revised Turkish Accounting Standards (Continued)

Amendment to IAS 12 - International tax reform ;

The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

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

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

IFRS 17, 'Insurance Contracts';

Effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.

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

Amendment to IAS 1 – Non-current liabilities with covenants;

Effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

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

Amendment to IFRS 16 – Leases on sale and leaseback;

Effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

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

Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;

Effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

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

Hacı Ömer Sabancı Holding A.Ş.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

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

2.2 New and Revised Turkish Accounting Standards (Continued)

Amendments to IAS 21 - Lack of Exchangeability;

Effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

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

IFRS S1, ‘General requirements for disclosure of sustainability-related financial information;

Effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.

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

IFRS S2, ‘Climate-related disclosures’;

Effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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

2.3 Changes in Accounting Policies, Estimates and Errors

Any change in accounting policies resulting from the first time adoption of a new TFRS is made either retrospectively or prospectively in accordance with the transition requirements of TFRS. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements.

If changes in accounting estimates are related to only one period, they are recognised in the period when the changes are applied; if changes in estimates are related to future periods, they are recognised both in the period where the change is applied and in future periods prospectively. The Group doesn’t have any significant changes in accounting policy or accounting estimates in the current period.

Hacı Ömer Sabancı Holding A.Ş.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

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

2.4 Summary of Significant Accounting Policies

2.4.1 Basis of Consolidation

- a) The consolidated financial statements include the accounts of the parent company, Hacı Ömer Sabancı Holding A.Ş., its Subsidiaries and Joint Ventures (collectively referred to as the “Group”) on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared at the date of the consolidated financial statements, and are prepared in accordance with Turkish Financial Reporting Standards as explained in Note 2.1.1. The result of operations of Subsidiaries, Joint Ventures and Associates are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.
- b) Subsidiaries are companies in which the Holding has the power to control the financial and operating policies for the benefit of the Holding either through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or certain Sabancı family members and companies whereby the Holding exercises control over the voting rights of the shares held by them.
- c) Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.
- d) When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9 Financial Instruments, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The companies which Holding has less than 50% shares are considered as subsidiaries since Holding exercises a dominant influence and power to govern the financial and operating policies through exercise of voting power related to shares held by Holding together with voting power which Holding effectively exercises related to shares held by Sabancı family members. Sabancı family members allow Holding to exercise voting power in respect of shares held in these companies. In the accompanying consolidated financial statements the shares held by Sabancı family members are presented as non-controlling interest.

Hacı Ömer Sabancı Holding A.Ş.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.1 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 2023 and 2022:

Subsidiaries	31 December 2023		31 December 2022	
	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
Agesa	40,24	40,24	40,00	40,00
Akbank	40,75	40,75	40,75	40,75
Aksigorta	36,00	36,00	36,00	36,00
Carrefoursa	57,12	57,12	57,12	57,12
SBS(*)	100,00	79,01	100,00	83,24
Çimsa	63,52	58,10	63,52	58,10
Dx BV	100,00	100,00	100,00	100,00
Exsa	61,68	47,90	61,68	47,90
Kordsa	71,11	71,11	71,11	71,11
Teknosa	50,00	50,00	50,00	50,00
Tursa	100,00	100,00	100,00	100,00
SabancıDX	100,00	100,00	100,00	100,00
Sabancı İklim Teknolojileri(**)	100,00	100,00	100,00	100,00

(*) As a result of the transfer of Sabancı Holding's shares, which constitute 10.1% of the capital share of SBS company, to Çimsa, the effective partnership ratio has changed.

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

The balance sheets and statements of profit or loss of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the shares held by the Holding and its Subsidiaries is deducted from the related shareholders' equity. Intercompany transactions and balances between the Holding and its Subsidiaries are eliminated in consolidation. The cost of financing the shares in Subsidiaries held by the Holding and its Subsidiaries and the dividends pertaining to these shares are deducted from equity and income for the period, respectively.

The Subsidiaries are included into or excluded from the scope of consolidation subsequent to the date of transmission of the control to the Group. The shares of non-controlling shareholders in the net assets and operating results of Subsidiaries are presented in the consolidated balance sheet and profit or loss table as non-controlling interests. Sabancı Family, "Sabancı Foundation" and a retirement fund for Akbank employees called "Akbank Retirement Fund" established both by Sabancı Family, have a share in the capitals of some subsidiaries and affiliates which are accounted in the consolidated financial statements. This share is considered as non-controlling share in the consolidated financial statements and it is not included in the current period profit.

Hacı Ömer Sabancı Holding A.Ş.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.1 Basis of Consolidation (Continued)

- e) Joint venture - If Holding and its subsidiaries have rights on net assets relating to operations subject to a joint arrangement, such net assets are accounted through equity method in the consolidated financial statements.

Under the equity method, the investment in a joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the date of the acquisition. The investor's share of the profit or loss of the investee is recognised in the investor's profit or loss. Distributions (dividends etc.) received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount are necessary for the change in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income. For changes in the equity of an investee that do not go through the investee's profit or loss or other comprehensive income, the Group adjusts the carrying value of its investment with a corresponding change in its own equity.

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 2023 and 31 December 2022:

Joint Ventures	31 December 2023		31 December 2022	
	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 (%)
Akçansa	39,72	39,72	39,72	39,72
Brisa	43,63	43,63	43,63	43,63
Enerjisa Enerji	40,00	40,00	40,00	40,00
Enerjisa Üretim	50,00	50,00	50,00	50,00
Temsa Ulaşım Araçları	50,00	23,95	50,00	23,95

Investments in Joint Ventures were consolidated by equity method. Sabancı family members do not have any interest in the share capital of the Joint Ventures.

Hacı Ömer Sabancı Holding A.Ş.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.2 Leases

The Group - as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- The contract involved the use of an identified asset - this may be specified explicitly or implicitly
- The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- The Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
 - The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

The Group books a right of use and a lease obligation to the financial statements at the date that the lease is commenced.

Right of use asset

The right of use asset is initially recognized at cost in purchasing power at the balance sheet date comprising of:

- Amount of the initial measurement of the lease liability,
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred by the Group; and
- The costs assumed by the Group related to the restoration of the underlying asset to bring it in line with the terms and conditions of the lease (except those assumed for manufacturing inventory).

To apply a cost model, the Group measure the right-of-use asset at cost:

- Less any accumulated depreciation and any accumulated impairment losses; and
- Adjusted for any remeasurement of the lease liability.

The Group applies TAS 16 “Property, Plant and Equipment” to amortize the right of use asset and to assess for any impairment.

The Group apply TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease Liability

At the commencement date, The Group measure the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group use the lessee’s incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.2 Lease Liability (Continued)

- Fixed payments, less any lease incentives receivable,
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and,
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, the Group measure the lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability,
- Reducing the carrying amount to reflect the lease payments made; and
- Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Extension and termination options

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

Variable lease payments

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

Facilitative practices

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

Hacı Ömer Sabancı Holding A.Ş.

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.2 Lease Liability (Continued)

The Group - as a lessor

The Group's subsidiary Ak Finansal Kiralama A.Ş. It carries out financial leasing transactions in the capacity of being the "Lessor". The asset subject to finance lease is shown in the balance sheet as a receivable equal to the net lease amount. Interest income is determined to create a fixed periodic rate of return by using the net investment method of the lessor on the leased asset, and the part that is not in the relevant period is followed in the unearned interest income account.

In the Group's operating leases, the leased assets are classified under investment properties, tangible fixed assets or other current assets in the consolidated balance sheet and the rental income obtained is reflected in the consolidated income statement in equal amounts during the lease period. Rental income is reflected to the consolidated income statement on a straight-line basis throughout the rental period.

2.4.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits and blocked deposits held in banks with maturities of 3 months or less, other short-term liquid investments. Group evaluates its cash and cash equivalents in accordance with expected credit loss model for impairment.

2.4.4 Sale and repurchase agreements

Securities sold under repurchase agreements ("Repo") are classified in the Group portfolio as "fair value differences that recorded as profit or loss", "fair value differences that recorded other comprehensive income" or "amortized cost" portfolios and valued according to relevant portfolio basis. Acquired Funds in return of repurchase agreements accounted under "Payables of Finance Sector Operations" and rediscount expenses are calculated according to the "effective yield (internal rate of return) method" for the difference amount related to current period between the repurchase agreements and the determined sale and repurchase prices.

Securities purchased under agreements to resell ("reverse repo") are recorded as cash and cash equivalents in the balance sheet. For the current period portion of the difference between the purchase and resale prices determined by reverse repurchase agreements, the rediscounted interest income is calculated according to the "effective yield method".

2.4.5 Reserve deposits with the Central Bank of the Republic of Turkey

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2005/1, the Group is required to maintain reserves in CBRT for TRY and foreign currency liabilities. The required reserve rates for TRY liabilities vary between 0% and 8% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2023 (2022: 3% and 8% for all TRY liabilities) The reserve rates for foreign currency liabilities vary between 5% and 30% (31 December 2022: 5% and 31%).

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.6 Trade Receivables

Trade receivables resulting from the provision of products or services to the buyer are shown net of unaccrued finance income. Trade receivables after unaccrued financial income are calculated by discounting the amounts to be obtained in the following periods of the receivables recorded from the original invoice value using the effective interest method. Short-term receivables with no specified interest rate are shown at cost, unless the effect of the original effective interest rate is significant.

Impairment

Group has preferred to apply "simplified approach" defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

Group uses a provision matrix for the calculation of the expected credit losses on trade receivables which is based on past experience and future expectations. The provision matrix calculates fixed provision rates depending on the number of days that a trade receivable is past due and those provision rates are reviewed and, revised if necessary, in every reporting period. The changes in the expected credit losses on trade receivables are accounted for under "other operating income/expenses" account of the consolidated statement of income.

2.4.7 Receivables From Finance Sector Operations

As of 1 January 2018, Group has adopted "three stage approach (general model)" defined in TFRS 9 for the recognition of impairment losses on receivables from finance sector operations, carried at amortised cost. General model considers the changes in the credit quality of the financial instruments after the initial recognition. Three stages defined in the general model are as follows:

"Stage 1", includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ("ECL") are recognised and interest income is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date and represents the credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

"Stage 2", includes financial instruments that have had a significant increase in credit risk since initial recognition but those do not have objective evidence of impairment. For these assets, lifetime expected credit losses are recognised and interest income is calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

"Stage 3", includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognised.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.7 Receivables From Finance Sector Operations (Continued)

Group appropriately classifies its financial instruments considering common risk factors (such as the type of the instrument, credit risk rating, guarantees, time to maturity and sector) to determine whether the credit risk on a financial instrument has increased significantly and to account appropriate amount of credit losses in the consolidated financial statements. The changes in the expected credit losses on receivables from finance sector operations are accounted for under "other operating income/expenses" account of the consolidated statement of income.

2.4.8 Financial Assets

2.4.8.1 Financial Assets, Fair Value Difference is Reflected to Profit/Loss:

Financial assets at fair value through profit/loss" are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

2.4.8.2 Financial Assets for Which the Fair Value Difference is Recognised Through Other Comprehensive Income

"Financial assets measured at fair value through other comprehensive income" are either equity securities or debt securities that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated as financial assets at fair value through profit or loss. The Group measures related financial assets at fair value. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for foreign exchange gains and losses. When an equity security is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings. When a debt security is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under statement of income.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.8.3 Financial Assets Measured by Amortised Cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortised cost.

Financial assets measured at amortised cost are initially recognized at acquisition cost including the transaction costs, which reflect the fair value of those instruments and subsequently recognized at amortised cost by using effective interest rate method. Interest income obtained from financial assets measured at amortised cost is accounted in income statement.

"Fair value through other comprehensive income" and "measured at amortised cost" securities portfolio of the Group include Consumer Price Indexed (CPI) Bonds. These securities are valued and accounted using the effective interest rate method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in calculating the actual coupon payment amounts of these assets are based on the Consumer Price Index (CPI) of prior two months. The Bank also sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year. At the end of the year, the real inflation rate is used. The Group's financial assets recognised at amortised cost include "cash or cash equivalents", "trade receivables", "debt securities" and "receivables from finance activities" items.

2.4.9 Related parties

Shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them, are considered and referred to as related parties for the purpose of the consolidated financial statements

2.4.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories includes all procurement costs, conversion costs and other costs that incurred for bringing the stock in current position and situation. The unit cost of inventories is determined on the moving weighted average basis (Note 11). Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.11 Derivative financial instruments

Derivative financial instruments, including forward foreign exchange contracts and currency and interest rate swap instruments are initially recognised in the balance sheet at cost (including transaction costs) and are subsequently re-measured at their fair value. All derivative financial instruments are classified as financial assets at fair value through profit or loss. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate.

The fair value of over-the-counter forward foreign exchange contracts is determined based on the comparison of the original forward rate with the forward rate calculated in reference to the market interest rates of the related currency for the remaining period of the contract.

All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Changes in the fair value of derivatives at fair value through profit or loss are included in the income statement.

Certain derivative transactions, while providing effective economic hedges under the risk management position, under the specific rules under TFRS 9 treated as derivatives at fair value through profit or loss and their fair value gains and losses are reported in the income statement.

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

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of hedged asset or liability attributable to the hedged risk is recorded as part of the carrying value of the hedged asset or liability during the effective hedging relationship. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to the income statement over the period to maturity.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged cash flows are recognised in the income statement.

The Group also applies net investment risk hedge transactions in order to hedge currency risk related to investments abroad. For the said net investment hedge transaction, the active part of the fair value change of the hedging instrument is recognised in “Other Accumulated Comprehensive Income or Expenses to be Reclassified in Case of Profit or Loss” under equities.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.12 Investment property

Land and buildings that are held for rental yields or for capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes or for the sale in the ordinary course of business are classified as “investment property”. Investment properties are carried at cost less accumulated depreciation. Depreciation is provided for investment properties on a straight-line basis over their estimated useful lives, ranging from 5-50 years.

Investment properties are reviewed for possible impairment losses and where the carrying amount of the investment property is greater than the estimated recoverable amount, it is written down to its recoverable amount. Recoverable amount of the investment property is the higher of future net cash flows from the utilisation of this investment property or fair value less cost to sell.

2.4.13 Property, plant and equipment

Property, plant and equipment are carried at cost in purchasing power at the balance sheet date less accumulated depreciation in the consolidated financial statements (Note 16). Depreciation is provided on property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	<u>Years</u>
Land improvements	4-50
Buildings	10-50
Machinery and equipment	3-30
Motor vehicles	3-7
Furniture and fixtures	3-15
Other property, plant and equipment	5-10

Gains or losses on disposals of property, plant and equipment are determined with respect to the difference between collections received and carrying amounts of property, plant and equipment and are included in the related income and expense accounts, as appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset plus the residual value of the related assets. Ordinary repair and maintenance expenses are charged to the income statements during the financial period in which they were incurred. Capital expenditures resulting in a capacity increase and increase in future economic benefits are included in the asset’s carrying amount.

2.4.14 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 in purchasing power at the balance sheet date and amortised using the straight-line method over an estimated useful life that does not exceed 20 years. The amortisation of mining rights commences when the extraction begins.

Customer relations and agreements acquired in business combination are recognised at fair value at the acquisition date. Customer relations and contracts are depreciated on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization and impairment losses.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.15 Non-current assets held for sale and discontinued operations

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

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

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount or fair value. If fair value is below the carrying value of asset, the related impairment is accounted for expense in the consolidated statement of profit or loss.

2.4.16 Shareholders' equity

In the correction of shareholders' equity items, the addition of funds formed due to hyperinflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders. In the correction of shareholders' equity items added to share capital the capital increase registry dates or the payment dates are considered. In the correction of premium in excess of par, the payment dates are considered (Note 23).

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

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

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

The standard capital adequacy percentage for Akbank, a subsidiary of the group, is 23,24% as of 31 December 2023 (31 December 2022: 21,14%), and the standard percentage capital adequacy now exceeds the minimum defined by the relevant legislation.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.17 Research expenses and development costs

Research costs are expensed as incurred. Costs incurred on development projects are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility and only if the cost can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

2.4.18 Borrowing cost

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement as financial expense over the period of the borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Borrowing costs that are not in this scope are recognised directly in the income statement.

The financing costs of borrowings attributable to ongoing investments (interest expenses and foreign Exchange loses based on the difference between the TRY benchmark interest and interest regarding the foreign currency denominated loans) are capitalised until the completion of the investments.

2.4.19 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.

2.4.20 Taxes calculated on corporate income

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

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

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.20 Taxes calculated on corporate income (Continued)

Current tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss, in which case the tax is also recognized outside profit or loss.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.21 Employee benefits

Retirement benefits

Akbank's personnel are members of the "Akbank T.A.Ş. Personnel Pension Fund Foundation" ("Pension Fund"), established in accordance with the Social Security Law numbered 506, article No.20. The financial statements of the Pension Fund have been audited by an independent actuary in accordance with the 38th article of the Insurance Supervisory Law and the "Actuarial Regulation" based on the same article.

Provisional Article 23 (1) of Banking Law No: 5411 (the "Banking Law") published in the Official Gazette repeated no: 25983 on 1 November 2005 requires the transfer of bank funds to the Social Security Institution (the "SSI") within 3 years after the effective date of the Banking Law and the related paragraph also sets out the basis for the related transfer. However, Article 23 (1) of Banking Law No: 5411 was annulled based on the Constitutional Court's ruling issued on 22 March 2007 and ruled for the stay of execution as of 31 March 2007. The related Court ruling, and its basis were published in the Official Gazette No: 26731 on 15 December 2007.

Following the promulgation of the justified decision of the Constitutional Court in December 2007, the Turkish Grand National Assembly (TBMM) started working on the new legal regulations regarding the transfer of bank fund contributors to SSI. The relevant articles of Social Security Law No. 5754 (New Law) regulating the basics of the transfer were accepted at the TBMM General Assembly on 17 April 2008 and entered into force via promulgation in Official Gazette No. 26870 dated 8 May 2008. The main opposition party applied to the Constitutional Court on 19 June 2008 requesting the cancellation and cessation of the effect of certain articles of the New Law, including the transfer of bank funds to SSI, and was turned down with a decision of the Constitutional Court meeting on 30 March 2011, and the justified decision was promulgated in Official Gazette No. 28156 dated 28 December 2011.

As of the transfer date defined by the New Law, the cash value of the liabilities relevant to the persons the transfer is made to shall be calculated using the 9,8% technical interest rate and by a commission including representatives of the SSI, Ministry of Finance, Treasury, State Planning Organization, BRSA, SDIF, banks and bank funds, and by considering the differences should the bank fund income and expenses of the insurance branches in the scope of the law and the salaries and incomes paid by the bank funds exceed the salaries and incomes defined by the SSI regulations, and the transfer should be complete by 8 May 2011. With the Council of Ministers decision promulgated in Official Gazette No. 27900 dated 9 April 2011, the above-mentioned transfer process was extended for two years. Accordingly, the transfer must be complete by 8 May 2013. In the scope of the deferral authority granted to the Council of Ministers with the amendment of the first paragraph of provisional Article 20 of Social Insurance and Universal Health Insurance Law No. 5510, promulgated in Official Gazette No. 28227 dated 8 March 2012, the transfer process was postponed by one year with Council of Ministers Decision No. 2014/6042 promulgated in Official Gazette No. 28987 dated 30 April 2014. As per this amendment, the process must be complete by 8 May 2015.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.21 Employee benefits (Continued)

The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No,5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 and numbered 29335. According to paragraph (I) of Article 203 of Law no. 703 which published in the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no,5510, "Council of Ministers" is authorized to determine the date of transfer to the Social Security Institution has been replaced with "president".

According to the New Law, following the transfer of the members of the fund to the SSI, the funds and institutions will continue to provide the non-transferrable social benefits and payments which are included in the articles of association of the fund.

The Group allocated a provision in its financial statements for the technical gap of TRY1.045.849 identified with a report prepared by an actuary with the actuarial registration (31 December 2022: TRY1.540.959).

Employees of financial institutions within the scope of consolidation are not included in the pension plan described above, but are covered by the Social Security Institution and other defined contribution plans.

	31 December 2023	31 December 2022
Current value of funded liabilities	(32.843.989)	(26.613.675)
Advance value of future contributions	26.131.123	20.413.366
Total Transfer Liability to Social Security Institution	(6.712.866)	(6.200.309)
Past service obligation	(1.668.982)	(2.087.773)
Transfer to the Social Security Institution and Additional Liabilities	(8.381.848)	(8.288.082)
Market value of assets	7.335.999	6.747.123
Crate surplus after assets	(1.045.849)	(1.540.959)

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.21 Employee benefits (Continued)

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

The principal actuarial assumptions used were as follows:

Discount rate	31 December 2023	31 December 2022
- Pension benefits transferrable to SSI	%9,80	%9,80
- Post-employment medical benefits transferrable to SSI	%9,80	%9,80
- Other non-transferrable benefits	%3,00	%0,50

Death rate

The average life expectancy of a person who retired at age 60 for men and 58 years for women was determined according to the statistical data based on statistical data and was 18 years for men and 24 years for women.

