

HACI ÖMER SABANCI HOLDİNG A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2017**

(ORIGINALLY ISSUED IN TURKISH)

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONTENTS	PAGE
CONDENSED CONSOLIDATED BALANCE SHEETS	1-2
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS	3
CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME	4
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	5
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW	6
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	7-76
NOTE 1 ORGANISATION AND OPERATIONS OF THE GROUP	7-8
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS	9-17
NOTE 3 SEGMENT REPORTING.....	17-36
NOTE 4 FINANCIAL ASSETS	37-41
NOTE 5 FINANCIAL LIABILITIES.....	41-44
NOTE 6 OTHER RECEIVABLES AND PAYABLES.....	45
NOTE 7 INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD.....	45-47
NOTE 8 PROPERTY, PLANT AND EQUIPMENT	48-49
NOTE 9 INTANGIBLE ASSETS	50
NOTE 10 GOODWILL	51
NOTE 11 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	51-55
NOTE 12 COMMITMENTS.....	56-59
NOTE 13 OTHER ASSETS AND LIABILITIES	60
NOTE 14 EQUITY.....	60-62
NOTE 15 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS.....	62-63
NOTE 16 FINANCIAL INCOME/ EXPENSES	63
NOTE 17 TAX ASSETS AND LIABILITIES	64-67
NOTE 18 DERIVATIVE FINANCIAL INSTRUMENTS.....	68-69
NOTE 19 RECEIVABLES FROM FINANCE SECTOR OPERATIONS.....	69-71
NOTE 20 PAYABLES FROM FINANCE SECTOR OPERATIONS	71
NOTE 21 RELATED PARTY DISCLOSURES.....	72
NOTE 22 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS	72-75
NOTE 23 EVENTS AFTER THE REPORTING PERIOD.....	76

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HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEET AT 31 MARCH 2017

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

	Note References	Unaudited Current Period USD(*)	Unaudited 31 March 2017	Audited 31 December 2016
ASSETS				
Current Assets		42.625.875	155.098.515	150.779.370
Cash and Cash Equivalents		2.738.859	9.965.614	12.596.627
Financial Investments		2.090.371	7.606.024	3.835.458
- Held for Trading	4.a	18.178	66.144	63.921
- Available for Sale	4.b	1.036.497	3.771.398	3.050.872
- Held to Maturity	4.c	1.032.842	3.758.099	684.900
- Time Deposits	4.d	2.854	10.383	35.765
Trade Receivables		416.749	1.516.382	1.440.602
Receivables from Finance Sector Operations	19	25.063.375	91.195.598	87.848.505
Reserve Deposits with the Central Bank of Republic of Turkey		8.661.416	31.515.427	33.171.783
Other Receivables	6	482.904	1.757.094	1.138.432
Derivative Financial Instruments	18	2.087.307	7.594.877	7.662.697
Inventories		614.539	2.236.063	1.995.221
Prepaid Expenses		189.518	689.582	486.716
Current Tax Assets		1.227	4.463	4.678
Other Current Assets	13	269.215	979.567	576.871
		42.615.480	155.060.691	150.757.590
Assets Classified as Held for Sale	15	10.395	37.824	21.780
Non-Current Assets		44.601.489	162.286.979	157.488.469
Financial Investments		13.589.227	49.445.759	49.063.092
- Available for Sale	4.b	9.562.895	34.795.549	31.771.008
- Held to Maturity	4.c	4.026.332	14.650.210	17.292.084
Trade Receivables		33.886	123.299	110.032
Receivables from Finance Sector Operations	19	26.721.328	97.228.223	92.734.698
Other Receivables	6	245.671	893.900	884.996
Derivative Financial Instruments	18	259.957	945.881	807.874
Investments Accounted Through Equity Method	7	1.582.452	5.757.910	6.101.005
Investment Property		76.625	278.807	278.476
Property, Plant and Equipment	8	1.395.217	5.076.637	4.964.509
Intangible Assets		462.444	1.682.647	1.687.584
- Goodwill	10	278.903	1.014.815	1.014.815
- Other Intangible Assets	9	183.541	667.832	672.769
Prepaid Expenses		32.160	117.019	129.067
Deferred Tax Assets	17	175.458	638.421	635.401
Other Non-Current Assets	13	27.064	98.476	91.735
TOTAL ASSETS		87.227.364	317.385.494	308.267.839

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by CBRT at 31 March 2017, and therefore do not form part of these consolidated financial statements.

These consolidated financial statements have been approved for issue by the Board of Directors on 9 May 2017 and signed on its behalf by Mehmet Göçmen, Member of Board of Directors and CEO and Barış Oran, CFO.

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

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HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEET AT 31 MARCH 2017

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

	Note	Unaudited Current Period USD(*)	Unaudited 31 March 2017	Audited 31 December 2016
References				
LIABILITIES				
Short Term Liabilities		61.726.340	224.597.471	213.371.296
Short Term Borrowings	5	3.434.244	12.495.841	8.838.741
Current Portion of Long Term Borrowings	5	3.948.921	14.368.545	13.620.874
Trade Payables		654.328	2.380.838	2.490.488
Payables From Finance Sector Operations	20	49.889.316	181.527.267	176.618.716
Payables Related with Employee Benefits		28.942	105.310	63.177
Other Payables	6	1.444.512	5.256.003	4.725.183
Derivative Financial Instruments	18	1.358.933	4.944.615	4.617.826
Deferred Income		48.556	176.677	149.461
Income Taxes Payable	17	161.499	587.629	347.607
Short Term Provisions		162.660	591.856	699.107
- Short Term Provisions for Employee Benefits		68.497	249.233	287.751
- Other Short Term Provisions	11	94.163	342.623	411.356
Other Short Term Liabilities	13	591.031	2.150.527	1.188.398
		61.722.942	224.585.108	213.359.578
Liabilities Classified as Held for Sale		3.398	12.363	11.718
Long Term Liabilities		12.869.142	46.825.659	50.089.200
Long Term Borrowings	5	7.238.707	26.338.759	26.458.459
Trade Payables		-	-	29
Payables from Finance Sector Operations	20	5.199.522	18.918.980	22.096.811
Other Payables	6	228.751	832.333	829.968
Derivative Financial Instruments	18	26.951	98.064	98.991
Deferred Income		36.954	134.461	120.273
Long Term Provisions		91.919	334.457	327.449
- Long Term Provisions for Employee Benefits		90.731	330.135	323.210
- Other Long Term Provisions	11	1.188	4.322	4.239
Deferred Tax Liabilities	17	39.511	143.764	139.150
Other Long Term Liabilities	13	6.827	24.841	18.070
EQUITY		12.631.882	45.962.364	44.807.343
Equity Attributable To The Parent	14	6.495.308	23.633.826	23.146.297
Share Capital	14	560.766	2.040.404	2.040.404
Adjustments to Share Capital		941.780	3.426.761	3.426.761
Share Premium	14	6.111	22.237	22.237
Capital Adjustments due to Cross-ownership (-)	14	(52.347)	(190.470)	(190.470)
Other Comprehensive Income or Expense				
That will not be Reclassified to Profit or Loss		(16.145)	(58.747)	(59.814)
- Actuarial Gain / Loss		(16.145)	(58.747)	(59.814)
Other Comprehensive Income or Expense				
That will be Reclassified to Profit or Loss		(308.951)	(21.794)	(268.550)
- Currency Translation Reserve	14	(150.919)	553.221	499.438
- Gain/Losses on Hedge	14	(99.656)	(362.608)	(323.312)
- Revaluation Reserve	14	(58.376)	(212.407)	(444.676)
Restricted Reserves	14	282.284	1.027.117	929.750
Retained Earnings		4.900.540	16.718.916	14.585.848
Net Income for the Period		181.270	669.402	2.660.131
Non-controlling Interests		6.136.574	22.328.538	21.661.046
TOTAL EQUITY AND LIABILITIES		87.227.364	317.385.494	308.267.839

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

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HACI ÖMER SABANCI HOLDİNG A.Ş.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 MARCH 2017**

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

	Note References	Unaudited Current Period USD(*)	Unaudited 31 March 2017	Unaudited 31 March 2016
CONTINUING OPERATIONS				
Sales (net)	3	799.319	2.951.759	2.996.566
Cost of Sales (-)	3	(624.674)	(2.306.822)	(2.347.428)
Gross Profit from Non-Financial Operations		174.645	644.937	649.138
Interest, Premium, Commission and Other Income	3	1.664.915	6.148.268	5.317.053
Interest, Premium, Commission and Other Expense (-)	3	(855.558)	(3.159.441)	(2.902.676)
Gross Profit from Financial Operations		809.357	2.988.827	2.414.377
GROSS PROFIT		984.002	3.633.764	3.063.515
General and Administrative Expenses (-)		(338.990)	(1.251.838)	(1.226.819)
Marketing, Selling and Distribution Expenses (-)		(110.519)	(408.130)	(452.202)
Research and Development Expenses (-)		(408)	(1.508)	(1.501)
Other Income from Operating Activities		73.718	272.230	175.869
Other Expense from Operating Activities (-)		(44.379)	(163.886)	(146.946)
Share of Profit of Investments				
Accounted for using the Equity Method	7	(12.495)	(46.141)	196.702
OPERATING PROFIT		550.929	2.034.491	1.608.618
Income from Investing Activities		7.492	27.668	5.335
Expense from Investing Activities (-)		(108)	(397)	(1.725)
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		558.313	2.061.762	1.612.228
Financial Income	16	15.114	55.815	14.762
Financial Expenses (-)	16	(39.840)	(147.121)	(65.369)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS		533.587	1.970.456	1.561.621
Tax Expenses from Continuing Operations				
Current Tax Expenses		(127.440)	(470.615)	(297.541)
Deferred Tax Income	17	19.732	72.869	23.668
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		425.879	1.572.710	1.287.748
DISCONTINUED OPERATIONS				
Profit After Tax				
From Discontinued Operations	15	-	-	(3.426)
PROFIT FOR THE PERIOD		425.879	1.572.710	1.284.322
ALLOCATION OF PROFIT				
- Non-controlling Interests		244.609	903.308	643.808
- Equity Holders of the Parent		181.270	669.402	640.514
Earnings per share				
- thousands of ordinary shares (TL)		0,89	3,27	3,14
Earnings per share from continuing operations				
- thousands of ordinary shares (TL)		0,89	3,27	3,16

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**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE
INCOME FOR THE PERIOD ENDED 31 MARCH 2017**

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

	Note References	Unaudited 1 January- 31 March 2017	Unaudited 1 January - 31 March 2016
INCOME FOR THE PERIOD		1.572.710	1.284.322
Other Comprehensive Income / (Loss):			
Items that will not be Reclassified			
To Profit or Loss		547	(49)
Actuarial (losses) / gains	17	547	(49)
Items that will be Reclassified			
To Profit or Loss		651.769	402.174
Net unrealized fair value gains			
from available for sale financial assets, after tax	17	561.634	529.789
(Losses) / gains on available for sale financial assets transferred to the income statement, after tax	17	10.959	(113.636)
Net gains / (losses) included in the income statement due to transfer of available for sale financial assets into held to maturity assets, after tax	17	(3.583)	21.516
Currency translation differences	17	140.212	(6.427)
Cash flow hedges, after tax	17	(17.339)	(22.104)
Loss from the derivative financial assets related to the hedging of net investment in a foreign operation, after tax	17	(40.114)	(6.964)
OTHER COMPREHENSIVE INCOME (AFTER TAX)		652.316	402.125
TOTAL COMPREHENSIVE INCOME		2.225.026	1.686.447
ALLOCATION OF TOTAL COMPREHENSIVE INCOME			
- Non-controlling Interests		1.307.801	895.868
- Equity Holders of the Parent		917.225	790.579

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HACI ÖMER SABANCI HOLDİNG A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2017**

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

	Share capital	Adjustments to share capital	Capital adjustments due to cross-ownership	Share premium	Actuarial losses/gains	Accumulated Other Comprehensive Income or Loss That Will		Currency translation reserve	Hedge reserve	Revaluation reserve	Restricted reserves	Retained earnings	Net income for the period	Equity attributable to the parent	Non- controlling interests	Total equity
						Not Be Reclassified Profit or Loss	Be Reclassified Other Comprehensive Profit or Loss									
Balances at 1 January 2016	2.040.404	3.426.761	-	22.237	(51.102)			283.604	(175.630)	(440.301)	892.819	12.707.474	2.236.328	20.942.594	19.028.844	39.971.438
Transfers	-	-	-	-	-	-	-	-	-	-	22.934	2.213.394	(2.236.328)	-	-	-
Effect of change in the effective ownership of subsidiaries(*)	-	-	(190.470)	-	-	-	-	-	-	-	-	-	-	(190.470)	-	(190.470)
Dividends paid(**)	-	-	-	-	-	-	-	-	-	-	-	(327.715)	-	(327.715)	(469.497)	(797.212)
Total comprehensive income	-	-	-	-	(41)	(4.764)	(25.779)	180.649	-	-	-	640.514	790.579	895.868	1.686.447	
Balances at 31 March 2016	2.040.404	3.426.761	(190.470)	22.237	(51.143)			278.840	(201.409)	(259.652)	915.753	14.593.153	640.514	21.214.988	19.455.215	40.670.203
Balances at 1 January 2017	2.040.404	3.426.761	(190.470)	22.237	(59.814)			499.438	(323.312)	(444.676)	929.750	14.585.848	2.660.131	23.146.297	21.661.046	44.807.343
Transfers	-	-	-	-	-	-	-	-	-	-	97.367	2.562.764	(2.600.131)	-	-	-
Dividends(**)	-	-	-	-	-	-	-	-	-	-	-	(429.696)	-	(429.696)	(640.309)	(1.070.005)
Total comprehensive income	-	-	-	-	1.067	53.783	(39.296)	232.269	-	-	-	669.402	917.225	1.307.801	2.225.026	
Balances at 31 March 2017	2.040.404	3.426.761	(190.470)	22.237	(58.747)			553.221	(362.608)	(212.407)	1.027.117	16.718.916	669.402	23.633.826	22.328.538	45.962.364

(*) Represents Sabancı Holding shares held by Exsa A.Ş. As per the decision of Board of Directors of EXSA Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa") dated 22 December 2015, Sabancı Holding's shares listed on Borsa İstanbul have been started to be purchased. With these transactions, the share of Exsa in Sabancı Holding's capital reached at 1,17% as of 31 March 2017. These shares in consolidated equity are presented as capital adjustments due to cross ownership.

