

HACI ÖMER SABANCI HOLDİNG A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY - 30 JUNE 2017 TOGETHER WITH AUDITOR'S REVIEW REPORT**

(ORIGINALLY ISSUED IN TURKISH)



**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT
AUDITOR'S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH**

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

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

Introduction

1. We have reviewed the accompanying interim condensed consolidated balance sheet of Hacı Ömer Sabancı Holding A.Ş. ("Holding") and its subsidiaries (collectively referred as the "Group") as at 30 June 2017 and the related interim condensed consolidated statement of income, statement of comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

2. We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim condensed interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to conclude that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with TAS 34.



Emphasis of Matter

4. Subsidiaries are companies in which Holding exercises a dominant influence and power to govern the financial and operating policies through exercise of voting power related to shares held by Holding together with voting power which Holding effectively exercises related to shares held by Sabancı family members. Sabancı family members allow Holding to exercise voting power in respect of shares held in these companies. In the accompanying consolidated financial statements the shares held by Sabancı family members are presented as non-controlling interest. Our conclusion is not modified in respect of this matter.

Other Matter

5. The consolidated financial statements of the Group as of 31 December 2016 were audited and the interim condensed consolidated interim financial information as of 30 June 2016 and for the six-month period then ended were reviewed by another audit firm whose audit report dated 23 February 2017 expressed an unqualified opinion and whose review report dated 10 August 2016 expressed a conclusion that nothing has come to their attention that not compliance with TAS 34.

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

Burak Özpoyraz, SMMM
Partner

İstanbul, 17 August 2017

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HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2017

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

| | | Reviewed 30 June 2017 USD (*) | Reviewed 30 June 2017 | Audited 31 December 2016 |
|---|--------------------|--|-----------------------------|--------------------------------|
| | Note References | | | |
| ASSETS | | | | |
| Current Assets | | | | |
| 45.683.388 | | | | |
| 160.508.582 | | | | |
| 150.779.370 | | | | |
| Cash and Cash Equivalents | | 2.902.751 | 10.198.817 | 12.596.627 |
| Financial Assets | | 2.532.215 | 8.896.938 | 3.835.458 |
| - Held for Trading | 4.a | 25.125 | 88.278 | 63.921 |
| - Available for Sale | 4.b | 1.195.686 | 4.201.042 | 3.050.872 |
| - Held to Maturity | 4.c | 1.309.588 | 4.601.236 | 684.900 |
| - Time Deposits | 4.d | 1.816 | 6.382 | 35.765 |
| Trade Receivables | | 483.907 | 1.700.208 | 1.440.602 |
| Receivables from Finance Sector Operations | 19 | 25.467.999 | 89.481.813 | 87.848.505 |
| Reserve Deposits with the Central Bank of the Republic of Turkey | 6 | 10.726.210 | 37.686.539 | 33.171.783 |
| Other Receivables | 18 | 365.503 | 1.284.195 | 1.138.432 |
| Derivative Financial Instruments | | 1.988.774 | 6.987.557 | 7.662.697 |
| Inventories | | 653.522 | 2.296.151 | 1.995.221 |
| Prepaid Expenses | | 223.401 | 784.921 | 486.716 |
| Other Current Assets | 13 | 990 | 3.478 | 4.678 |
| | | 330.078 | 1.159.730 | 576.871 |
| | | 45.675.351 | 160.480.347 | 150.757.590 |
| Assets Classified As Held for Sale | | 8.036 | 28.235 | 21.780 |
| Non-current Assets | | | | |
| 47.267.217 | | | | |
| 166.073.366 | | | | |
| 157.488.469 | | | | |
| Financial Assets | | 13.675.925 | 48.050.364 | 49.063.092 |
| - Available for Sale | 4.b | 9.787.970 | 34.390.031 | 31.771.008 |
| - Held to Maturity | 4.c | 3.887.956 | 13.660.333 | 17.292.084 |
| Trade Receivables | | 32.471 | 114.088 | 110.032 |
| Receivables From Finance Sector Operations | 19 | 29.162.603 | 102.462.806 | 92.734.698 |
| Other Receivables | 6 | 255.291 | 896.964 | 884.996 |
| Derivative Financial Instruments | 18 | 242.402 | 851.678 | 807.874 |
| Investments Accounted Through Equity Method | 7 | 1.688.258 | 5.931.696 | 6.101.005 |
| Investment Property | | 78.633 | 276.278 | 278.476 |
| Property, Plant and Equipment | 8 | 1.453.241 | 5.105.963 | 4.964.509 |
| Intangible Assets | | 476.295 | 1.673.463 | 1.687.584 |
| - Goodwill | 10 | 288.833 | 1.014.815 | 1.014.815 |
| - Other Intangible Assets | 9 | 187.462 | 658.648 | 672.769 |
| Prepaid Expenses | | 29.835 | 104.827 | 129.067 |
| Deferred Tax Assets | 17 | 137.364 | 482.629 | 635.401 |
| Other Non-Current Assets | 13 | 34.897 | 122.610 | 91.735 |
| Total Assets | | 92.950.604 | 326.581.948 | 308.267.839 |

These consolidated interim financial statements have been approved for issue by the Board of Directors on 17 August 2017 and signed on its behalf by Mehmet Göçmen, Member of Board of Directors and CEO and Barış Oran, Head of Finance.

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by CBRT at 30 June 2017, and therefore do not form part of these consolidated financial statements.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 2017