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

	31 December 2023	31 December 2022
End of previous period	6.747.123	7.807.243
Real return of fund assets	3.069.030	1.948.439
Employer contributions	1.983.143	1.727.231
Employee contributions	79.729	93.540
Paid compensations	(1.890.702)	(1.443.510)
Effects of inflation	(2.652.324)	(3.385.820)
End of period	7.335.999	6.747.123

The distribution of fund assets is as follows:

	31 December 2023	31 December 2022
Bank placements	1.097.628	804.084
Tangible assets	14.938	72.520
Securities and shares	6.084.742	5.745.781
Other	138.691	124.738
End of period	7.335.999	6.747.123

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. All actuarial gains and losses are accounted for under equity.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.22 Provisions, contingent liabilities and assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial tables and are treated as contingent assets or liabilities.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. A contingent asset is disclosed where an inflow of economic benefit is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs.

Present obligations arising under onerous contracts are recognized and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.4.23 Investment incentives

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

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

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

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.24 Insurance technical reserves

Unearned premiums reserve

An unearned premium reserve is calculated on a daily basis for all policies in force as of the balance sheet date for unearned portions of premiums written. For marine policies with an uncertain end date, unearned premium reserve is calculated as 50% of the premiums written in the last three months. During the calculation of unearned portion of premiums written on a daily basis, it is supposed that the policies start at 12:00 noon and finish at 12:00 noon again. Commissions paid for written premium and commissions received from ceded premium that hit future months and future income statements are accounted in prepaid expenses and prepaid expenses for future years respectively in balance sheet, net in operating expenses. According to the Technical Reserves Regulation, foreign exchange selling rates declared in the Official Gazette of the CBRT on the date of accrual of the relevant premium are taken into account in the account of the unearned premiums related to the insurance contracts, which are indexed to beverages, if no foreign exchange rate is specified in the insurance contract.

Continued risk provisions

In accordance with the Technical Reserves Regulation, as of January 1, 2008, insurance companies are obliged to allocate a provision for ongoing risks, taking into account the expected loss premium ratio, in case the indemnities that may arise due to the insurance contracts in force are more than the unearned premium reserves reserved for the relevant contracts. The expected loss ratio is calculated by dividing the incurred claims by the earned premium. If the expected loss premium ratio calculated on a branch basis is above 95%, the amount found by multiplying the ratio exceeding 95% with the net unearned premium reserve, the net continuing risks reserve, and the ratio exceeding 95% by multiplying the gross unearned premium reserve. The amount found is calculated as the Gross Continuing Risk Provision. The difference between the gross amount and the net amount is considered as the reinsurer's share. In the Circular No. 2019/5 on the Provision for Ongoing Risks, the first amount of DERK. It is stated that it can be calculated on the basis of the accounting year described in the paragraph or on the basis of the accident year. If the calculation is based on the accident year, a separate calculation will be made for the works transferred to the pool.

The company calculated DERK account on the basis of the accounting year as a result of the relevant circular. In accordance with the Circular dated October 24, 2022 and numbered 2022/27, the Loss/Premium ratios used in the calculations of 31 December 2023 DERK calculations have been adjusted, according to best estimation principles made by the company actuary, for each quarter separately. In this framework, the SEDDK's opinion on the appropriateness of the Group's DERK calculation method has been received, and the effects of the additional premium increases in 2022 and the effects of retrospective damage cost increases are included in the Loss/Premium ratio using the indexation method.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.24 Insurance technical reserves (Continued)

Outstanding claim and provision

Group insurance companies allocate outstanding claims reserve for accrued and unsettled but not yet reported unearned but unreported amounts in the previous accounting period or in the current accounting period. Compensations that have been filed before the accounting period but have been notified after these dates are regarded as realized but not reported compensation claims.

According to "Regulation Regarding the Amendment of the Regulation on the Technical Reserves of Insurance and Reinsurance Companies and Pension Funds and the Assets to be Invested in These Provisions" published in the Official Gazette dated July 28, 2010 and numbered 27655 and the "Circular on Outstanding Claims" dated 5 December 2014 and numbered 2014/16, the Company's Unfunded Claims Provisions were calculated using actuarial chain ladder methods.

With the regulation numbered 18145 published by the Ministry of Treasury and Finance on 5 July 2017, the "Risk Insurance Pool" was established to be effective as of 12 April 2017. Accordingly, the premium and loss amounts that the company will transfer to the pool in the Compulsory Traffic branch are excluded from the data used when calculating the IBNR. For the damages that the Company will take over from the mentioned pool; Damage Premium rates on the basis of the accident period published by the Turkish Motor Vehicles Bureau have been taken into account.

Life mathematical reserves

Life mathematical reserves comprise actuarial mathematical reserves (those with minimum income guarantee determined by the tariffs approved by the Treasury and those including risk guarantees over one year) and life profit share reserved and represent the Company's total liability to the policyholders in the life branch.

Mathematical reserve; is the sum of reserves specified in the contract's technical terms and calculated using static and actuarial methods in order to cover the liabilities of insurance companies to policyholders and beneficiaries for life, health, sickness and personal accident insurance contracts with periods longer than a year and if it is committed, the reserves for the part allocated to insured from the revenues derived from the investment of such reserves. In accordance with the Insurance Law, the remaining amount of life branch premiums that are collected in accordance with life insurance agreements, after deduction of expense charges, mortality risk premium and commissions are accounted for as life mathematical reserves. The approval of mathematical reserves is made by the actuaries based on current mortality tables valid for Turkish insurance companies and prepared by considering mortality statistics prepared abroad.

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.25 Revenue recognition

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

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

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

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

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

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

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

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

Banking

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

The Group classifies inflation-indexed government bonds as "Financial assets measured at fair value through other comprehensive income" and "Financial assets measured at amortised cost". The reference indices used in the calculation of coupon payments are calculated based on the CPI rates of two months ago. Interest income calculated using the effective interest rate is recorded in the net interest income within the framework of TAS 1.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.25 Revenue recognition (continued)

Insurance

Life:

Premium income represents premiums accrued on policies issued during the period, adjusted by the reserve for unearned premiums for annual life policies, during the period.

Non-Life:

Premium income represents premiums on policies written during the period, net of cancellations, as adjusted by the reserve for unearned premiums.

2.4.26 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 35 earnings per share are calculated in accordance with TAS 33 "Earnings Per Share". Income as per share stated in the income statement is calculated by dividing the net profit by the weighted average of the share certification available in the market during the whole year.

Companies in Turkey can increase their capitals that they distributed to their shareholders from the profits of previous year by "free of charge share certificates". Such "free of charge share" distributions are considered as issued share incalculation of profit as per share. Accordingly, number of weighted average shares used in these calculations is calculated considering the retrospective impacts of related share certificate.

2.4.27 Repurchased shares

As the Group companies repurchase their own equity instruments, these instruments are accounted for as "treasury shares" and deducted from the equity. Gain or loss is not recognised in the consolidated statement of income due to the purchase, sale, issue or cancellation of the equity instruments of the Group companies and the amounts received or paid for these transactions are recognised directly in the equity.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.28 Foreign currency transactions

Functional Currency

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

Foreign currency transactions and balances

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

Foreign Group companies

The results of Group undertakings using a measurement currency other than Turkish lira are first translated into Turkish lira by using the average exchange rate for the period. The assets and liabilities of such Group undertakings are translated into Turkish lira by using the closing rate at the balance sheet date. Differences arising on retranslation of the opening net assets of such Group undertakings and differences between the average and year-end rates are included in translation reserve as a separate item in the shareholders' equity.

2.4.29 Business combinations

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

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

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.29 Business combinations (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with TFRS 9 and corresponding gain or loss being recognised in profit or loss or other comprehensive income. Without the scope of TFRS9 are accounted for in accordance with TAS 37 Provisions.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is premeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Partial share purchase-sale transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For share purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. In case of the share sales to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity because of the absence of a specific heading for the loss and gains resulting from these transactions within the equity items in the template mandated by the CMB.

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.30 Segment reporting

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

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

The Group presents its operating segments to the decision-making authority based on TFRS and certain classifications have been made that is consistent with the segments presented in the internal reporting. The Group's risk and rewards ratios are differentiate depending on produced the goods and services according to internal reporting, therefore segment information has been based on industrial segments. Geographical segments have not been disclosed in these consolidated financial statements because of materiality as the operations of the Group in geographical areas other than Turkey are not reportable geographical segments individually considering with the overall consolidated financial statements. Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for the decisions related to the allocation of resources to the segments and assessment of performance of segments.

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.31 Events occurring after the balance sheet date

If any event requiring adjustment arises after the balance sheet date, the group adjusts the amounts included in the financial statements in line with the new circumstances. Issues occurring after the balance sheet date which do not require any adjustment are explained in the footnotes of the consolidated financial statements if they affect the economic decisions of the financial statement users.

2.5 Critical accounting estimates and assumptions

When preparing the consolidated financial statements according to Turkish Financial Reporting Standards, Group management must make some assumptions and estimations which identify the amount of income and expenses as of the reporting period, which identify liabilities and commitments likely to occur as of the balance sheet date and which may affect the amount of assets and liabilities which are reported. These estimations and assumptions may differ from actual results even though they are based on the best knowledge of Group management regarding current events and transactions. Estimations are reviewed regularly, and necessary adjustments are made and reflected on the statement of income for the relevant period. If changes in accounting estimations are related to one period only, they are reflected in the financial statements in the current period of the change. If they are related to future periods, they are reflected in the financial statements prospectively, both in the period of the change and in the future period, and are considered when defining the net period profit or loss.

a) Goodwill

Business combinations are recognized using the purchase method in the scope of the TFRS 3 "Business Combinations" standard. (i) The value of the net identifiable assets and the conditional liabilities on the balance sheet prepared on the date of acquisition as per the provisions of TFRS 3, (ii) the value of non-controlling interest and (iii) the difference between them and previously owned shares of the company acquired with a purchase fee are recognized as goodwill. If the difference is negative, goodwill does not arise, and the difference is recognized under "Investment operation income" as negotiated purchase earnings. As a result of the impairment tests carried out as of December 31, 2023, an impairment loss of TL254,615 was determined (Note: 19).

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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

2.5 Summary of Significant Accounting Policies (Continued)

b) The Fund

The Retirement Fund Foundation ("Fund") of the bank was established as per provisional article 20 of Law No. 506, and it is within the scope of funds to be transferred to SSI. The Council of Ministers is authorized to determine the date of transfer. Total liabilities of the fund, benefits to be transferred and additional benefits to remain the responsibility of the Fund are determined using separate methods and assumptions. Selecting appropriate assumptions for the valuation of retirement fund liabilities requires judgement and a high level of technical expertise. Bank management benefits from the services of an external actuary company for these valuations. More details for the topic was explained in Note 2.4.21.

c) Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized.

d) Fair value of derivatives and other financial instruments

The Group reviews its financial assets classified as measured at fair value through other comprehensive income and measured at amortised cost at each balance sheet date in order to assess whether they are impaired in line with the accounting policies set out in Note 2.4.7.

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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NOTE 3 - BUSINESS COMBINATIONS

The business combinations between the period 1 January and 31 December 2023 are as follows:

There is no business combination.

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

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

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

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

	<u>Radiflow (TL)</u>
Purchased assets	562.349
Purchased liabilities	289.747
Total net identifiable assets	272.602
Corresponding to 51% of the purchased	139.027
Cash outflow due to acquisitions	830.487
Ownership rate	51%
Goodwill	691.460

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

	<u>Sem&Liberdatum (TL)</u>
Purchased assets	353.183
Purchased liabilities	207.283
Total net identifiable assets	145.900
Cash outflow due to acquisitions	408.869
Ownership rate	100%
Goodwill	262.969

The portion of the purchase price exceeding the fair value of the identifiable assets, liabilities and contingent liabilities acquired because of the purchase amounted by full TRY691.460 and full TRY262.969, respectively, are recorded as goodwill on balance sheet.

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

The business combinations between the period 1 January and 31 December 2023 are as follows:

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

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

	<u>Microtex (TL)</u>
Purchased assets	1.328.354
Purchased liabilities	550.650
Total net identifiable assets	777.704
Corresponding to 60% of the purchased	466.622
Cash outflow due to acquisitions	806.671
Ownership rate	60%
Goodwill	340.049

The portion of the purchase price exceeding the fair value of the identifiable assets, liabilities and contingent liabilities acquired as a result of the purchase amounted by TRY340.049 is recorded as goodwill on balance sheet.

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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NOTE 4 - SEGMENT REPORTING

Group has established Sabancı Holding Digital Group Line in line with its portfolio management strategies and growth plans in digital businesses. The Group's subsidiaries DxBV and Teknosa companies, which have recently started their digital transformation with technology marketplace services, have started to be followed under the Digital segment. CarrefourSA, a subsidiary of the Group, which was previously in the retail segment, started to be followed in the other segment. 1 January – 31 December 2022 segment figures has been restated to include the changes in the 1 January – 31 December 2023 period.

The financial information of the Joint Ventures has been included in the segment results, prepared within the framework of the Group's managerial approach, by full consolidation method (as 100%). The segment reporting information prepared in conformity with this approach is defined as "combined financial information"

1 January - 31 December 2023	Banking	Financial Services	Energy	Industry	Building Materials	Digital	Other	Total
Combined revenue	353.976.251	42.990.050	216.742.975	50.005.099	42.407.581	49.539.239	55.450.230	811.111.425
Combined gross profit	166.571.956	(4.702.467)	33.496.832	10.019.263	8.015.172	5.227.147	19.800.653	238.428.556
Operating expenses	(61.708.028)	(6.264.286)	(13.310.240)	(6.265.396)	(2.383.121)	(5.612.435)	(11.850.548)	(107.394.054)
Other operating income/(expenses) (net)	1.832.210	12.550.203	3.160.396	(319.720)	(64.884)	(861.191)	(430.727)	15.866.287
Exchange gains/(losses) and credit finance income/(charges) from operating activities (net)	-	1.044.418	680.958	(166.784)	698.827	(381.888)	(1.283.276)	592.255
Profit of joint ventures income	-	-	-	-	-	-	578.921	578.921
Combined operating profit	106.696.138	2.627.868	24.027.946	3.267.363	6.265.994	(1.628.367)	6.815.023	148.071.965
Gains/(losses) from investment activities (net)	(247.098)	833.806	114.915	617.699	510.508	294.379	3.093.331	5.217.540
Financial income/(expenses) (net)	-	(569.160)	(11.681.780)	(2.004.354)	(1.110.186)	(1.570.966)	205.236	(16.731.210)
Parasal kayıp kazanç	(75.480.793)	(2.692.132)	(442.453)	1.765.082	230.034	3.373.293	1.035.052	(72.211.917)
Combined profit before tax	30.968.247	200.382	12.018.628	3.645.790	5.896.350	468.339	11.148.642	64.346.378
Tax income/(expense) (net)	(27.069.380)	(1.148.084)	9.503.161	723.722	(516.277)	(300.501)	193.049	(18.614.310)
Profit after tax from discontinued operations	-	-	-	(2.448)	-	-	-	(2.448)
Combined net profit for the period	3.898.867	(947.702)	21.521.789	4.367.064	5.380.073	167.838	11.341.691	45.729.620
Net profit for the period (*)	1.588.788	(348.792)	10.189.724	1.869.311	2.458.607	(85.132)	(245.186)	15.427.320

1 January - 31 December 2022	Banking	Financial Services	Energy	Industry	Building Materials	Digital	Other	Total
Combined revenue	282.141.118	32.714.681	270.737.142	57.246.889	39.735.325	35.374.263	45.203.061	763.152.479
Combined gross profit	186.679.595	(4.190.180)	43.474.368	11.489.388	3.791.649	2.998.321	14.626.187	258.869.328
Operating expenses	(41.244.793)	(4.768.091)	(17.812.704)	(6.285.239)	(1.851.458)	(3.837.836)	(9.230.779)	(85.030.900)
Other operating income/(expenses) (net)	1.723.364	8.841.447	3.289.812	(96.410)	105.181	(26.409)	(149.719)	13.687.266
Exchange gains/(losses) and credit finance income/(charges) from operating activities (net)	-	1.188.895	2.480.639	(915.776)	347.179	(461.438)	(781.383)	1.858.116
Profit of joint ventures income	-	-	-	-	-	-	76.358	76.358
Combined operating profit	147.158.166	1.072.071	31.432.115	4.191.963	2.392.551	(1.327.362)	4.540.664	189.460.168
Gains/(losses) from investment activities (net)	(235.408)	1.000.304	(184.314)	180.209	2.136.170	97.065	10.887.022	13.881.048
Financial income/(expenses) (net)	-	(1.300.295)	(10.486.873)	(471.322)	(1.275.134)	(852.311)	(1.356.523)	(15.742.458)
Monetary gain/(loss)	(77.226.281)	(1.984.021)	(1.229.457)	1.551.495	1.592.562	2.463.936	(3.069.473)	(77.901.239)
Combined profit before tax	69.696.477	(1.211.941)	19.531.471	5.452.345	4.846.149	381.328	11.001.690	109.697.519
Tax income/(expense) (net)	(36.415.082)	(543.769)	16.453.849	(452.204)	1.078.671	(104.486)	(381.196)	(20.364.217)
Profit after tax from discontinued operations	-	-	-	(3.981)	-	-	-	(3.981)
Combined net profit for the period	33.281.395	(1.755.710)	35.985.320	4.996.160	5.924.820	276.842	10.620.494	89.329.321
Net profit for the period (**)	13.562.169	(634.815)	15.925.586	2.605.249	3.079.205	105.566	4.778.531	39.421.491

(*) Represents consolidated net profit attributable to the equity holders of the parent.

(**) Combined figures in segment reporting represent amounts after subconsolidation of the Group's subsidiaries.

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NOTE 4 - SEGMENT REPORTING (Continued)

a) Revenue

	2023	2022
Banking	353.976.251	282.141.118
Financial Services	42.990.050	32.714.681
Energy	216.742.975	270.737.142
Industry	50.005.099	57.246.889
Building Materials	42.407.581	39.735.325
Digital	49.539.239	35.374.263
Other	55.450.230	45.203.061
Combined	811.111.425	763.152.479
Less: Joint Ventures	(261.969.421)	(314.283.890)
Less: Consolidation eliminations and adjustments	(18.376.258)	(12.995.323)
Consolidated	530.765.746	435.873.266

b) Operating profit

	2023	2022
Banking	106.696.138	147.158.166
Financial Services	2.627.868	1.072.071
Energy	24.027.946	31.432.115
Industry	3.267.363	4.191.963
Building Materials	6.265.994	2.392.551
Digital	(1.628.367)	(1.327.362)
Other	6.815.023	4.540.664
Combined	148.071.965	189.460.168
Less: Joint Ventures	(29.697.307)	(33.719.287)
Less: Consolidation eliminations and adjustments	(7.618.838)	(3.080.650)
Add: Net profit shares of Joint Ventures and associates	13.667.913	17.856.719
Consolidated	124.423.733	170.516.950

c) Depreciation and amortisation

	2023	2022
Banking	4.993.199	4.395.636
Financial Services	1.692.979	1.634.113
Energy	8.004.075	7.348.708
Industry	2.427.282	2.396.280
Building Materials	1.953.020	1.815.773
Digital	974.478	825.130
Other	2.307.451	2.026.172
Combined	22.352.484	20.441.812
Less: Joint Ventures	(10.250.815)	(9.510.489)
Consolidated	12.101.669	10.931.323

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NOTE 4 - SEGMENT REPORTING (Continued)

d) Profit before tax

	2023	2022
Banking	30.968.247	69.696.477
Financial Services	200.382	(1.211.941)
Energy	12.018.628	19.531.471
Industry	3.645.790	5.452.345
Building Materials	5.896.350	4.846.149
Digital	468.339	381.328
Other	11.148.642	11.001.690
Combined	64.346.378	109.697.519
Less: Joint Ventures	(19.207.348)	(23.613.474)
Less: Consolidation eliminations and adjustments	(10.854.084)	(5.404.753)
Add: Net profit shares of Joint Ventures and associates	13.667.913	17.856.719
Consolidated	47.952.859	98.536.011

e) Net profit for the period

	2023	2022
Banking	3.898.867	33.281.395
Financial Services	(947.702)	(1.755.710)
Energy	21.521.789	35.985.320
Industry	4.367.064	4.996.160
Building Materials	5.380.073	5.924.820
Digital	167.838	276.842
Other	11.341.691	10.620.494
Combined	45.729.620	89.329.321
Less: Joint Ventures	(28.696.466)	(40.512.919)
Add: Net profit shares of Joint Ventures and associates	13.667.913	17.856.719
Less: Consolidation eliminations and adjustments	(10.854.084)	(5.404.753)
Less: Non-controlling interests	(4.419.663)	(21.846.877)
Consolidated (attributable to the equity holders of the parent)	15.427.320	39.421.491

f) Capital expenditures

	2023	2022
Banking	8.858.380	8.218.555
Financial Services	734.955	672.562
Energy	30.368.111	17.491.082
Industry	3.421.557	3.307.185
Building Materials	6.191.016	2.681.646
Digital	750.407	525.753
Other	1.489.867	1.189.028
Combined	51.814.293	34.085.811
Less: Joint Ventures	(28.616.790)	(19.516.334)
Consolidated	23.197.503	14.569.477

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NOTE 4 - SEGMENT REPORTING (Continued)

g) Total assets

	31 December 2023	31 December 2022
Banking	1.908.975.954	1.883.559.338
Financial Services	80.091.271	68.465.016
Energy	255.591.976	226.314.324
Industry	73.090.253	73.041.874
Building Materials	58.640.710	55.690.701
Digital	19.009.956	16.425.748
Other	222.980.977	216.489.750
Combined	2.618.381.097	2.539.986.751
Less: Joint Ventures	(297.018.302)	(272.126.025)
Less: Consolidation eliminations and adjustments	(206.060.329)	(204.749.653)
Add: Net profit shares of Joint Ventures and associates	77.028.827	66.114.225
Consolidated	2.192.331.293	2.129.225.298

NOTE 5 - CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents at 31 December 2023 and 2022 are as follows:

	31 December 2023			31 December 2022		
	Financial	Non-financial	Total	Financial	Non-financial	Total
Cash	16.792.152	160.898	16.953.050	19.363.601	218.652	19.582.253
Bank						
Time deposit	22.894.271	10.614.585	33.508.856	21.653.865	15.161.369	36.815.234
Demand deposit	35.182.040	3.090.667	38.272.707	41.576.137	2.038.636	43.614.773
Receivables from reserve repo	1.415.550	-	1.415.550	2.409.601	-	2.409.601
Other cash and cash equivalents	-	3.832.451	3.832.451	-	4.425.762	4.425.762
Total	76.284.013	17.698.601	93.982.614	85.003.204	21.844.419	106.847.623

Effective interest rates of USD, EUR and TRY denominated time deposits are 5,94 % (31 December 2022: 1,86%), 3,92 % (31 December 2022: 1,87%) and 42,33% (31 December 2022: 21,24%), respectively.