(**) Dividends paid by the Holding per share with a TL 1 nominal value is TL 0,20 (2016: 0,15 TL).

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31 MARCH 2017**

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

	Note References	Unaudited Current Period 1 January - 31 March 2017	Unaudited Prior Period 1 January - 31 March 2016
Net income before tax from continuing operations		1.970.456	1.561.621
Net (income)/expense before tax from discontinued operations		-	(3.426)
Adjustments to reconcile income before taxation			
to net cash provided by operating activities:			
Depreciation and amortisation expenses	3	156.225	141.964
Provision for loan losses	19	473.682	510.462
Changes in the fair value of derivative instruments		234.951	(247.878)
Interest income and foreign currency gains		(1.040.260)	(136.167)
Interest expense		(7.099)	29.269
Provision for employment termination benefits		24.862	35.985
Impairment reversal on property, plant and equipment, intangible assets and investment property	3	(246)	(1.934)
Income from associates and joint ventures		46.141	(196.702)
Impairment reversal of inventory impairment		(22.203)	(4.337)
Provision for doubtful receivables		222	2.217
Other		(937)	39.620
Net cash provided by operating activities before changes in operating assets and liabilities		1.835.794	1.730.694
Changes in trade receivables		(89.269)	18.615
Changes in inventories		(208.692)	(159.571)
Changes in other receivables and other current assets		(1.238.120)	(854.540)
Changes in trade payables		(109.679)	(56.588)
Changes in other liabilities and other payables		1.546.346	888.165
Net cash provided in operating activities of assets classified as held for sale		(15.399)	9.881
Currency translation differences		95.534	495
Changes in assets and liabilities in finance segment:			
Changes in securities		(2.511)	(248.863)
Changes in receivables from financial operations		(7.949.387)	(1.830.695)
Changes in payables from financial operations		1.745.788	3.384.229
Central Bank of the Republic of Turkey account		1.891.941	(6.276.513)
Income taxes paid		(348.525)	(405.395)
Employment termination benefits paid		(20.568)	(31.132)
Net cash provided by operating activities		(2.866.747)	(3.831.218)
Cash flows from investing activities:			
Capital expenditures	3	(256.385)	(263.597)
Purchase of available for sale and held to maturity financial assets		(3.159.078)	323.120
Proceeds from sale of non-current assets held for sale, property, plant and equipment and intangible assets		36.037	14.274
Dividends received		274.079	294.388
Net cash provided by investing activities		(3.141.347)	368.185
Cash flows from financing activities:			
Changes in financial liabilities		4.226.008	1.724.146
Dividends paid		(429.695)	(327.714)
Dividends paid to non-controlling interests		(640.309)	(469.497)
Net cash provided by financing activities		3.156.004	926.935
Effect of change in foreign currency rates on cash and cash equivalents		457.621	(76.925)
Net decrease in cash and cash equivalents		(2.394.469)	(2.613.023)
Cash and cash equivalents at the beginning of the period (*)		7.235.675	7.560.688
Cash and cash equivalents at the end of the period		4.841.206	4.947.665

(*) Cash and cash equivalents at the beginning of the period comprise interest accruals of TL 3.150 (31 March 2016: TL 208). Restricted cash in the banks is not included in the cash and cash equivalents (31 March 2016: None). At the beginning of the current period, restricted deposit is TL 5.356.843 and at the end of the current period, restricted deposit is TL 5.121.258 (31 March 2016: TL 3.145.036 and TL 2.806.985, respectively).

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 1 - ORGANISATION AND OPERATIONS OF THE GROUP

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 as of 31 March 2017 is 62.061 (31 December 2016: 62.312). 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 March 2017, the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 14):

	(%)
Sakıp Sabancı Holding A.Ş.	14,07
Serra Sabancı	7,21
Suzan Sabancı Dinçer	6,94
Çiğdem Sabancı Bilen	6,94
Other	64,84
	100,00

Subsidiaries

As of 31 March 2017, the nature of the business of the Subsidiaries consolidated in these consolidated financial statements and, their respective business segments are as follows:

Subsidiaries	Name of Exchange Traded	Nature of business	Business segment	Number of Employees
Akbank T.A.Ş. ("Akbank")	BİST	Banking	Banking	17.690
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefoursa")	BİST	Trade of Consumer Goods	Retail	11.476
Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	BİST	Trade	Retail	2.757
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	BİST	Cement and clinker	Cement	2.388
Kordsa Teknik Tekstil Anonim Şirketi ("Kordsa")	BİST	Tire reinforcement	Industry	3.854
Temsa Global Sanayi ve Ticaret A.Ş. ("Temsa")	-	Automotive	Industry	1.755
Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("Yünsa")	BİST	Textile	Industry	1.059
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa")	-	Trade	Other	9
Ankara Enternasyonel Otelcilik A.Ş. ("AEO")	-	Tourism	Other	2
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. ("Tursa")	-	Tourism	Other	6
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. ("Bimsa")	-	Trade of Information Technology Systems	Other	163

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

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

Joint Ventures

As of 31 March 2017, the nature of business and operating segments of the Joint Ventures which are accounted through equity method in the consolidated financial statements are as follows:

Joint Ventures	Name of Exchange Traded	Nature of business	Business Segment	Ventures	Number of Employees
Aksigorta A.Ş. ("Aksigorta")	BİST	Insurance	Insurance	Ageas	610
Avivasa Emeklilik ve Hayat A.Ş. ("Avivasa")	BİST	Pension	Insurance	Aviva	1.660
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa")	BİST	Tire	Industry	Bridgestone	2.161
Akçansa Çimento Sanayi ve Ticaret A.Ş. ("Akçansa")	BİST	Cement and clinker	Cement	Heidelberg	2.613
Enerjisa Enerji A.Ş. ("Enerjisa Enerji")	-	Energy	Energy	E.ON SE	10.154
Temsa İş Makinaları	-	Automotive	Industry	Marubeni	189

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

Affiliates

As of 31 March 2017, the nature of business and operating segments of the Affiliates which are accounted through equity method in the consolidated financial statements are as follows:

Affiliates	Name of exchange traded	Nature of business	Business segment	Ventures	Number of employees(*)
Philsa Philip Morris Sabancı Sigara ve Tütün San. Ve Tic. A.Ş (Philsa)	-	Tobacco products production	Industry	Philip Morris	3.068
Philip Morris Sabancı Pazarlama Satış A.Ş. ("Philip Morrisa")	-	Tobacco products marketing and sales	Industry	Philip Morris	

(*) Number of employees represents the total number of employees of Philsa and Philip Morrisa.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 *Basis of Presentation*

2.1.1 Statement of Compliance to TAS

Sabancı Holding, its Subsidiaries and Joint Ventures registered in Turkey maintain their books of accounts and prepare their statutory financial statements (“Statutory Financial Statements”) in TL in accordance with the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance, applicable Turkish insurance laws for insurance companies and banking law, accounting principles and instructions promulgated by the Banking Regulation and Supervising Agency for banks and accounting principles issued by the CMB for listed companies. The foreign Subsidiaries and Joint Ventures maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkish Accounting Standards issued by POA.

The 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 were published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards / Turkish Financial Reporting Standards and interpretations (“TAS/TFRS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué.

In addition, the consolidated financial statements and notes have been prepared in accordance with the format defined by the CMB announcement dated 7 June 2013. The financial statements, except for the financial assets and liabilities measured at their fair value are prepared on the historical cost basis. In determination of historical cost, generally the fair value of the payment made for the assets is taken into consideration.

Preparation of Financial Statements in Hyperinflationary Periods

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

Functional and Presentation Currency

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

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

2.1 Basis of Presentation (continued)

2.1.2 Adoption of New and Revised Turkish Accounting Standards

(a) Amendments to Turkish Accounting Standards effecting consolidated financial statements and disclosures

None.

(b) New and revised standards applicable in 2017 with no material effect on the consolidated financial statements of the Group

None.

(c) Standards, amendments and interpretations effective after 1 April 2017

The Group has not implemented the following amendments and interpretations to existing standards that are not yet effective:

Amendments to IAS 7 ‘Statement of cash flows’ on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB’s Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

Amendments IAS 12 ‘Income Taxes’, effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset’s tax base. It also clarify certain other aspects of accounting for deferred tax assets.

Amendments to IFRS 2, ‘Share based payments’ on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority.

IFRS 9 ‘Financial instruments’, effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

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

2.1 Basis of Presentation (continued)

2.1.2 Adoption of New and Revised Turkish Accounting Standards (continued)

(c) Standards, amendments and interpretations effective after 1 April 2017 (Continued)

IFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

Amendment to IFRS 15, 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

IFRS 16 'Leases', effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, 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.

Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial Instruments', effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:

- give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
- give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard, IAS 39.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

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

2.1 Basis of Presentation (continued)

2.1.2 Adoption of New and Revised Turkish Accounting Standards (continued)

(c) Standards, amendments and interpretations effective after 1 April 2017 (Continued)

Amendment to IAS 40, Investment property’ relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

Annual improvements 2014–2016, effective from annual periods beginning on or after 1 January 2018. These amendments impact 3 standards:

- IFRS 1, ‘First-time adoption of IFRS’, regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.
- IFRS 12, ‘Disclosure of interests in other entities’ regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.
- IAS 28, ‘Investments in associates and joint ventures’ regarding measuring an associate or joint venture at fair value effective 1 January 2018.

IFRIC 22, ‘Foreign currency transactions and advance consideration’, effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

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

2.1.3 Basis of Consolidation

a) The consolidated financial statements include the accounts of the parent company, Hacı Ömer Sabancı Holding A.Ş., its Subsidiaries and Joint Ventures (collectively referred to as the “Group”) on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared at the date of the consolidated financial statements, and are prepared in accordance with Turkish Accounting 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.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

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

2.1 Basis of Presentation (continued)

2.1.3 Basis of Consolidation (continued)

b) Subsidiaries are companies on which the Holding has the power to control directly or indirectly. The Group has control over a company if it is exposed to variable returns as a result of a business relationship with a company or has right on these returns and at the same time has the power to influence these returns with its power on the company.

c) Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

d) When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable 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 TAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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 March 2017 and 31 December 2016:

	31 March 2017		31 December 2016	
	Direct and indirect ownership interest by the Holding and its Subsidiaries	Proportion of ownership interest	Direct and indirect ownership interest by the Holding and its Subsidiaries	Proportion of ownership interest
Subsidiaries	(%)	(%)	(%)	(%)
AEO	76,85	76,85	76,85	76,85
Akbank	40,75	40,75	40,75	40,75
Bimsa	100,00	100,00	100,00	100,00
Çimsa	58,41	53,00	58,41	53,00
Exsa	61,68	46,23	61,68	46,23
Kordsa Global	71,11	71,11	71,11	71,11
Teknosa	60,29	60,29	60,29	60,29
Temsa	48,71	48,71	48,71	48,71
Tursa	100,00	100,00	100,00	100,00
Yünsa	57,88	57,88	57,88	57,88
Carrefoursa	50,61	50,61	50,61	50,61

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

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

2.1 *Basis of Presentation (continued)*

2.1.3 Basis of Consolidation (continued)

The balance sheets and statements of profit or loss of the Subsidiaries are consolidated on a line-by- line basis and the carrying value of the investment held by the Holding and its Subsidiaries is eliminated against the related shareholders’ equity. Intercompany transactions and balances between the Holding and its Subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by the Holding in its Subsidiaries are eliminated from shareholders’ equity and income for the period, respectively.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. The non-controlling shareholders’ shares on the Subsidiary’s net assets and operating results are shown in the non-controlling interest and non-controlling interest profits/losses respectively in the consolidated balance sheet and profit and loss statement. Sabancı Family, owns shares in Sabancı Foundation and Akbank Pension Fund for Akbank employees established by Sabancı Family, and some Subsidiaries that are included in the consolidated financial statements. These shares are treated as non-controlling interests in consolidated financial statements and are not included in the net assets attributable to Holding shareholders and income for the period in the consolidated financial statements.

As a result of the financial position and operating results as of 31 March 2017, both alone and collectively, the Subsidiaries’ financial statements that are immaterial according to the total consolidated financial statements are not included. These subsidiaries are classified under financial assets available-for-sale in the consolidated financial statements.

e) Joint Venture – In cases where Holding and its Subsidiaries gain rights on net assets that originate from joint arrangements through an agreement, net assets that are subject to joint ventures are accounted for using the equity method in the consolidated financial statements.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

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

2.1 Basis of Presentation (continued)

2.1.3 Basis of Consolidation (continued)

The table below sets out the Joint Ventures and shows the proportion of ownership interest and effective interest of the Holding in these Joint Ventures at 31 March 2017 and 31 December 2016:

	31 March 2017		31 December 2016	
	Direct and indirect ownership interest by the Holding and its Subsidiaries	Proportion of effective interest	Direct and indirect ownership interest by the Holding and its Subsidiaries	Proportion of effective interest
Joint ventures	(%)	(%)	(%)	(%)
Akçansa	39,72	39,72	39,72	39,72
Aksigorta	36,00	36,00	36,00	36,00
Avivasa	40,00	40,00	40,00	40,00
Brisa	43,63	43,63	43,63	43,63
Enerjisa Enerji	50,00	50,00	50,00	50,00
Temsa Mısır	73,75	73,75	73,75	73,75
Temsa İş Makinaları	51,00	51,00	51,00	51,00

Investments related to joint ventures are consolidated using the equity method. Sabancı family members do not have any interest in the share capital of the Joint Ventures.

- f) Investments in associates are accounted for using the equity method. These institutions have no control but have important influence on the over the Group's activities. Unrealized profits from transactions between the Group and its associates have been eliminated to the extent of the Group's shares in the associate and unrealized losses are adjusted if the transaction does not show that the transferred asset is impaired. Regarding its associates, the Group has not entered into obligation or has not made a commitment.