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

| | Note | Reviewed 30 June 2017 USD(*) | Reviewed 30 June 2017 | Audited 31 December 2016 |
|---|-----------|------------------------------------|-----------------------------|--------------------------------|
| LIABILITIES | | | | |
| Short Term Liabilities | | 66.093.007 | 232.217.780 | 213.371.296 |
| Short Term Borrowings | 5 | 4.088.313 | 14.364.287 | 8.838.741 |
| Current Portion of Long-term Borrowings | 5 | 4.085.452 | 14.354.235 | 13.620.874 |
| Trade Payables | | 664.181 | 2.333.599 | 2.490.488 |
| Payables from Finance Sector Operations | 20 | 53.587.079 | 188.278.203 | 176.618.716 |
| Payables related with Employee Benefits | | 28.217 | 99.142 | 63.177 |
| Other Payables | 6 | 1.482.716 | 5.209.523 | 4.725.183 |
| Derivative Financial Instruments | 18 | 1.140.005 | 4.005.408 | 4.617.826 |
| Deferred Income | | 63.072 | 221.605 | 149.461 |
| Income Taxes Payable | 17 | 111.084 | 390.293 | 347.607 |
| Short Term Provisions | | 166.843 | 586.204 | 699.107 |
| - Short Term Provisions for Employee Benefits | | 79.249 | 278.440 | 287.751 |
| - Other Short Term Provisions | 11 | 87.595 | 307.764 | 411.356 |
| Other Short Term Liabilities | 13 | 672.636 | 2.363.306 | 1.188.398 |
| | | 66.089.599 | 232.205.805 | 213.359.578 |
| Liabilities Classified as Held for Sale | | 3.408 | 11.975 | 11.718 |
| Long Term Liabilities | | 13.212.649 | 46.422.642 | 50.089.200 |
| Long Term Borrowings | 5 | 6.650.657 | 23.367.085 | 26.458.459 |
| Trade Payables | | - | - | 29 |
| Payables from Finance Sector Operations | 20 | 6.077.854 | 21.354.541 | 22.096.811 |
| Other Payables | 6 | 252.528 | 887.257 | 829.968 |
| Derivative Financial Instruments | 18 | 40.551 | 142.477 | 98.991 |
| Deferred Income | | 45.372 | 159.415 | 120.273 |
| Long Term Provisions | | 97.564 | 342.790 | 327.449 |
| - Long Term Provisions for Employee Benefits | | 96.320 | 338.421 | 323.210 |
| - Other Long Term Provisions | 11 | 1.243 | 4.369 | 4.239 |
| Deferred Tax Liabilities | 17 | 36.632 | 128.708 | 139.150 |
| Other Long Term Liabilities | | 11.490 | 40.369 | 18.070 |
| EQUITY | | 13.644.948 | 47.941.526 | 44.807.343 |
| Equity Attributable To The Parent | 14 | 6.991.417 | 24.564.345 | 23.146.297 |
| Share Capital | 14 | 580.733 | 2.040.404 | 2.040.404 |
| Adjustments to Share Capital | | 975.313 | 3.426.761 | 3.426.761 |
| Share Premium | 14 | 6.329 | 22.237 | 22.237 |
| Treasury share (-) | 14 | (54.211) | (190.470) | (190.470) |
| Accumulated Other Comprehensive Income or Loss That Will Not Be Reclassified to Profit or Loss | | (17.075) | (59.993) | (59.814) |
| - Actuarial Gain / Loss | | (17.075) | (59.993) | (59.814) |
| Accumulated Other Comprehensive Income or Loss That Will Be Reclassified to Profit or Loss | | 32.738 | 115.025 | (268.550) |
| - Currency Translation Reserve | 14 | 176.233 | 567.195 | 499.438 |
| - Hedge Reserve | 14 | (89.917) | (315.922) | (323.312) |
| - Revaluation Reserve | 14 | (38.778) | (136.248) | (444.676) |
| Restricted Reserves | 14 | 293.693 | 1.031.890 | 929.750 |
| Retained Earnings | | 4.758.480 | 16.718.921 | 14.585.848 |
| Net Income for the Period | | 400.618 | 1.459.570 | 2.660.131 |
| Non-controlling Interests | | 6.653.531 | 23.377.181 | 21.661.046 |
| TOTAL EQUITY AND LIABILITIES | | 92.950.604 | 326.581.948 | 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 30 June 2017, and therefore do not form part of these consolidated financial statements.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 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 | Reviewed 1 January- 30 June 2017 USD(*) | Reviewed 1 January 30 June 2017 | Reviewed 1 January - 30 June 2016 | Not Reviewed 1 April - 30 June 2017 | Not Reviewed 1 April - 30 June 2016 |
|--|--------------------|--|---------------------------------------|---|--|---|
| CONTINUING OPERATIONS | | | | | | |
| Sales (net) | 3 | 1.746.065 | 6.361.439 | 6.310.832 | 3.409.680 | 3.314.266 |
| Cost of Sales (-) | 3 | (1.376.634) | (5.015.492) | (4.973.977) | (2.708.670) | (2.626.549) |
| Gross Profit from Non-Financial Operations | | 369.431 | 1.345.947 | 1.336.855 | 701.010 | 687.717 |
| Interest, Premium, Commission and Other Income | 3 | 3.516.469 | 12.811.552 | 10.974.703 | 6.663.284 | 5.657.650 |
| Interest, Premium, Commission and Other Expense(-) | 3 | (1.837.196) | (6.693.457) | (5.850.758) | (3.534.016) | (2.948.082) |
| Gross Profit from Financial Operations | | 1.679.273 | 6.118.095 | 5.123.945 | 3.129.268 | 2.709.568 |
| GROSS PROFIT | | 2.048.704 | 7.464.042 | 6.460.800 | 3.830.278 | 3.397.285 |
| General and Administrative Expenses (-) | | (695.934) | (2.535.497) | (2.503.030) | (1.283.659) | (1.276.211) |
| Marketing Expenses (-) | | (225.491) | (821.531) | (904.913) | (413.401) | (452.711) |
| Research and Development Expenses (-) | | (1.261) | (4.596) | (3.032) | (3.088) | (1.531) |
| Other Income from Operating Activities | | 114.923 | 418.700 | 551.896 | 146.470 | 376.027 |
| Other Expense from Operating Activities (-) | | (76.508) | (278.743) | (364.519) | (114.857) | (217.573) |
| Interest in Income of Investments Accounted Through Equity Method | 7 | 19.538 | 71.181 | 340.790 | 117.322 | 144.088 |
| OPERATING PROFIT | | 1.183.969 | 4.313.556 | 3.577.992 | 2.279.065 | 1.969.374 |
| Income from Investing Activities | | 10.152 | 36.985 | 9.859 | 9.317 | 4.524 |
| Expense from Investing Activities (-) | | (177) | (646) | (1.790) | (249) | (65) |
| OPERATING PROFIT BEFORE FINANCIAL EXPENSES | | 1.193.944 | 4.349.895 | 3.586.061 | 2.288.133 | 1.973.833 |
| Financial income | 16 | 31.219 | 113.739 | 41.084 | 57.924 | 26.322 |
| Financial Expenses (-) | 16 | (83.708) | (304.974) | (159.840) | (157.853) | (94.471) |
| INCOME BEFORE TAX FROM CONTINUING OPERATIONS | | 1.141.454 | 4.158.660 | 3.467.305 | 2.188.204 | 1.905.684 |
| Tax Income / (Expense) from Continuing Operations | | | | | | |
| Current Income Tax Expense | | (219.825) | (800.887) | (725.334) | (330.272) | (427.793) |
| Deferred Income Tax Benefit | 17 | (4.806) | (17.511) | 109.508 | (90.380) | 85.840 |
| PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS | | 916.823 | 3.340.262 | 2.851.479 | 1.767.552 | 1.563.731 |
| DISCONTINUED OPERATIONS | | | | | | |
| Profit After Tax From Discontinued Operations | 15 | (1.030) | (3.753) | (11.826) | (3.753) | (8.400) |
| PROFIT FOR THE PERIOD | | 915.793 | 3.336.509 | 2.839.653 | 1.763.799 | 1.555.331 |
| ALLOCATION OF PROFIT | | | | | | |
| - Non-controlling Interests | | 515.176 | 1.876.939 | 1.487.008 | 973.631 | 843.200 |
| - Equity Holders of the Parent | | 400.618 | 1.459.570 | 1.352.645 | 790.168 | 712.131 |
| Earnings per share | | | | | | |
| - thousands of ordinary shares (TL) | | 1,96 | 7,14 | 6,63 | 3,87 | 3,49 |
| Earnings per share from continuing operations thousands of ordinary shares (TL) | | 1,97 | 7,16 | 6,69 | 3,89 | 3,53 |