The maturity analysis as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Demand deposit	58.272.626	65.036.171
Up to 3 months	35.709.988	41.811.452
Total	93.982.614	106.847.623

As of 31 December 2023, total amount of the restriction on the Group's off- shore cash and cash equivalents, payment accounts related to floating interest rate bond issue, time and demand deposits in the banks is TRY10.098.899 (31 December 2022: TRY17.803.825).

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 6 – BALANCES WITH THE CENTRAL BANK OF THE REPUBLIC TURKEY

The detail of balances with the Central Bank of the Republic Turkey at 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Required Reserves	271.838.052	183.800.114
Free Deposits	5.892.266	3.842.485
Total	277.730.318	187.642.599

NOTE 7 - FINANCIAL INVESTMENTS

a) Financial assets at fair value through profit and loss

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

	31 December 2023			31 December 2022		
	Banking	Other Companies	Total	Banking	Other Companies	Total
Share certificates	3.522.124	3.636	3.525.760	10.861.057	-	10.861.057
Government bonds	343.448	170.283	513.731	721.315	302.173	1.023.488
Eurobonds	446.295	67.025	513.320	271.589	555.969	827.558
Investment funds	9.326.052	5.274.446	14.600.498	3.363.409	1.420.032	4.783.441
Other (*)	2.683.258	4.510.380	7.193.638	2.181.214	5.403.691	7.584.905
Total	16.321.177	10.025.770	26.346.947	17.398.584	7.681.865	25.080.449

(*) TRY 2.173.070 (31 December 2022: TRY 1.708.073) of other financial assets consist Fourth Real Estate Investment Fund of Ak Portföy Yönetimi A.Ş. established by Ak Leasing Investment Pur Found and the fund is followed at its fair value and the related valuation differences are recognized in profit or loss. Additionally, The Group has made a foreign currency protected deposit amounting to equivalent of TRY3.104.594 (31 December 2022: TRY2.669.164). It is accounted for "Other" under "Financial Assets at fair value through profit and loss".

Effective interest rates of TRY are as follow:

	31 December 2023	31 December 2022
TRY	45,52%	14,07%

The Group does not have any financial assets measured at fair value through profit or loss given as collateral due to its activities in the finance sector (31 December 2022:None).

The maturity analysis of financial assets at fair value through profit and loss as of 31 December 2023 and 2022 are as follows:

	31 December 2023			31 December 2022		
	Banking	Other Companies	Total	Banking	Other Companies	Total
On demand	15.417.541	1.729.352	17.146.893	16.044.143	1.910.752	17.954.895
3 to 12 months	117.871	8.296.418	8.414.289	619.024	5.754.787	6.373.811
1 to 5 years	577.254	-	577.254	300.566	16.326	316.892
Over 5 years	208.511	-	208.511	434.851	-	434.851
Total	16.321.177	10.025.770	26.346.947	17.398.584	7.681.865	25.080.449

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(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 7 - FINANCIAL INVESTMENTS (Continued)

a) Financial assets at fair value through profit and loss (Continued)

Period remaining to contractual repricing dates:

	31 December 2023			31 December 2022		
	Banking	Other Companies	Total	Banking	Other Companies	Total
On demand	15.417.541	1.729.352	17.146.893	16.044.143	1.910.752	17.954.895
0 to 3 months	303.839	3.108.230	3.412.069	332.569	1.571.076	1.903.645
3 to 12 months	125.192	5.188.188	5.313.380	553.774	4.183.711	4.737.485
1 to 5 years	360.416	-	360.416	197.713	16.326	214.039
Over 5 years	114.189	-	114.189	270.385	-	270.385
Total	16.321.177	10.025.770	26.346.947	17.398.584	7.681.865	25.080.449

b) Financial assets measured at fair value through other comprehensive income

	31 December 2023			31 December 2022		
	Banking	Other Companies	Total	Banking	Other Companies	Total
Debt securities						
- Government bonds	127.142.989	63.033	127.206.022	135.705.687	1.077.363	136.783.050
- Eurobonds	90.781.116	5.125.026	95.906.142	99.841.862	4.406.277	104.248.139
- Investment funds	1.429.280	9.861	1.439.141	2.314.093	72.961	2.387.054
- Other bonds denominated in foreign currency	64.299.878	1.054.499	65.354.377	45.103.927	1.246.207	46.350.134
Sub-total	283.653.263	6.252.419	289.905.682	282.965.569	6.802.808	289.768.377
Equity securities						
- Listed	-	-	-	-	154.484	154.484
- Unlisted	317.939	13.030	330.969	191.446	8.160	199.606
Sub-total	317.939	13.030	330.969	191.446	162.644	354.090
Financial assets at fair value through other comprehensive income	283.971.202	6.265.449	290.236.651	283.157.015	6.965.452	290.122.467

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NOTE 7 - FINANCIAL INVESTMENTS (Continued)

b) Financial assets at fair value through other comprehensive income (Continued)

Finance sector's effective interest rates of USD, EUR, JPY and TRY denominated debt securities are 6,12% (31 December 2022: 5,75%), 2,89% (31 December 2022: 2,86%), 3,09% (31 December 2022: 3,09%) and 33,98% (31 December 2022: 29,35%), respectively.

The Group's financial assets measured through other comprehensive income subject to funds provided from repo are TRY110.784.307 (31 December 2022: TRY69.583.120). Financial assets through other comprehensive income that are given as collateral because of the Group's financing activities are amounting to TRY80.866.957 (31 December 2022: TRY99.885.015).

There are bonds index-linked to consumer prices ("CPI") in the securities portfolio of Akbank for which the fair value difference is reflected to other comprehensive income and which are measured by amortized cost. These securities are valued and recognised using the effective interest method and are based on the index calculated using real coupon rates, the reference inflation index on the date of issuance and estimated inflation rates. Reference indexes used to calculate the actual coupon payment amounts of the securities are created based on CPIs from two months prior. The bank sets the estimated inflation rate in line with the reference indexes. The estimated inflation rate used is updated during the year when necessary.

The maturity analysis in accordance with expiring date as at 31 December 2023 and 2022 is as follows.

	31 December 2023			31 December 2022		
	Banking	Other Companies	Total	Banking	Other Companies	Total
Up to 3 months	15.732.335	-	15.732.335	2.459.133	58.707	2.517.840
3 to 12 months	22.847.590	427.253	23.274.843	38.265.800	963.953	39.229.753
1 to 5 years	199.942.173	978.545	200.920.718	169.391.063	1.468.961	170.860.024
Over 5 years	43.701.884	713.122	44.415.006	70.535.217	963.578	71.498.795
Demand deposit	1.747.220	4.146.529	5.893.749	2.505.802	3.510.253	6.016.055
Total	283.971.202	6.265.449	290.236.651	283.157.015	6.965.452	290.122.467

As of 31 December 2023, and 2022, according to the remaining period until the re-pricing date determined by the contract:

	31 December 2023			31 December 2022		
	Banking	Other Companies	Total	Banking	Other Companies	Total
Up to 3 months	84.193.513	-	84.193.513	56.804.878	23.325	56.828.203
3 to 12 months	37.287.203	427.253	37.714.456	64.159.716	1.026.824	65.186.540
1 to 5 years	136.036.977	896.109	136.933.086	117.968.528	1.468.960	119.437.488
Over 5 years	24.706.288	382.152	25.088.440	41.718.091	647.113	42.365.204
Demand deposit	1.747.221	4.559.935	6.307.156	2.505.802	3.799.230	6.305.032
Total	283.971.202	6.265.449	290.236.651	283.157.015	6.965.452	290.122.467

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NOTE 7 - FINANCIAL INVESTMENTS (Continued)

c) Financial Assets measured at Amortised Cost:

The details of financial investments measured at their amortized cost are presented below:

	31 December 2023			31 December 2022		
	Banking	Other Companies	Total	Banking	Other Companies	Total
Government bonds	147.032.731	307.462	147.340.193	141.992.358	611.508	142.603.866
Other debt securities	17.894.030	14.550.551	32.444.581	19.752.265	12.438.782	32.191.047
Total	164.926.761	14.858.013	179.784.774	161.744.623	13.050.290	174.794.913

The breakdown of financial assets measured at amortised cost is listed below:

	31 December 2023	31 December 2022
Opening balance, 1 January	174.794.913	155.718.948
Additions	32.606.788	26.216.969
Foreign exchange differences in monetary assets	6.333.534	5.483.156
Valuation effect	36.223.332	58.155.294
Disposals through sales and redemptions	(7.045.379)	(9.979.043)
Monetary gain/(loss)	(63.113.497)	(60.838.991)
Reversal / (Allowance) for impairment (*)	(14.917)	38.580
Closing balance	179.784.774	174.794.913

(*) Expected loss provision is included.

Finance sector effective interest rate of debt securities in USD and TRY are 6,13% and 43,82% (31 December 2022: Effective interest rate of debt securities in USD and TRY are 6,22% and 76,44%).

For financial investments measured at their amortized cost as of 31 December 2023 and 31 December 2022, the remaining period to the maturity dates stated in the contract based on Banking and other sectors is as follows:

	31 December 2023			31 December 2022		
	Banking	Other Companies	Total	Banking	Other Companies	Total
Up to 3 months	1.580.463	154.434	1.734.897	1.522.792	642.004	2.164.796
3 to 12 months	13.834.206	14.322.952	28.157.158	20.250.794	11.617.405	31.868.199
1 to 5 years	107.028.906	380.627	107.409.533	78.266.094	722.039	78.988.133
Over 5 years	42.483.186	-	42.483.186	61.704.943	68.842	61.773.785
Total	164.926.761	14.858.013	179.784.774	161.744.623	13.050.290	174.794.913

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NOTE 7 - FINANCIAL INVESTMENTS (Continued)

c) Financial Assets at Amortised Cost (Continued):

Period remaining to contractual repricing dates for investment security, financial assets at amortised cost at 31 December 2023 and 2022 is as follows:

	31 December 2023			31 December 2022		
	Banking	Other Companies	Total	Banking	Other Companies	Total
Up to 3 months	76.611.686	178.002	76.789.688	68.369.800	547.886	68.917.686
3 to 12 months	50.876.894	14.322.952	65.199.846	63.710.797	11.710.000	75.420.797
1 to 5 years	29.251.429	357.059	29.608.488	5.055.098	68.842	5.123.940
Over 5 years	8.186.752	-	8.186.752	24.608.928	723.562	25.332.490
Total	164.926.761	14.858.013	179.784.774	161.744.623	13.050.290	174.794.913

d) Time Deposits:

The details of long-term deposits of three months are presented below:

	31 December 2023	31 December 2022
3 to 12 months	1.163.570	502.372
1 to 5 years	619.780	-
Total	1.783.350	502.372

NOTE 8 - FINANCIAL LIABILITIES

Short term funds borrowed, bank borrowings and debt securities:

	31 December 2023	31 December 2022
Short term	53.803.753	41.780.312
Short term portion of long term	66.068.210	61.919.907
Total short term	119.871.963	103.700.219
Long term funds borrowed, bank borrowings and debt securities:		
Long term	91.470.005	121.903.621
Total	211.341.968	225.603.840

Maturity analysis as of 31 December 2023 and 31 December 2022 is as follows:

	31 December 2023	31 December 2022
Up to 3 months	24.705.469	26.765.873
3 to 12 months	95.166.494	76.934.346
Short term borrowings and short-term portion of long-term borrowings	119.871.963	103.700.219
1 to 5 years	65.521.565	90.511.690
Over 5 years	25.948.440	31.391.931
Long term borrowings	91.470.005	121.903.621
Total financial liabilities	211.341.968	225.603.840

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NOTE 8 - FINANCIAL LIABILITIES (Continued)

As of 31 December 2023, and 2022, short -term and long-term financial debts summary informations are presented below:

31 December 2023

	Interest Rate (%)	Short term	Long term	Total
TRY	7,50%-61,91%	21.894.259	2.668.972	24.563.231
USD	1,67%-7,49%	66.824.417	81.855.096	148.679.513
EUR	0,97%-8,95%	24.492.332	6.901.740	31.394.072
Other	0,84%-6,50%	6.660.955	44.197	6.705.152

31 December 2022

	Interest Rate (%)	Short term	Long term	Total
TRY	9,14%-33%	23.689.036	4.853.440	28.542.476
USD	0,23%-7,70%	52.333.841	112.074.513	164.408.354
EUR	1,71%-8,75%	27.460.128	4.837.197	32.297.325
Other	2,75%-8,40%	217.214	138.471	355.685

Financial liability movement as of 31 December 2023 and 2022 is as follows:

	2023	2022
1 January	225.603.840	320.573.512
Additions	79.023.931	50.514.442
Business combinations	-	479.926
Payments	(22.044.095)	(26.866.613)
Interest accruals	3.687.916	2.665.020
Monetary gain/(loss)	(79.411.794)	(126.523.260)
Foreign exchange effects	4.482.170	4.760.813
31 December	211.341.968	225.603.840

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NOTE 8 - FINANCIAL LIABILITIES (Continued)

The transactions related with the funds and loans as of 31 December 2023 are as follows:

Issued securities:

Securities issued consist of USD and TRY assets.

The repayment plan for USD securities issued is summarized below.

	31 December 2023		31 December 2022	
	USD	TL	USD	TL
2023	410.230	12.076.426	951.719	17.795.527
2024	437.403	12.876.357	992.553	18.559.054
2025	618.251	18.200.197	1.561.661	29.200.405
2026	486.873	14.332.665	795.689	14.878.028
2027	67.350	1.982.663	106.120	1.984.274
2028	56.866	1.674.033	522.256	9.765.305
2029	52.488	1.545.152	35.100	656.309
2030	46.983	1.383.095	32.782	612.961
2031	327.176	9.631.473	481.941	9.011.482
2032	19.537	575.134	-	-
2033	8.935	263.030	-	-
Toplam	2.532.092	74.540.225	5.479.821	102.463.345

The repayment plan for EUR securities issued is summarized below.

	31 December 2023		31 December 2022	
	Euro	TL	Euro	TL
2023	-	-	646	12.875
2024	373	12.150	621	12.383
2025	358	11.661	598	11.923
2026	344	11.205	575	11.463
2027	330	10.749	552	11.004
2028	316	10.293	531	10.577
2029	8.393	273.393	13.142	261.991
Toplam	10.114	329.451	16.665	332.216

In addition, as of 31 December 2023, the Group issued bonds with 1-3 months maturity of TRY566.351, 3-6 months maturity of TRY 2.898.396, 1-5 years maturity of TRY 685.290 and over 5 years maturity of TRY 201.372. (31 December 2022: 1-3 months term TRY 4.388.746, 3-6 months term TRY 1.178.728, 6-12 months term TRY 2.109.704, 1-5 years term TRY 991.778 and over 5 years term TRY 2.365.718).

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NOTE 9 - LIABILITIES FROM LEASING TRANSACTIONS

The breakdown of the Group's obligations with respect to the lease transactions in accordance with TFRS 16 is as follows:

Liabilities from short-term lease transactions as of 31 December 2023:

	Up to 3 months	Between 3 to 12 months	Total
TRY	407.517	599.288	1.006.805
USD	-	122.238	122.238
EUR	20.012	-	20.012
Other	-	5.397	5.397
31 December 2023	427.529	726.923	1.154.452

Liabilities from short-term lease transactions as of 31 December 2022:

	Up to 3 months	Between 3 to 12 months	Total
TRY	501.677	473.296	974.973
USD	-	97.376	97.376
EUR	17.285	(465)	16.820
31 December 2022	518.962	570.207	1.089.169

Liabilities from long-term lease transactions as of 31 December 2023:

31 December 2023	Between 1 to 2 years	Between 2 to 3 years	Between 3 to 4 years	Between 4 to 5 years	5 years and more	Total
TRY	379.297	485.581	839.432	768.659	1.335.533	3.808.502
USD	199.174	264.549	85.017	79.578	405.747	1.034.065
EUR	5.062	5.577	6.129	6.703	25.007	48.478
Total	583.533	755.707	930.578	854.940	1.766.287	4.891.045

Liabilities from long-term lease transactions as of 31 December 2022:

31 December 2022	Between 1 to 2 years	Between 2 to 3 years	Between 3 to 4 years	Between 4 to 5 years	5 years and more	Total
TRY	427.136	538.639	779.374	881.293	1.180.127	3.806.569
USD	123.040	257.529	39.933	42.478	447.866	910.846
EUR	4.618	5.101	5.620	6.160	36.053	57.552
Total	554.794	801.269	824.927	929.931	1.664.046	4.774.967

The movement table of liabilities arising from leasing transactions is as follows:

	2023	2022
1 January	5.864.136	6.087.768
Additions	3.526.478	2.578.426
Business combinations	-	11.500
Payments	(2.121.355)	(1.745.068)
Interest accruals	955.199	824.539
Monetary gain/(loss)	(2.621.281)	(2.367.541)
Foreign exchange effects	442.320	474.512
31 December	6.045.497	5.864.136

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NOTE 10 - TRADE RECEIVABLES AND PAYABLES

Short and long-term trade receivables:	31 December 2023	31 December 2022
Trade receivables from related parties (Note 37)	478.875	523.643
Trade receivables from non-related parties	8.698.544	9.699.580
Notes and cheques	546.760	794.927
Subtotal:	9.724.179	11.018.150
Less: expected credit losses	(153.941)	(155.704)
Total	9.570.238	10.862.446

As of 31 December 2023 and 2022, the maturity analysis of the overdue and expected credit loss reserves within the trade receivables balance is as follows:

	31 December 2023	31 December 2022
Up to 3 months	10.511	3.538
3 to 6 months	2.914	4.815
6 to 9 months	7.759	6.934
Over 9 months	132.757	140.417
Total	153.941	155.704

Short and long term trade payables:	31 December 2023	31 December 2022
Trade payables from related parties (Note 37)	279.729	854.867
Trade payables from non-related parties	26.805.098	24.666.179
Total	27.084.827	25.521.046

NOTE 11 – OTHER RECEIVABLES AND PAYABLES

Other short term receivables:	31 December 2023	31 December 2022
Receivables from credit card payments	787.210	239.086
Other receivables(*)	12.766.125	12.433.074
Total	13.553.335	12.672.160

Other long term receivables:	31 December 2023	31 December 2022
Deposits and guarantees given	180.341	193.968
Other receivables(*)	1.468.828	2.431.751
Total	1.649.169	2.625.719

(*) Other receivables mainly consist of the collaterals obtained by Akbank for derivative transactions.