The table below sets out all Associates and shows the total interest of the Holding in these associates at 31 March 2017 and 31 December 2016:

Associates	Proportion of effective interest by the Holding (%)
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. ("Philsa")	25,00
Philip Morris Sabancı Pazarlama Satış A.Ş. ("Philip Morrissa")	24,75

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

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

2.1 Basis of Presentation (continued)

2.1.3 Basis of Consolidation (continued)

g) Financial assets that do not have a significant effect or are insignificant regarding the consolidated financial statements; that are not traded in an active market and fair values cannot be reliably determined, are recognized at cost in the consolidated financial statements after deducting impairment and related provisions. Financial assets available for sale they are traded in an active market and fair values can be determined reliably are recognized at fair value.

2.1.4 Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.1.5 Comparatives and Restatement of Prior Year Financial Statements

In order to allow for the determination of the financial situation and performance trends, the Group's consolidated financial statements have been presented comparatively with the prior year.

In order to allow for the determination of the financial situation and performance trends, the Group's consolidated financial statements have been presented comparatively with the prior year. The Group presented the consolidated balance sheet as of 31 March 2017 comparatively with the consolidated balance sheet as of 31 December 2016; presented the consolidated statement of profit or loss as of 31 March 2017 comparatively with the consolidated statement of profit or loss as of 31 March 2016, statement of cash flows and statement of changes in equity for the year 1 January-31 March 2017 comparatively with the year 1 January-31 March 2016.

2.2 Changes in Accounting Policies and Estimates and Errors

Changes made in the accounting policies and corrections regarding accounting errors are applied retrospectively and prior year financial statements are restated.

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

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

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

2.3 Summary of Significant Accounting Policies

The condensed consolidated interim financial statements for the period ended 31 March 2017 have been prepared in accordance with TAS 34, the standard on the preparation and presentation of interim period financial statements. The accounting policies used in the preparation of the condensed interim consolidated financial statements for the period ended 31 March 2017 are consistent with those used in the preparation of consolidated financial statements for the year ended 31 December 2016. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the consolidated statements for the year ended 31 December 2016.

2.4 Critical Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with Turkish Accounting Standards ("TAS") requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates. Estimates are regularly reviewed; related corrections are adjusted and accounted for related period income statement. If changes in the accounting estimates are related to only one period, they are applied in the current year; if they are related to the future periods, they are applied both in current and future periods taking into account in the determination of net income or loss for the period.

NOTE 3 - SEGMENT REPORTING

Holding key management reviews the results and performance of its reportable operating segments based on EBITDA (earnings before interest, foreign currency gains and losses and due date income and expenses as part of other operating income and expenses and depreciation and amortisation). In addition to the requirements of segment reporting, The Group's management presented this information for certain financial statement readers to utilize this data during their analyses.

a) External revenues (Consolidated):

	1 January - 31 March 2017	1 January - 31 March 2016
Banking	6.148.268	5.317.053
Industry	943.030	842.773
Retail	1.733.394	1.869.014
Cement	248.488	253.665
Other	26.847	31.114
Total (*)	9.100.027	8.313.619

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 3 - SEGMENT REPORTING (Continued)

b) Segment assets (Consolidated):

	31 March 2017	31 December 2016
Banking	300.682.627	291.597.595
Industry	4.303.694	3.978.187
Retail	3.569.638	3.742.172
Cement	2.572.494	2.353.788
Other	2.960.745	2.072.580
Segment assets (*)	314.089.198	303.744.322
Assets classified as held for sale	37.824	21.780
Investments accounted through equity method (Note 7)	5.757.910	6.101.005
Unallocated assets	418.458	577.183
Less: intersegment eliminations	(2.917.896)	(2.176.451)
Total assets as per consolidated financial statements	317.385.494	308.267.839

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

c) Segment liabilities (Consolidated):

	31 March 2017	31 December 2016
Banking	265.806.256	258.363.934
Industry	2.233.536	1.961.803
Retail	3.342.298	3.479.076
Cement	1.530.774	1.145.208
Other	679.969	185.066
Segment liabilities (*)	273.592.833	265.135.087
Liabilities related with asset classified as held for sale	12.363	11.718
Unallocated liabilities	731.393	486.895
Less: intersegment eliminations	(2.913.459)	(2.173.204)
Total liabilities as per consolidated financial statements	271.423.130	263.460.496

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 3 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment:

i) Banking:

	Combined(*) 31 March 2017	Consolidated 31 March 2017	Combined(*) 31 December 2016	Consolidated 31 December 2016
Cash and cash equivalents	9.739.269	9.739.269	12.190.952	12.190.952
Financial assets	57.051.188	57.051.190	52.887.536	52.887.536
Derivative financial instruments	8.492.767	8.492.767	8.428.812	8.428.812
Reserve deposits with the Central Bank of Republic of Turkey	31.515.427	31.515.427	33.171.783	33.171.783
Receivables from finance sector operations	188.926.956	188.926.957	181.024.088	181.024.088
Property, plant and equipment(**)	3.330.040	868.228	879.650	879.650
Intangible assets	354.123	354.123	361.527	361.527
Other receivables and other assets(**)	3.571.815	3.734.666	2.653.247	2.653.247
Total segment assets	302.981.585	300.682.627	291.597.595	291.597.595
Financial liabilities	49.896.383	49.896.383	46.114.960	46.114.960
Payables from finance sector operations	202.761.394	202.761.394	200.425.064	200.425.064
Derivative financial instruments	5.024.792	5.024.792	4.698.838	4.698.838
Other payables and other liabilities(**)	8.123.687	8.123.687	7.125.072	7.125.072
Total segment liabilities	265.806.256	265.806.256	258.363.934	258.363.934

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

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

(***) As of January 31, 2017, Akbank started to recognize real estates under property, plant and equipment with revalued amounts instead of cost method in accordance with "TAS 16 Property, Plant and Equipment". The revaluation difference amounting to TL 2.301.948 arising from the valuation made by the real estate expertize companies authorized by CMB and BRSA is accounted under the Bank's "property, plant and equipment revaluation differences" under equity. Since the revaluation model is not applied in all group companies, revaluation effect has not been stated in the condensed consolidated financials.

Banking section includes results regarding Akbank.

Banking segment consists of Akbank. Akbank's accumulated non-controlling interests calculated from its financial statements amount to TL 20.450.037 as of 31 March 2017 (31 December 2016: TL 19.740.859).

CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

ii) Insurance:

	Combined(*) 31 March 2017	Consolidated(**) 31 March 2017	Combined(*) 31 December 2016	Consolidated(**) 31 December 2016
Cash and cash equivalents	1.473.224	-	1.005.273	-
Financial assets	977.181	-	1.253.502	-
Receivables from finance sector operations	616.976	-	535.958	-
Investments accounted through equity method (Note 7)	-	349.056	-	334.252
Property, plant and equipment	35.181	-	33.334	-
Intangible assets	59.654	-	58.619	-
Other receivables and other assets(***)	1.493.604	-	1.274.686	-
Total segment assets	4.655.820	349.056	4.161.372	334.252
Payables from finance sector operations	3.478.249	-	3.082.086	-
Other payables and other liabilities(***)	243.613	-	197.280	-
Total segment liabilities	3.721.862	-	3.279.366	-

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.

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

Insurance segment consists of Aksigorta and Avivasa.

CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

iii) Energy:

	Combined(*) 31 March 2017	Consolidated(**) 31 March 2017	Combined(*) 31 December 2016	Consolidated(**) 31 December 2016
Cash and cash equivalents	770.015	-	108.604	-
Financial assets	836	-	836	-
Trade receivables	1.800.418	-	2.217.760	-
Inventories	175.720	-	184.903	-
Investments accounted through equity method (Note 7)	-	4.583.143	-	4.743.060
Property, plant and equipment	10.353.556	-	10.414.681	-
Intangible assets	5.868.638	-	5.919.162	-
Other receivables and other assets(***)	9.759.473	-	9.438.584	-
Total segment assets	28.728.656	4.583.143	28.284.530	4.743.060
Financial liabilities	14.824.353	-	13.649.757	-
Trade payables	915.436	-	1.481.180	-
Other payables and other liabilities(***)	3.347.321	-	3.103.887	-
Total segment liabilities	19.087.110	-	18.234.824	-

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment

(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.

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

Energy segment consists of Enerjisa Enerji A.Ş. and its subsidiaries.

CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

iv) Industry:

	Combined(*) 31 March 2017	Consolidated(**) 31 March 2017	Combined(*) 31 December 2016	Consolidated(**) 31 December 2016
Cash and cash equivalents	163.318	76.335	137.916	52.180
Financial assets	137	137	133	133
Trade receivables	2.065.772	1.195.960	2.000.824	1.128.229
Inventories	1.463.306	1.032.628	1.269.299	905.231
Investments accounted through equity method (Note 7)	235.579	491.416	359.858	608.626
Property, plant and equipment	2.645.225	1.422.987	2.486.357	1.378.219
Intangible assets	265.618	194.765	259.747	188.830
Other receivables and other assets(***)	797.084	418.706	688.676	347.144
Total segment assets	7.636.039	4.832.934	7.202.810	4.608.592
Financial liabilities	3.132.157	1.264.660	2.971.472	1.188.206
Trade payables	988.034	579.717	819.784	460.583
Other payables and other liabilities(***)	597.036	401.568	447.704	325.263
Total segment liabilities	4.717.227	2.245.945	4.238.960	1.974.052

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.

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

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

CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

v) Retail:

	Combined(*) 31 March 2017	Consolidated(**) 31 March 2017	Combined(*) 31 December 2016	Consolidated(**) 31 December 2016
Cash and cash equivalents	260.183	260.183	430.971	430.971
Trade receivables	110.493	110.221	94.021	94.021
Inventories	998.783	998.783	912.283	912.283
Investment property	188.755	188.755	189.765	189.765
Property, plant and equipment	892.639	892.639	936.633	936.633
Intangible assets	86.026	86.026	89.142	89.142
Other receivables and other assets(***)	971.922	1.033.031	1.028.522	1.089.357
Total segment assets	3.508.801	3.569.638	3.681.337	3.742.172
Financial liabilities	1.287.226	1.287.226	1.264.617	1.264.617
Trade payables	1.592.064	1.592.064	1.744.103	1.744.103
Other payables and other liabilities(***)	463.008	463.008	470.356	470.356
Total segment liabilities	3.342.298	3.342.298	3.479.076	3.479.076

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.

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

Retail segment consists of Teknosa and Carrefoursa.

CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

vi) Cement:

	Combined(*) 31 March 2017	Consolidated(**) 31 March 2017	Combined(*) 31 December 2016	Consolidated(**) 31 December 2016
Cash and cash equivalents	88.979	73.191	55.502	41.353
Financial assets	162.783	64	162.783	64
Trade receivables	723.185	322.390	735.624	309.606
Inventories	394.171	204.143	336.666	176.904
Investments accounted through equity method (Note 7)	-	334.295	-	415.067
Property, plant and equipment	2.464.158	1.658.057	2.331.300	1.533.985
Intangible assets	58.273	18.115	59.639	18.947
Other receivables and other assets(***)	484.845	296.534	455.430	272.929
Total segment assets	4.376.394	2.906.789	4.136.944	2.768.855
Financial liabilities	1.682.590	1.251.560	995.535	787.017
Trade payables	426.286	196.126	550.621	274.366
Other payables and other liabilities(***)	211.023	83.088	156.156	83.825
Total segment liabilities	2.319.899	1.530.774	1.702.312	1.145.208

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.

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

Cement segment consists of Çimsa and Akçansa.

CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

vii) Other:

	Combined(*) 31 March 2017	Consolidated(**) 31 March 2017	Combined(*) 31 December 2016	Consolidated(**) 31 December 2016
Cash and cash equivalents	2.131.114	2.131.114	1.584.181	1.584.181
Financial assets	11.776.658	393	11.787.079	10.812
Trade receivables	20.622	19.084	35.955	35.787
Inventories	509	509	804	804
Property, plant and equipment	252.209	216.141	253.506	217.438
Intangible assets	14.839	14.839	14.359	14.359
Other receivables and other assets(***)	518.769	578.665	150.670	209.199
Total segment assets	14.714.720	2.960.745	13.826.554	2.072.580
Financial liabilities	6.571	6.571	4.254	4.254
Trade payables	18.884	18.884	28.928	28.928
Other payables and other liabilities(***)	684.037	654.514	181.405	151.884
Total segment liabilities	709.492	679.969	214.587	185.066

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies by deducting the financial asset values of the Holding's subsidiaries, joint ventures and associations before elimination which belong to the related segment considering the Holding's portion of ownership.

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

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

CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 3 - SEGMENT REPORTING (Continued)

e) The reconciliation of the consolidated statement of profit or loss:

	1 January - 31 March 2017			1 January - 31 March 2016		
	Total Consolidation of Segments Before Elimination	Elimination and Consolidation Adjustments	Consolidated	Total Consolidation of Segments Before Elimination	Elimination and Consolidation Adjustments	Consolidated
Total revenue	9.118.246	(18.219)	9.100.027	8.332.515	(18.896)	8.313.619
Cost of sales and interest, premiums, commissions and other expenses	(5.524.560)	58.297	(5.466.263)	(5.284.391)	34.287	(5.250.104)
General administration expenses	(1.262.119)	10.281	(1.251.838)	(1.235.925)	9.106	(1.226.819)
Sales, marketing and distribution expenses	(408.463)	333	(408.130)	(452.747)	545	(452.202)
Research and development expenses	(1.508)	-	(1.508)	(1.501)	-	(1.501)
Other operating income/(expense) - net	112.862	(4.518)	108.344	49.434	(20.511)	28.923
Interest in income of joint ventures	(46.143)	2	(46.141)	196.704	(2)	196.702
Operating profit	1.988.315	46.176	2.034.491	1.604.089	4.529	1.608.618
Income/(expense) from investing activities - net	90.670	(63.399)	27.271	23.275	(19.664)	3.610
Operating profit before financial expense	2.078.985	(17.223)	2.061.762	1.627.364	(15.135)	1.612.228
Financial income/(expense) – net	(108.042)	16.736	(91.306)	(59.679)	9.072	(50.607)
Income before tax	1.970.943	(487)	1.970.456	1.567.684	(6.063)	1.561.621
Tax	(397.746)	-	(397.746)	(273.874)	1	(273.873)
Profit/(loss) after tax from discontinued operations	-	-	-	(3.426)	-	(3.426)
Income for the period	1.573.197	(487)	1.572.710	1.290.384	(6.062)	1.284.322
Net income attributable to equity holders of the parent			669.402			640.514

CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 3 - SEGMENT REPORTING (Continued)

f) The income statement items by segment:

i) Banking:

	Combined(*) 31 March 2017	Consolidated(**) 31 March 2017	Combined(*) 31 March 2016	Consolidated (**) 31 March 2016
Interest, commission and other income	6.158.623	6.158.623	5.326.079	5.326.079
Interest, commission and other expenses	(3.216.565)	(3.216.565)	(2.929.761)	(2.929.761)
General administration expenses	(1.146.687)	(1.142.950)	(1.126.942)	(1.126.942)
Other operating income/(expense) - net	43.068	43.068	88.503	88.503
Operating profit	1.838.439	1.842.176	1.357.879	1.357.879
Income/(expense) from investing activities - net	908	908	656	656
Income before tax	1.839.347	1.843.084	1.358.535	1.358.535
Tax	(379.506)	(380.253)	(277.415)	(277.415)
Net income	1.459.841	1.462.831	1.081.120	1.081.120
Net income attributable to equity holders of the parent		596.102		440.555
EBITDA	1.905.725	1.905.725	1.410.539	1.410.539

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies before elimination which belong to the related segment considering the Holding's portion of ownership.