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 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 | Reviewed 1 January - 30 June 2017 | Reviewed 1 January - 30 June 2016 | Not Reviewed 1 April - 30 June 2017 | Not Reviewed 1 April - 30 June 2016 |
|---|--------------------|---|---|---|---|
| NET INCOME FOR THE PERIOD | | 3.336.509 | 2.839.653 | 1.763.799 | 1.555.331 |
| Other Comprehensive Income / (Loss) : | | | | | |
| Items That Will Not Be Reclassified Subsequently To Profit or Loss | | | | | |
| Actuarial gains / (losses) | 17 | (1.454) | 757 | (2.001) | 806 |
| Items That Will Be Reclassified Subsequently To Profit or Loss | | | | | |
| Net unrealized fair value gains from available for sale financial assets, after tax | 17 | 809.616 | 855.870 | 247.982 | 326.081 |
| Losses on available for sale financial assets transferred to the income statement, after tax | 17 | (70.709) | (271.264) | (81.668) | (157.628) |
| 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 | 10.104 | 49.600 | 13.687 | 28.084 |
| Currency translation differences | 17 | 160.744 | 2.093 | 20.532 | 8.520 |
| Cash flow hedges, after tax | 17 | 29.778 | (9.335) | 47.117 | 12.769 |
| Loss from the derivative financial assets related to the hedging of net investment in a foreign operation, after tax | 17 | (77.747) | (8.601) | (37.633) | (1.637) |
| OTHER COMPREHENSIVE INCOME (AFTER TAX) | | 860.332 | 619.120 | 208.016 | 216.995 |
| TOTAL COMPREHENSIVE INCOME | | 4.196.841 | 3.458.773 | 1.971.815 | 1.772.326 |
| ALLOCATION OF TOTAL COMPREHENSIVE INCOME | | | | | |
| - Non-controlling Interests | | 2.353.875 | 1.849.935 | 1.046.074 | 954.067 |
| - Equity Holders of the Parent | | 1.842.966 | 1.608.838 | 925.741 | 818.259 |

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 2017

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

| | Accumulated Other Comprehensive Income or Loss That Will | | | | | | | | | | | | | Equity attributable to the parent | Non- controlling interests | Total | |
|---|--|------------------|--------------------|------------------|-------------------------------|------------------------------------|-------------------|----------------------|------------------------|----------------------|----------------------------|------------------------|----------------------|---|----------------------------------|-------|----------------------------|
| | Adjustment to share capital | | Treasury share (-) | Share premium | Not Be Reclassified | | to Profit or Loss | | | Be Reclassified | | Restricted reserves | Retained earnings | | | | Net income for the year |
| | | | | | Actuarial gains/ losses | Currency translation reserve | Hedge reserve | Revaluation funds | Restricted reserves | Retained earnings | Net income for the year | | | | | | |
| | Share Capital | capital | | | | | | | | | | | | | | | |
| 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 | - | - | - | - | - | - | - | - | 37.467 | 2.198.861 | (2.236.328) | - | - | - | | | |
| The effect of shares sales(**) | - | - | - | - | - | - | - | - | - | 6.932 | - | 6.932 | 2.956 | 9.888 | | | |
| Calling of shares in subsidiaries holding (*) | - | - | (190.470) | - | - | - | - | - | - | - | - | (190.470) | - | (190.470) | | | |
| Dividends paid (***) | - | - | - | - | - | - | - | - | - | (325.983) | - | (325.983) | (467.569) | (793.552) | | | |
| Total comprehensive income | - | - | - | - | 487 | 2.318 | (13.073) | 266.461 | - | - | 1.352.645 | 1.608.838 | 1.849.935 | 3.458.773 | | | |
| Balances at 30 June 2016 | 2.040.404 | 3.426.761 | (190.470) | 22.237 | (50.615) | 285.922 | (188.703) | (173.840) | 930.286 | 14.587.284 | 1.352.645 | 22.041.911 | 20.414.166 | 42.456.077 | | | |
| 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 | - | - | - | - | - | - | - | - | 102.140 | 2.557.991 | (2.660.131) | - | - | - | | | |
| Dividends paid (***) | - | - | - | - | - | - | - | - | - | (424.918) | - | (424.918) | (637.740) | (1.062.658) | | | |
| Total comprehensive income | - | - | - | - | (179) | 67.747 | 7.390 | 308.428 | - | - | 1.459.570 | 1.842.966 | 2.353.875 | 4.196.841 | | | |
| Balances at 30 June 2017 | 2.040.404 | 3.426.761 | (190.470) | 22.237 | (59.993) | 567.195 | (315.922) | (136.248) | 1.031.890 | 16.718.921 | 1.459.570 | 24.564.345 | 23.377.181 | 47.941.526 | | | |

(*) 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 Istanbul have been started to be purchased. With these transactions, the share of Exsa in Sabancı Holding's capital reached at 1,17% as of 30 June 2017. These shares in consolidated equity are presented as treasury share.

(**) Since Carrefoursa A.Ş. which is a subsidiary of the Group, has "mandatory redemption", it is decided to sell the shares of 0,14% with nominal value of TL946,986 in the stock exchange market in a year. Based on this decision, the shares with nominal value of TL 946.986 has sold in a price range between TL6,85-TL7,88 on April 26-27-29th and May 2,3,4,10th. As a result of this transaction, the Group has Carrefoursa A.Ş. shares of 50,61%.

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

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 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 | Reviewed Current Period 1 January - 30 June 2017 | Reviewed Prior Period 1 January - 30 June 2016 |
|---|--------------------|--|--|
| Net income before tax from continuing operations | | 4.158.660 | 3.467.305 |
| Net income before tax from discontinued operations | | (3.753) | (11.826) |
| Adjustments to reconcile income before taxation to net cash provided by operating activities: | | | |
| Depreciation and amortisation expenses | 3 | 314.070 | 282.820 |
| Provision for loan losses | 19 | 878.239 | 1.070.008 |
| Changes in the fair value of derivative instruments | | 99.627 | (510.747) |
| Interest income and foreign currency gains | | (1.085.569) | (298.638) |
| Interest expense | | 85.666 | 149.541 |
| Provision for employment termination benefits | | 42.561 | 60.392 |
| Impairments charge on property, plant and equipment, intangible assets and investment property | 3 | 1.538 | 14.985 |
| Income from associates and joint ventures | | (71.181) | (340.790) |
| Provision for / (reversal of) inventory impairment | | (15.300) | (44.741) |
| Provision for doubtful receivables | | (1.111) | 14.954 |
| Other | | (2.307) | (1.311) |
| Net cash provided by operating activities before changes in operating assets and liabilities | | 4.401.140 | 3.851.952 |
| Changes in trade receivables | | (262.551) | (200.514) |
| Changes in inventories | | (275.140) | (77.434) |
| Changes in other receivables and other current assets | | (1.054.744) | (862.608) |
| Changes in trade payables | | (156.918) | (42.220) |
| Changes in other liabilities and other payables | | 1.739.474 | 985.260 |
| Assets classified as held for sale | | (6.198) | 20.865 |
| Currency translation differences | | 165.245 | (11.421) |
| Changes in assets and liabilities in finance segment: | | | |
| Changes in securities held for trading | | 24.674 | (30.951) |
| Changes in receivables from financial operations | | (11.815.681) | (7.614.723) |
| Changes in payables from financial operations | | 10.850.432 | 4.076.893 |
| Central Bank of the Republic of Turkey account | | (3.133.531) | (9.320.096) |
| Income taxes paid | | (776.724) | (657.145) |
| Employment termination benefits paid | | (33.410) | (53.368) |
| Net cash provided by / (used) in operating activities | | (383.280) | (9.935.510) |
| Cash flows from investing activities: | | | |
| Capital expenditures | 3 | (498.397) | (566.835) |
| Sale of available for sale and held to maturity financial assets | | (2.937.173) | 3.955.892 |
| Proceeds from sale of non-current assets held for sale, property, plant and equipment and intangible assets | | 39.319 | 54.479 |
| Dividends received | | 299.679 | 318.466 |
| Cash provided from the share sale of subsidiary | | - | 7.670 |
| Property, plant and equipment additions from the acquisition of joint | | 17.976 | - |
| Net cash provided by investing activities | | (3.078.596) | 3.769.672 |
| Cash flows from financing activities: | | | |
| Changes in financial liabilities | | 3.051.468 | 4.618.389 |
| Dividends paid | | (424.918) | (325.983) |
| Dividends paid to non-controlling interests | | (637.740) | (467.569) |
| Net cash provided by financing activities | | 1.988.810 | 3.824.837 |
| Effect of change in foreign currency rates on cash and cash equivalents | | 457.741 | (15.290) |
| Net increase/(decrease) in cash and cash equivalents | | (1.015.325) | (2.356.291) |
| 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 | | 6.220.350 | 5.204.397 |

(*) At the period end, cash and cash equivalents comprise interest accruals of TL 2.849 (30 June 2016: TL 12.139). At the beginning and at the end of the current period, restricted deposit is TL 5.356.843 and TL 3.975.618, respectively (30 June 2016: TL 3.145.036 and TL 3.047.298, respectively).