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NOTE 11 – OTHER RECEIVABLES AND PAYABLES (Continued)

Other short term payables:	31 December 2023	31 December 2022
Payables related to credit card transactions	23.448.958	20.000.983
Taxes and funds payable	4.414.852	2.667.880
Export deposits and transfer orders	564.586	292.287
Payment orders to correspondent banks	205.122	493.253
Other(*)	27.628.664	34.352.341
Total	56.262.182	57.806.744

Other long term payables:	31 December 2023	31 December 2022
Other(*)	19.653.848	26.487.598
Total	19.653.848	26.487.598

(*) Other payables mainly consist of the collaterals obtained by Akbank for derivative transactions.

NOTE 12 - INVENTORIES

	31 December 2023	31 December 2022
Raw materials	3.558.764	5.353.167
Work in process	1.274.552	1.110.909
Finished goods and merchandises	17.399.840	15.534.409
Spare parts	453.159	345.369
Goods in transit	1.118.714	517.313
Other	319.476	236.550
Allowance for impairment on inventory (-)	(442.167)	(346.765)
Total	23.682.338	22.750.952

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

	2023	2022
1 January	(346.765)	(332.358)
Provisions	(183.728)	(105.533)
Provisions no longer required	73.924	64.870
Currency translation differences	14.402	26.256
31 December	(442.167)	(346.765)

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NOTE 13 - PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2023	31 December 2022
Short-term prepaid expenses:		
Prepaid expenses	29.474.627	25.901.565
Advance given for inventory purchases	197.914	357.606
Other	82.050	48.302
Total	29.754.591	26.307.473
Long-term prepaid expenses:		
Advance given for PP&E purchases	1.795	658.860
Prepaid expenses	159.625	105.779
Other	111.700	87.964
Total	273.120	852.603
Short-term deferred income:		
Unearned commission income	1.693.292	459.614
Advances received	409.168	178.305
Deferred income	185.868	200.537
Other	1.630	4.279
Total	2.289.958	842.735
Long-term deferred income:		
Unearned commission income	1.283.010	787.665
Deferred income	28.874	46.386
Total	1.311.884	834.051

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NOTE 14 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Book value of Associates and Joint Ventures is as follows:

	31 December 2023	Share (%)	31 December 2022	Share (%)
Brisa	5.833.326	43,63	5.028.348	43,63
Akçansa	4.550.774	39,72	3.741.600	39,72
Enerjisa Üretim Santralleri	41.253.718	50,00	32.397.801	50,00
Enerjisa Enerji	23.109.786	40,00	23.535.238	40,00
Temsa Ulaşım Araçları	2.281.223	50,00	1.411.238	50,00
Total	77.028.827		66.114.225	

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

	1 January-31 December 2023	1 January-31 December 2022
Brisa	1.738.949	1.094.695
Akçansa	921.443	752.846
Enerjisa Üretim Santralleri	8.621.669	7.678.992
Enerjisa Enerji	1.806.931	8.253.828
Temsa Ulaşım Araçları	578.921	76.358
Total	13.667.913	17.856.719

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

	31 December 2023		31 December 2022	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
Brisa	37.482.965	23.960.621	33.650.566	22.033.923
Akçansa	17.966.434	6.298.364	17.231.099	7.600.224
Enerjisa Üretim Santralleri	109.472.497	26.965.060	95.120.657	30.325.054
Enerjisa Enerji	132.096.407	74.321.943	126.123.703	67.285.608
Temsa Ulaşım Araçları	10.231.828	5.669.382	8.098.703	5.299.012
Total	307.250.131	137.215.370	280.224.728	132.543.821

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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NOTE 14 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

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

Sales

	1 January- 31 December 2023	1 January- 31 December 2022
Brisa	26.502.018	26.863.170
Akçansa	18.724.428	16.683.577
Enerjisa Üretim Santralleri	48.078.337	107.424.750
Enerjisa Enerji	168.664.638	163.312.392
Temsa Ulaşım Araçları	11.780.789	8.350.811

Net profit/(loss)

	1 January- 31 December 2023	1 January- 31 December 2022
Brisa	3.985.673	2.509.043
Akçansa	2.319.847	1.895.382
Enerjisa Üretim Santralleri	17.243.338	15.357.983
Enerjisa Enerji	4.517.327	20.634.571
Temsa Ulaşım Araçları	1.157.842	152.715

The movement of the joint ventures is as follows:

	2023	2022
Opening balance, 1 January	66.114.225	54.318.609
Profit/(loss) share	13.667.913	17.856.719
Capital increase	240.767	-
Classification to asset held-for-sale	-	(457.882)
Dividend income from joint ventures	(4.517.172)	(5.072.103)
Other comprehensive income/(expense)	1.523.094	(531.118)
Closing balance - 31 December	77.028.827	66.114.225

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NOTE 15 - INVESTMENT PROPERTY

	1 January 2023	Additions	Currency translation differences	31 December 2023
Cost:				
Land	764.853	-	(2.929)	761.924
Building	1.700.663	219.655	-	1.920.318
Total	2.465.516	219.655	(2.929)	2.682.242
Accumulated depreciation				
Buildings	(44.452)	(6.030)	(2.616)	(53.098)
Net book value	2.421.064	213.625	(5.545)	2.629.144

	1 January 2022	Additions	Currency translation differences	31 December 2022
Cost:				
Land	927.589	-	(162.736)	764.853
Building	1.700.663	-	-	1.700.663
Total	2.628.252	-	(162.736)	2.465.516
Accumulated depreciation				
Buildings	(33.567)	(10.885)	-	(44.452)
Net book value	2.594.685	(10.885)	(162.736)	2.421.064

The fair value of the Group's investment properties was determined by an independent valuation company. As of December 31, 2023, the fair value of investment properties valued by CMB licensed real estate appraisal companies was determined as 4,534,803 TL.

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NOTE 16 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the year ended 31 December 2023 is as follows:

	1 January 2023	Currency translation differences	Additions	Disposals	Transfers (*)	Impairment(**)	31 December 2023
Cost:							
Land and land improvements	2.968.564	(28.413)	35.362	(95)	65.946	-	3.041.364
Buildings	29.154.819	(153.603)	1.220.449	(39.551)	145.317	(363.000)	29.964.431
Machinery and equipment	43.161.551	(440.917)	1.890.438	(841.140)	2.285.718	(52.818)	46.002.832
Motor vehicles	605.387	(2.018)	115.045	(42.415)	107.355	-	783.354
Furniture and fixtures	26.940.261	(54.834)	5.837.120	(1.975.069)	(13.850)	(28.573)	30.705.055
Total	102.830.582	(679.785)	9.098.414	(2.898.270)	2.590.486	(444.391)	110.497.036
Construction in progress	2.665.033	5.176.422	8.384.131	(227.658)	(2.690.090)	-	13.307.838
Total	105.495.615	4.496.637	17.482.545	(3.125.928)	(99.604)	(444.391)	123.804.874
Accumulated depreciation:							
Land and land improvements	(865.843)	6.184	(54.788)	-	-	-	(914.447)
Buildings	(12.161.977)	7.958	(532.562)	4.018	-	-	(12.682.563)
Machinery and equipment	(27.195.136)	148.776	(1.921.326)	729.659	-	38.404	(28.199.623)
Motor vehicles	(519.480)	(1.692)	(51.844)	34.197	-	-	(538.819)
Furniture and fixtures	(17.175.693)	56.135	(2.776.262)	1.849.452	-	16.344	(18.030.024)
Total	(57.918.129)	217.361	(5.336.782)	2.617.326	-	54.748	(60.365.476)
Net Book Value	47.577.486	4.713.998	12.145.763	(508.602)	(99.604)	(389.643)	63.439.398

(*) Amounted to TRY 99.604 transfers from capital expenditures spent during the period are transferred to intangible assets.

(**) Current period, Akbank determined and recorded impairment TR363.000 on buildings, CarrefourSA recorded impairment TRY26.643 on Machinery and equipment, ,furnishings and fixtures.

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NOTE 16 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movement in property, plant and equipment for the year ended 31 December 2022 is as follows:

	1 January 2022	Currency translation differences	Additions	Disposals	Transfers (*)	Business Combination or Asset acquisiton(**)	Transfer to Assets Held for Sale	Impairment(***)	31 December 2022
Cost:									
Land and land improvements	3.397.489	(181.129)	31.860	(321.506)	41.850	-	-	-	2.968.564
Buildings	30.364.593	(875.981)	417.864	(495.231)	156.540	-	-	(412.966)	29.154.819
Machinery and equipment	44.665.020	(2.926.778)	1.170.526	(508.957)	577.859	176.150	-	7.731	43.161.551
Motor vehicles	584.449	(10.738)	28.164	(23.321)	4.134	927	21.772	-	605.387
Furniture and fixtures	22.535.277	(97.406)	5.222.393	(867.996)	82.249	20.638	-	45.106	26.940.261
Total	101.546.828	(4.092.032)	6.870.807	(2.217.011)	862.632	197.715	21.772	(360.129)	102.830.582
Construction in progress	1.015.783	32.163	2.601.423	(66.244)	(919.065)	973	-	-	2.665.033
Total	102.562.611	(4.059.869)	9.472.230	(2.283.255)	(56.433)	198.688	21.772	(360.129)	105.495.615
Accumulated depreciation:									
Land and land improvements	(839.808)	20.755	(46.795)	5	-	-	-	-	(865.843)
Buildings	(12.436.933)	261.991	(433.235)	446.200	-	-	-	-	(12.161.977)
Machinery and equipment	(26.997.791)	1.264.804	(1.904.242)	443.960	-	-	-	(1.867)	(27.195.136)
Motor vehicles	(485.040)	5.851	(41.446)	20.974	-	-	(19.819)	-	(519.480)
Furniture and fixtures	(15.419.240)	50.420	(2.566.209)	801.819	-	-	-	(42.483)	(17.175.693)
Total	(56.178.812)	1.603.821	(4.991.927)	1.712.958	-	-	(19.819)	(44.350)	(57.918.129)
Net Book Value	46.383.799	2.456.048	4.480.303	(570.297)	(56.433)	198.688	1.953	(404.479)	47.577.486

(*) Amounted to TRY 56.433 transfers from capital expenditures spent during the period are transferred to intangible assets.

(**) These are the fixed assets owned by Sem and Radiflow, which were acquired by Dx Bv.

(***) Akbank has determined impairment on building TRY 412.966 and has recorded.

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NOTE 17 - INTANGIBLE ASSETS

The movements in intangible assets for the years ended 31 December 2023 and 2022 are as follows:

	1 January 2023	Currency translation differences	Additions	Disposals	Transfers	31 December 2023
Cost:						
Rights	877.851	23.384	1.930.725	(781.940)	4.191	2.054.211
Customer contracts	3.951.223	(132.165)	-	-	-	3.819.058
Licenses and softwares	15.192.758	5.937	2.514.387	(227.063)	15.473	17.501.492
Development investments	471.847	18.685	143.625	(50.143)	49.915	633.929
Mineral rights	50.456	(420)	-	-	-	50.036
Trademark	2.728.671	-	-	-	-	2.728.671
Bancassurance channel	3.120.187	-	-	-	-	3.120.187
Contractual rights	7.122.996	-	-	-	-	7.122.996
Agency channel	1.204.151	-	-	-	-	1.204.151
Other intangible assets	7.906.298	(68.318)	906.566	(13.929)	27.965	8.758.582
Total	42.626.438	(152.897)	5.495.303	(1.073.075)	97.544	46.993.313
Accumulated depreciation:						
Rights	(246.658)	5.184	(13.511)	-	-	(254.985)
Customer contracts	(530.262)	(24.978)	(162.491)	-	-	(717.731)
Licenses and softwares	(7.540.319)	(3.441)	(2.138.928)	13.004	-	(9.669.684)
Development investments	(183.004)	(5.673)	(69.323)	18.521	-	(239.479)
Mineral rights	(10.191)	(1.348)	(5.304)	-	-	(16.843)
Bancassurance channel	(311.077)	-	(207.385)	-	-	(518.462)
Contractual rights	(1.287.838)	-	(858.559)	-	-	(2.146.397)
Agency channel	(132.455)	-	(88.303)	-	-	(220.758)
Other intangible assets	(4.461.164)	(17.646)	(724.292)	15.921	2.060	(5.185.121)
Total	(14.702.968)	(47.902)	(4.268.096)	47.446	2.060	(18.969.460)
Net Book Value	27.923.470	(200.799)	1.227.207	(1.025.629)	99.604	28.023.853

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NOTE 17 – INTANGIBLE ASSETS (Continued)

	1 January 2022	Currency translation differences	Additions	Disposals	Business Combination or Asset acquisition	Transfers	31 December 2022
Cost:							
Rights	2.306.860	(682.126)	946.155	(935.827)	23.275	(780.486)	877.851
Customer contracts	1.305.591	447.530	-	-	491.400	1.706.702	3.951.223
Licenses and softwares	11.474.029	135.259	3.197.029	(31.501)	53.524	364.418	15.192.758
Development investments	128.816	76.336	108.072	-	-	158.623	471.847
Mineral rights	62.726	(12.270)	-	-	-	-	50.456
Trademark	2.728.671	-	-	-	-	-	2.728.671
Bancassurance channel	3.120.187	-	-	-	-	-	3.120.187
Contractual rights	7.122.996	-	-	-	-	-	7.122.996
Agency channel	1.204.151	-	-	-	-	-	1.204.151
Other intangible assets	9.186.107	(1.028.384)	845.991	(9.797)	321.458	(1.409.077)	7.906.298
Total	38.640.134	(1.063.655)	5.097.247	(977.125)	889.657	40.180	42.626.438
Accumulated depreciation:							
Rights	(811.078)	240.408	(15.022)	2.171	-	336.863	(246.658)
Customer contracts	(41.731)	(104.960)	(168.460)	-	-	(215.111)	(530.262)
Licenses and softwares	(5.480.399)	(92.203)	(1.781.234)	31.501	-	(217.984)	(7.540.319)
Development investments	(14.494)	(36.220)	(58.430)	-	-	(73.860)	(183.004)
Mineral rights	(4.223)	(56)	(5.912)	-	-	-	(10.191)
Bancassurance channel	(103.692)	-	(207.385)	-	-	-	(311.077)
Contractual rights	(429.279)	-	(858.559)	-	-	-	(1.287.838)
Agency channel	(44.152)	-	(88.303)	-	-	-	(132.455)
Other intangible assets	(4.198.647)	162.552	(624.813)	13.399	-	186.345	(4.461.164)
Total	(11.127.695)	169.521	(3.808.118)	47.071	-	16.253	(14.702.968)
Net Book Value	27.512.439	(894.134)	1.289.129	(930.054)	889.657	56.433	27.923.470

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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NOTE 18 - RIGHT OF USE ASSETS

The movements in right of use assets for the years ended 31 December 2023 is as follows:

	1 January 2023	Additions	Disposals	Currency translation differences	Impairment	31 December 2023
Cost:						
Real estates	15.353.879	2.931.743	(711.712)	(62.214)	(34.811)	17.476.885
Fixtures	971	-	-	1.326	-	2.297
Motor vehicles	620.196	384.482	(10.796)	(60.459)	-	933.423
Other	146.662	1.080.214	-	103	-	1.226.979
Total	16.121.708	4.396.439	(722.508)	(121.244)	(34.811)	19.639.584
Accumulated Depreciation:						
Real estates	(8.005.575)	(2.225.244)	567.313	(11.843)	11.985	(9.663.364)
Fixtures	(1.506)	(753)	-	(1.891)	-	(4.150)
Motor vehicles	(314.917)	(187.698)	9.942	(4.209)	-	(496.882)
Other	(70.388)	(77.066)	-	(5.151)	-	(152.605)
Total	(8.392.386)	(2.490.761)	577.255	(23.094)	11.985	(10.317.001)
Net Book Value	7.729.322	1.905.678	(145.253)	(144.338)	(22.826)	9.322.583

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NOTE 18 - RIGHT OF USE ASSET (Continued)

The movements in right of use assets for the years ended 31 December 2022 is as follows:

	1 January 2022	Additions	Disposals	Currency translation differences	Impairment	31 December 2022
Cost:						
Real estates	13.235.947	2.442.875	(910.465)	585.522	-	15.353.879
Fixtures	1.418	13	-	(460)	-	971
Motor vehicles	374.258	220.803	(31.966)	57.101	-	620.196
Other	581.826	24.968	-	(460.132)	-	146.662
Total	14.193.449	2.688.659	(942.431)	182.031	-	16.121.708
Accumulated Depreciation:						
Real estates	(6.578.386)	(1.977.431)	638.068	(87.826)	-	(8.005.575)
Fixtures	(1.017)	(142)	-	(347)	-	(1.506)
Motor vehicles	(198.211)	(108.458)	7.259	(15.507)	-	(314.917)
Other	(136.988)	(34.362)	-	100.962	-	(70.388)
Total	(6.914.602)	(2.120.393)	645.327	(2.718)	-	(8.392.386)
Net Book Value	7.278.847	568.266	(297.104)	179.313	-	7.729.322

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NOTE 19 - GOODWILL

The movements in goodwill for the years ended 31 December 2023 and 2022 are as follows:

	2023	2022
1 January	11.214.304	10.456.673
Business combinations (Note 3)	-	1.294.478
Impairment (*)	(254.615)	-
Currency translation differences	(202.099)	(536.847)
31 December	10.757.590	11.214.304

(*)As a result of the impairment analysis on the goodwill amounts as of 31 December 2023, CarrefourSA detected and recorded an impairment of 254,615 TL (31 December 2022: None).

Goodwill Impairment Tests;

As indicated in Note 2.5.a, goodwill allocated to cash-generating units is tested for impairment annually or more frequently when there is an indication of impairment. The recoverable amount of a cash generating unit is determined by calculating the value in use or fair value less costs to sell.

As specified below in details, no impairment has been identified as of 31 December 2023 as a result of the impairment tests realised on the basis of cash generating units.

a) Carrefoursa

Goodwill is reviewed for the impairment by the management. The recoverable amount of such cash-generating units is calculated according to the value in use. These value-in-use calculations include discounted after-tax cash flow projections in TRY. The related projections are based on the long term plans including years between 2024-2028, which are approved by the management. In long-term growth plans, growth rate of 7% was taken into consideration (31 December 2022: 7%). The discount rate as of 31 December 2023, used for the calculation of value-in-use amount is 31.8% (31 December 2022: 27.5%). That discount rate used is after tax discount rate and includes specific risks of the Company.

b) Çimsa

The recoverable value of cash-generating units was determined based on value in use or fair value less cost to sell calculations. Recoverable value was determined based on fair value calculations based on discounted cash flow analyses. These calculations include cash flow projections in TL and are based on ten-year plans between January 1, 2024 and December 31, 2033. For cash flow estimation, 21.4% weighted average cost of capital and cost and sales price increases in line with macroeconomic and market assumptions were taken into account. As a result of the examination conducted as of December 31, 2023 as a result of these impairment tests, the recoverable value of goodwill was determined above the registered value and no impairment was detected.

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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NOTE 19 – GOODWILL(Continued)

c) Kordsa

The Group tests annually whether goodwill has been impaired. The recoverable amount of cash-generating units have been determined based on value-in-use calculations. These value-in-use calculations include the discounted after-tax cash flow projections, and these projections are based on USD financial budgets approved by Kordsa Management covering 5 years (2022:10 years). In 2022, the group conducted goodwill impairment tests based on 10 year projections to normalize the effects of Covid-19 and obtain healthier results. To predict the future cash flows (infinite), a terminal growth rate of 3.0%, not exceeding the estimated average growth rate of the country's economy is used.

To calculate the recoverable amount of the unit, the weighted average cost of capital rate is used as the after-tax discount rate between 9.6% - 9.8% and 8.5% - 8.7% for calculations going to infinity.