Akbank's net income attributable to non-controlling interest is TL 866.729 as of 31 March 2017 (31 March 2016: TL 640.564).

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 3 - SEGMENT REPORTING (Continued)

f) The income statement items by segment (continued):

ii) Insurance:

	Combined(*) 31 March 2017	Consolidated(**) 31 March 2017	Combined(*) 31 March 2016	Consolidated (**) 31 March 2016
Gross premiums	727.835	-	569.679	-
Premiums, commission and other expenses	(665.878)	-	(499.742)	-
General administration expenses	(100.221)	-	(86.551)	-
Other operating income/(expense) - net	107.610	-	62.631	-
Interest in income of joint ventures (Note 7)	-	23.284	-	16.055
Operating profit	69.346	23.284	46.017	16.055
Income/(expense) from investing activities - net	7.793	-	8.438	-
Operating profit before financial expense	77.139	23.284	54.455	16.055
Financial income/(expense) – net	291	-	(3.418)	-
Income before tax	77.430	23.284	51.037	16.055
Tax	(15.890)	-	(9.499)	-
Net income	61.540	23.284	41.538	16.055
Net income attributable to equity holders of the parent		23.284		16.055
EBITDA	69.665		49.044	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies which belong to the related segment considering the Holding's portion of ownership.

CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 3 - SEGMENT REPORTING (Continued)

f) The income statement items by segment (continued):

iii) Energy:

	Combined(*) 31 March 2017	Consolidated(**) 31 March 2017	Combined(*) 31 March 2016	Consolidated (**) 31 March 2016
Sales (net)	3.482.183	-	3.269.867	-
Cost of sales	(2.626.054)	-	(2.506.285)	-
General administration expenses	(425.040)	-	(301.199)	-
Other operating income/(expense) - net	(244.285)	-	11.167	-
Interest in income of joint ventures (Note 7)	-	(139.558)	-	83.457
Operating profit	186.804	(139.558)	473.550	83.457
Operating profit before financial expense	186.804	(139.558)	473.550	83.457
Financial income/(expense) – net	(518.866)	-	(275.318)	-
Income before tax	(332.062)	(139.558)	198.232	83.457
Tax	52.887	-	(31.317)	-
Net income	(279.175)	(139.558)	166.915	83.457
Net income attributable to equity holders of the parent		(139.558)		83.457
EBITDA	333.934		575.567	

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies which belong to the related segment considering the Holding's portion of ownership.

CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 3 - SEGMENT REPORTING (Continued)

f) The income statement items by segment (continued):

iv) Industry:

	Combined(*) 31 March 2017	Consolidated(**) 31 March 2017	Combined(*) 31 March 2016	Consolidated (**) 31 March 2016
Sales (net)	1.416.307	943.216	1.244.947	842.979
Cost of sales	(1.103.359)	(758.148)	(953.306)	(678.497)
General administration expenses	(58.996)	(37.400)	(54.256)	(31.788)
Sales, marketing and distribution expenses	(106.344)	(49.125)	(111.141)	(47.186)
Research and development expenses	(3.707)	(1.508)	(5.884)	(1.501)
Other operating income/(expense) - net	43.056	32.431	19.985	10.807
Interest in income of joint ventures(Note 7)	52.394	63.163	67.044	76.879
Operating profit	239.351	192.629	207.389	171.693
Income/(expense) from investing activities - net	5.004	4.854	2.066	1.948
Operating profit before financial expense	244.355	197.483	209.455	173.641
Financial income/(expense) – net	(82.269)	(45.446)	(38.960)	(12.632)
Income before tax	162.086	152.037	170.495	161.009
Tax	(10.630)	(14.006)	(4.627)	(7.587)
Profit after tax from discontinued operations	-	-	(3.426)	(3.426)
Net income	151.456	138.031	162.442	149.996
Net income attributable to equity holders of the parent	-	105.717	-	120.500
EBITDA	254.156	196.061	249.167	191.462

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies which belong to the related segment considering the Holding's portion of ownership.

CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017

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

NOTE 3 - SEGMENT REPORTING (Continued)

f) The income statement items by segment (continued):

v) Retail:

	Combined(*) 31 March 2017	Consolidated(**) 31 March 2017	Combined(*) 31 March 2016	Consolidated (**) 31 March 2016
Sales (net)	1.735.918	1.734.814	1.871.724	1.870.632
Cost of sales	(1.329.809)	(1.328.795)	(1.463.758)	(1.462.666)
General administration expenses	(39.237)	(39.147)	(41.516)	(41.516)
Sales, marketing and distribution expenses	(356.014)	(356.014)	(401.363)	(401.363)
Other operating income/(expense) - net	(14.083)	(14.083)	(61.284)	(61.284)
Operating profit	(3.225)	(3.225)	(96.197)	(96.197)
Income/(expense) from investing activities – net	21.442	21.442	746	746
Operating profit before financial expense	18.217	18.217	(95.451)	(95.451)
Financial income/(expense) – net	(53.022)	(53.022)	(40.334)	(40.334)
Income before tax	(34.805)	(34.805)	(135.785)	(135.785)
Tax	12.877	12.877	24.046	24.046
Net income	(21.928)	(21.928)	(111.739)	(111.739)
Net income attributable to equity holders of the parent		(11.005)		(58.360)
EBITDA	54.091	54.091	(34.282)	(34.282)

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies which belong to the related segment considering the Holding's portion of ownership.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 3 - SEGMENT REPORTING (Continued)

f) The income statement items by segment (continued):

vi) Cement:

	Combined(*) 31 March 2017	Consolidated(**) 31 March 2017	Combined(*) 31 March 2016	Consolidated (**) 31 March 2016
Sales (net)	546.622	248.493	582.711	253.665
Cost of sales	(443.072)	(192.504)	(423.186)	(176.576)
General administration expenses	(32.084)	(16.621)	(29.216)	(15.071)
Sales, marketing and distribution expenses	(7.125)	(2.050)	(6.659)	(2.223)
Other operating income/(expense) - net	1.312	4.825	4.360	5.855
Interest in income of joint ventures	-	6.970	-	20.312
Operating profit	65.653	49.113	128.010	85.962
Income/(expense) from investing activities - net	6.354	531	6.222	416
Operating profit before financial expense	72.007	49.644	134.232	86.378
Financial income/(expense) – net	(18.854)	(9.430)	(11.530)	(6.617)
Income before tax	53.153	40.214	122.702	79.761
Tax	(10.145)	(7.395)	(24.952)	(12.924)
Net income	43.008	32.819	97.750	66.837
Net income attributable to equity holders of the parent		21.616		43.591
EBITDA	96.123	59.212	154.261	93.846

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies which belong to the related segment considering the Holding's portion of ownership..

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 3 - SEGMENT REPORTING (Continued)

f) The income statement items by segment (continued):

vii) Other:

	Combined(*) 31 March 2017	Consolidated(**) 31 March 2017	Combined(*) 31 March 2016	Consolidated (**) 31 March 2016
Sales (net)	810.868	33.100	795.721	39.160
Cost of sales	(28.621)	(28.548)	(36.961)	(36.891)
General administration expenses	(27.182)	(26.001)	(22.442)	(20.608)
Sales, marketing and distribution expenses	(1.274)	(1.274)	(1.976)	(1.976)
Other operating income/(expense) - net	46.736	46.621	5.695	5.553
Operating profit	800.527	23.898	740.037	(14.762)
Income/(expense) from investing activities - net	62.935	62.935	19.509	19.509
Operating profit before financial expense	863.462	86.833	759.546	4.747
Financial income/(expense) – net	(144)	(144)	(96)	(96)
Income before tax	863.318	86.689	759.450	4.651
Tax	(8.968)	(8.968)	6	6
Net income	854.350	77.721	759.456	4.657
Net income attributable to equity holders of the parent		73.246		(5.284)
EBITDA	806.702	29.999	745.844	(9.029)

(*) Combined data reflects the total amounts of the Companies, which belong to the related segment.

(**) Consolidated data reflects the total amounts of the Companies which belong to the related segment considering the Holding's portion of ownership.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 3 - SEGMENT REPORTING (Continued)

g) Net profit/(loss) attributable to equity holders of the parent

Details of the net profit / (loss) attributable to equity holders of the parent with adjusted segments is as follows:

	31 March 2017	31 March 2016
Banking	596.102	440.555
Insurance	23.283	16.055
Industry	102.794	123.201
Cement	21.616	43.591
Energy	(27.079)	83.457
Retail	(25.990)	(42.424)
Other	30.992	(5.286)
Total	721.718	659.151

The reconciliation of adjusted net profit attributable to equity holders of the Parent is as follows:

	31 March 2017	31 March 2016
Adjusted net profit for reported operating segments (Equity holders of the Parent)	721.718	659.151
Carrefoursa one-off income / (expenses)	12.804	(13.135)
Teknosa one-off income / (expenses)	2.181	(2.802)
Enerjisa one-off income / (expenses)	(112.479)	52.250
Kordsa Global one-off income / (expenses)	2.653	(2.316)
Other	42.525	(52.634)
Net income(Equity holders of the Parent)	669.402	640.514

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

1 January - 31 March 2017

	<u>Finance</u>							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortisation expenses	63.549	-	33.677	17.143	-	35.235	6.621	156.225
(Impairment) / reversal of impairment of property, plant								
and equipment and investment properties	(1.473)	-	(2.179)	-	-	3.898	-	246
Capital expenditure	47.203	-	55.976	133.882	-	12.040	7.284	256.385

1 January - 31 March 2016

	<u>Finance</u>							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortisation expenses	52.660	-	27.523	16.675	-	39.029	6.077	141.964
(Impairment) / reversal of impairment of property, plant								
and equipment and investment properties	-	-	-	-	-	1.934	-	1.934
Capital expenditure	22.901	-	47.788	159.853	-	25.829	7.226	263.597

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 3 - SEGMENT REPORTING (Continued)

i) Depreciation and amortisation charges, impairment and capital expenditures (Combined):

1 January - 31 March 2017

	<u>Finance</u>							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortisation expenses	67.286	5.263	55.292	37.112	157.818	35.235	6.696	364.702
(Impairment) / reversal of impairment of property, plant and equipment and investment properties	(1.473)	-	(2.179)	-	-	3.898	-	246
Capital expenditure	47.203	8.149	197.373	162.446	469.212	12.040	7.284	903.707

1 January - 31 March 2016

	<u>Finance</u>							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortisation expenses	52.660	3.980	52.231	34.803	111.793	39.029	6.151	300.647
(Impairment) / reversal of impairment of property, plant and equipment and investment properties	-	-	-	-	-	1.934	-	1.934
Capital expenditure	22.901	3.893	115.873	178.032	319.247	25.829	7.223	672.998

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 4 - FINANCIAL ASSETS

a) Held for trading securities:

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

	31 March 2017	31 December 2016
Share certificates	11.621	7.268
Government bonds	9.794	9.865
Other	44.729	46.788
Total	66.144	63.921

Period remaining to contractual maturity dates for financial assets at fair value through profit and loss as at 31 March 2017 and 31 December 2016 is as follows.

	31 March 2017	31 December 2016
TL	15,42	12,27

Group's financial assets with purchase and sale purpose that are collateralized due to the its activities in finance industry amounting to to TL 9.956 (31 December 2016: TL 9.721).

Maturity analysis of financial assets, whose fair value difference is reflected to profit/loss, based on the remaining days to maturity as stated on the contract is as follows:

The period to the revaluation date stated in the contract:

	31 March 2017	31 December 2016
3 to 12 months	35.878	40.715
1 to 5 years	16.517	15.937
No maturity	13.749	7.269
Total	66.144	63.921

There are no financial assets held for trading securities in any company other than banking.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 4 - FINANCIAL ASSETS (Continued)

b) Available-for-sale securities:

	31 March 2017	31 December 2016
Debt securities		
- Government bonds	18.649.851	17.912.731
- Eurobonds	12.832.636	11.328.132
- Investment funds	232.513	212.244
- Other bonds denominated in foreign currency	6.770.878	5.297.031
Sub-total	38.485.878	34.750.138
Equity securities		
- Listed	116	116
- Unlisted	80.953	71.626
Sub-total	81.069	71.742
Total securities available for sale	38.566.947	34.821.880

Effective annual rates of debt securities denominated in USD, EUR, YEN and TL are 3,96% (31 December 2016: 3,71%), 2,44% (31 December 2016: 2,38%), 3,79% (31 December 2016: 3,79%) and 10,06% respectively (31 December 2016: 9,52%). The Group's available for sale financial assets subject to funds provided from repo are TL 14.621.533 (31 December 2016: TL 16.282.871). The Group's available-for-sale financial assets given as collateral for their activities in the finance sector are TL 2.876.559 (31 December 2016: TL 2.062.303). There is no risk against insurance policy owners regarding held for trading financial assets (31 December 2016: None).