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 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 and is owned by the members of the Sabancı family. The number of employees as at 30 June 2017 is 62.793 (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 İstanbul Stock Exchange ("ISE") since 1997. As of 30 June 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 |

Holding, Subsidiaries, Joint Ventures and Associates are referred to as the Group.

Subsidiaries

As of 30 June 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 | 17.924 |
| Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefoursa") (*) | BİST | Consumer Goods | Trade of Retailing | 12.045 |
| Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa") | BİST | Trade | Retailing | 2.641 |
| Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa") | BİST | Cement and clinker | Cement | 2.365 |
| Kordsa Global Endüstriyel İplik ve ve Kord Bezi Sanayi ve Ticaret A.Ş. ("Kordsa Global") | BİST | Tire reinforcement | Industry | 3.907 |
| Temsa Global Sanayi ve Ticaret A.Ş. ("Temsa") | - | Automotive | Industry | 1.810 |
| Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("Yünsa") | BİST | Textile | Industry | 1.061 |
| Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa") | - | Trade | Other | 9 |
| Ankara Enternasyonal Otelcilik A.Ş. ("AEO") | - | Tourism | Other | 2 |
| Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. ("Tursa") | - | Tourism | Other | 5 |
| Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. ("Bimsa") | - | Trade of data and processing systems | Other | 159 |

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 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 3.

Joint Ventures

As of 30 June 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 | Segment | Ventures | Number of employees |
|---|-------------------------|--------------------|-----------|-------------|---------------------|
| Aksigorta A.Ş. ("Aksigorta") | BİST | Insurance | Insurance | Ageas | 598 |
| Avivasa Emeklilik ve Hayat A.Ş. ("Avivasa") | BİST | Pension | Insurance | Aviva | 1.627 |
| Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa") | BİST | Tire | Industry | Bridgestone | 2.210 |
| Akçansa Çimento Sanayi ve Ticaret A.Ş. ("Akçansa") | BİST | Cement and clinker | Cement | Heidelberg | 2.650 |
| Enerjisa Enerji A.Ş. ("Enerjisa Enerji") | - | Energy | Energy | E.ON SE | 10.113 |
| Temsa İş Makinaları | - | Automotive | Industry | Marubeni | 191 |
| Temsa Mısır | - | Automotive | Industry | Lasheen | - |

All joint ventures except Temsa Mısır are registered in Turkey. Temsa Mısır is registered in Egypt.

Affiliates

As of 30 June 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:

| Associates | Name of Exchange traded | Nature of business | Segment | Ventures | Number of employees(*) |
|--|-------------------------|--------------------------------------|----------|---------------|------------------------|
| Philsa Philip Morris Sabancı Sigara ve Tütün San. Ve Tic. A.Ş (Philsa) | - | Tobacco products production | Industry | Philip Morris | |
| Philip Morris Sabancı Pazarlama Satış A.Ş. ("Philip Morrissa") | - | Tobacco products marketing and sales | Industry | Philip Morris | 3.034 |

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 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 CONSOLIDATED 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 attached consolidated financial statements are prepared in accordance with the decree Series II No: 14.1 "Principals Relating to the Financial Reporting Standards in Capital Markets" ("Decree") issued by Capital Markets Board ("CMB") on 13 June 2013 and published in the Official Gazette numbered 28676 and are based on the Turkish Accounting Standards ("TAS") and relating interpretations which became effective with the 5th Article of the Decree in consideration by Public Oversight Accounting and Auditing Standards Authority.

Additionally, the consolidated financial statements and disclosures are presented in accordance with the formats published by CMB on 7 June 2013. The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Group issued the condensed financial statements as of 30 June 2017 in accordance with Turkish Accounting Standard No: 34 "Interim Financial Reporting".

Based on this Communique, explanations and disclosures which are required in the annual consolidated financial statements prepared in accordance with TAS have been summarized or not presented to comply with TAS 34. The accompanying condensed interim consolidated financial statements should be read in conjunction with the consolidated statements for the year ended 31 December 2016. Interim financial results are not solely indicators of the results for the year end.

Functional and Presentation Currency

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

2.1.2 New and Revised Turkish Accounting Standards

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

None.

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

None.

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

Standards, amendments and interpretations applicable as at 30 June 2017;

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 on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

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.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

2.1.2 New and Revised Turkish Accounting Standards (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 with earlier application permitted if IFRS 15, ‘Revenue from Contracts with Customers’, is also applied. This standard replaces the current guidance in IAS 17 and is a far-reaching 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.

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.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

2.1.2 New and Revised Turkish Accounting Standards (continued)

Annual improvements 2014–2016;

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.

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.

IFRS 17, 'Insurance contracts', effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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

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

2.1.3 Basis of Consolidation

- a) The consolidated financial statements include the accounts of the parent company, Hacı Ömer Sabancı Holding A.Ş., its Subsidiaries and Joint Ventures (collectively referred to as the "Group") on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared at the date of the consolidated financial statements, and are prepared in accordance with CMB Financial Reporting Standards as explained in Note 2.1.1. The result of operations of Subsidiaries, Joint Ventures and Associates are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.
- b) Subsidiaries are companies in which the Holding has the power to control the financial and operating policies for the benefit of the Holding either through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or certain Sabancı family members and companies whereby the Holding exercises control over the voting rights of the shares held by them.
- c) Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

2.1.3 Basis of Consolidation (continued)

- 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 TAS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The companies which Holding has less than 50% shares are considered as subsidiaries since Holding exercises a dominant influence and power to govern the financial and operating policies through exercise of voting power related to shares held by Holding together with voting power which Holding effectively exercises related to shares held by Sabancı family members. Sabancı family members allow Holding to exercise voting power in respect of shares held in these companies. In the accompanying consolidated financial statements the shares held by Sabancı family members are presented as non-controlling interest.

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 30 June 2017 and 31 December 2016:

| Subsidiaries | 30 June 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 % |
| 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 | 60,28 | 60,28 | 60,28 | 60,28 |
| 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 |

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 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 CONSOLIDATED 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.

Financial statements of Subsidiaries whose financial position at 30 June 2017 and result of operations for period ended 30 June 2017 are insignificant to the overall consolidated financial statements, are not consolidated on the grounds of materiality. Such Subsidiaries are classified as available for sale equity securities in these consolidated financial statements.

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

- e) Joint venture – If Holding and its subsidiaries have rights on net assets relating to operations subject to a joint arrangement, such net assets are accounted through equity method in the consolidated financial statements.

The table below sets out the Joint Ventures and shows the proportion of ownership interest and effective interest of the Holding in these Joint Ventures at 30 June 2017 and 31 December 2016:

| | 30 June 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 regarding to joint ventures are consolidated by equity interest purchase method. Sabancı family members do not have any interest in the share capital of the Joint Ventures.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

2.1.3 Basis of Consolidation (continued)

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

The table below sets out all Associates and shows the total interest of the Holding in these associates at 30 June 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.