As at 31 December 2023, the Group did not determine any impairment in the amount of the goodwill as a result of the impairment test performed by using the aforementioned assumption

NOTE 20 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
Other short-term provisions		
Insurance technical provisions	32.055.401	25.196.069
Provision for liabilities	1.592.757	1.593.047
<i>Credit bonus provision</i>	399.532	342.593
<i>Provisions for litigation</i>	151.360	179.497
<i>Uncompensated and not encashed non-cash loans</i>	645.396	753.150
<i>Other short-term provisions</i>	396.469	317.807
Other debt provisions	1.100.591	31.643
Total	34.748.749	26.820.759

	31 December 2023	31 December 2022
Other long-term provisions		
Insurance technical provisions	18.313.557	14.131.004
Provision for liabilities	1.993.517	1.613.189
<i>Provisions for litigation</i>	724.228	823.905
<i>Other long-term provisions</i>	1.269.289	789.284
Total	20.307.074	15.744.193

	31 December 2023	31 December 2022
Commitments - other companies		
Letters of guarantees given	6.395.022	4.915.299
Letters of credits	659.976	1.089.226
Other guarantees	4.449.243	2.156.682
Total	11.504.241	8.161.207

	31 December 2023	31 December 2022
Commitments - banking segment		
Letters of guarantees given	177.845.155	155.852.409
Letters of credits	26.933.615	34.471.147
Acceptance credits	745.358	321.486
Other guarantees	25.781.965	34.421.812
Total	231.306.093	225.066.854

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 20 - 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 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Repurchase commitments	94.084.150	92.543.246
Transactions for held for trading		
	31 December 2023	31 December 2022
Foreign currency purchases	66.206.762	76.166.459
Foreign currency sales	62.429.401	73.043.413
Total	128.636.163	149.209.872
	31 December 2023	31 December 2022
Currency swap purchases	315.379.307	424.421.283
Currency swap sales	358.543.435	472.112.739
Interest swap purchases	190.471.942	217.360.242
Interest swap sales	190.471.942	217.360.242
Total	1.054.866.626	1.331.254.506
	31 December 2023	31 December 2022
Spot purchases	16.278.488	6.479.128
Spot sales	16.087.005	6.110.996
Total	32.365.493	12.590.124
	31 December 2023	31 December 2022
Currency, interest and securities options purchases	53.007.578	58.165.339
Currency, interest and securities options sales	53.778.916	58.093.708
Total	106.786.494	116.259.047
	31 December 2023	31 December 2022
Future purchases	13.574.275	29.142.278
Future sales	13.404.866	28.545.726
Total	26.979.141	57.688.004
	31 December 2023	31 December 2022
Other purchase transactions	77.687.368	95.529.004
Other sales transactions	27.305.990	35.480.799
Total	104.993.358	131.009.803

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(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 20 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Derivative transactions for hedging:

	31 December 2023	31 December 2022
Interest swap purchases	119.342.834	127.931.761
Interest swap sales	119.342.834	127.931.761
Total	238.685.668	255.863.522
	31 December 2023	31 December 2022
Currency swap purchases	33.894.080	39.324.619
Currency swap sales	8.419.506	13.021.440
Total	42.313.586	52.346.059

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2023 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	104.571.203	73.273.952	177.845.155
Letters of credits	21.996.734	4.936.881	26.933.615
Acceptance credits	745.358	-	745.358
Other guarantees	6.694.383	19.087.582	25.781.965
Total	134.007.678	97.298.415	231.306.093

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2022 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	78.258.382	77.594.027	155.852.409
Letters of credits	27.989.316	6.481.831	34.471.147
Acceptance credits	321.486	-	321.486
Other guarantees	16.406.487	18.015.325	34.421.812
Total	122.975.671	102.091.183	225.066.854

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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NOTE 20 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The economic sector risk concentrations of the commitments of the Banking segment at 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Construction	44.754.775	43.985.638
Wholesale	44.844.653	39.393.919
Other manufacturing	21.172.943	26.635.680
Financial institutions	25.782.884	24.188.258
Small-scale retailers	18.481.597	17.347.709
Steel and mining	15.560.298	13.651.484
Textile	8.536.806	7.845.745
Transportation	4.728.844	7.371.575
Electricity, gas and water	7.560.040	7.314.979
Food and beverage	6.586.044	5.794.760
Automotive	7.227.567	4.382.445
Chemicals	4.790.183	3.695.804
Agriculture and forestry	1.457.427	3.527.901
Tourism	2.287.915	2.448.617
Telecommunications	1.353.357	1.261.176
Electronics	413.228	736.467
Other	15.767.532	15.484.697
Total	231.306.093	225.066.854

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 21 – COMMITMENTS

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries at 31 December 2023 is as follows:

	31 December 2023				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	2.797.105	990.077	42.711	8.810	262.718
B, Collaterals given on behalf of fully consolidated companies	10.938.190	3.834.874	211.961	22.177	141.161
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	231.325.027	134.766.883	1.574.741	1.428.716	3.661.748
D, Total amount of other Collaterals	--	--	--	--	--
i, Given on behalf of majority shareholder	--	--	--	--	--
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Collaterals	245.060.322	139.591.834	1.829.413	1.459.703	4.065.627
A, Total amount of the mortgages given for its own legal entity	--	--	--	--	--
B, Mortgages given on behalf of fully consolidated companies	--	--	--	--	--
C, Mortgages given on behalf of third parties' debt for continuation of their economic activities	--	--	--	--	--
D, Total amount of other Mortgages	--	--	--	--	--
i, Given on behalf of majority shareholder	--	--	--	--	--
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Mortgages	--	--	--	--	--
A, Total amount of the pledges given for its own legal entity	--	--	--	--	--
B, Pledges given on behalf of fully consolidated companies	--	--	--	--	--
C, Pledges given on behalf of third parties' debt for continuation of their economic activities	--	--	--	--	--
D, Total amount of other Pledges	--	--	--	--	--
i, Given on behalf of majority shareholder	--	--	--	--	--
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Pledges	--	--	--	--	--

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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NOTE 21 – COMMITMENTS (Continued)

Collaterals, pledges and mortgages (“CPM”) given by the Joint Ventures at 31 December 2023 is as follows

	31 December 2023				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	93.815	55.514	--	1.176	--
B, Collaterals given on behalf of fully consolidated companies	7.368.376	6.887.679	15.865	419	--
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	--	--	--	--	--
D, Total amount of other Collaterals	--	--	--	--	--
i, Given on behalf of majority shareholder	--	--	--	--	--
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Collaterals	7.462.191	6.943.193	15.865	1.595	--
A, Total amount of the mortgages given for its own legal entity	--	--	--	--	--
B, Mortgages given on behalf of fully consolidated companies	--	--	--	--	--
C, Mortgages given on behalf of third parties' debt for continuation of their economic activities	--	--	--	--	--
D, Total amount of other Mortgages	--	--	--	--	--
i, Given on behalf of majority shareholder	--	--	--	--	--
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Mortgages	--	--	--	--	--
A, Total amount of the pledges given for its own legal entity	--	--	--	--	--
B, Pledges given on behalf of fully consolidated companies	--	--	--	--	--
C, Pledges given on behalf of third parties' debt for continuation of their economic activities	--	--	--	--	--
D, Total amount of other Pledges	--	--	--	--	--
i, Given on behalf of majority shareholder	--	--	--	--	--
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Pledges	--	--	--	--	--

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(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 21 – COMMITMENTS (Continued)

Collaterals, pledges and mortgages (“CPM”) given by the Subsidiaries at 31 December 2022 is as follows:

	31 December 2022				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	5.964.592	3.814.479	81.839	28.282	295.305
B, Collaterals given on behalf of fully consolidated companies	9.917.431	3.343.575	280.824	98.348	186.613
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	225.080.312	108.811.284	3.409.444	3.105.757	5.515.606
D, Total amount of other Collaterals	--	--	--	--	--
i, Given on behalf of majority shareholder	--	--	--	--	--
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Collaterals	240.962.335	115.969.338	3.772.107	3.232.387	5.997.524
A, Total amount of the mortgages given for its own legal entity	--	--	--	--	--
B, Mortgages given on behalf of fully consolidated companies	--	--	--	--	--
C, Mortgages given on behalf of third parties' debt for continuation of their economic activities	--	--	--	--	--
D, Total amount of other Mortgages	--	--	--	--	--
i, Given on behalf of majority shareholder	--	--	--	--	--
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Mortgages	--	--	--	--	--
A, Total amount of the pledges given for its own legal entity	--	--	--	--	--
B, Pledges given on behalf of fully consolidated companies	--	--	--	--	--
C, Pledges given on behalf of third parties' debt for continuation of their economic activities	--	--	--	--	--
D, Total amount of other Pledges	--	--	--	--	--
i, Given on behalf of majority shareholder	--	--	--	--	--
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Pledges	--	--	--	--	--

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NOTE 21 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries at 31 December 2022 is as follows

	31 December 2022				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	933.269	316.995	31.810	4.967	--
B, Collaterals given on behalf of fully consolidated companies	3.844.456	3.063.481	46.052	787	--
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	--	--	--	--	--
D, Total amount of other Collaterals	--	--	--	--	--
i, Given on behalf of majority shareholder	--	--	--	--	--
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Collaterals	4.777.725	3.380.476	77.862	5.754	--
A, Total amount of the mortgages given for its own legal entity	--	--	--	--	--
B, Mortgages given on behalf of fully consolidated companies	--	--	--	--	--
C, Mortgages given on behalf of third parties' debt for continuation of their economic activities	--	--	--	--	--
D, Total amount of other Mortgages	--	--	--	--	--
i, Given on behalf of majority shareholder	--	--	--	--	--
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Mortgages	--	--	--	--	--
A, Total amount of the pledges given for its own legal entity	--	--	--	--	--
B, Pledges given on behalf of fully consolidated companies	--	--	--	--	--
C, Pledges given on behalf of third parties' debt for continuation of their economic activities	--	--	--	--	--
D, Total amount of other Pledges	--	--	--	--	--
i, Given on behalf of majority shareholder	--	--	--	--	--
ii, Given on behalf of other group companies which are not in the scope of B and C	--	--	--	--	--
iii, Given on behalf of third parties which are not in scope of C	--	--	--	--	--
Total Pledges	--	--	--	--	--

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(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 22 - EMPLOYEE BENEFITS

Payables related to employee benefits:	31 December 2023	31 December 2022
Due to personnel	451.550	192.868
Social security premiums payable	314.802	235.818
Other payables	45.331	1.802
Total	811.683	430.488

Short term provisions for employee benefits:	31 December 2023	31 December 2022
Unused vacation pay provision	1.166.095	920.260
Premium provision	2.994.571	1.987.240
Other	83.535	22.649
Total	4.244.201	2.930.149

Long term provisions for employee benefits:	31 December 2023	31 December 2022
Provision for employment termination benefits	3.440.941	4.725.632
Pension fund	11.507	26.581
Other	1.045.849	1.540.959
Other provisions for employee benefits:	165.116	147.780
Total	4.663.413	6.440.952

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 2023, the amount payable consists of one month's salary limited to a maximum of full TRY23.489,83 (31 December 2022: full TRY25.327,92) for each year of service.

There are no agreements for pension commitments other than the legal requirement as explained above. The liability is not funded, as there is no funding requirement.

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2023, 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 %1,72 – %3,72 at the respective balance sheet date (31 December 2022: -%0,5 - %1). Severance pay ceiling is revised semi-annually and severance pay ceiling in the provision for employment termination benefits calculations of the Group has been considered amounted by full TRY35.058,58 which is effective on 1 January 2024.

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NOTE 22 - EMPLOYEE BENEFITS (Continued)

Provision for retirement pay liability (Continued):

Movements in the provision for employment termination benefits for the years ended 31 December 2023 and 2022 are as follows:

	2023	2022
1 January	4.725.632	2.633.203
Charge for the period	1.023.940	694.997
Business combinations	-	4.762
Payments	(1.074.594)	(211.172)
Interest cost	66.049	45.106
Foreign currency translation adjustments	(261.055)	91.734
Actuarial (loss)/gain	849.631	2.511.143
Effect of inflation	(1.888.662)	(1.044.141)
31 December	3.440.941	4.725.632

NOTE 23 - OTHER ASSETS AND LIABILITIES

Other Current Assets	31 December 2023	31 December 2022
Cheques in clearance	738.882	2.448.276
Deductible, deferred and other VAT	1.011.235	1.039.705
Other current assets	18.218.101	13.773.558
Total	19.968.218	17.261.539

Other Non-Current Assets	31 December 2023	31 December 2022
Long-term tax receivables and other legal receivables	45.520	-
Other non-current assets	729.187	579.348
Advance given	1.103.936	-
Total	1.878.643	579.348

Other Short - Term Liabilities	31 December 2023	31 December 2022
Cheques in clearance	3.990.919	4.401.852
Saving deposits insurance	543.070	432.938
Other short - term liabilities	3.141.396	2.088.154
Total	7.675.385	6.922.944

Other Long - Term Liabilities	31 December 2023	31 December 2022
Other Long - Term Liabilities	919.859	893.868
Total	919.859	893.868

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NOTE 24 - EQUITY

Hacı Ömer Sabancı Holding A.Ş. Holding's authorised and issued capital consists of 204.040.393.100 (31 December 2022: 204.040.393.100) shares of Kr1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 31 December 2023 and 2022 is as follows:

Shareholders:	Share (%)	31 December 2023	Share (%)	31 December 2022
Sakıp Sabancı Holding A.Ş.	14,07	287.100	14,07	287.100
Serra Sabancı	7,22	147.371	7,22	147.371
Suzan Sabancı Dinçer	6,94	141.567	6,94	141.567
Çiğdem Sabancı Bilen	6,94	141.567	6,94	141.567
Diğer	64,83	1.322.799	64,83	1.322.799
Share capital	100,00	2.040.404	100,00	2.040.404
Adjustment to share capital(*)		85.021.168		85.021.168
Total share capital		87.061.572		87.061.572
Share buyback (-)		(4.850)		(37.066)
Share premium		353.885		353.885

(*)Adjustment to share capital includes the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with TAS 29 and fair value differences of share issues within the context of acquisitions and mergers.

Repurchased Shares

The Board of Directors of Sabancı Holding have adopted the resolutions in its meeting dated November 9, 2021, for the purposes of supporting price performance of SAHOL shares in the equity market, and hence reducing the net asset value discount by bringing SAHOL shares closer to its fair value, and providing shareholders with a more attractive long-term investment opportunity. Shares buy-back shall be initiated pursuant to the Capital Markets Board's Communiqué on Share Buy-Back No. II-22.1 and the related announcements dated July 21, 2016 and July 25, 2016. Within the scope of the relevant decision, considering the matching orders as of December 31, 2023, shares with a total nominal value of 4,850 TL (31 December 2022: 37,066 TL), corresponding to 0.24% of the company capital, were taken back.

As of the date of the report, the repurchased shares have not been sold. Information related to share repurchases carried out after the balance date can be found in the note concerning Events After the Balance Date (Note 40).

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The Company reserves 5% of the historical statutory profit as first legal reserve, until the total reserve reaches 20% of the historical paid in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 24 - EQUITY (Continued)

The details of restricted reserves mentioned above are as follows:

	31 December 2023	31 December 2022
Reserves for treasury shares(*)	316.694	1.697.299
Legal reserves	10.502.146	8.840.900
Total	10.818.840	10.538.199

(*) As per TCC and CMB regulations, a legal reserve equivalent to acquisition value is allocated for treasury shares. Accordingly, under the limited reserve allocated from profits in the consolidated financial statements as of 31 December 2023, a legal reserve in the amount of TRY316.694 thousand (31 December 2022: TRY1.697.299) was allocated for repurchased shares.

Dividend Distribution

Listed companies processes their profit distributions according to the II-19.1 numbered CMB profit distribution declaration become effective on or after 1 February 2014.

Group companies distribute their profits within the frame of profit distribution policies determined by general assembly and according to the related declaration by the approval of general assembly. Within the mentioned declaration, minimum rate of distribution is not determined. Companies distribute their profits according to the predetermined terms in their articles of incorporation or profit distribution policies.

Equity	PPI indexed statutory adjustment	CPI indexed statutory adjustment	Adjustment in Retained earning balances
Adjustment to share capital	132.501.317	85.021.168	47.480.149
Share premium	522.938	331.648	191.290
Legal reserves	16.164.806	10.816.124	5.348.682

Retained earnings recognised in the consolidated balance sheet prepared in accordance with TFRS within the scope of the transition to TAS 29 amounted to TL40.956.482 as of 1 January 2022 and the amount calculated on purchasing power basis amounted to TL89.924.409 as of 31 December 2023.

NOTE 25 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

1 January - 31 December 2023

Nile Kordsa Company for Industrial Fabrics S.A.E., a subsidiary of Kordsa, which is a subsidiary of the Group, had a net loss amounting to TRY2.448 as of 31 December 2023 (31 December 2022: TRY 3.981 net loss). On 31 December 2023 and 31 December 2022, operating results of this company reclassified as income/expense from the discontinued operations in the consolidated financial statements.

Liabilities Held For Sale is recognised of 31 December 2023 TRY 29.566 (31 December 2022: TRY 22.888) for Nile Kordsa Company for Industrial Fabric

The amount recognised by Akbank under "Assets Held For Sale" is TRY 676.740 as of 31 December 2023 (31 December 2022: TRY 1.196.772).

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NOTE 25 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

Information on other assets held for sale:

	31 December 2023	31 December 2022
Beginning, net book value	1.173.884	2.236.734
Acquired	95.045	1.061.645
Disposed of (-), net	(621.220)	(2.124.205)
Impairment (-)	(535)	(290)
Closing, net book value	647.174	1.173.884

NOTE 26 - REVENUE AND COST OF SALES

Non-finance sector

	1 January 31 December 2023	1 January 31 December 2022
Domestic sales	123.986.139	108.086.370
Foreign sales	17.336.850	19.720.005
Less: Discounts	(4.313.832)	(4.213.256)
Total	137.009.157	123.593.119

	1 January 31 December 2023	1 January 31 December 2022
Cost of raw materials and merchandises	(98.444.871)	(86.524.658)
Change in finished good, work in progress and merchandises	(758.184)	(578.689)
Personnel expenses	(3.291.783)	(2.968.663)
Depreciation and amortisation	(1.817.828)	(1.857.046)
Other	(11.618.502)	(13.459.430)
Total	(115.931.168)	(105.388.486)

Finance sector

	1 January 31 December 2023	1 January 31 December 2022
Interest income	302.242.073	252.666.546
Insurance premiums	42.990.050	32.504.903
Commission income	48.524.466	27.108.698
Total	393.756.589	312.280.147

	1 January 31 December 2023	1 January 31 December 2022
Interest expenses	(173.848.674)	(84.649.248)
Insurance premiums	(44.561.821)	(34.278.798)
Commission expenses	(10.550.700)	(7.448.296)
Total	(228.961.195)	(126.376.342)

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NOTE 27 - EXPENSES BY NATURE

Research and development expenses

Allocation of research and development expenses on nature basis for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses	(134.047)	(94.627)
Consultancy expenses	(12.572)	(8.925)
Depreciation and amortization expenses	(14.098)	(6.057)
Repair and maintenance expenses	(6.883)	(803)
Other	(102.362)	(70.506)
Total	(269.962)	(180.918)

Marketing expenses

Allocation of marketing, selling and distribution expenses on nature basis for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses	(6.187.026)	(4.430.831)
Depreciation and amortization expenses	(2.628.602)	(2.266.390)
Rent expenses	(1.593.753)	(1.141.667)
Energy expenses	(966.986)	(917.089)
Advertisement expenses	(911.603)	(625.107)
Transportation, logistic and distribution expenses	(853.591)	(1.198.651)
Maintenance and repair expenses	(202.101)	(96.190)
Consultancy expenses	(198.368)	(185.401)
Outsourced services	(280.901)	(189.898)
Insurance expenses	(46.016)	(19.999)
Material expenses	(23.430)	(19.502)
Communication expenses	(4.316)	(4.251)
Other	(947.764)	(908.295)
Total	(14.844.457)	(12.003.271)

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NOTE 27 - EXPENSES BY NATURE (Continued)

General administrative expenses

Allocation of general administrative expenses on nature basis for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses	(29.057.824)	(18.668.256)
Bank promotion expenses	(14.314.356)	(8.103.375)
Depreciation and amortization expenses	(7.641.141)	(6.801.830)
Maintenance and repair expenses	(4.069.986)	(3.745.536)
Savings deposit insurance fund expenses	(2.360.783)	(1.614.190)
Consultancy expenses	(1.798.703)	(1.477.531)
Taxes, duties and fees	(1.716.843)	(1.490.841)
Advertisement expenses	(1.497.999)	(1.189.012)
Communication expenses	(1.257.614)	(819.532)
Energy expenses	(552.351)	(535.077)
Insurance expenses	(80.703)	(86.088)
Outsourced services	(101.334)	(49.782)
Other	(8.456.300)	(5.720.347)
Total	(72.905.937)	(50.301.397)

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NOTE 28 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/ INDEPENDENT AUDIT FIRMS

Information regarding the fees for the services received from the independent audit firms, in accordance with the letter of POA dated 19 August 2021 that was prepared considering the Board Decision published in the Official Gazette on 30 March 2021, is as follows:

	31 December 2023	31 December 2022
Independent audit fee for the reporting period	97.549	70.543
Fees related to tax consultancy services	5.823	15.382
Other assurance service fees	8.205	9.395
Fees for other independent non-audit services	3.211	9.461
Total	114.788	104.781

The fees above have been determined through including the independent audit and other related service fees of all Subsidiaries and Joint Ventures and the foreign currency fees of foreign subsidiaries and affiliates have been converted into TRY using the annual average rates of the relevant years.

NOTE 29 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign currency gains resulting from operations	5.978.497	4.203.274
Due date income from trade receivables	1.376.887	623.744
Other income (*)	15.636.100	12.012.928
Total	22.991.484	16.839.946

(*) Other incomes are related to insurance companies' investment income transferred to technical profit.