Akbank has Consumer Price Index ("CPI") linked government bonds under available-for-sale and held-to maturity portfolios with semi-annual fixed real coupon rates and a maturity of 5 to 10 years. These marketable securities are valued and accounted by using effective interest rate method by considering the real coupon rates and reference inflation index at the issue date together with the index calculated by considering the estimated inflation rate. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the real payments is determined based on the inflation rates of two month before. The estimated inflation rate used is updated during the year when necessary. As of 31 March 2017, these securities have been valued 8,00% annual inflation forecast. If the valuation of these CPI indexed securities was made with reference to inflation indexed as of 31 March 2017, valuation differences under shareholders equity would have decreased by TL 204 million (total TL amount) and net income would have increased by TL 289 million (total TL amount), accordingly net income would have been TL 1.741 million (total TL amount).

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 4 - FINANCIAL ASSETS (Continued)

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

Period remaining to contractual maturity dates for financial assets available-for-sale as at 31 March 2017 and 31 December 2016 is as follows.

	31 March 2017			31 December 2016		
	Other			Other		
	Banking	companies	Total	Banking	companies	Total
3 to 12 months	3.033.096	-	3.033.096	2.530.718	-	2.530.718
1 to 5 years	22.217.294	10.422	22.227.716	19.037.853	10.422	19.048.275
Over 5 years	12.567.833	-	12.567.833	12.722.733	-	12.722.733
No maturity	738.302	-	738.302	520.154	-	520.154
Total	38.556.525	10.422	38.566.947	34.811.458	10.422	34.821.880

Period remaining to contractual repricing dates:

	31 March 2017			31 December 2016		
	Other			Other		
	Banking	companies	Total	Banking	companies	Total
Up to 3 months	8.913.373	-	8.913.373	6.541.586	-	6.541.586
3 to 12 months	9.107.924	-	9.107.924	10.230.716	-	10.230.716
1 to 5 years	13.805.972	10.422	13.816.394	12.060.816	10.422	12.071.238
Over 5 years	6.420.076	-	6.420.076	5.698.755	-	5.698.755
No maturity	309.180	-	309.180	279.585	-	279.585
Total	38.556.525	10.422	38.566.947	34.811.458	10.422	34.821.880

c) Financial assets held to maturity:

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

	31 March 2017	31 December 2016
Government bonds	18.408.309	17.976.984
Total	18.408.309	17.976.984

Effective interest rate of debt securities in USD, Euro and TL are 4,05% (31 December 2016: 4,05%), 3,62% (31 December 2016: 3,62%) and 10,45% (31 December 2016: 9,82%) respectively.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 4 - FINANCIAL ASSETS (Continued)

c) Financial assets held to maturity (continued):

The movement of the held to maturity financial assets is listed below:

	31 March 2017	31 December 2016
Balance, 1 January	17.976.984	10.688.533
Additions (*)	24.564	5.882.043
Exchange differences arising from monetary assets	373.262	1.269.337
Valuation effect	100.759	367.875
Disposals through sales and redemptions	(25.060)	(130.051)
Impairment provision	(42.200)	(100.753)
Total	18.408.309	17.976.984

(*) Due to the change in Bank's intention of retention, government bonds with a nominal value of EUR 96.359.000 and USD 1.591.672.000 in available-for-sale financial assets portfolio were classified in investments to be retained until maturity. As of the date of classification, book value indicating the fair value of the said real estates are EUR 98.531.000 and USD 1.650.112.000 respectively and these amounts are accepted as the new costs of the real estates. Real estate valuation differences of the classified real estates, which are previously recognised under equities are amortized by using effective interest method throughout the remaining economic life of the investment that will be retained until the maturity.

Period remaining to contractual maturity dates for financial assets held for trading held to maturity in Banking and other companies' basis as at 31 March 2017 and 31 December 2016 is as follows:

	31 March 2017			31 December 2016		
	Other			Other		
	Banking	companies	Total	Banking	companies	Total
3 to 12 months	3.757.982	117	3.758.099	684.786	114	684.900
1 to 5 years	12.846.085	-	12.846.085	14.763.517	-	14.763.517
Over 5 years	1.804.125	-	1.804.125	2.528.567	-	2.528.567
Total	18.408.192	117	18.408.309	17.976.870	114	17.976.984

Period remaining to contractual repricing dates for investment security, available for sale and held to maturity at 31 March 2017 and 31 December 2016 is as follows:

	31 March 2017			31 December 2016		
	Other			Other		
	Banking	companies	Total	Banking	companies	Total
Up to 3 months	1.132.879	-	1.132.879	2.857.339	-	2.857.339
3 to 12 months	6.649.214	117	6.649.331	1.788.154	114	1.788.268
1 to 5 years	9.419.340	-	9.419.340	11.961.634	-	11.961.634
Over 5 years	1.206.759	-	1.206.759	1.369.743	-	1.369.743
Total	18.408.192	117	18.408.309	17.976.870	114	17.976.984

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 4 - FINANCIAL ASSETS (Continued)

d) Time deposits:

	31 March 2017	31 December 2016
3 to 12 months	10.383	35.765
Total	10.383	35.765

NOTE 5 - FINANCIAL LIABILITIES

**Short-term funds borrowed, bank borrowings
and debt securities:**

	31 March 2017	31 December 2016
Short term	12.495.841	8.838.741
Short-term portion of long term	14.368.545	13.620.874
Total short term	26.864.386	22.459.615

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

Long term	26.338.759	26.458.459
Total	53.203.145	48.918.074

The maturity schedule of financial liabilities at 31 March 2017 and 31 December 2016 is summarized below:

	31 March 2017	31 December 2016
Up to 3 months	6.073.244	9.463.615
3 to 12 months	20.791.142	12.996.000
Short term financial liabilities and short term portion of long term financial liabilities	26.864.386	22.459.615
1 to 5 years	15.899.162	17.985.270
Over 5 years	10.439.597	8.473.189
Long term financial liabilities	26.338.759	26.458.459
Total financial liabilities	53.203.145	48.918.074

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 5 - FINANCIAL LIABILITIES (Continued)

The repayment schedule of long term financial liabilities at 31 March 2017 and 31 December 2016 is summarized below:

	31 March 2017	31 December 2016
2017	6.508.531	8.179.400
2018	5.483.193	3.556.033
2019	2.335.091	4.445.345
2020	1.572.347	1.804.492
2021 and after	10.439.597	8.473.189
Total	26.338.759	26.458.459

The repricing schedule of borrowings at 31 March 2017 and 31 December 2016 is summarized below:

	31 March 2017	31 December 2016
Up to 3 months	30.319.038	31.821.916
3 to 12 months	12.245.326	6.367.519
1 to 5 years	5.253.905	7.203.894
Over 5 years	5.384.876	3.524.745
Total	53.203.145	48.918.074

The transactions related with the funds and loans as of 31 March 2017 are as follows:

Akbank - Funds borrowed via syndicated credit facilities

As of 31 March 2017, Akbank has three outstanding syndicated loan facilities. On 18 August 2016, the first syndicated loan facility signed and raised EUR 787,8 million and USD 327 million. The loan's maturity is 1 year with a cost of Euribor+125 bps and Libor+115 bps, 3 year with a cost of Euribor+285 bps. The second syndicated loan facility signed on 22 March 2017 and raised totally EUR 738,3 million and USD 404,5 million, the loan's maturity are 1 year and 2 year. The cost of the loan is 1 year with a cost of Euribor+135 bps and Libor+145 bps, 2 year with a cost of Libor+225 bps. The third syndicated loan facility signed on 9 July 2015 and raised USD 335 million, the loan's maturity is 3 years. The annual cost of the loan is and Libor+185 bps.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 5 - FINANCIAL LIABILITIES (Continued)

Issued securities:

Securities issued consist of USD and TL assets.

The repayment plan for USD securities issued is summarized below.

	31 March 2017		31 December 2016	
	USD	TL	USD	TL
2017	793.462	2.856.462	822.429	2.878.501
2018	1.295.925	4.665.330	1.006.961	3.524.364
2019	533.239	1.919.660	757.205	2.650.218
2020	1.011.320	3.640.752	768.180	2.688.630
2021	462.054	1.663.394	647.571	2.266.499
2022	792.986	2.854.750	762.934	2.670.269
2023	456.436	1.643.170	434.528	1.520.848
2024	393.619	1.417.028	373.192	1.306.172
2025	404.460	1.456.056	380.722	1.332.527
2026	57.980	208.728	39.512	138.292
2027	276.566	995.638	20.524	71.834
2028	4.762	17.143	4.762	16.667
Total	6.482.809	23.338.111	6.018.520	21.064.821

The balance amounting to USD 6.482.809 consists of securitization deals and USD denominated securities issued by the Bank.

	31 March 2017		31 December 2016	
	EUR	TL	EUR	TL
2017	52.797	203.080	63.951	235.960
2018	75.077	288.776	75.074	277.001
2019	93.320	358.946	93.317	344.312
2020	45.806	176.188	45.802	168.996
2021	23.065	88.717	23.062	85.092
2022	325	1.250	321	1.184
2023	312	1.200	309	1.140
2024	300	1.154	297	1.096
2025	288	1.108	285	1.052
2026	277	1.065	274	1.011
2027	266	1.023	264	974
2028	256	985	253	933
2029	6.352	24.432	6.289	23.205
Total	298.441	1.147.924	309.498	1.141.956

The balance amounting to EUR 298.441 consists of securitization deals and EUR denominated securities issued by the Bank.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 5 - FINANCIAL LIABILITIES (Continued)

Issued securities (continued):

	31 March 2017		31 December 2016	
	RON	TL	RON	TL
2017	4.100	3.446	4.855	3.926
2018	79.714	67.000	78.228	63.263
2019	52.477	44.107	51.959	42.019
Total	136.291	114.553	135.042	109.208

The balance amounting to Romanian Leu (RON) 136.291 consists of securization deals and RON denominated securities issued by the Bank.

	31 March 2017		31 December 2016	
	HUF	TL	HUF	TL
2019	756.957	9.560	796.798	9.562
Total	756.957	9.560	796.798	9.562

The balance amounting to Hungarian Forint (HUF) 756.957 consists of securization deals and HUF denominated securities issued by the Bank.

	31 March 2017		31 December 2016	
	JPY	TL	JPY	TL
2017	5.055	162	19.188	573
2018	10.027	322	18.757	560
2019	984.897	31.625	964.562	28.803
Total	999.979	32.109	1.002.507	29.936

The balance amounting to Japanese Yen (JPY) 999.979 consists of securization deals and JPY denominated securities issued by the Bank.

	31 March 2017		31 December 2016	
	CZK	TL	CZK	TL
2017	-	-	274.959	37.862
Total	-	-	274.959	37.862

The balance amounting to Czech Koruna (CZK) 274.959 consists of securization deals and CZK denominated securities issued by the Bank as of 31 December 2016 (31 March 2017: None).

Additionally, as of 31 March 2017, there are bonds issued by the Bank amounting to TL 1.231.739 with 3 months maturity, TL 525.672 with 4 months maturity, TL 49.233 with 6 months maturity and TL 985.497 with over 5 years maturity. (31 December 2016: TL 987.990 with 3 months maturity, TL 299.259 with 4 months maturity, TL 48.085 with 6 months maturity, TL 223.708 with 2 year maturity and TL 997.225 with over 5 years maturity).

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 6 - OTHER RECEIVABLES AND PAYABLES

Other short term receivables:	31 March 2017	31 December 2016
Receivables from credit card payments	29.971	14.717
Other receivables	1.727.123	1.123.715
Total	1.757.094	1.138.432
Other long term receivables:	31 March 2017	31 December 2016
Deposits and guarantees given	44.924	43.710
Other receivables	848.976	841.286
Total	893.900	884.996
Other short term payables:	31 March 2017	31 December 2016
Payables related to credit card transactions	3.539.857	3.483.667
Taxes and funds payable	335.851	331.548
Export deposits and transfer orders	53.973	54.529
Payment orders to correspondent banks	81.782	15.036
Other	1.244.540	840.403
Total	5.256.003	4.725.183
Other long term payables:	31 March 2017	31 December 2016
Financial lease payables	74.236	77.762
Other	758.097	752.206
Total	832.333	829.968

NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Book value of Associates and Joint Ventures is as follows:

	31 March 2017	Share (%)	31 December 2016	Share (%)
Aksigorta	167.037	36,00	153.769	36,00
Avivasa	182.019	40,00	180.483	40,00
Brisa	255.837	43,63	248.767	43,63
Akçansa	334.295	39,72	415.067	39,72
Enerjisa	4.583.143	50,00	4.743.060	50,00
Philsa	123.194	25,00	207.467	25,00
Philip Morrissa	35.022	24,75	71.476	24,75
Temsa Mısır	(12.158)	73,75	(11.162)	73,75
Temsa İş Makineleri	89.521	51,00	92.078	51,00
Total	5.757.910		6.101.005	

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

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

	1 January - 31 March 2017	1 January - 31 March 2016
Aksigorta	11.998	5.044
Avivasa	11.286	11.011
Brisa	10.768	9.835
Akçansa	6.970	20.312
Enerjisa	(139.558)	83.457
Philsa	22.380	28.921
Philip Morrisa	28.098	37.434
Temsa Mısır	(335)	235
Temsa İş Makineleri	2.252	453
Total	(46.141)	196.702

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

	31 March 2017		31 December 2016	
	Total assets	Total liabilities	Total assets	Total liabilities
Aksigorta	3.200.115	2.736.123	2.829.049	2.401.912
Avivasa	1.507.542	1.076.033	1.397.157	969.489
Brisa	3.112.445	2.526.067	2.887.859	2.317.684
Akçansa	1.698.640	844.095	1.677.606	619.706
Enerjisa	29.284.863	20.118.575	28.762.726	19.276.606
Philsa	3.099.702	2.606.927	4.125.277	3.295.411
Philip Morrisa	1.445.133	1.303.632	2.404.384	2.115.595
Temsa Mısır	10.306	26.791	9.943	25.077
Temsa İş Makineleri	541.232	406.325	349.078	168.533
Total	43.899.978	31.644.568	44.443.079	31.190.013