- g) Other investments over which the Holding does not exercise a significant influence, or which are immaterial, are classified as available for sale. Available for sale investments that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value. Available for sale investments that have a quoted market price in active markets and whose fair values can be measured reliably are carried at fair value.

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.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

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

The Group presented the consolidated balance sheet as of 30 June 2017 comparatively with the consolidated balance sheet as of 31 December 2016 and presented the consolidated statement of profit or loss, statement of other comprehensive income, statement of cash flows and statement of changes in equity for the period 1 January-30 June 2017 comparatively with the year 1 January-30 June 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 policies and estimates of the Group in the current period.

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

2.3 Summary of Significant Accounting Policies

The condensed consolidated interim financial statements for the period ended 30 June 2016 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 30 June 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 consolidated financial statements in conformity with CMB Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates. Estimates are regularly reviewed, related corrections are adjusted and accounted for related period income statement. Changes in accounting estimates, if only for a period in which the change in the current period, if it relates to future periods, both in the period they are recognized in future periods, prospectively applied to the financials to see the effect on net profit / loss for the period.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 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

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

a) External revenues (Consolidated):

| | 1 January - 30 June 2017 | 1 January - 30 June 2016 |
|-------------------|-----------------------------|-----------------------------|
| Finance / Banking | 12.811.552 | 10.974.703 |
| Industry | 2.009.414 | 1.797.282 |
| Retail | 3.669.403 | 3.805.089 |
| Cement | 630.183 | 586.136 |
| Other | 52.439 | 122.325 |
| Total (*) | 19.172.991 | 17.165.844 |

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

b) Segment assets (Consolidated):

| | 30 June 2017 | 31 December 2016 |
|--|--------------------|--------------------|
| Finance / Banking | 310.028.993 | 291.597.595 |
| Industry | 4.345.728 | 3.978.187 |
| Retail | 3.623.592 | 3.742.172 |
| Cement | 2.675.218 | 2.353.788 |
| Other | 2.293.490 | 2.072.580 |
| Segment assets (*) | 322.967.021 | 303.744.322 |
| Assets classified as held for sale | 28.235 | 21.780 |
| Investments accounted through equity method (Note 7) | 5.931.696 | 6.101.005 |
| Unallocated assets | 339.979 | 577.183 |
| Less: intersegment eliminations | (2.684.983) | (2.176.451) |
| Total assets as per consolidated financial statements | 326.581.948 | 308.267.839 |

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 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)

c) Segment Liabilities (Consolidated):

| | 30 June 2017 | 31 December 2016 |
|---|--------------------|--------------------|
| Finance / Banking | 273.395.802 | 258.363.934 |
| Industry | 2.287.975 | 1.961.803 |
| Retail | 3.460.173 | 3.479.076 |
| Cement | 1.592.049 | 1.145.208 |
| Other | 54.219 | 185.066 |
| Segment liabilities (*) | 280.790.218 | 265.135.087 |
| Assets classified as held for sale | 11.975 | 11.718 |
| Unallocated Liabilities | 519.001 | 486.895 |
| Less: intersegment eliminations | (2.680.772) | (2.173.204) |
| Total liabilities as per consolidated financial statements | 278.640.422 | 263.460.496 |

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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(*) 30 June 2017 | Consolidated(**) 30 June 2017 | Combined(*) 31 December 2016 | Consolidated(**) 31 December 2016 |
|--|-----------------------------|----------------------------------|---------------------------------|--------------------------------------|
| Cash and cash equivalents | 9.936.530 | 9.936.530 | 12.190.952 | 12.190.952 |
| Financial assets | 56.935.727 | 56.935.727 | 52.887.536 | 52.887.536 |
| Derivative financial instruments | 7.801.684 | 7.801.684 | 8.428.812 | 8.428.812 |
| Reserve deposits with the Central Bank of Republic of Turkey | 37.686.539 | 37.686.539 | 33.171.783 | 33.171.783 |
| Receivables from finance sector operations | 192.483.629 | 192.483.629 | 181.024.088 | 181.024.088 |
| Property, plant and equipment | 860.913 | 860.913 | 879.650 | 879.650 |
| Intangible assets | 348.192 | 348.192 | 361.527 | 361.527 |
| Other receivables and other assets (**) | 3.975.779 | 3.975.779 | 2.653.247 | 2.653.247 |
| Total segment assets | 310.028.993 | 310.028.993 | 291.597.595 | 291.597.595 |
| Financial liabilities | 48.487.574 | 48.487.574 | 46.114.960 | 46.114.960 |
| Payables from finance sector operations | 211.760.668 | 211.760.668 | 200.425.064 | 200.425.064 |
| Derivative financial instruments | 4.129.494 | 4.129.494 | 4.698.838 | 4.698.838 |
| Other payables and other liabilities (**) | 9.018.066 | 9.018.066 | 7.125.072 | 7.125.072 |
| Total segment liabilities | 273.395.802 | 273.395.802 | 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.

Banking segment consists of Akbank. Akbank's accumulated non-controlling interests calculated from its financial statements amount to TL 22.871.303 as of 30 June 2017 (31 December 2016: TL 19.740.859).

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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(*) 30 June 2017 | Consolidated(**) 30 June 2017 | Combined(*) 31 December 2016 | Consolidated(**) 31 December 2016 |
|---|-------------------------------------|--|---|--|
| Cash and cash equivalents | 1.615.343 | - | 1.005.273 | - |
| Financial assets | 938.062 | - | 1.253.502 | - |
| Receivables from finance sector operations | 626.078 | - | 535.958 | - |
| Investments accounted through equity method | - | 380.894 | - | 334.252 |
| Property, plant and equipment | 33.761 | - | 33.334 | - |
| Intangible assets | 68.426 | - | 58.619 | - |
| Other receivables and other assets (***) | 1.647.947 | - | 1.274.686 | - |
| Total segment assets | 4.929.617 | 380.894 | 4.161.372 | 334.252 |
| Payables from finance sector operations | 3.691.898 | - | 3.082.086 | - |
| Other payables and other liabilities (***) | 206.802 | - | 197.280 | - |
| Total segment liabilities | 3.898.700 | - | 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 consist of Aksigorta and Avivasa.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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(*) 30 June 2017 | Consolidated(**) 30 June 2017 | Combined(*) 31 December 2016 | Consolidated(**) 31 December 2016 |
|---|-------------------------------------|--|---|--|
| Cash and cash equivalents | 593.586 | - | 108.623 | - |
| Financial assets | 836 | - | 836 | - |
| Trade receivables | 2.160.907 | - | 2.020.522 | - |
| Inventories | 183.294 | - | 182.123 | - |
| Investments accounted through equity method | - | 4.690.046 | - | 4.743.060 |
| Property, plant and equipment | 10.160.837 | - | 10.246.177 | - |
| Intangible assets | 8.551.074 | - | 8.654.887 | - |
| Other receivables and other assets (***) | 6.690.616 | - | 7.071.362 | - |
| Total segment assets | 28.341.150 | 4.690.046 | 28.284.530 | 4.743.060 |
| Financial liabilities | 14.434.475 | - | 13.649.757 | - |
| Trade payables | 1.172.170 | - | 1.481.180 | - |
| Other payables and other liabilities (***) | 2.820.970 | - | 3.103.888 | - |
| Total segment liabilities | 18.427.615 | - | 18.234.825 | - |