The details of other expenses from operating activities for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign currency losses resulting from operations	(3.877.437)	(2.772.610)
Due date expense from trade receivables	(2.928.258)	(1.654.615)
Provision expense	(364.418)	(67.261)
Other expenses	(2.918.578)	(1.308.081)
Total	(10.088.691)	(5.802.567)

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NOTE 30 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities

The details of other income from investing activities for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Income from investing activities		
Income on disposals of subsidiary(*)	-	5.809.010
Profit from sales on property, plant and equipment	16.988	2.126.847
Fair value change of financial investments(**)	800.276	1.040.795
Dividend income	115.902	217.527
Other	198.147	122.136
Total	1.131.313	9.316.315

(*) Consists of sales income of Philsa and PMSA shares

(**) It relates to financial assets at fair value through profit or loss

Expenses from investment activities

The details of other expenses from investing activities for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Expenses from investing activities		
Loss on sale of fixed assets	(17.514)	(9.193)
Fixed Asset impairment	(363.000)	(412.966)
Goodwill impairment	(254.615)	-
Other	-	(31.085)
Total	(635.129)	(453.244)

NOTE 31 - FINANCE INCOME/EXPENSES

Financial income and expenses of non-banking segments:

	1 January- 31 December 2023	1 January- 31 December 2022
Financial income		
Foreign currency gains	2.293.455	1.082.300
Interest income	893.270	997.943
Other financial income	593.124	190.201
Total	3.779.849	2.270.444

	1 January- 31 December 2023	1 January- 31 December 2022
Financial expenses		
Foreign currency losses	(1.058.312)	(855.312)
Interest expense	(3.802.553)	(3.253.512)
Other financial expenses	(2.371.456)	(1.319.625)
Total	(7.232.321)	(5.428.449)

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NOTE 32 - TAX ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
Corporate and income taxes payable	19.375.475	42.691.113
Less: prepaid taxes	(10.096.125)	(26.897.916)
Total taxes payable	9.279.350	15.793.197

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

As of 31 December 2023, the corporate tax rate has been applied as 25% (for Finance sector %30)(2022: 23%) in the financial statements.

Corporation tax is payable for the Holding after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc. and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, except from these corporations dividends subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations calculate temporary tax quarterly on their corporate income and declare it until the 10th day and pay it on the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

There is no practice in Turkey to reach an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the relevant tax office until the evening of the 25th day of the fourth month following the month in which the accounting period is closed. Tax inspection authorities can examine the accounting records within five years, and if an erroneous transaction is detected, the tax amounts may change due to the tax assessment to be made regarding the tax to be paid. Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

Tax amounts related to comprehensive income items in the consolidated statement of other comprehensive profit or loss for the period ended 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023			31 December 2022		
	Before Tax	Tax Charge	After Tax	Before Tax	Tax Charge	After Tax
Fair value gains/(losses) from financial assets through other comprehensive income	(20.768.024)	6.171.352	(14.596.672)	28.077.024	(7.801.725)	20.275.299
Cash flow hedges	2.597.695	(909.193)	1.688.502	5.562.677	(1.390.669)	4.172.008
Financial assets related to the hedging of net investment in a foreign operation	(14.758.754)	5.165.565	(9.593.189)	(6.351.275)	1.587.819	(4.763.456)
Currency translation differences	(220.877)	-	(220.877)	(9.936.074)	-	(9.936.074)
Actuarial (losses)/gains	(1.022.394)	306.718	(715.676)	(4.486.464)	1.121.616	(3.364.848)
Other comprehensive income	(34.172.354)	10.734.442	(23.437.912)	12.865.888	(6.482.959)	6.382.929

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NOTE 32 - TAX ASSETS AND LIABILITIES (Continued)

	31 December 2023	31 December 2022
Profit before tax included in the consolidated financial statements	47.952.859	98.536.011
Expected tax charge according to parent company's tax rate %25 (2022: %23)	(11.988.215)	(22.663.283)
Expected tax charge of the Group	(11.988.215)	(22.663.283)
Revenue that is exempt from taxation (*)	527.228	970.373
Non-deductible expenses	(177.475)	(542.870)
Not using the previous years' losses for which the previous years deferred tax was calculated/which are expired	34.316	105.626
Impact of profits from investments valued by equity method	3.416.978	4.107.045
Effect of timing differences that will not be subject to tax	5.340.198	244.967
Monetary gain/(loss) (**)	(21.961.493)	(17.984.162)
Other	(3.294.965)	(1.501.358)
Current year tax charge of the Group	(28.103.428)	(37.263.662)

(*) It includes foreign currency protected deposit and subsidiary sale profit exclusions.

(**) It also includes the effect of the adjustments made regarding inflation accounting within the scope of the Tax Procedure Law communiqué dated 30 December 2023 and numbered 32415.

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NOTE 32 - TAX ASSETS AND LIABILITIES (Continued)

Tax Advantages Obtained Under the Investment Incentive System:

The Group's earnings from investments subject to incentive certificates are subject to corporate tax at reduced rates from the accounting period in which the investment starts to be operated partially or completely until the investment contribution amount is reached. In this context, there is no tax advantage that the Group will benefit from the companies included in full consolidation in the foreseeable future as of 31 December 2023.

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 25% in Turkey.

Since the subsidiaries and joint ventures which are separately taxpayers presented their deferred tax assets and liabilities as net values in their financial statements, the effect of the presentation of the net amounts has been reflected to the Group's consolidated balance sheet. Temporary differences and deferred tax assets and liabilities presented in the table below are based on the gross values.

As of the period ending on 31 December 2023, provisional tax of 25% (2022: 23%) is calculated and paid on quarterly earnings in accordance with the tax legislation, and the amounts paid in this way are deducted from the tax calculated on the annual income.

The Group has no previous year loss which was not used to calculate deferred tax assets. At 31 December 2023, the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TRY 1.115.588 which can be offset against future taxable profits for a period of five years (31 December 2022: TRY 886.777). As of 31 December 2023 and 31 December 2022 carry forward tax losses and the latest annual periods are as follows:

	31 December 2023	31 December 2022
2023	-	189.532
2024	182.259	255.293
2025	154.997	354.615
2026	213.633	87.237
2027	564.699	-
Total	1.115.588	866.777

Deferred tax assets/(liabilities) for the years ended at 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Deferred tax assets	1.667.274	177.323
Deferred tax liabilities	(7.943.942)	(8.565.427)
Net Deferred Tax Assets/(Liabilities)	(6.276.668)	(8.388.104)

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 32 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax(Continued)

The movements in deferred income tax assets/(liabilities) for the six-month periods ended 31 December 2023 and 2022 are as follows:

	2023	2022
1 January	(8.388.104)	(7.351.949)
Charged to equity	10.734.442	(6.482.959)
Business Combination	-	(105.671)
Change in foreign currency translation differences	104.947	125.024
Charged to statement of profit or loss	(8.727.953)	5.427.451
31 December	(6.276.668)	(8.388.104)

The deferred tax assets and liabilities calculated using the accumulated temporary differences and the applicable tax rates are as follows:

	Total temporary differences		Deferred tax assets/(liabilities)	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Tangible and intangible assets	15.064.225	25.152.832	(4.562.082)	(8.007.358)
Inventories	728.177	(414.934)	(182.044)	15.627
Expected credit losses for loans	(20.669.361)	(18.480.728)	6.191.027	4.633.021
Provision for severance pay	(3.440.941)	(4.712.932)	1.345.977	1.116.748
Litigation provisions	(63.101)	(76.244)	16.961	18.145
Carry forward tax losses	(3.146.671)	(2.016.003)	786.668	451.559
Investment incentives	(1.333.095)	(482.912)	350.248	90.667
Doubtful receivables provisions	(63.086)	(140.606)	18.319	31.008
Derivative instruments	43.689.172	43.497.907	(13.108.803)	(10.872.455)
Financial lease liabilities	(2.333.457)	(2.425.865)	583.870	491.134
Securities valuation differences	(7.770.027)	(13.996.685)	2.327.699	3.502.892
Fair value differences of financial assets and	(1.894.435)	(1.716.909)	396.461	394.889
Geographical region risk provision	2.719.777	3.200.612	(744.539)	(876.167)
Other temporary differences	(1.264.875)	(2.705.161)	303.570	622.187
Deferred tax assets/liabilities (net)			(6.276.668)	(8.388.104)

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NOTE 33 - DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2023	Fair Value	
	Asset	Liability
Derivative instruments held for trading:		
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales transactions	23.039.183	11.444.985
Forward currency purchases and sales transactions	2.122.806	1.886.784
Currency purchases and sales options	1.219.068	794.387
Other purchases and sales transactions	6.283.280	-
Total derivative instruments held for trading	32.664.337	14.126.156
Derivative instruments held for hedging:		
Currency and interest rate swaps purchases and sales transactions	34.116.324	915.667
Forward currency purchases and sales transactions	22.223	-
Total derivative instruments held for hedging	34.138.547	915.667
Total derivative instruments	66.802.884	15.041.823

31 December 2022	Fair Value	
	Asset	Liability
Derivative instruments held for trading:		
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales transactions	25.665.089	22.776.191
Forward currency purchases and sales transactions	3.749.536	780.189
Currency purchases and sales options	1.205.900	449.617
Other purchases and sales transactions	9.465.563	-
Total derivative instruments held for trading	40.086.088	24.005.997
Derivative instruments held for hedging:		
Currency and interest rate swaps purchases and sales transactions	40.402.144	886.342
Forward currency purchases and sales transactions	10.571	-
Currency purchases and sales options	43.111	-
Total derivative instruments held for hedging	40.455.826	886.342
Total derivative instruments	80.541.914	24.892.339

Akbank hedge against cash flow risk through the use of interest rate swaps against the cash flow risk arising from its financial debts.

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NOTE 33 – DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Banking

The presentation of banking derivative instruments according to their contractual maturities is as follows:

	31 December 2023	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 years
Derivative financial assets held for trading						
Exchange rate derivatives:						
- Addition	220.041.535	139.770.674	80.080.348	31.026.781	6.783.685	
- Disposal	(236.603.107)	(164.035.457)	(78.695.043)	(28.672.436)	(6.251.724)	
Interest rate derivatives:						
- Addition	585.810	5.665.972	16.593.538	18.289.996	1.433.837	
- Disposal	(516.431)	(5.960.044)	(16.112.086)	(17.967.812)	(1.746.677)	
Hedging assets						
Exchange rate derivatives:						
- Addition	1.694	544.626	2.409.166	29.996.315	9.124.683	
- Disposal	(421)	(263.442)	(617.594)	(6.341.777)	(4.805.808)	
Interest rate derivatives:						
- Addition	1.156.263	2.679.402	6.082.197	7.530.232	1.359.143	
- Disposal	(1.039.194)	(2.388.669)	(3.277.768)	(5.012.452)	(1.122.043)	
Total Cash Inflow	221.785.302	148.660.674	105.165.249	86.843.324	18.701.348	
Total Cash Outflow	(238.159.153)	(172.647.612)	(98.702.491)	(57.994.477)	(13.926.252)	

	31 December 2022	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 years
Derivative financial assets held for trading						
Exchange rate derivatives:						
- Addition	311.447.563	187.680.105	98.357.113	38.143.435	10.402.477	
- Disposal	(328.503.320)	(213.817.593)	(100.576.286)	(36.767.047)	(9.602.595)	
Interest rate derivatives:						
- Addition	1.174.067	1.595.443	9.285.616	14.643.902	2.361.517	
- Disposal	(935.001)	(1.584.808)	(7.207.108)	(13.094.321)	(2.075.140)	
Hedging assets						
Exchange rate derivatives:						
- Addition	1.557.738	499.282	3.919.969	9.853.692	33.929.076	
- Disposal	(521.020)	(405.941)	(1.477.246)	(5.212.325)	(12.090.698)	
Interest rate derivatives:						
- Addition	697.670	1.713.799	6.785.001	14.473.865	2.699.723	
- Disposal	(679.267)	(1.302.709)	(3.653.917)	(8.520.390)	(2.449.548)	
Total Cash Inflow	314.877.038	191.488.629	118.347.699	77.114.894	49.392.793	
Total Cash Outflow	(330.638.608)	(217.111.051)	(112.914.557)	(63.594.083)	(26.217.981)	

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NOTE 34 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

Banking and Financial Services

Loans and advances to customers	31 December 2023	31 December 2022
Consumer loans and credit cards receivables	360.665.595	261.857.243
Project finance loans	123.768.100	140.015.709
Financial institutions	57.897.970	84.873.599
Other manufacturing industries	45.275.266	69.314.833
Construction	68.451.477	63.659.999
Small-scale enterprises	31.529.200	41.033.872
Textile	29.057.272	39.282.759
Mining	21.656.728	33.017.853
Automotive	25.787.731	24.223.591
Food and beverage, wholesale and retail	18.089.618	23.823.187
Chemicals	13.312.308	16.697.613
Telecommunication	3.655.089	3.435.038
Other	162.038.029	210.588.010
Total loans and advances to customers	961.184.383	1.011.823.306
Leasing receivables	19.702.224	19.650.155
Provision for loan losses	(32.781.488)	(36.563.735)
Receivables from insurance activities	8.181.561	5.343.478
Net loans and advances to customers	956.286.680	1.000.253.204

The above table includes the bank's live and non-performing total loans, and the loan risk reserve is separated as a result of the bank assessment considering all credit risk.

Current Period	Commercial Loans		Consumer Loans		Credit Cards		Financial Lease		Total	
	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss
31 December 2023	539.567.297	2.120.282	164.734.435	1.861.376	174.830.420	5.469.579	18.781.571	62.143	897.913.723	9.513.380
Stage 1	42.661.604	7.048.021	10.326.001	1.019.873	8.345.899	2.091.324	290.095	6.388	61.623.599	10.165.606
Stage 2	15.686.234	9.227.224	3.259.660	2.354.830	1.772.833	1.276.190	630.558	244.258	21.349.285	13.102.502
Stage 3	597.915.135	18.395.527	178.320.096	5.236.079	184.949.152	8.837.093	19.702.224	312.789	980.886.607	32.781.488

Prior Period	Commercial Loans		Consumer Loans		Credit Cards		Financial Lease		Total	
	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss
31 December 2022	668.841.746	2.126.699	151.964.529	1.501.252	95.932.157	2.386.231	18.421.528	99.405	935.159.960	6.113.587
Stage 1	56.401.655	9.246.576	6.444.623	780.363	3.882.337	887.550	612.107	116.651	67.340.722	11.031.140
Stage 2	22.954.350	14.990.128	3.297.647	2.563.687	2.104.262	1.612.266	616.520	252.927	28.972.779	19.419.008
Stage 3	748.197.751	26.363.403	161.706.799	4.845.302	101.918.756	4.886.047	19.650.155	468.983	1.031.473.461	36.563.735

Effective interest rates of loans and advances to customers in US Dollars, Euros and Turkish Lira are annually 9,03% (31 December 2022: 8,82%), 7,19% (31 December 2022: 5,85%) and 33,98% (31 December 2022: 20,50%).

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NOTE 34 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

As of 31 December 2023, the movement table of credit risk provision of banking industry segment is as follows:

	Stage 1	Stage 2	Stage 3
Opening (31 December 2022)	6.113.587	11.031.141	19.419.007
Monetary gain/(loss)	(2.403.278)	(4.336.391)	(7.633.698)
Additions (*)	4.171.577	639.620	3.118.911
Disposals (**)	(787.004)	(481.783)	(1.093.561)
Foreign exchange rate effect	306.778	2.646.590	-
Stage 1 and Stage 2 Movements			
Loans classified under Stage 1 in two periods (Model effect)	895.506	-	-
Loans classified under Stage 1 in two periods (Change in balance effect)	1.260.051	-	-
Transfers from Stage 1 to Stage 2 in two periods (Staging and balance change effect)	(157.440)	1.802.938	-
Loans classified under Stage 2 in two periods (Model effect)	-	(42.568)	-
Loans classified under Stage 2 in two periods (Change in balance effect)	-	(386.228)	-
Transfers from Stage 2 to Stage 3 in two periods (Staging and balance change effect)	137.493	(571.137)	-
Stage 3 Movements			
Transfers from Stage 1 to Stage 3	(23.890)	-	1.624.265
Transfers from Stage 2 to Stage 3	-	(137.456)	432.416
Transfers from Stage 3 to Stage 2	-	880	(47.628)
Transfers from Stage 3 to Stage 1	-	-	(2)
Loans classified under Stage 3 in two periods (Change in balance effect)	-	-	(1.065.595)
Write-offs	-	-	(605.543)
Sold Portfolio effect	-	-	(1.046.070)
Closing (31 December 2023) (***)	9.513.380	10.165.606	13.102.502

(*) Loans which are not included in the loan portfolio as of 31 December 2022 and included in the loan portfolio and calculated provisions a of 31 December 2023.

(**) Loans which are included in the loan portfolio and calculated provisions as of 31 December 2022 but which are not included in the loan portfolio as of 31 December 2023

(***) In the calculations the transitions between the records in both periods have been considered by making additions and disposals.

As of 31 December 2023, the movement table of credit risk provision of banking industry segment by asset classes is as follows:

	Corporate	Consumer	Leasing receivables	Total
1 January 2023	26.363.403	9.731.349	468.983	36.563.735
Gross provisions	4.557.287	10.577.542	87.062	15.221.891
Collections	(1.540.026)	(1.380.247)	(58.885)	(2.979.158)
Written-off	(621.576)	(1.030.037)	-	(1.651.613)
Monetary gain/(loss)	(10.363.561)	(3.825.435)	(184.371)	(14.373.367)
31 December 2023	18.395.527	14.073.172	312.789	32.781.488

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NOTE 34 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

As of 31 December 2022, the movement table of credit risk provision of banking industry segment by asset classes is as follows:

	Corporate	Consumer	Leasing receivables	Total
1 January 2022	40.188.644	10.419.498	858.763	51.466.905
Gross provisions	26.439.617	6.289.578	330.628	33.059.823
Collections	(2.455.698)	(1.676.090)	(351.508)	(4.483.296)
Written-off	(22.085.567)	(1.225.065)	(32.933)	(23.343.565)
Monetary gain/(loss)	(15.723.593)	(4.076.572)	(335.967)	(20.136.132)
31 December 2022	26.363.403	9.731.349	468.983	36.563.735

The maturity analysis of loans and advances to customers as of 31 December 2023 and 31 December 2022 is presented below:

	31 December 2023	31 December 2022
Up to 3 months	456.772.222	381.636.183
3 to 12 months	241.018.549	280.873.027
Current	697.790.771	662.509.210
1 to 5 years	162.480.116	222.998.168
Over 5 years	68.132.008	89.752.193
Non-current	230.612.124	312.750.361
Total	928.402.895	975.259.571

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NOTE 35 - PAYABLES FROM FINANCE SECTOR OPERATIONS

Banking

	31 December 2023			31 December 2022		
	Demand	Time	Total	Demand	Time	Total
Saving deposits	231.751.942	615.301.267	847.053.209	229.850.982	521.017.399	750.868.381
Commercial deposits	149.191.647	234.946.722	384.138.369	162.685.356	224.880.318	387.565.674
Bank deposits	1.136.478	30.387.095	31.523.573	2.432.367	22.022.811	24.455.178
Funds provided from repo transactions	-	92.851.994	92.851.994	-	94.378.466	94.378.466
Other	5.245.330	9.694.050	14.939.380	4.953.818	8.182.339	13.136.157
Total	387.325.397	983.181.128	1.370.506.525	399.922.523	870.481.333	1.270.403.856

Effective interest rates of USD, EUR and TRY denominated customer deposits are %7,49 (31 December 2022: %4,81), %5,82 (31 December 2022: %2,77) and %35,38*tr (31 December 2022: %15,93).

An FX-protected deposit account product, the operation rules of which were determined by the Ministry of Treasury and Finance and the Central Bank of Turkey and which helps protect TRY deposit accounts against exchange rate change when value increases, has been launched for client use as of the current accounting report period. As of 31 December 2023, the TRY deposit amount includes TRY 228.132.000 that falls within this scope (31 December 2022: TRY 162.221.284).

As of 31 December 2023 and 2022, deposits and money market borrowings, the analysis of the remaining maturity dates in the contract are presented below:

	31 December 2023	31 December 2022
Up to 1 month	384.448.168	398.752.151
1 to 3 months	865.247.715	775.273.282
3 to 12 months	108.928.589	67.423.269
1 to 5 years	10.018.246	27.042.749
Over 5 years	1.863.807	1.912.405
Total	1.370.506.525	1.270.403.856

Financial services

	31 December 2023	31 December 2022
Payables from insurance sector operations	6.724.003	4.760.765
Total	6.724.003	4.760.765

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NOTE 36 - EARNINGS PER SHARE

Earnings per share (parent company share) stated in the consolidated profit or loss statement is determined by dividing the net period profit by the weighted average number of shares issued within the relevant period.