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

Sales

	1 January - 31 March 2017	1 January - 31 March 2016
Aksigorta	615.378	499.173
Avivasa	112.457	70.506
Brisa	473.092	401.968
Akçansa	298.130	329.046
Enerjisa	3.482.183	3.269.867
Philisa(*)	3.294.405	3.058.484
Philip Morrissa	4.434.998	3.855.744
Temsa İş Makineleri	154.225	92.699

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

Net Income/(loss) for the period

	1 January - 31 March 2017	1 January - 31 March 2016
Aksigorta	33.326	14.010
Avivasa	28.214	27.528
Brisa	24.680	22.542
Akçansa	34.383	69.301
Enerjisa	(279.116)	166.914
Philisa	89.519	115.683
Philip Morrissa	113.528	151.247
Temsa Mısır	(454)	320
Temsa İş Makineleri	4.416	889

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the period ended 31 March 2017 is as follows:

	1 January 2017	Currency translation differences	Additions	Disposals	Transfers (*)	(Impairment)/ Reversal(**)	31 March 2017
Cost:							
Land and land improvements	626.281	1.856	5.136	(16.981)	493	-	616.785
Buildings	2.402.987	14.348	1.011	(16.034)	503	(1.473)	2.401.342
Machinery and equipment	3.248.618	57.757	15.175	(16.807)	17.287	-	3.322.030
Motor vehicles	113.579	526	7.365	(3.625)	1.421	-	119.266
Furniture and fixtures	2.883.082	2.709	28.754	(21.862)	4.110	1.265	2.898.058
Total	9.274.547	77.196	57.441	(75.309)	23.814	(208)	9.357.481
Construction in progress	944.284	1.697	166.548	(4.578)	(35.640)	-	1.072.311
Total	10.218.831	78.893	223.989	(79.887)	(11.826)	(208)	10.429.792
Accumulated depreciation:							
Land and land improvements	(234.731)	(625)	(1.580)	14	-	-	(236.922)
Buildings	(975.917)	(6.087)	(11.814)	7.926	-	-	(985.892)
Machinery and equipment	(1.914.886)	(29.208)	(33.279)	16.523	-	11	(1.960.839)
Motor vehicles	(95.865)	(369)	(2.877)	2.736	-	-	(96.375)
Furniture and fixtures	(2.032.923)	(1.984)	(57.151)	17.154	-	1.777	(2.073.127)
Total	(5.254.322)	(38.273)	(106.701)	44.353	-	1.788	(5.353.155)
Net book value	4.964.509						5.076.637

(*) TL 11.826 of the transfers from the construction in progress being made during the period are recognised under intangible fixed assets.

(**) As of January 31, 2017, Akbank started to recognize real estates under property, plant and equipment with revalued amounts instead of cost method in accordance with "TAS 16 Property, Plant and Equipment". The revaluation difference amounting to TL 2.301.948 arising from the valuation made by the real estate expertize companies authorized by CMB and BRSA is accounted under the Bank's "property, plant and equipment revaluation differences" under equity. Since the revaluation model is not applied in all group companies, revaluation effect has not been stated in the condensed consolidated financials.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movement in property, plant and equipment for the period ended 31 March 2016 is as follows:

	1 January 2016	Currency translation differences	Additions	Disposals	Transfers (*)	Impairment	31 March 2016
Cost:							
Land and land improvements	586.172	(150)	15.962	(160)	-	-	601.824
Buildings	2.352.264	(2.626)	1.053	(1.428)	(7.167)	-	2.342.096
Machinery and equipment	2.887.108	(7.960)	11.836	(1.938)	6.399	-	2.895.445
Motor vehicles	111.801	44	1.610	(15.618)	-	-	97.837
Furniture and fixtures	2.711.864	391	22.151	(11.452)	12.062	4.216	2.739.232
Total	8.649.209	(10.301)	52.612	(30.596)	11.294	4.216	8.676.434
Construction in progress	346.690	(325)	182.694	(2.564)	(20.452)	-	506.043
Total	8.995.899	(10.626)	235.306	(33.160)	(9.158)	4.216	9.182.477
Accumulated depreciation:							
Land and land improvements	(224.464)	298	(1.656)	-	-	-	(225.822)
Buildings	(893.849)	227	(15.053)	673	-	-	(908.002)
Machinery and equipment	(1.678.897)	(405)	(28.917)	1.050	-	-	(1.707.169)
Motor vehicles	(86.671)	4	(2.518)	15.041	-	-	(74.144)
Furniture and fixtures	(1.829.060)	(69)	(56.394)	3.956	(1.727)	(2.092)	(1.885.386)
Total	(4.712.941)	55	(104.538)	20.720	(1.727)	(2.092)	(4.800.523)
Net book value	4.282.958						4.381.954

(*) Transfers that have been realized during the period amounting of TL 9.158 recognized in intangible assets.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 9 - INTANGIBLE ASSETS

The movements in intangible assets for the periods ended 31 March 2017 and 2016 are as follow:

	1 January 2017	Currency translation differences	Additions	Impairment	Disposals	Transfers	31 March 2017
Cost	1.474.679	13.971	32.396	(2.168)	(844)	11.826	1.529.860
Accumulated amortisation (-)	(801.910)	(12.799)	(48.542)	834	389	-	(862.028)
Net book value	672.769						667.832

	1 January 2016	Currency translation differences	Additions	Impairment	Disposals	Transfers	31 March 2016
Cost	1.167.409	(1.572)	28.291	-	(2.526)	9.158	1.200.760
Accumulated amortisation (-)	(636.966)	1.053	(36.391)	(190)	232	1.727	(670.535)
Net book value	530.443						530.225

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 10 - GOODWILL

The movements of goodwill for the three month period ended on 31 March 2017 and 2016 are as follows:

	2017	2016
1 January	1.014.815	1.014.355
Additions	-	460
31 March	1.014.815	1.014.815

No impairment occurred in cash generating units in 2017.

NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short term provisions	31 March 2017	31 December 2016
Provision for liabilities	289.820	350.048
<i>Credit points provisions</i>	75.197	90.654
<i>Provision for lawsuit (*)</i>	127.032	124.477
<i>Uncompensated and not encashed non-cash loans provisions</i>	67.331	73.085
<i>Onerous contracts</i>	4.260	30.091
<i>Other short-term provisions</i>	16.000	31.741
Other provisions	52.803	61.308
Total	342.623	411.356

(*) Most of the relevant balance consists of lease termination and lawsuits filed by the staff.

Other long term provisions	31 March 2017	31 December 2016
Provision for liabilities	4.322	4.239
<i>Other long-term provisions</i>	4.322	4.239
Total	4.322	4.239

Commitments - Banking segment	31 March 2017	31 December 2016
Letters of guarantee given	28.869.565	26.900.857
Letters of credits	6.055.120	4.993.055
Foreign currency acceptance credits	3.963.982	3.583.106
Other guarantees given	3.650.437	3.962.153
Total	42.539.104	39.439.171

Commitments - Other companies	31 March 2017	31 December 2016
Letters of guarantee given	455.997	558.419
Other guarantees given	306.785	297.193
Mortgages, guarantees and pledges for tangible assets	83.208	83.208
Total	845.990	938.820

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 11 - 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 March 2017 and 31 December 2016 are as follows:

	31 March 2017	31 December 2016
Repurchase commitments	23.156.837	25.877.459
<u>Commitments to forward currency purchase/sale and swap transactions:</u>		
	31 March 2017	31 December 2016
Foreign currency purchases	8.374.021	8.911.930
Foreign currency sales	8.456.024	9.064.075
Total	16.830.045	17.976.005
	31 March 2017	31 December 2016
Currency swap purchases	102.588.517	87.664.943
Currency swap sales	97.516.588	86.427.026
Interest swap purchases	45.058.609	42.198.785
Interest swap sales	45.058.609	42.198.785
Total	290.222.323	258.489.539
	31 March 2017	31 December 2016
Spot purchases	5.832.724	8.257.572
Spot sales	5.971.241	8.318.772
Total	11.803.965	16.576.344
	31 March 2017	31 December 2016
Currency, interest and securities purchases options	47.008.094	43.145.261
Currency, interest and securities sales options	47.121.709	43.319.700
Total	94.129.803	86.464.961
	31 March 2017	31 December 2016
Future sales	-	55.335
Total	-	55.335
	31 March 2017	31 December 2016
Other purchase transactions	7.001.022	7.170.681
Other sales transactions	9.029.685	5.154.039
Total	16.030.707	12.324.720

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Transactions held for trading (continued):

	31 March 2017	31 December 2016
Interest swap purchases	9.038.174	8.814.305
Interest swap sales	9.038.174	8.814.305
Total	18.076.348	17.628.610

	31 March 2017	31 December 2016
Foreign currency purchases	20.871	203.533
Foreign currency sales	38.129	73.346
Total	59.000	276.879

	31 March 2017	31 December 2016
Currency swap purchases	3.351.148	3.257.872
Currency swap sales	2.506.011	2.505.565
Total	5.857.159	5.763.437

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 March 2017 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	4.893.063	23.976.502	28.869.565
Letters of credits	3.802.274	2.252.846	6.055.120
Acceptance credits	3.949.519	14.464	3.963.983
Other guarantees	1.107.971	2.542.465	3.650.436
Total	13.752.827	28.786.277	42.539.104

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2016 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	3.932.167	22.968.691	26.900.858
Letters of credits	2.118.797	2.874.258	4.993.055
Acceptance credits	3.569.249	13.857	3.583.106
Other guarantees	1.335.410	2.626.742	3.962.152
Total	10.955.623	28.483.548	39.439.171

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

As a result of the limited tax inspection for BITT for 2009, 2010, 2011 and 2012 initiated on 24 June 2014 in group’s business partner Aksigorta, R.T Ministry of Finance levied total TL 1.8 million tax and total TL 2.8 million tax penalty for 2009, total TL 2 million tax and total TL 2.8 million tax penalty for 2010, total TL 3 million tax and total TL 4.6 million tax penalty for 2011, total TL 4.3 million tax and total TL 6.4 million tax penalty in 2012 and total TL 27.9 million tax and tax penalty in total due to the fact that salvage transactions were not subjected to bank and insurance proceedings. Since it is considered that company practices are in line with the legislation, no provision is allocated in financial statements. The company made a reconciliation application to Large Taxpayers’ Office, Reconciliation Committee on 16 January 2015 for tax and tax penalties in 2009 and on 20 February 2015 for tax and tax penalties in 2010, 2011 and 2012.

Competition Authority decided to conduct an investigation in Teknosa, Company and other companies in the decision to determine whether the rule No. 15-08/108-M, dated 19 February 2015 and the Law No. 4054 are violated and requested their defence within this scope. With the decision No. 15- 28/319-M dated 07 July 2015, the investigation was extended to include the consumer electronics and merged with the previous one. All written defences for this investigation are provided by the Company. Verbal defence process is completed on 25 October 2016. Again with the decision No. 15- 28/319-M dated 07 July 2015, Kliksa, 100% subsidiary of the company in previous periods, is included in the investigation and the verbal defence process for Kliksa was completed too. Final decision of the Competition Authority for both files is announced in their official website on 11 November 2016. As per the decision, total fine amounting to thousand TL 18.026.000 was imposed to Teknosa and Kliksa. Competition Authority served the reasoned judgment to the Company on 08 March 2017. The company used the right to make early payment and paid thousand TL 13.517.000 with reservation on 06 April 2017. The company management is planning to file a claim within 60 days legal period.

As per preliminary examination in November 2016, Competition Authority decided to start an investigation about determining whether Company and the Group’s specific companies, Toroslar EDAŞ, Toroslar EPSAŞ, BEDAŞ, EPS, AYEDAŞ ve AEPSAŞ (“related Group Companies”) acted in line with Competition Act (act no 4054) in November 2016. The investigation is expected to be completed by the end of August 2018. The notice the Competition Authority made to the relevant Company and the related Group Companies about the investigation includes very limited information about the claim. Notice the Authority made to the Company and related Group companies and the announcement made to public cannot be considered as the Company and our relevant Group Companies violated the Competition Act or could be fined. The Group carries out its activities in line with the Competition Act and other legal regulations.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The economic risk concentration of the commitments of the Banking segment at 31 March 2017 and 31 December 2016 is as follows:

	31 March 2017	31 December 2016
Financial institutions	5.893.430	6.433.036
Construction	4.779.753	4.652.569
Chemicals	3.137.211	2.910.411
Wholesale	9.455.565	8.348.084
Small-scale enterprises	3.920.473	3.845.270
Steel and mining	2.083.013	2.086.619
Food and beverage	738.521	616.372
Electricity, gas and water	2.081.291	1.977.548
Automotive	776.327	620.213
Other manufacturing industries	1.669.455	1.445.639
Electronics	638.685	639.372
Textile	956.250	934.968
Transportation	1.358.380	1.170.174
Telecommunication	167.000	153.924
Tourism	258.708	246.057
Agriculture and forestry	52.612	54.738
Other	4.572.432	3.304.178
Total	42.539.106	39.439.172

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 12 - COMMITMENTS

Collaterals, pledges and mortgages ("CPM") given by Subsidiaries at 31 March 2017 is as follows;

	31 March 2017				
	Total TL Equivalent	TL	USD	EUR	Other
A. Total amount of the collaterals given for its own legal entity	763.155	199.412	120.066	32.316	571
B. Collaterals given on behalf of fully consolidated companies	1.130.557	258.822	113.430	112.047	21.097
C. Collaterals given on behalf of the third parties' debt for continuation of their economic activities	42.539.104	16.525.432	4.293.385	2.591.028	255.936
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	44.432.816	16.983.666	4.526.881	2.735.391	277.604
A. Total amount of the mortgages given for its own legal entity	79.508	-	-	20.343	-
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	79.508	-	-	20.343	-
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	-	-	-	-	-

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 12 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by Joint Ventures at 31 March 2017 is as follows;

	Total TL Equivalent	31 March 2017			
		TL	USD	EUR	Other
A. Total amount of the collaterals given for its own legal entity	1.209.196	1.049.251	43.469	455	-
B. Collaterals given on behalf of fully consolidated companies	-	-	-	-	-
C. Collaterals given on behalf of the third parties 'debt for continuation of their economic activities	599	598	-	-	-
D. Total amount of other collaterals					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	1.209.795	1.049.849	43.469	455	-
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	-	-	-	-	-