(*) 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 A.Ş. and its subsidiaries.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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(*) 30 June 2017 | Consolidated(**) 30 June 2017 | Combined(*) 31 December 2016 | Consolidated(**) 31 December 2016 |
|--|-------------------------------------|--|---|--|
| Cash and cash equivalents | 219.260 | 90.832 | 137.916 | 52.180 |
| Financial assets | 133 | 133 | 133 | 133 |
| Trade receivables | 2.067.463 | 1.250.477 | 2.000.824 | 1.128.807 |
| Inventories | 1.494.922 | 1.053.693 | 1.269.299 | 905.231 |
| Investments accounted through equity method (Note 7) | 267.524 | 517.722 | 359.858 | 608.626 |
| Property, plant and equipment | 2.753.565 | 1.385.848 | 2.486.357 | 1.378.219 |
| Intangible assets | 263.989 | 195.405 | 259.747 | 188.830 |
| Other receivables and other assets (***) | 731.013 | 397.575 | 688.676 | 346.567 |
| Total segment assets | 7.797.869 | 4.891.685 | 7.202.810 | 4.608.593 |
| Financial liabilities | 3.253.876 | 1.361.659 | 2.971.472 | 1.188.206 |
| Trade payables | 1.011.625 | 565.970 | 819.784 | 460.583 |
| Other payables and other liabilities (***) | 622.430 | 372.321 | 447.704 | 324.732 |
| Total segment liabilities | 4.887.931 | 2.299.950 | 4.238.960 | 1.973.521 |

(*) 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 Philip Morrissa.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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(*) 30 June 2017 | Consolidated(**) 30 June 2017 | Combined(*) 31 December 2016 | Consolidated(**) 31 December 2016 |
|--|-----------------------------|----------------------------------|---------------------------------|--------------------------------------|
| Cash and cash equivalents | 279.295 | 279.295 | 430.971 | 430.971 |
| Trade receivables | 125.559 | 125.558 | 94.021 | 94.021 |
| Inventories | 1.058.823 | 1.058.823 | 912.283 | 912.283 |
| Investment property | 187.746 | 187.746 | 189.765 | 189.765 |
| Property, plant and equipment | 885.782 | 885.782 | 936.633 | 936.633 |
| Intangible assets | 82.905 | 82.905 | 89.142 | 89.142 |
| Other receivables and other assets (***) | 942.647 | 1.003.483 | 1.028.522 | 1.089.357 |
| Total segment assets | 3.562.757 | 3.623.592 | 3.681.337 | 3.742.172 |
| Financial liabilities | 1.440.218 | 1.440.218 | 1.264.617 | 1.264.617 |
| Trade payables | 1.574.718 | 1.574.718 | 1.744.103 | 1.744.103 |
| Other payables and other liabilities (***) | 445.238 | 445.237 | 470.356 | 470.356 |
| Total segment liabilities | 3.460.174 | 3.460.173 | 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.

Retailing segment consists of Teknosa and Carrefoursa.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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(*) 30 June 2017 | Consolidated(**) 30 June 2017 | Combined(*) 31 December 2016 | Consolidated(**) 31 December 2016 |
|--|-------------------------------------|--|---|--|
| Cash and cash equivalents | 64.643 | 36.059 | 55.502 | 41.353 |
| Financial assets | 162.783 | 64 | 162.783 | 64 |
| Trade receivables | 878.682 | 425.046 | 735.624 | 309.606 |
| Inventories | 344.555 | 183.017 | 336.666 | 176.904 |
| Investments accounted through equity method (Note 7) | - | 343.034 | - | 415.067 |
| Property, plant and equipment | 2.555.311 | 1.733.802 | 2.331.300 | 1.533.985 |
| Intangible assets | 57.331 | 17.875 | 59.639 | 18.947 |
| Other receivables and other assets (***) | 458.562 | 279.355 | 455.430 | 272.929 |
| Total segment assets | 4.521.867 | 3.018.252 | 4.136.944 | 2.768.855 |
| Financial liabilities | 1.827.066 | 1.331.001 | 995.535 | 787.017 |
| Trade payables | 419.255 | 174.764 | 550.621 | 274.366 |
| Other payables and other liabilities (***) | 154.376 | 86.284 | 156.156 | 83.825 |
| Total segment liabilities | 2.400.697 | 1.592.049 | 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 Akçansa and Çimsa.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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(*) 30 June 2017 | Consolidated(**) 30 June 2017 | Combined(*) 31 December 2016 | Consolidated(**) 31 December 2016 |
|--|-----------------------------|----------------------------------|---------------------------------|--------------------------------------|
| Cash and cash equivalents | 1.983.565 | 1.983.565 | 1.584.181 | 1.584.181 |
| Financial assets | 11.787.643 | 11.378 | 11.787.079 | 10.812 |
| Trade receivables | 24.316 | 24.111 | 35.955 | 35.787 |
| Inventories | 617 | 617 | 804 | 804 |
| Property, plant and equipment | 257.100 | 221.032 | 253.506 | 217.438 |
| Intangible assets | 14.308 | 14.308 | 14.359 | 14.359 |
| Other receivables and other assets (***) | 133.716 | 38.479 | 150.670 | 209.199 |
| Total segment assets | 14.201.265 | 2.293.490 | 13.826.554 | 2.072.580 |
| Financial liabilities | 4.256 | 4.256 | 4.254 | 4.254 |
| Trade payables | 26.524 | 26.524 | 28.928 | 28.928 |
| Other payables and other liabilities (***) | 52.962 | 23.439 | 181.406 | 151.884 |
| Total segment liabilities | 83.742 | 54.219 | 214.588 | 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.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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 2017 - 30 June 2017 | | | 1 January 2016 - 30 June 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 | 19.223.397 | (50.406) | 19.172.991 | 17.206.408 | (40.563) | 17.165.845 |
| Cost of sales and interest, premiums, commissions and other expenses | (11.799.095) | 90.146 | (11.708.949) | (10.902.513) | 77.778 | (10.824.735) |
| General administration expenses | (2.561.280) | 25.783 | (2.535.497) | (2.522.001) | 18.971 | (2.503.030) |
| Sales, marketing and distribution expenses | (822.290) | 759 | (821.531) | (905.771) | 859 | (904.913) |
| Research and development expenses | (4.597) | 1 | (4.596) | (3.032) | - | (3.032) |
| Other operating income/(expense) - net | 140.199 | (242) | 139.957 | 206.491 | (19.116) | 307.066 |
| Interest in income of joint ventures | 71.180 | 1 | 71.181 | 340.790 | - | 340.790 |
| Operating profit | 4.247.514 | 66.042 | 4.313.556 | 3.540.063 | 37.929 | 3.577.991 |
| Income/(expense) from investing activities - net | 130.613 | (94.274) | 36.339 | 60.208 | (52.139) | 8.069 |
| Operating profit before financial expense | 4.378.127 | (28.232) | 4.349.895 | 3.600.271 | (14.210) | 3.586.061 |
| Financial income/(expense) - net | (221.236) | 30.001 | (191.235) | (129.463) | 10.707 | (118.756) |
| Income before tax | 4.156.891 | 1.769 | 4.158.660 | 3.470.807 | (3.503) | 3.467.305 |
| Tax | (818.398) | - | (818.398) | (615.825) | (1) | (615.826) |
| Profit/(loss) after tax from discontinued operations | (3.753) | - | (3.753) | (11.826) | - | (11.826) |
| Income for the period | 3.334.740 | 1.769 | 3.336.509 | 2.843.157 | (3.504) | 2.839.653 |
| Net income attributable to equity holders of the parent | | | 1.459.570 | | | 1.352.645 |