	31 December 2023	31 December 2022
Profit for the period	19.846.983	61.268.368
Less: Profit attributable to non-controlling interests	4.419.663	21.846.877
Net profit shares of owner of the company	15.427.320	39.421.491
Net profit shares of owner of the company from continuing operations	15.429.768	39.425.472
Weighted average number of shares with nominal value of Kr 1 each (*)	203.990.712.762	203.993.184.303
Earnings per share (Kr)	7,56	19,32
Earnings per share from continuing operations (Kr)	7,56	19,33

(*) Calculated by adjusting repurchased shares

NOTE 37 - RELATED PARTY DISCLOSURES

Related party balances

	31 December 2023	31 December 2022
Related party balances		
Receivables from finance sector activities	7.771.091	11.531.271
Trade receivables	478.875	523.643
Trade payables	279.729	854.867
Other receivables	23.853	5.109
Other payables	242.594	264.125
Receivables from finance sector activities	8.272.630	10.325.513

	31 December 2023	31 December 2022
Related party transactions		
Goods and services sales	1.248.154	1.983.607
Goods and services purchases	(2.330.353)	(3.299.238)
Interest income	1.697.045	2.417.692
Interest expense	(949.675)	(853.434)

The Group's joint ventures are recognised in the consolidated financial statements using the equity method. Accordingly, transactions between Group subsidiaries and joint ventures and balances from joint ventures may not be eliminated.

As of 31 December 2023, TRY339.104 (31 December 2022: TRY410.719) was the balance of trade receivables arising from the sales relationship between Kordsa and Brisa, and TRY44.514 (31 December 2022: TRY45.782) had arisen from the sales relationship between SabancıDX and Brisa. TRY153.231 of trade payables (31 December 2023: TRY732.007) arose from the balance related to the purchasing relationship of Çimsa with Enerjisa Üretim. The receivables and payables from finance industry operations consist of credit and deposit transactions between Akbank and the Group joint ventures and other related parties.

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NOTE 37 - RELATED PARTY DISCLOSURES (continued)

As of 31 December 2023, of transactions with related parties, TRY953.683 (31 December 2022: TRY946.156) of product and services sales arises from the sales relationship between Kordsa and Brisa, TRY109.462 (31 December 2022: TRY127.656) from SabancıDX and Brisa, and TRY98.026 (31 December 2022: TRY127.086) from SabancıDX and Enerjisa Enerji. TRY1.688.344 of goods and services purchases (31 December 2022: TRY2.171.546) arises from Çimsa's purchasing relationship with Enerjisa, and TRY687.049 arises from Kordsa's purchasing relationship with Enerjisa Üretim (31 December 2022: TRY745.184).

Key management personnel compensation:

The Group defined its key management as board of directors, general manager, general secretary, group chiefs, head of departments and group directors.

Short term benefits include wages, bonuses, social security, health insurance, unused vacation, premium bonuses and incentive premiums. Other long term benefits include private pension system payments. Benefits resulted from discharge include severance pay and unused vacation payments for executive management who is discharged as a result of transfer or retirement.

The detailed schedule of compensation paid or payable to key management for the periods ended 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Short term benefits	258.566	242.666
Benefits resulted from discharge	4.375	5.469
Other long term benefits	2.575	2.012
Total	265.516	250.147

NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

37.1 Financial Instruments and Financial Risk Management

37.1.1 Financial risk management

The Group is exposed to a variety of financial risks due to its operations. These risks are; market risk (including exchange risk, fair value interest rate risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on minimizing the effects of the unpredictability of financial markets and their possible adverse effects on the Group's financial performance.

The Group uses financial derivative instruments in order to hedge from various risks. Financial risk management is carried out within the context of policies approved by their Board of Directors for each Subsidiary and Jointly Controlled Entity

37.1.1.1 Foreign Exchange Risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency assets and liabilities to local currency. These risks are monitored and limited by analyzing foreign currency position. The Group aims to lower foreign exchange risk arising from assets and liabilities by using swap and forward derivative instruments.

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.1 Foreign Exchange Risk (Continued)

The difference between the assets and liabilities of Akbank both denominated in foreign currency is defined as the "Net Foreign Currency ("FC") position" and is the exposure to foreign currency risk. Another dimension of the foreign exchange risk is the change in the value of the foreign currencies themselves within the net FC position (cross rate risk). The Bank keeps the amount exposed to foreign exchange risk within the limits determined by the Risk Management Committee. The Risk Management Committee monitors the general economic conditions and developments in the markets and sets new limits when necessary. These limits are set and monitored separately for the net FC position and for the cross rate risk. When necessary swap and forward contracts are used as a tool to hedge the foreign exchange risk.

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

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations as at 31 December 2023 and 31 December 2022 in terms of TRY are as follows:

	31 December 2023	31 December 2022
Assets	746.107.063	804.482.290
Liabilities	(861.794.751)	(892.471.397)
Net foreign currency balance sheet position	(115.687.688)	(87.989.107)
Net foreign currency position of off-balance sheet derivative financial instruments	149.420.676	105.716.574
Net foreign currency balance sheet and off-balance sheet position	33.732.988	17.727.467

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2023	Total TRY Equivalent	TRY	USD TRY Equivalent	EUR TRY Equivalent	GBP TRY Equivalent	Other TRY Equivalent
Assets:						
Cash and cash equivalents	98.850.308	47.922	61.876.353	28.034.346	3.386.620	5.505.067
Financial investments	145.958.283	202.447	131.568.576	10.777.395	8	3.409.857
Receivables from financial operations	312.598.892	-	138.629.255	173.883.073	59.181	27.383
Reserve deposits at central banks	155.970.274	-	98.418.056	41.728.889	-	15.823.329
Trade receivables	4.054.371	-	1.543.910	1.849.062	5.050	656.349
Other assets	28.674.935	23.865	21.260.001	5.194.405	376	2.196.288
Total assets	746.107.063	274.234	453.296.151	261.467.170	3.451.235	27.618.273
Liabilities						
Funds borrowed and debt						
securities in issue	174.117.330	1.646.920	134.840.856	31.112.993	6.482.288	34.273
Customer deposit	617.895.893	-	358.288.559	181.378.375	8.789.041	69.439.918
Trade payables	9.251.407	281.490	5.760.728	3.122.105	13.300	73.784
Other payables and provisions	60.530.121	-	53.224.062	7.046.607	15.925	243.527
Total liabilities	861.794.751	1.928.410	552.114.205	222.660.080	15.300.554	69.791.502
Net assets/(liabilities) foreign currency position of						
off-balance sheet derivative financial instruments	149.420.676	-	125.420.371	(32.367.142)	11.842.629	44.524.818
Monetary items net assets/(liabilities)						
foreign currency position	33.732.988	(1.654.176)	26.602.317	6.439.948	(6.690)	2.351.589

Represents balances before consolidation eliminations.

Net profit effect of the consolidated to the total net foreign currency position is TRY7.756.212 in the long term as of 31 December 2023 (Akbank excluded).

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.1 Foreign Exchange Risk (Continued)

31 December 2022	Total TRY	TRY	USD	EUR	GBP	Other
	Equivalent	TRY Equivalent	TRY Equivalent	TRY Equivalent	TRY Equivalent	TRY Equivalent
Assets:						
Cash and cash equivalents	86.200.830	472.495	47.934.590	29.640.526	675.029	7.478.190
Financial investments	175.856.135	-	160.024.939	12.163.250	-	3.667.946
Receivables from financial operations	347.522.487	-	144.287.615	203.106.804	54.457	73.611
Reserve deposits at central banks	156.758.095	-	90.947.380	60.137.388	-	5.673.327
Trade receivables	4.598.934	482.160	1.365.474	2.244.610	30.488	476.202
Other assets	33.545.809	20.476	23.937.305	7.544.666	503	2.042.859
Total assets	804.482.290	975.131	468.497.303	314.837.244	760.477	19.412.135
Liabilities						
Funds borrowed and debt						
securities in issue	186.082.463	708.526	153.178.621	32.125.996	-	69.320
Customer deposit	636.440.356	-	370.881.573	186.754.763	13.131.546	65.672.474
Trade payables	3.722.571	498.717	2.264.779	765.432	29.611	164.032
Other payables and provisions	66.226.007	-	57.528.086	7.763.799	48.980	885.142
Total liabilities	892.471.397	1.207.243	583.853.059	227.409.990	13.210.137	66.790.968
Net assets/(liabilities) foreign currency position of						
off-balance sheet derivative financial instruments	105.716.573	-	129.674.223	(84.027.641)	12.016.610	48.053.381
Monetary items net assets/(liabilities)						
foreign currency position	17.727.466	(232.112)	14.318.467	3.399.613	(433.050)	674.548

Represents balances before consolidation eliminations.

Net profit effect of the consolidated to the total net foreign currency position is TRY4.559.842 as of 31 December 2022 (Akbank and Philsa-Philip Morrissa excluded).

Previous year's TL equivalent amounts have been prepared according to 2023 purchasing power.

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

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.1 Foreign Exchange Risk (Continued)

The table below summarizes the situations in which the net foreign exchange position in the Group's balance sheet will reach with changes in the exchange rates for the Group companies that are out of the banking industry division in the years ended 31 December 2023 and 2022:

31 December 2023	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in TRY by 20%		
TRY net assets/liabilities	(264.668)	(264.668)
TRY hedge items (-)		
TRY net effect	(264.668)	(264.668)
Change in USD against TRY by 20%		
USD net assets/liabilities	1.777.417	(1.777.417)
USD hedge items (-)		
USD net effect	1.777.417	(1.777.417)
Change in EUR against TRY by 20%		
EUR net assets/liabilities	150.508	(150.508)
EUR hedge items (-)		
EUR net effect	150.508	(150.508)
Change in GBP against TRY by 20%		
GBP net assets/liabilities	3.142	(3.142)
GBP hedge items (-)		
GBP net effect	3.142	(3.142)
Change in other currency against TRY by 20%		
Other currency net assets/liabilities	114.978	(114.978)
Other hedges items(-)		
Other currency net effect	114.978	(114.978)

31 December 2022	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in TRY by 20%		
TRY net assets/liabilities	(35.746)	35.746
TRY hedge items (-)		
TRY net effect	(35.746)	35.746
Change in USD against TRY by 20%		
USD net assets/liabilities	1.652.940	(1.652.940)
USD hedge items (-)		
USD net effect	1.652.940	(1.652.940)
Change in EUR against TRY by 20%		
EUR net assets/liabilities	(122.003)	122.003
EUR hedge items (-)		
EUR net effect	(122.003)	122.003
Change in GBP against TRY by 20%		
GBP net assets/liabilities	6.873	(6.873)
GBP hedge items (-)		
GBP net effect	6.873	(6.873)
Change in other currency against TRY by 20%		
Other currency net assets/liabilities	(34.424)	34.424
Other hedges items(-)		
Other currency net effect	(34.424)	34.424

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.2 Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. In addition to the natural hedges that arise from offsetting interest rate sensitive assets and liabilities, the Group also manages this risk through derivative transactions for hedging purposes.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. During 2023 and 2022, the Group's borrowings at floating rates are denominated in TRY, USD, EUR, and GBP.

As of 31 December 2023, and 2022, the interest position table of the Group's non-banking industrial segments is as follows:

	31 December 2023	31 December 2022
Fixed interest rate financial instruments		
Financial assets	10.614.585	15.161.369
Time deposits	10.614.585	15.161.369
Financial liabilities	16.895.790	14.953.567
Floating interest rate financial instruments		
Financial liabilities	9.207.719	8.098.015

The Group created various scenarios for loans with floating interest rates, considering renewal of current positions for non-banking industrial divisions, alternative financing and hedging. According to these scenarios:

At 31 December 2023, if the annual interest rate of variable interest loans in TRY were 10% higher/lower and all other variables remained constant; current period profits before tax as a result of high interest expenses of various loans would be approximately TRY28.817 higher/lower (31 December 2022: TRY18.321).

If the annual interest rate of loans with floating interest in USD on 31 December 2023 was 1% higher/lower and all other variables stayed the same, current period profits before tax as a result of high interest expenses of various loans would be approximately TRY22.043 higher/lower (31 December 2022: TRY35.009).

At 31 December 2023, if the annual interest rate of variable interest loans in EUR were 1% higher/lower and all other variables remained constant; current period profits before tax as a result of high interest expenses of various loans would be approximately TRY30.273 higher/lower (31 December 2022: TRY29.399).

The average remaining term of the Bank's floating rate borrowings indexed to USD Libor, affected directly by the interest rate reform for Akbank, a group subsidiary, is 2-3 years, and the remaining amount is USD681.550. Foreign currency interest swap transactions were carried out to hedge against the cash flow risk of the above-mentioned borrowing, and these transactions were subject to hedge accounting. No hedge accounting transaction was terminated that fell within the scope of the stipulated exceptions.

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.3 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Group aims to maintaining flexibility in funding by keeping committed credit lines available.

i) Banking industrial segment

A major objective of Akbank's asset and liability management is to ensure that sufficient liquidity is available to meet Akbank's commitments to customers and to satisfy Akbank's own liquidity needs. The ability to fund the existing and prospective debt requirements is managed by maintaining sufficient cash and marketable securities. The primary funding sources of Akbank are equity placed in interest bearing assets, well-distributed and stable deposits and medium to long term borrowings obtained from international markets.

In spite of a substantial portion of deposits from individuals being short-term, diversification of these deposits by number and type of depositors together with the past experience of Akbank indicate that these deposits will provide a long-term and stable source of funding for Akbank.

As of 31 December 2023 and 2022 the contractual cash flows of the non-derivative financial liabilities in accordance agreement of the Group companies banking segment are as follows:

31 December 2023							
Liabilities	Book Value	Contractual cash flows	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Customer deposits	1.385.159.694	1.413.734.990	996.580.750	262.629.624	129.936.767	18.903.759	5.684.090
Funds borrowed and debt securities in issue	185.238.459	208.626.859	6.609.463	9.308.937	90.739.909	69.564.692	32.403.858
Interbank money market deposits	6.608.269	6.608.269	6.149.065	459.204	-	-	-
	1.577.006.422	1.628.970.118	1.009.339.278	272.397.765	220.676.676	88.468.451	38.087.948
31 December 2022							
Liabilities	Book Value	Contractual cash flows	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Customer deposits	1.283.686.684	1.313.624.603	1.000.782.810	196.929.983	72.563.498	37.257.435	6.090.877
Funds borrowed and debt securities in issue	203.356.638	224.505.778	1.424.263	15.459.427	73.493.267	99.288.959	34.839.862
Interbank money market deposits	8.148.715	8.148.715	6.920.785	1.227.930	-	-	-
	1.495.192.037	1.546.279.096	1.009.127.858	213.617.340	146.056.765	136.546.394	40.930.739

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.3 Liquidity Risk (Continued)

ii) Other industrial segments

The table below depicts the cash outflows the cash outflows of the Group's non-banking industrial segments for the balance sheet liabilities as of the balance sheet date. The amounts shown in the table are the contractual undiscounted cash flow amounts and the Group considers the liquidity management based on the expected undiscounted cash flows.

As of 31 December 2023, and 2022, the Group's analysis of non-derivative financial liabilities of non-banking business segments according to their contractual maturity dates as follows:

31 December 2023						
Liabilities	Book value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over 5 years
Financial liabilities	26.103.509	26.825.321	1.713.583	12.657.124	11.882.972	571.642
Financial lease liabilities	4.540.842	6.323.570	686.089	948.654	3.263.439	1.425.388
Trade payables	27.084.827	27.457.467	24.090.485	2.466.503	900.479	-
Other payables	2.402.017	2.402.017	2.111.815	257.683	19.400	13.119
	60.131.195	63.008.375	28.601.972	16.329.964	16.066.290	2.010.149

31 December 2022						
Liabilities	Book value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over 5 years
Financial liabilities	22.247.202	22.875.555	5.452.368	6.869.515	9.495.505	1.058.167
Financial lease liabilities	4.617.933	6.201.976	1.234.492	717.298	2.872.199	1.377.987
Trade payables	25.521.046	25.915.370	23.105.900	2.807.834	1.636	-
Other payables	5.473.937	5.714.516	5.508.467	135.595	70.454	-
	57.860.118	60.707.417	35.301.227	10.530.242	12.439.794	2.436.154

37.1.1.4 Credit Risk

i) Banking industrial segment

Credit risk of the banking industrial segment is the risk that the counterparties of Akbank may be unable to meet the terms of their agreements. Akbank sets credit limits to counterparties in order to limit the risk of credit risk to credit limitations and does not extend credit limits beyond these limits. Credit risks are determined for each individual customer, enterprise, business group and risk groups separately. While determining credit risk, criteria such as the customers' financial strength, commercial capacities, sectors, geographic areas, and capital structure are evaluated. Analyses of the financial position of the customers are based on the statements of account and other information in accordance with the related legislation. Previously defined credit limits are constantly revised as a result of assessing general economic developments and monitoring changes in customers' financial information and activities. Loan limits are provided on the basis of customer-specific types and amounts of guarantees.

Limits determined on the basis of products and customers are taken as a basis in credit transactions, and risk and limit information is constantly checked.

There are risk control limits established against credit risk and market risks on positions held in terms of futures and options contracts and other similar contracts.

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (Continued)

In order to meet and control the credit risks that may arise from fluctuations in foreign exchange and interest rates, futures are also carried out when necessary.

Non-cash loans transformed into cash loans are included in the same risk group as cash loans which are not collected upon maturity. Credit risk management is applied for all positions involving counterparty risk.

Rescheduled or restructured loans are followed by Akbank according to Akbank's credit risk management and follow-up principles. The financial status and business activities of the relevant customer are analysed continuously, and the related units are monitored whether principal and interest payments are made according to the renewed plan.

Within the framework of Akbank's risk management approach, it is assumed that long-term commitments are exposed to more credit risk than short-term commitments and that risk factors such as risk limits and guarantees for long-term risks are covered more broadly than short-term risks.

Akbank's banking activities in foreign countries and credit transactions do not constitute an important risk in terms of the related countries' economic conditions and activities of customers and companies.

When considered within the financial activities of other financial institutions, Akbank as an active participant in the national and international banking market is not exposed to a significant credit risk when evaluated together with the financial activities of other financial institutions.

Akbank assesses the credit quality and assigns an internal risk rating to all borrowers and other counterparties based on Advanced Internal Rating Based Approach (Advanced IRB Approach).

With the help of scoring systems created for customers with different features, the probability of counterparty default is calculated and separate rating systems are created for corporate, commercial, SME, consumer and credit card.

Akbank calculates the probability of customers falling into default through the rating systems created for different types of customers. In the table below, concentration information of loans classified using rating systems is given.