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 12 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries at 31 December 2016 is as follows;

	31 December 2016				
	Total TL Equivalent	TL	USD	EUR	Other
A. Total amount of the collaterals given for its own legal entity	844.294	199.537	121.439	58.351	912
B. Collaterals given on behalf of fully consolidated companies	918.961	234.727	82.544	106.134	-
C. Collaterals given on behalf of the third parties' debt for continuation of their economic activities	39.439.172	15.741.725	4.108.779	2.400.827	308.838
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	41.202.427	16.175.989	4.312.762	2.565.312	309.750
A. Total amount of the mortgages given for its own legal entity	73.369	-	-	19.777	-
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	73.369	-	-	19.777	-
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	-	-	-	-	-

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 12 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Joint Ventures at 31 December 2016 is as follows;

	Total TL Equivalent	31 December 2016			
		TL	USD	EUR	Other
A. Total amount of the collaterals given for its own legal entity	1.118.066	895.219	61.434	1.791	-
B. Collaterals given on behalf of fully consolidated companies	-	-	-	-	-
C. Collaterals given on behalf of the third parties 'debt for continuation of their economic activities	541	540	-	-	-
D. Total amount of other collaterals					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	1.118.607	895.759	61.434	1.791	-
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	-	-	-	-	-

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 13 - OTHER ASSETS AND LIABILITIES

Other Current Assets	31 March 2017	31 December 2016
Cheques in clearance	606.506	418.721
Deductible, deferred and other VAT	141.548	114.087
Other current assets	231.513	44.063
Total	979.567	576.871
Other Non-Current Assets	31 March 2017	31 December 2016
Long term tax claims		
and other legal receivables	29.434	29.434
Deductible, deferred and other VAT	2.526	3.027
Other non-current assets	66.516	59.274
Total	98.476	91.735
Other Short Term Liabilities	31 March 2017	31 December 2016
Cheques in clearance	1.205.395	778.619
Saving deposits insurance	47.220	45.569
Other short term liabilities	897.911	364.210
Total	2.150.526	1.188.398
Other Long Term Liabilities	31 March 2017	31 December 2016
Other long term liabilities	24.841	18.070
Total	24.841	18.070

NOTE 14 - EQUITY

Hacı Ömer Sabancı Holding A.Ş.'s authorised and issued capital consists of 204.040.393.100 (31 December 2016: 204.040.393.100) shares of Kr 1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 31 March 2017 and 31 December 2016 is as follows:

Shareholders:	Share (%)	31 March 2017	Share (%)	31 December 2016
Sakıp Sabancı Holding A.Ş.	14,07	287.100	14,07	287.100
Serra Sabancı	7,21	147.160	7,21	147.160
Suzan Sabancı Dinçer	6,94	141.567	6,94	141.567
Çiğdem Sabancı Bilen	6,94	141.567	6,94	141.567
Other	64,84	1.323.010	64,84	1.323.010
Share capital	100,00	2.040.404	100,00	2.040.404
Capital adjustments due to cross-ownership (-)		(190.470)		(190.470)
Share Premium		22.237		22.237

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 14 - EQUITY (Continued)

As a result of the Board of Directors decision dated 22 December 2015, EXSA Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (Exsa) has started acquiring publicly traded shares of Sabancı Holding in Borsa İstanbul. With these transactions Exsa's share in Sabancı Holding's share capital has reached 1,17% as of 31 March 2017. These shares is classified as capital adjustments due to cross-ownership in equity.

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Holding's paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Furthermore, to be entitled to the exemption for sale of participation shares and property, 75% of related gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. Based on the exemption for sale of participation shares and property, 75% of the related gain is required to be held in account "gain on sale of subsidiaries". In 2012, related to the initial public offering of Teknosa, Holding accounted for 75% of this gain in this account.

The details of restricted reserves mentioned above are as follows:

	31 March 2017	31 December 2016
Legal reserves	693.748	596.381
Investments sales income	333.369	333.369
Total	1.027.117	929.750

Dividend Distribution

Public companies, distribute their dividends according to CMB's Communiqué Serial II, No: 19.1 Profit Share that came into effect starting from 1 February 2014.

Partnerships distribute dividends within the framework of profit distribution policies determined by their general assembly and in accordance with related legislation provisions by general assembly resolution. Under the aforementioned Communiqué, a minimum distribution ratio has not been determined. Companies distribute dividends according to their articles of incorporation or profit distribution policies.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 14 - EQUITY (Continued)

Accumulated Other Comprehensive Income or Loss to be Reclassified to Profit or Loss

	Fair value revaluation fund	Cash flow hedge fund	Net investment hedge fund	Currency translation differences
Balance as of January 2016	(440.301)	(86.721)	(88.909)	283.604
Increases/ (decreases) during the period	272.584	(31.637)	(3.547)	(4.764)
Gains transferred to income statement	-	14.053	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	10.960	-	-	-
Tax effect	(45.012)	5.612	709	-
Balance as of 31 March 2016	(201.769)	(98.693)	(91.747)	278.840
Balance as of January 2017	(444.676)	(177.288)	(146.024)	499.438
Increases/ (decreases) during the period	286.437	(32.088)	(20.434)	53.783
Gains transferred to income statement	5.582	3.544	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	(1.825)	-	-	-
Tax effect	(57.925)	5.595	4.087	-
Balance as of 31 March 2017	(212.407)	(200.237)	(162.371)	553.221

NOTE 15 - ASSETS CLASSIFIED AS HELD FOR SALE

1 January - 31 March 2017

Assets the Group showed as "Assets Classified as Held for Sale" in its financial statements are comprised of real estate worth Total TL 16.671.395 which Temsa, Group's subsidiary, acquired for guarantee and now wants to dispose and also comprised of shares of Kordsa, which is a subsidiary of Group and owns 51% of Nile Kordsa Company for Industrial Fabrics S.A.E. as per Board of Directors' decision no 2015/29 dated 31 December 2015. These shares are the result of classifying Nile Kordsa Company for Industrial Fabrics S.A.E. under "Assets Classified as Held for Sale" amounting to Total TL 21.152.476 (31 December 2016: Total TL 21.780.383)

A subsidiary of the Group, Kordsa Global's subsidiary Interkordsa GmbH's has no loss for the period. (31 March 2016: Total TL 3.326.516 loss). In 31 March 2017 and 31 March 2016 consolidated financial statements the operating result of this company is classified as income/expense from discontinued operations.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 15 - ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

1 January - 31 March 2016

According to Board of Directors' decision no. 2015/29 dated 31 December 2015, shares of Kordsa, which owns 51% of Nile Kordsa Company for Industrial Fabrics S.A.E. and 100% of Interkordsa GmbH, in Nile Kordsa Company for Industrial Fabrics S.A.E. ve Interkordsa GmbH will be classified under "Assets Classified as Held for Sale". Therefore, Nile Kordsa Company for Industrial Fabrics S.A.E. and Interkordsa GmbH's financial results were classified as "Assets Classified as Held for Sale" in the Group's financial statements dated 31 March 2016.

Loss for the period of Nile Kordsa Company for Industrial Fabrics S.A.E. which is an affiliate of Kordsa, Group's subsidiary, is Total TL 3.326.516 as of 31 March 2016. This company's operation results were classified as revenues/expenses related to discontinued operations in the consolidated financial statements on 31 March 2016.

Loss for the period of Interkordsa GmbH. (Interkordsa) which is an affiliate of Kordsa which is the Group's subsidiary is Total TL 99.677 as of 31 March 2016. Operation results related to this company were classified under revenues/expenses related to discontinued activities in the consolidated financial statements dated 31 March 2016.

NOTE 16 - FINANCE INCOME/EXPENSES

	1 January- 31 March 2017	1 January - 31 March 2016
Finance income		
Foreign currency gains	55.815	14.762
Total	55.815	14.762
Finance expenses		
Foreign currency loss	(73.913)	(6.784)
Interest expenses	(58.530)	(49.490)
Other financial expenses	(14.678)	(9.095)
Total	(147.121)	(65.369)

Financial income and financial expenses are related to segments other than banking.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 17 - TAX ASSETS AND LIABILITIES

	31 March 2017	31 December 2016
Corporate and income taxes payable	588.547	1.157.130
Less: prepaid taxes	(918)	(809.523)
Total taxes payable	587.629	347.607

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

The Corporate Tax Law was amended as of 13 June 2006 with Law No 5520. The majority of the clauses of Law No 5520 are effective as of 1 January 2006. The corporate tax rate of the fiscal year 2017 is 20% (2016: 20%). Corporation tax is applied on the total income after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc.) and tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, except from these corporations' dividends subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations calculate corporate tax quarterly at the rate of 20% on their corporate income and declare it until the 10th day and pay it on the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

There are numerous exemptions in the Corporate Tax Law concerning the corporations. Those related to Group are as follows:

Exemption for Participation in Subsidiaries

Dividend income from participation in shares of capital of another full-fledged taxpayer corporation (except for dividends from investment funds participation certificates and investment partnerships shares) are exempt from corporate tax.

Preferential right certificate sales and issued premiums exemption

Gains from issued premiums derived from the disposal of sales at nominal values during incorporations and the capital increase of joint stock companies are exempt from corporate tax.

Exemption for participation into foreign subsidiaries

The participation income of corporations participating in 10% or more of the capital of a limited liability or joint stock company which does not have its legal or business center in Turkey (except for corporations whose principal activity is financial leasing or by investment of marketable securities) for at least one year until the date of the income is generated and transferred to Turkey until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike, in their country of legal residence or business center at the rate of at least 15% (the corporate income tax rate applicable in Turkey for those companies whose principal activity is financial assurance or insurance).

Exemption for Sale of Participation Shares and Property

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which have remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The proceed related to the sale transaction has to be collected up until the end of the second calendar year following the year the sale was realized.

Brokerage houses and real estate companies who are dealing with the trading and the leasing of the real estate cannot benefit from this exemption.

Exemption for investment incentive

The revoked phrase "only attributable to 2006, 2007 and 2008" stated in Provisional Article 69 of Income Tax Law No:193 with the effect of Article 5 of Law No:6009 after having published in the Official Gazette No: 27659 as at 1 August 2010 and the Constitutional Court's issued resolution no: 2009/144 published in the Official Gazette as at 8 January 2010 has been revised. The revised regulation allows companies to continue to benefit from the exception of undeductible and carry forward investment incentive due to insufficient earnings irrespective of having any time constraints. However, deductible amount for investment incentive exception used in the determination of tax base cannot exceed 25% of the related period's income. In addition, companies that opt to use the investment incentive exemption are allowed to apply 20% of income tax, instead of 30% under the related revised regulation.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

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

The tax charges for comprehensive income statement items for the periods ended 31 March 2017 and 2016 are as follows:

	31 March 2017			31 March 2016		
	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax
Net unrealized fair value from available for sale financial assets	702.043	(140.409)	561.634	662.236	(132.447)	529.789
Net gain on available for sale financial assets transferred to the income statement	13.699	(2.740)	10.959	(142.045)	28.409	(113.636)
Net gain included in the income statement due to transfer of available for sale financial assets into held to maturity assets	(4.479)	896	(3.583)	26.895	(5.379)	21.516
Cash flow hedges	(21.674)	4.335	(17.339)	(27.630)	5.526	(22.104)
Income/ (loss) from the derivative financial assets related to the hedging of net investment in a foreign operation	(50.143)	10.029	(40.114)	(8.705)	1.741	(6.964)
Change in currency translation differences	140.212	-	140.212	(6.427)	-	(6.427)
Actuarial loss/gain	684	(137)	547	(61)	12	(49)
Other Comprehensive Income	780.342	(128.026)	652.316	504.263	(102.138)	402.125

Deferred tax

The Group recognizes deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under TAS and their statutory tax financial statements. These differences usually result from the recognition of revenue and expenses in different reporting periods for TAS and tax purposes, carry forward tax losses and investment incentive exceptions. Deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method using a principal tax rate of 20%.

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.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax (continued)

At 31 March 2017, the Group has deferred income tax assets over carry forward tax losses in the amount of TL 976.336 which can be offset against future taxable profits for a period of five years (31 December 2016: TL 819.512). As of 31 March 2017 and 31 December 2016, carried forward tax losses and the latest annual periods are as follows:

	31 March 2017	31 December 2016
2017	23.734	-
2018	17.548	17.548
2019	58.126	58.126
2020	741.195	743.838
2021	135.733	-
Total	976.336	819.512

Deferred tax assets/(liabilities) for the periods ended 31 March 2017 and 31 December 2016 are as follows:

	31 March 2017	31 December 2016
Deferred Tax Assets	638.421	635.401
Deferred Tax Liabilities	(143.764)	(139.150)
Net Deferred Tax Assets	494.657	496.251

The movements in deferred income tax assets/(liabilities) for the periods ended 31 March 2017 and 2016 are as follows

	2017	2016
1 January balances	496.251	596.375
Charged to equity	(73.767)	(125.788)
Currency translation differences	(2.249)	(4.749)
Charged to statement of profit or loss	72.869	23.668
Other	1.553	7.236
31 March	494.657	496.742

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 18- DERIVATIVE FINANCIAL INSTRUMENTS

31 March 2017	Fair Value	
	Asset	Liability
Derivative instruments held for trading:		
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales	5.165.300	4.326.205
Forward currency purchases and sales	430.413	356.214
Currency options purchases and sales	212.111	253.383
Other purchases and sales	1.740.417	5.194
Total derivative instruments held for trading	7.548.241	4.940.996
Derivative instruments held for hedging:		
Currency and interest rate swaps purchases and sales	945.881	98.064
Forward currency purchases and sales	618	3.619
Currency purchases and sales transactions	46.018	-
Total derivative instruments held for hedging	992.517	101.683
Total derivative instruments	8.540.758	5.042.679
31 December 2016	Fair Value	
	Asset	Liability
Derivative instruments held for trading:		
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales	5.242.799	3.900.948
Forward currency purchases and sales	467.073	418.684
Currency options purchases and sales	262.589	289.771
Other purchases and sales	1.649.098	4.709
Total derivative instruments held for trading	7.621.559	4.614.112
Derivative instruments held for hedging:		
Currency and interest rate swaps purchases and sales	807.874	98.991
Forward currency purchases and sales	895	3.714
Currency purchases and sales transactions	40.243	-
Total derivative instruments held for hedging	849.012	102.705
Total derivative instruments	8.470.571	4.716.817

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Akbank, Brisa, Yünsa, Carrefoursa and Enerjisa, hedge cash flow risk arising from the financial liabilities through the use of interest rate swaps. Within the scope of cash flow hedge accounting, effective portion of the fair value changes of the hedging instrument is recognized under hedge reserves within equity. Akbank also hedges its TL denominated fixed rate financial assets and foreign currency denominated financial liabilities with cross currency swaps. In order to eliminate foreign currency exchange risks that arise from exports made in EUR currency and raw material purchase transactions made in USD currency, Brisa makes forward foreign exchange purchase-sale agreements with EUR sales/USD purchase, TL sales/EUR purchase and TL sales/USD purchase specifications..

NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

Banking

Loans and advances to customers	31 March 2017	31 December 2016
Consumer loans and credit cards receivables	45.542.607	45.037.601
Project finance loans (*)	32.021.062	26.431.817
Construction	23.944.878	24.078.639
Financial institutions	22.297.236	20.779.263
Small-scale enterprises	16.105.210	14.706.397
Mining	5.669.770	6.262.631
Telecommunication	6.074.553	5.819.867
Other manufacturing industries	8.217.738	5.537.903
Food and beverage, wholesale and retail	4.886.419	4.939.823
Textile	4.491.459	4.109.589
Chemicals	3.939.143	3.377.208
Automotive	2.888.845	2.413.289
Other	14.306.814	19.070.543
Total loans and advances to customers	190.385.734	182.564.570
Allowance for loan losses	(7.227.932)	(6.964.606)
Leasing receivables	5.266.019	4.983.239
Net loans and advances to customers	188.423.821	180.583.203

The table above includes the bank's total amount of active loans and loans followed. They were separated as a result of bank assessment by considering all loan risk which is loan risk provision.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

(*) As of 31 March 2017 and 31 December 2016, the Bank has a cash loan risk worth USD 1,5 billion under acquisition finance of a company operating in telecommunications sector and within the framework of syndication participation which is done through pledge of share collateral resulting from other local and foreign banks. Company's partners, creditors, banks and relevant public intuitions started negotiations about restructuring the loan risks which are overdue according to balance sheet date and they also want to include shareholder change of the current main partner. These negotiations are expected to conclude positively.

Annual effective interest rates of loans and advances granted to clients in USD, EUR, JPY, TL are as follows respectively: 5,26% (31 December 2016: 5,07%), 3,64% (31 December 2016: 3,66%), 4,25% (31 December 2016: 4,27%) and 13,23% (31 December 2016: 13,04%).

The movement of loan loss provision of banking segment as of 31 March 2017 by class is as follows:

	Corporate	Commercial	Total
1 January 2017	3.662.281	3.302.324	6.964.605
Gross provisions	254.425	219.257	473.682
Recoveries	(54.288)	(151.754)	(206.042)
Written-off	(1.694)	(2.619)	(4.313)
31 March 2017	3.860.724	3.367.208	7.227.932

The movement of loan loss provision of banking segment as of 31 March 2016 by class is as follows:

	Corporate	Commercial	Total
1 January 2016	2.679.248	3.022.624	5.701.872
Gross provisions	196.169	314.293	510.462
Recoveries	(46.810)	(131.464)	(178.274)
Written-off (*)	(103.817)	(356.118)	(459.935)
31 March 2016	2.724.790	2.849.335	5.574.125

(*) The Bank has sold TL 450,1 million (total TL amount) of non-performing loans portfolio for which a 100% provision has been written in the previous periods to Güven Varlık A.Ş. for TL 49,1 million (total TL amount) worth.

The maturity schedule of loans and advances to customers at 31 March 2017 and 31 December 2016 are summarized below:

	31 March 2017	31 December 2016
Up to 3 months	52.532.432	49.297.126
3 to 12 months	36.901.935	36.937.861
Current	89.434.367	86.234.987
1 to 5 years	71.587.644	67.482.991
Over 5 years	22.135.791	21.881.986
Non-current	93.723.435	89.364.977
Total	183.157.802	175.599.964

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

Banking (continued)

The repricing schedule of loans and advances to customers at 31 March 2017 and 31 December 2016 are summarized below:

	31 March 2017	31 December 2016
Up to 3 months	69.063.708	72.647.190
3 to 12 months	50.449.514	42.692.991
1 to 5 years	54.474.324	51.031.046
Over 5 years	9.170.256	9.228.737
Total	183.157.802	175.599.964

NOTE 20 - PAYABLES FROM FINANCE SECTOR OPERATIONS

Banking

	31 March 2017			31 December 2016		
	Demand	Time	Total	Demand	Time	Total
Saving deposits	14.893.566	80.303.963	95.197.529	14.430.486	76.583.302	91.013.788
Commercial deposits	15.039.896	52.895.936	67.935.832	14.750.250	53.845.681	68.595.931
Bank deposits	781.318	7.334.220	8.115.538	972.501	6.229.124	7.201.625
Funds provided from						
repo transactions	-	23.007.595	23.007.595	-	26.042.359	26.042.359
Other	992.737	5.197.016	6.189.753	566.748	5.295.076	5.861.824
Total	31.707.517	168.738.730	200.446.247	30.719.985	167.995.542	198.715.527

Annual effective interest rate of deposit accounts in USD, Euro and TL are 1,75% (31 December 2016: 1,62%), 0,37% (31 December 2016: 0,43%) and 10,53% (31 December 2016: 9,42%) respectively.

The following is the analysis of remaining time of debts to deposit and money markets for term and repricing in the agreement as of 31 March 2017 and 31 December 2016:

	31 March 2017	31 December 2016
No maturity	30.273.483	29.247.950
Up to 3 months	140.439.724	142.247.469
3 to 12 months	24.023.244	20.413.857
1 to 5 years	5.240.371	6.335.809
Over 5 years	469.425	470.442
Total	200.446.247	198.715.527

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 21 - RELATED PARTY DISCLOSURES

Key management personnel compensation:

The Group defined its key management as board of directors, general manager, general secretary, group chiefs, head of departments and group directors. Short term benefits include wages, bonuses, social security, health insurance, unused vacation, premium bonuses and incentive premiums. Other long term benefits include private pension system payments. Benefits resulted from discharge include severance pay and unused vacation payments for executive management who is discharged as a result of transfer or retirement.

The detailed schedule of compensation paid or payable to key management for the periods ended 31 March 2017 and 2016 are as follows:

	31 March 2017	31 March 2016
Short term benefits	8.580	9.068
Benefits resulted from discharge	1.620	206
Other long term benefits	65	70
Total	10.265	9.344

NOTE 22 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

22.1 *Financial Instruments and Financial Risk Management*

22.1.1 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.

22.1.1.1 Foreign Exchange Risk

The Group is exposed to foreign exchange risk through the impact of rate changes on the translation of foreign currency assets and liabilities to local currency. These risks are monitored and limited by analyzing foreign currency position. The Group aims to lower foreign exchange risk arising from assets and liabilities by using swap and forward derivative instruments.

The difference between the assets and liabilities of Akbank both denominated in foreign currency is defined as the "Net Foreign Currency ("FC") position" and is the exposure to foreign currency risk. Another dimension of the foreign exchange risk is the change in the value of the foreign currencies themselves within the net FC position (cross rate risk). The Bank keeps the amount exposed to foreign exchange risk within the limits determined by the Risk Management Committee. The Risk Management Committee monitors the general economic conditions and developments in the markets and sets new limits when necessary. These limits are set and monitored separately for the net FC position and for the cross rate risk. When necessary swap and forward contracts are used as a tool to hedge the foreign exchange risk.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

**NOTE 22 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS
(Continued)**

22.1.1.1 Foreign Exchange Risk (continued)

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

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations as at 31 March 2017 and 31 December 2016 in terms of TL are as follows:

	31 March 2017	31 December 2016
Assets	153.116.399	149.842.286
Liabilities	(165.514.343)	(156.415.980)
Net foreign currency balance sheet position	(12.397.944)	(6.573.694)
Off-balance sheet derivative financial instruments position	14.619.401	6.631.871
Net foreign currency balance sheet and off-balance sheet position	2.221.457	58.177

31 March 2017	Total TL Equivalent	USD TL Equivalent	EUR TL Equivalent	GBP TL Equivalent	Other TL Equivalent
Assets:					
Cash and Cash Equivalents	9.442.394	6.555.205	2.683.080	57.340	146.769
Financial Assets	32.385.382	25.957.082	5.892.949	-	535.351
Receivables from Financial Operations	78.148.961	40.957.561	37.075.686	11.424	104.290
Reserve Deposits at Central Bank	29.989.641	17.725.850	7.486.111	-	4.777.680
Trade Receivables	1.084.126	334.904	621.611	3.168	124.443
Other Current Assets	2.065.895	1.356.934	642.379	150	66.432
Total assets	153.116.399	92.887.536	54.401.816	72.082	5.754.965
Liabilities:					
Funds Borrowed and Debt					
Securities in Issue	46.360.408	34.705.776	11.477.153	4.143	173.336
Customer Deposits	116.808.306	70.334.550	42.633.423	1.823.240	2.017.093
Trade Payables	484.609	300.412	142.937	1.792	39.468
Other Payables and Provisions	1.861.020	838.279	946.308	3.262	73.171
Total liabilities	165.514.343	106.179.017	55.199.821	1.832.437	2.303.068
Net foreign currency asset/ (liability) position of off-balance sheet derivative financial instruments	14.619.401	13.694.047	2.516.674	1.757.468	(3.348.788)
Net foreign currency asset/ (liability) position	2.221.457	402.566	1.718.669	(2.887)	103.109

Net profit effect of the consolidated to the total net foreign currency position is TL 358.329 as of 31 March 2017 (Akbank and Philsa-Philip Morris excluded).

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

**NOTE 22 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS
(Continued)**

22.1.1.1 Foreign Exchange Risk (continued)

31 December 2016	Total TL Equivalent	USD TL Equivalent	EUR TL Equivalent	GBP TL Equivalent	Other TL Equivalent
Assets:					
Cash and Cash Equivalents	11.622.582	8.832.383	2.599.686	76.124	114.389
Financial Assets	29.098.496	22.981.074	5.603.484	-	513.938
Receivables from Financial Operations	77.712.296	41.652.192	35.942.621	18.424	99.059
Reserve Deposits at Central Bank	28.943.471	21.185.548	7.023.056	-	734.867
Trade Receivables	925.201	288.557	525.755	3.617	107.272
Other Current Assets	1.540.243	972.613	505.501	56	62.073
Total assets	149.842.289	95.912.367	52.200.103	98.221	1.631.598
Liabilities:					
Funds Borrowed and Debt					
Securities in Issue	42.993.036	31.813.593	10.957.565	4.607	217.271
Customer Deposits	111.134.033	68.971.285	38.666.933	1.479.832	2.015.983
Trade Payables	430.287	289.770	97.751	1.367	41.399
Other Payables and Provisions	1.858.624	833.338	953.497	2.201	69.588
Total liabilities	156.415.980	101.907.986	50.675.746	1.488.007	2.344.241
Net foreign currency asset/ (liability) position of off-balance sheet derivative financial instruments	6.631.869	4.478.023	(56.837)	1.388.984	821.699
Net foreign currency asset/ (liability) Position	58.178	(1.517.596)	1.467.520	(802)	109.056

Net profit effect of the consolidated to the total net foreign currency position is TL 502.179 as of 31 December 2016 (Akbank and Philsa-Philip Morris excluded).

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

**NOTE 22 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS
(Continued)**

22.1.1.1 Foreign Exchange Risk (continued)

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

The foreign exchange risk of Group companies other than that of the banking segment for the years ended 31 March 2017 and 31 March 2016 is summarized as follows:

31 March 2017

	Profit/loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%		
USD net assets/liabilities	47.967	(47.967)
Hedged items (-)	-	-
USD net effect	47.967	(47.967)
Change in EUR against TL by 10%		
EUR net assets/liabilities	29.086	(29.086)
Hedged items (-)	-	-
EUR net effect	29.086	(29.086)
Change in GBP against TL by 10%		
GBP net assets/liabilities	47	(47)
Hedged items (-)	-	-
GBP net effect	47	(47)
Change in other currency against TL by 10%		
Other currency net assets/liabilities	(251)	251
Hedged items (-)	-	-
Other currency net effect	(251)	251

31 March 2016

	Profit/loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%		
USD net assets/liabilities	13.971	(13.971)
Hedged items (-)	-	-
USD net effect	13.971	(13.971)
Change in EUR against TL by 10%		
EUR net assets/liabilities	21.063	(21.063)
Hedged items (-)	-	-
EUR net effect	21.063	(21.063)
Change in GBP against TL by 10%		
GBP net assets/liabilities	354	(354)
Hedged items (-)	-	-
GBP net effect	354	(354)
Change in other currency against TL by 10%		
Other currency net assets/liabilities	(1.446)	1.446
Hedged items (-)	-	-
Other currency net effect	(1.446)	1.446

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH**

HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2017**

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

NOTE 23 - EVENTS AFTER THE REPORTING PERIOD

It was decided that Teknosa İç ve Dış Ticaret A.Ş., the Group’s subsidiary, will be imposed an administrative fine worth total TL 18.025.556 as a result of investigation carried out by Competition Authority. Reasoned judgement was announced to the Company by Competition Authority on 08 March 2017. The Company used the right to make early payment and paid total TL 13.517.167 with reservation on 06 April 2017. The company management is planning to file a claim within 60 days legal period.

Enerjisa Üretim A.Ş., the Group’s business associate, completed to sell energy plant that called as “Murat Nehri” on 27 April 2017 which was classified as “Assets Held for Sale” before.

Merger of Enerjisa Elektrik Dağıtım A.Ş. and Enerjisa Enerji A.Ş., both Group’s business associates, was registered on 28 April 2017 in accordance with the Turkish Commercial Code.