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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(*) | Consolidated(**) | Combined(*) | Consolidated(**) |
|--|---------------------|-------------------------|---------------------|-------------------------|
| | 30 June 2017 | 30 June 2017 | 30 June 2016 | 30 June 2016 |
| Interest, commission and other income | 12.833.512 | 12.833.512 | 10.995.555 | 10.995.555 |
| Interest, commission and other expenses | (6.781.039) | (6.781.039) | (5.913.815) | (5.913.815) |
| General administration expenses | (2.337.871) | (2.337.871) | (2.291.719) | (2.291.719) |
| Other operating income/(expense) - net | 117.768 | 117.768 | 333.483 | 333.483 |
| Operating profit | 3.832.370 | 3.832.370 | 3.123.504 | 3.123.504 |
| Income/(expense) from investing activities - net | 2.557 | 2.557 | 2.599 | 2.599 |
| Operating profit before financial expense | 3.834.927 | 3.834.927 | 3.126.103 | 3.126.103 |
| Financial income/(expense) - net | | | | - |
| Income before tax | 3.834.927 | 3.834.927 | 3.126.103 | 3.126.103 |
| Tax | (789.275) | (789.275) | (615.861) | (615.861) |
| Net income | 3.045.652 | 3.045.652 | 2.510.242 | 2.510.242 |
| Net income attributable to equity holders of the parent | | 1.241.101 | | 1.022.921 |
| EBITDA | 3.958.676 | 3.958.676 | 3.229.005 | 3.229.005 |

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

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

Akbank's net income attributable to non-controlling interest is TL 1.804.551 as of 30 June 2017 (30 June 2016: TL 1.487.321).

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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) The income statement items by segment (continued):

ii) Insurance:

| | Combined(*) | Consolidated(**) | Combined(*) | Consolidated(**) |
|--|---------------------|-------------------------|---------------------|-------------------------|
| | 30 June 2017 | 30 June 2017 | 30 June 2016 | 30 June 2016 |
| Gross premiums | 1.348.995 | - | 1.117.517 | - |
| Premiums, commission and other expenses | (1.174.984) | - | (985.053) | - |
| General administration expenses | (205.377) | - | (176.116) | - |
| Other operating income/(expense) -net | 188.703 | - | 119.654 | - |
| Interest in income of joint ventures | - | 53.071 | - | 27.667 |
| Operating profit | 157.337 | 53.071 | 76.003 | 27.667 |
| Income/(expense) from investing activities – net | 18.266 | - | 14.367 | - |
| Operating profit before financial expense | 175.603 | 53.071 | 90.370 | 27.667 |
| Financial income/(expense) – net | 604 | - | 1.196 | - |
| Profit before tax | 176.207 | 53.071 | 91.566 | 27.667 |
| Tax | (36.099) | - | (18.760) | - |
| Net income | 140.108 | 53.071 | 72.806 | 27.667 |
| Net income attributable to equity holders of the parent | | 53.071 | | 27.667 |
| EBITDA | 160.807 | | 78.759 | |

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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) The income statement items by segment (continued):

iii) Energy:

| | Combined(*) | Consolidated(**) | Combined(*) | Consolidated(**) |
|--|---------------------|-------------------------|---------------------|-------------------------|
| | 30 June 2017 | 30 June 2017 | 30 June 2016 | 30 June 2016 |
| Sales revenue (net) | 7.193.986 | - | 6.200.713 | - |
| Cost of sales | (5.326.159) | - | (4.651.186) | - |
| General administration expenses | (710.530) | - | (580.929) | - |
| Marketing expenses | (118.896) | - | 6.873 | - |
| Interest in income of joint ventures | - | (117.203) | - | 122.892 |
| Operating profit | 1.038.401 | (117.203) | 975.471 | 122.892 |
| Income/(expense) from investing activities - net | (282.202) | - | 199 | - |
| Operating profit before financial expense | 756.199 | (117.203) | 975.471 | 122.892 |
| Financial income/(expense) - net | (1.046.192) | - | (566.649) | - |
| Profit before tax | (289.993) | (117.203) | 409.021 | 122.892 |
| Tax | 55.588 | - | (163.242) | - |
| Net income | (234.405) | (117.203) | 245.779 | 122.892 |
| Net income attributable to equity holders of the parent | | (117.203) | | 122.892 |
| EBITDA | 1.366.049 | | 1.155.830 | |

(*) 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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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) The income statement items by segment (continued):

iv) Industry:

| | Combined(*) 30 June 2017 | Consolidated(**) 30 June 2016 | Combined(*) 30 June 2016 | Consolidated(**) 30 June 2016 |
|--|-----------------------------|----------------------------------|-----------------------------|----------------------------------|
| Sales revenue (net) | 3.017.443 | 2.009.420 | 2.662.341 | 1.797.488 |
| Cost of sales | (2.384.853) | (1.631.223) | (2.028.118) | (1.442.606) |
| General administration expenses | (114.529) | (56.088) | (115.407) | (66.599) |
| Marketing expenses | (221.159) | (104.232) | (231.521) | (95.894) |
| Research and development expenses | (7.788) | (3.862) | (11.231) | (3.032) |
| Other operating income/(expense) -net | 57.088 | 33.208 | 43.135 | 21.819 |
| Shares of profit of joint ventures | 108.026 | 119.635 | 120.280 | 141.097 |
| Operating profit | 454.228 | 366.858 | 439.479 | 352.273 |
| Income/(expense) from investing activities - net | 10.659 | 10.485 | 2.922 | 3.245 |
| Operating profit before financial expense | 464.887 | 377.343 | 442.401 | 355.518 |
| Financial income/(expense) - net | (156.876) | (78.557) | (85.307) | (26.247) |
| Profit before tax | 308.011 | 298.786 | 357.094 | 329.271 |
| Tax | (23.576) | (28.804) | (27.138) | (25.557) |
| Profit/(loss) after tax from discontinued operations | (3.753) | (3.753) | (11.826) | (11.826) |
| Net income | 280.682 | 266.229 | 318.130 | 291.888 |
| Net income attributable to equity holders of the parent | | 194.232 | | 225.546 |
| EBITDA | 509.382 | 395.833 | 494.858 | 384.704 |

(*) 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.

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

v) Retail:

| | Combined(*) 30 June 2017 | Consolidated(**) 30 June 2017 | Combined(*) 30 June 2016 | Consolidated(**) 30 June 2016 |
|--|-------------------------------------|--|-------------------------------------|--|
| Sales revenue (net) | 3.687.722 | 3.685.328 | 3.811.357 | 3.808.258 |
| Cost of sales | (2.849.165) | (2.846.775) | (3.065.432) | (3.062.333) |
| General administration expenses | (83.545) | (83.352) | (85.959) | (85.959) |
| Marketing expenses | (710.520) | (710.520) | (801.641) | (801.641) |
| Other operating income/(expense) - net | (53.517) | (53.517) | (162.363) | (162.363) |
| Operating profit | (9.025) | (8.836) | (304.038) | (304.038) |
| Income/(expense) from investing activities - net | 21.443 | 21.443 | 805 | 805 |
| Operating profit before financial expense | 12.418 | 12.607 | (303.233) | (303.233) |
| Financial income/(expense) - net | (112.029) | (112.029) | (84.985) | (84.985) |
| Profit before tax | (99.611) | (99.422) | (388.218) | (388.218) |
| Tax | 24.979 | 24.979 | 73.811 | 73.811 |
| Net income | (74.632) | (74.443) | (314.407) | (314.407) |
| Net income attributable to equity holders of the parent | | (36.894) | | (163.870) |
| EBITDA | 108.241 | 108.430 | (177.270) | (177.270) |

(*) 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.