	31 December 2023	31 December 2022
Above average	35,32%	35,31%
Average	51,86%	51,58%
Below average	9,75%	9,56%
Unrated	3,06%	3,55%

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (Continued)

The maximum exposure to credit risk of the banking industrial segment is as follows:

	31 December 2023	31 December 2022
Loan and advances to banks	340.099.408	256.415.605
Loan and advances	948.105.119	994.910.104
<i>Loan and advances to corporate</i>	<i>349.076.921</i>	<i>253.697.867</i>
<i>Consumer oan and expenses</i>	<i>579.638.763</i>	<i>722.031.046</i>
<i>Financial lease receivables</i>	<i>19.389.435</i>	<i>19.181.190</i>
Financial assets at fair value through profit and loss	10.559.125	17.398.587
Derivative financial assets at fair value through profit and loss	32.634.230	40.084.199
Derivative instruments	34.071.755	40.402.144
Derivative transactions held for hedges financial assets		
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	446.412.985	444.772.967
Other assets	5.268.309	6.262.031
Total	1.817.150.931	1.800.245.637

Marketable securities of the banking industrial segment as of 31 December 2022 and 2021. Moody's rating analysis of available-for-sale financial assets and held-to-maturity financial assets is as follows

31 December 2023	Financial assets through profit or loss	Financial assets through other comprehensive income	Financial assets at amortized cost	Total
Aaa	-	81.973	-	81.973
Aa1, Aa2, Aa3	-	1.415.312	-	1.415.312
A1, A2, A3	-	1.777.267	-	1.777.267
Baa1, Baa2, Baa3	-	1.960.579	-	1.960.579
Ba1	-	-	-	-
Ba2	-	-	-	-
Ba3	-	-	-	-
B1, B2, B3	7.943.668	276.251.094	164.926.760	449.121.522
C and Below	6.037	-	-	6.037
NR	-	-	-	-
Total	7.949.705	281.486.225	164.926.760	454.362.690

31 December 2022	Financial assets through profit or loss	Financial assets through other comprehensive income	Financial assets at amortized cost	Total
Aaa	13.538	17.819.780	-	17.833.318
Aa1, Aa2, Aa3	-	730.696	-	730.696
A1, A2, A3	-	1.138.341	-	1.138.341
Baa1, Baa2, Baa3	-	2.555.893	-	2.555.893
Ba1	-	-	-	-
Ba2	-	-	-	-
Ba3	-	-	-	-
B1, B2, B3	2.825.134	260.667.121	161.647.190	425.139.445
C and Below	3.653	-	-	3.653
NR	-	213.946	-	213.946
Total	2.842.325	283.125.777	161.647.190	447.615.292

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (Continued)

The geographical distribution of the financial assets of banking industrial segment for the years ended 31 December 2023 and 2022 are summarized as follows:

31 December 2023	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	284.151.789	18.899.666	26.391.388	10.656.565	340.099.408
Loans and advances	934.786.724	255.606	10.065.385	3.027.404	948.135.119
<i>Consumer loans and advances</i>	<i>349.076.921</i>	-	-	-	<i>349.076.921</i>
<i>Corporate loans and advances</i>	<i>566.320.368</i>	<i>255.606</i>	<i>10.065.385</i>	<i>3.027.404</i>	<i>579.668.763</i>
<i>Financial lease receivables</i>	<i>19.389.435</i>	-	-	-	<i>19.389.435</i>
Financial assets at fair value through profit and loss	10.559.125	-	-	-	10.559.125
Derivative financial assets at fair value through profit and loss	15.260.411	1.999	17.354.433	17.387	32.634.230
Derivative transactions held for hedges financial assets	62.736	-	34.009.019	-	34.071.755
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	441.177.854	81.973	5.153.158	-	446.412.985
Other assets	5.268.309	-	-	-	5.268.309
Total	1.691.266.948	19.239.244	92.973.383	13.701.356	1.817.180.931

31 December 2022	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	198.553.154	15.797.605	22.150.945	19.913.901	256.415.605
Loans and advances	979.120.363	245.078	12.361.794	3.182.868	994.910.104
<i>Consumer loans and advance</i>	<i>253.697.867</i>	-	-	-	<i>253.697.867</i>
<i>Corporate loans and advances</i>	<i>706.241.306</i>	<i>245.078</i>	<i>12.361.794</i>	<i>3.182.868</i>	<i>722.031.046</i>
<i>Financial lease receivables</i>	<i>19.181.190</i>	-	-	-	<i>19.181.190</i>
Financial assets at fair value through profit and loss	17.385.049	13.538	-	-	17.398.587
Derivative financial assets at fair value through profit and loss	12.632.678	231	27.449.633	1.657	40.084.199
Derivative transactions held for hedges financial assets	73.518	-	40.326.463	2.163	40.402.144
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	422.443.047	17.904.990	4.424.930	-	444.772.967
Other assets	6.262.031	-	-	-	6.262.031
Total	1.636.469.840	33.961.442	106.713.765	23.100.589	1.800.245.637

The industrial distribution of the financial assets of banking sector for the years ended 31 December 2023 and 2022 are summarized as follows:

	Financial institutions	Public sector	Wholesale and retail	Manufacturing	Other	Other individual	Total
Loan and advances to banks	340.099.408	-	-	-	-	-	340.099.408
Loan and advances	56.777.274	36.345.065	100.176.141	279.757.816	125.971.902	349.076.921	948.105.119
<i>Loan and advances to corporate</i>	<i>56.491.413</i>	<i>36.345.065</i>	<i>99.168.688</i>	<i>268.797.615</i>	<i>118.835.982</i>	-	<i>579.638.763</i>
<i>Consumer oan and expenses</i>	-	-	-	-	-	<i>349.076.921</i>	<i>349.076.921</i>
<i>Financial lease receivables</i>	<i>285.861</i>	-	<i>1.007.453</i>	<i>10.960.201</i>	<i>7.135.920</i>	-	<i>19.389.435</i>
Financial assets at fair value through profit and loss	7.623.318	789.743	-	-	2.146.064	-	10.559.125
Derivative financial assets at fair value through profit and loss	24.034.053	-	-	-	8.402.571	197.606	32.634.230
Derivative instruments							
Derivative transactions held for hedges financial assets	34.027.817	-	-	-	43.938	-	34.071.755
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	25.425.666	387.051.118	3.334.534	27.745.842	2.855.825	-	446.412.985
Other assets	5.268.309	-	-	-	-	-	5.268.309
31 December 2023	493.255.845	424.185.926	103.510.675	307.503.658	139.420.300	349.274.527	1.817.150.931
31 December 2022	443.305.409	445.896.638	118.272.194	339.263.382	198.915.160	254.592.853	1.800.245.637

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.4 Credit Risk (Continued)

ii) Other industrial segments

Credit risk for the other than that of the banking segment arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Group's exposure to types of financial instruments of other industrial segments as of 31 December 2023 and 2022 is as follows:

31 December 2023	Trade receivables	Other receivables (*)	Bank deposits	Derivative instruments
Maximum credit risk exposure as of reporting date (A+B+C)	9.570.238	839.667	13.705.252	96.900
Collateralized or secured with guarantees part of maximum credit	-	-	-	-
A. Restructured otherwise accepted as past due and impaired	9.437.481	839.667	13.705.252	96.900
B. Past due but not impaired net book value	132.757	-	-	-
C. Net book value of impaired assets	-	-	-	-
- Past due (Gross amount)	153.941	-	-	-
- Impairment	(153.941)	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-

31 December 2022	Trade receivables	Other receivables (*)	Bank deposits	Derivative instruments
Maximum credit risk exposure as of reporting date (A+B+C)	10.862.446	1.044.025	17.200.005	55.574
Collateralized or secured with guarantees part of maximum credit	-	-	-	-
A. Restructured otherwise accepted as past due and impaired	10.857.681	1.044.025	17.200.005	55.574
B. Past due but not impaired net book value	4.765	-	-	-
C. Net book value of impaired assets	-	-	-	-
- Past due (Gross amount)	155.704	-	-	-
- Impairment	(155.704)	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-

(*) Does not include tax and other legal receivables.

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.5 Value at risk

Stress tests provide indications of the extent of the damage that may occur in unusual circumstances. The stress test conducted by the Akbank Risk Management department includes the interest rate stress test as predicted by Akbank's market risk policies. For all banking transactions except for the trading portfolio, the interest rate risk is monitored under the interest rate risk arising from banking accounts. The results of the stress test are analysed by the Asset and Liability Committee (ALCO).

Calculation and reporting of interest rate risk arising from banking accounts the monthly rate is calculated in accordance with the "Regulation on Measurement and Evaluation of Interest Rate on Banking Accounts Based on Standard Shock" published in the Official Gazette dated 23 August 2011 and numbered 28034.

As of 31 December 2023 and 2022, the fair value changes of Turkish Lira and foreign exchange after performing 500 and 200 basis points in the account balances subject to the calculation is as follows:

Currency	Applied Shock (+/- x basis points)	31 December 2023	
		Gains /Losses	Gains /Shareholders Equity- Losses /Shareholders Equity
TRY	(400)	9.061.913	3,75%
TRY	500	(9.674.850)	(4,00%)
USD	(200)	(1.063.727)	(0,44%)
USD	200	1.175.497	0,49%
EUR	(200)	(2.033.458)	(0,84%)
EUR	200	2.064.903	0,85%
Total (for negative shocks)		5.964.728	2,47%
Total (for positive shocks)		(6.434.450)	(2,66%)

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.5 Value at risk (Continued)

Akbank considers foreign exchange risk and interest rate risk as two significant factors of market risk. Market risk is measured by two method named as “inherent method” and “standard method”.

According to the “inherent method”, the market risk related to the trading portfolio is measured through the Value at Risk (VaR) approach, which takes into consideration diverse risk factors. To calculate the VaR, the Bank uses the variance-covariance, historical simulation and Monte Carlo simulation methods. The software used for this purpose is able to make calculations based on forward efficiency curves and volatility models. The VaR model is based on the assumption of a 99% confidence interval and a 10-day retention period. VaR analyses are reported daily to senior management and are also used as a risk parameter and limit management tool for the bond portfolio. The Risk Management Committee sets risk limits for market risk and closely monitors the risk limits in the light of market conditions. The risk limits are under authorization bounders and control efficiency is increased.

Var analyses are supported by scenario analyses and stress tests, which are unexpected and unlikely to occur, but take into account the effects of major events and fluctuations in the market. Retrospective testing of model outputs is regularly carried out.

According to the “standard method”, market risk is measured on securities portfolio basis in a way that includes the Group's exchange risk daily and weekly, and reported to the senior management.

37.1.2 Capital risk management

The Group manages its capital to ensure that entities in the Group’s objectives are to maintain the Group ability to operate in order maintain optimal capital structure in order to benefit other shareholders and reduce capital cost.

In order to maintain or recapitalise the capital structure, the Group will determine the dividend payable to shareholders, issue new shares and sell its assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and tax liabilities (current period and deferred income tax liabilities).

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.2 Capital risk management (Continued)

The net liability/invested capital ratios at 31 December 2023 and 2022 are as follows:

TRY	31 December 2023	31 December 2022
Total financial liabilities	217.387.465	231.467.976
Cash and cash equivalents	83.911.926	89.060.158
Net liability	133.475.539	142.407.818
Equity	385.155.296	400.606.109
Invested capital(*)	518.630.835	543.013.928
Net liability/invested capital ratio	26%	26%

(*) The capital invested consists of equity and net debt total.

37.1.3 Explanations for Hedging Transactions

At the beginning of hedging relationships, prospective operation tests are carried out. Also, prospective and retrospective operation tests are carried out at the end of each reporting period using the dollar off-set method. According to this method, the value difference between a hedged item at the beginning of the hedging relationship and the end of each report period and the value change of the hedging instrument are compared, and the efficiency ratio of the hedging relationship is calculated. To determine the fair value of the hedging instrument and the hedged item, yield curves, used to value derivative transactions, are used. The operation ratio calculated was assessed using TAS 39, and hedging accounting principles were applied.

In the scope of interest rate benchmark reform, alternative interest rates, which will be accepted and replace the currently used benchmark interests, especially Libor, will be used in 2021. In bank financial statements there are floating rate assets such as securities indexed to benchmark interest rates and loans, as well as liabilities and off-balance instruments such as issued securities, loans obtained and derivative transactions. The early application of the change related to the above-mentioned reform was possible due to September 2019 and December 2020 regulations, and a temporary exemption was granted for practices related to determining hedging accounting cash flow and ending transactions. To assess the impact of interest rate reform on financial statements and reform compliance efforts, a task group was formed. The reform changes were not applied early, and the task group is keeping abreast of the latest developments.

a) Information about net investment hedge accounting:

To hedge against the exchange rate risk arising out of the EUR787.000.000 portion (31 December 2022: EUR787.000.000) of the net investment value of Akbank AG, a subsidiary, the Group uses a net investment hedging strategy and Akbank Ventures BV’s net investment value is USD 100.000.000 for net investment hedge (31 december 2022: none). The EUR787.000.000 and USD 100.000.000 portion of the syndication loans used by the bank was defined as a hedging instrument.

b) Information about fair value hedge accounting:

In assessments carried out as of 31 December 2023, it was found the fair value hedging transactions were effective. Amounts related to transactions not subject to hedge accounting because the termination, performance or sale of hedging instruments ended hedge accounting or as the result of inefficient efficiency tests, are immaterial.

c) Information about cash flow hedging transactions:

In assessments carried out as of 31 December 2023, it was found the cash flow hedging transactions were effective. Amounts related to transactions not subject to hedge accounting because the termination, performance or sale of hedging instruments ended hedge accounting or as the result of inefficient efficiency tests, are immaterial.

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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NOTE 39 - FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The estimated fair values of financial instruments have been determined by the Holding and its Subsidiaries and Joint Ventures using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Holding and its subsidiaries and joint ventures could realise in a current market transaction.

The following methods and assumptions were used in estimating the fair value of the financial instruments for which the fair value of the Group can be determined:

Financial assets

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value.

The fair values of certain financial assets carried at cost including cash and due from banks, deposits with banks and other financial assets are considered to approximate their respective carrying values due to their short-term nature. The fair value of investment securities has been estimated based on the market prices at balance sheet dates.

The trade receivables along with the related allowances for doubtful receivables uncollectibility are carried at amortised cost using the effective yield method, and hence are accepted to approximate their fair values.

Financial liabilities

The fair value of short-term funds borrowed and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Long-term borrowings, which are principally at floating rates and denominated in foreign currencies, are translated at year-end exchange rates and accordingly their carrying amounts approximate their fair values.

Trade payables are valued at amortized cost using the effective interest method and are thus considered to approximate their fair values.

Derivative financial instruments

The fair value of forward foreign exchange contracts and currency/interest rate swaps is estimated based on quoted market rates prevailing at the balance sheet date.

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NOTE 39 - FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments (Continued)

Banking

Fair value classifications of the financial assets and liabilities of the Group carried at fair value is as stated below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (Level 3).

Fair values of the financial assets and liabilities of the Group's banking segment as of 31 December 2023 and 2022 are as follows:

31 December 2023	Level 1	Level 2	Total
Financial Assets at Fair Value Through Profit or Loss			
- Government Debt Securities	789.743	-	789.743
- Marketable Securities Representing Capital Share	3.522.124	-	3.522.124
- Other Financial Assets *	4.440.148	7.502.102	11.942.250
Financial Assets at Fair Value Through Other Comprehensive Income			
- Government Debt Securities	216.160.905	-	216.160.905
- Other Financial Assets	36.280.255	29.546.133	65.826.388
Time Deposit	1.163.570	-	1.163.570
Derivative Financial Assets at			
- Fair Value Through Other Comprehensive Income	-	29.526.735	29.526.735
- Fair Value Through Profit or Loss	-	37.276.149	37.276.149
Borrowings	-	964.007.416	964.007.416
Financial Assets measured at amortized cost (Net)			
- Government Debt Securities	168.567.281	-	168.567.281
- Other Financial Assets	1.597.828	-	1.597.828
Total Assets	432.521.854	1.067.858.535	1.500.380.389
Derivative Financial Liabilities			
- Reflected on Other Comprehensive Income	-	852.473	852.473
- Reflected on Profit or Loss	-	14.254.577	14.254.577
Financial Liabilities at Fair Value			
- Customer Deposit	-	1.179.535.926	1.179.535.926
- Interbank money market deposits, fund borrowed and debt securities in issue	-	190.734.583	190.734.583
Total Liabilities	-	1.385.377.559	1.385.377.559

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NOTE 39 - FINANCIAL INSTRUMENTS (Continued)

31 December 2022	Level 1	Level 2	Total
Financial Assets at Fair Value Through Profit or Loss			
- Government Debt Securities	891.135	101.772	992.907
- Marketable Securities Representing Capital Share	10.861.057	-	10.861.057
- Other Financial Assets *	1.112.129	4.432.496	5.544.625
Financial Assets at Fair Value Through Other Comprehensive Income			
- Government Debt Securities	235.547.548	-	235.547.548
- Securities Representing Shares in Capital	-	-	-
- Other Financial Assets	35.741.050	11.837.179	47.578.229
Time Deposit	2.854.437	-	2.854.437
Derivative Financial Assets at Fair Value Through Other Comprehensive Income			
- Fair Value Through Other Comprehensive Income	-	34.399.896	34.399.896
- Fair Value Through Profit or Loss	-	46.142.018	46.142.018
Borrowings	-	1.036.703.673	1.036.703.673
Financial Assets measured at amortized cost (Net)			
- Government Debt Securities	218.144.804	-	218.144.804
- Other Financial Assets	2.155.305	-	2.155.305
Total Assets	507.307.465	1.133.617.034	1.640.924.499
Derivative Financial Liabilities			
- Reflected on Other Comprehensive Income	-	814.765	814.765
- Reflected on Profit or Loss	-	24.077.575	24.077.575
Financial Liabilities at Fair Value			
- Customer Deposit	-	1.078.923.873	1.078.923.873
- Interbank money market deposits, fund borrowed and debt securities in issue	-	202.816.996	202.816.996
Total Liabilities	-	1.306.633.209	1.306.633.209

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Notes To The Consolidated Financial Statements For The Year Ended 31 December 2023 and 2022

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NOTE 39 - FINANCIAL INSTRUMENTS (Continued)

Classification of financial instruments and fair value

31 December 2023	Note	Amortised Cost	Loans and receivables (cash and cash equivalents included)	Financial assets through other comprehensive income	Financial liabilities measured at amortized cost	Book value	Fair value
Financial Assets							
Cash and cash equivalents	5	-	93.982.614	-	-	93.982.614	93.982.614
Trade receivables	10	-	9.570.238	-	-	9.570.238	9.570.238
Other financial asset (*)	7	179.784.774	16.985.854	290.236.651	-	487.007.279	492.269.197
Receivables from financial operations	34	-	956.286.680	-	-	956.286.680	964.007.416
Financial Liabilities							
Financial payables	8	-	-	-	211.341.968	211.341.968	211.341.968
Trade payables	10	-	-	-	27.084.827	27.084.827	27.084.828
Other financial liabilities (**)	-	-	-	-	75.916.030	75.916.030	75.916.030
Payables from financial operations	35	-	-	-	1.377.230.528	1.377.230.528	1.367.667.837

31 December 2023	Note	Amortised Cost	Loans and receivables (cash and cash equivalents included)	Financial assets through other comprehensive income	Financial liabilities measured at amortized cost	Book value	Fair value
Financial Assets							
Cash and cash equivalents	5	-	106.847.623	-	-	106.847.623	106.847.623
Trade receivables	10	-	10.862.446	-	-	10.862.446	10.862.446
Other financial asset (*)	7	174.794.914	18.171.102	290.118.301	-	483.084.317	541.737.234
Receivables from financial operations	34	-	1.000.253.204	-	-	1.000.253.204	1.036.703.673
Financial Liabilities							
Financial payables	8	-	-	-	225.603.840	225.603.840	225.603.840
Trade payables	10	-	-	-	25.521.046	25.521.046	25.521.046
Other financial liabilities (**)	-	-	-	-	84.226.607	84.226.607	84.226.607
Payables from financial operations	35	-	-	-	1.275.164.621	1.275.164.621	1.277.645.896

(*) Other financial assets consist of other receivables, available-for-sale securities, time deposits and securities held for to maturity.

(**) Other financial liabilities consist of other payables.

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NOTE 40 - EVENTS AFTER THE REPORTING PERIOD

In line with the resolution of the Board of Directors of Sabancı Holding dated May 24, 2023, the merger transaction where all of the assets and liabilities of Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (Exsa), a subsidiary of Sabancı Holding, be acquired as a whole by Sabancı Holding, has been completed upon registration of the merger on January 15, 2024.

With the registration, Exsa has been dissolved without liquidation and the merger transaction has become legally valid as of the registration date. Therefore, the financial assets of Exsa along with 50% of shares in Temsa Skoda Sabancı Ulaşım Araçları A.Ş., 100% of shares in Temsa Motorlu Araçlar Pazarlama ve Dağıtım A.Ş. and 100% of shares in Exsa Gayrimenkul Proje Geliştirme A.Ş. have been transferred to Sabancı Holding's possession.

As a result of the merger, a capital increase of TRY 59,972 nominal value has been made by Sabancı Holding, and the respective shares issued will be allocated to the other shareholders of Exsa except for Sabancı Holding upon completion of the necessary legal procedures before the Capital Markets Board.

On March 28, 2024, a project finance facilities amounting to USD 243 million has been signed by Sabancı Renewables Inc., a wholly-owned indirect subsidiary of Sabancı Holding through Sabancı İklim Teknolojileri A.Ş., with the equal participation of MUFG Bank Ltd., ING Bank LLC and NORD LB (Norddeutsche Landesbank Girozentrale) for the Oriana Solar Project, which consists of a 232 MW solar power plant investment that is expected to reach commercial operation in the second quarter of 2025.

In addition, Sabancı Renewables Inc.'s investments on 272 MW Cutlass II Solar Project, which was previously announced to be completed in the second quarter of 2024, is currently at commissioning stage. Sabancı Renewables Inc. will reach a total renewable energy portfolio of 504 MW in the USA, upon completion of both Cutlass II and Oriana Solar Projects.

As a result of a review in the organizational structure in line with our strategic priorities to focus on expanding core businesses and investing in new growth platforms; a decision has been made to restructure the Industrials and the Building Materials strategic business units as the Material Technologies and the Mobility Solutions to further strengthen our focus in material technologies and leadership in mobility solutions.

After this change, Mr. Burak Orhun, current Building Materials Group President, will be appointed as the Material Technologies Group President; while Mr. Cevdet Alemdar, current Industrials Group President, will be appointed as the Mobility Solutions Group President, both effective from April 19, 2024. Together with these appointments, Akçansa, Çimsa and Kordsa will continue their operations under the Material Technologies Group while Brisa, Temsa Ulaşım and Temsa Motorlu Araçlar will operate under the Mobility Solutions Group.

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