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

vi) **Cement:**

| | Combined(*) | Consolidated(**) | Combined(*) | Consolidated(**) |
|--|---------------------|-------------------------|---------------------|-------------------------|
| | 30 June 2017 | 30 June 2017 | 30 June 2016 | 30 June 2016 |
| Sales revenue (net) | 1.319.711 | 630.189 | 1.322.074 | 586.136 |
| Cost of sales | (1.051.724) | (481.813) | (923.197) | (393.998) |
| General administration expenses | (64.846) | (32.837) | (59.618) | (30.676) |
| Research and development expenses | (735) | (735) | - | - |
| Marketing expenses | (15.577) | (5.135) | (14.268) | (4.764) |
| Other operating income/(expense) - net | (1.681) | 6.150 | 6.968 | 10.837 |
| Interest in income of joint ventures | - | 15.678 | - | 49.134 |
| Operating profit | 185.148 | 131.497 | 331.959 | 216.669 |
| Income/(expense) from investing activities - net | 7.581 | 1.340 | 7.695 | 1.712 |
| Operating profit before financial expense | 192.729 | 132.837 | 339.654 | 218.381 |
| Financial income/(expense) - net | (58.612) | (30.374) | (34.084) | (17.996) |
| Profit before tax | 134.117 | 102.463 | 305.570 | 200.385 |
| Tax | (23.871) | (15.702) | (61.224) | (30.863) |
| Net income | 110.246 | 86.761 | 244.346 | 169.522 |
| Net income attributable to equity holders of the parent | | 54.730 | | 110.044 |
| EBITDA | 258.905 | 160.882 | 384.013 | 232.517 |

(*) 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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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(*) 30 June 2017 | Consolidated(**) 30 June 2017 | Combined(*) 30 June 2016 | Consolidated(**) 30 June 2016 |
|--|-----------------------------|----------------------------------|-----------------------------|----------------------------------|
| Sales revenue (net) | 948.102 | 64.948 | 896.182 | 138.662 |
| Cost of sales | (58.392) | (58.246) | (89.901) | (89.761) |
| General administration expenses | (54.954) | (51.132) | (50.109) | (47.048) |
| Marketing expenses | (2.403) | (2.403) | (3.473) | (3.473) |
| Other operating income/(expense) - net (***) | 41.601 | 36.590 | 6.551 | 2.715 |
| Operating profit | 873.954 | (10.243) | 759.250 | 1.095 |
| Income/(expense) from investing activities - net | 99.566 | 94.788 | 55.431 | 51.847 |
| Operating profit before financial expense | 973.520 | 84.545 | 814.681 | 52.942 |
| Financial income/(expense) - net | (276) | (276) | (235) | (235) |
| Profit before tax | 973.244 | 84.269 | 814.446 | 52.707 |
| Tax | (9.594) | (9.594) | (17.354) | (17.355) |
| Net income | 963.650 | 74.675 | 797.092 | 35.352 |
| Net income attributable to equity holders of the parent | | 70.532 | | 7.446 |
| EBITDA | 886.908 | 2.637 | 771.240 | 13.011 |

(*) 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.

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

NOTE 3 - SEGMENT REPORTING (Continued)

g) Net profit attributable to equity holders of the parent

One-off incomes and expenses that are not expected to be realised during routine course of business. Details of the net profit / (loss) attributable to equity holders of the parent with adjusted segments is as follows:

| | 30 June 2017 | 30 June 2016 |
|--------------|---------------------|---------------------|
| Banking | 1.241.101 | 956.637 |
| Insurance | 53.071 | 34.714 |
| Industry | 185.368 | 231.836 |
| Cement | 54.730 | 110.044 |
| Energy | (3.050) | 110.813 |
| Retail | (52.988) | (98.279) |
| Other | 37.436 | (7.697) |
| Total | 1.515.668 | 1.338.068 |

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

| | 30 June 2017 | 30 June 2016 |
|--|---------------------|---------------------|
| Adjusted net profit for reported operating segments (Equity holders of the Parent) | 1.515.668 | 1.338.068 |
| Carrefoursa one-off income / (expenses) | 12.371 | (57.408) |
| Teknosa one-off income / (expenses) | 3.723 | (8.183) |
| Enerjisa one-off income / (expenses) | (114.153) | 12.079 |
| Avivasa one-off income / (expenses) | - | (7.047) |
| Holding one-off income / (expenses) | 35.688 | - |
| Akbank one-off income / (expenses) | - | 66.284 |
| Other | 6.273 | 8.852 |
| Net income(Equity holders of the Parent) | 1.459.570 | 1.352.645 |

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NOTE 3 - SEGMENT REPORTING (Continued)

g) EBITDA reconciliation

30 June 2017

| | Banking | Industry | Cement | Retail | Energy | Insurance | Other |
|--|------------------|-----------------|----------------|-----------------|------------------|------------------|----------------|
| Profit before tax | 3.834.927 | 308.011 | 134.117 | (99.611) | (289.993) | 176.207 | 973.244 |
| + Amortisation and depreciation | 126.306 | 116.438 | 75.999 | 70.970 | 321.318 | 11.121 | 13.435 |
| - Income/(expense) from investing activities - net | 2.557 | 10.659 | 7.581 | 21.443 | (282.202) | 18.266 | 99.566 |
| - Income/(expense) from financing activities - net | - | (156.876) | (58.612) | (112.029) | (1.046.192) | 604 | (276) |
| - Operational foreign currency changes, interest | - | 61.285 | 2.242 | (46.296) | (6.330) | 7.651 | 481 |
| Combined EBITDA | 3.958.676 | 509.382 | 258.905 | 108.241 | 1.366.049 | 160.807 | 886.908 |

30 June 2016

| | Banking | Industry | Cement | Retail | Energy | Insurance | Other |
|--|------------------|-----------------|----------------|------------------|------------------|------------------|----------------|
| Profit before tax | 3.126.103 | 357.095 | 305.570 | (388.218) | 409.021 | 91.566 | 814.446 |
| + Amortisation and depreciation | 105.501 | 106.667 | 66.925 | 78.271 | 225.689 | 7.980 | 12.383 |
| - Income/(expense) from investing activities - net | 2.599 | 2.922 | 7.695 | 805 | 199 | 14.367 | 55.431 |
| - Income/(expense) from financing activities - net | - | (85.307) | (34.084) | (84.985) | (566.649) | 1.196 | (235) |
| - Operational foreign currency changes, interest | - | 51.287 | 14.871 | (48.497) | 45.330 | 5.224 | 393 |
| Combined EBITDA | 3.229.005 | 494.858 | 384.013 | (177.270) | 1.155.830 | 78.759 | 771.240 |

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

1 January - 30 June 2017

| | Finance | | Industry | Cement | Energy | Retail | Other | Total |
|--|----------------|------------------|-----------------|---------------|---------------|---------------|--------------|--------------|
| | Banking | Insurance | | | | | | |
| Depreciation and amortisation | 126.306 | - | 67.929 | 35.590 | - | 70.970 | 13.275 | 314.070 |
| Impairment / (reversal of impairment) of property, plant and equipment and investment properties | (1.475) | - | (1.384) | - | - | 1.321 | - | (1.538) |
| Capital expenditure | 97.591 | - | 111.491 | 231.392 | - | 39.151 | 18.772 | 498.397 |

1 January - 30 June 2016

| | Finance | | Industry | Cement | Energy | Retail | Other | Total |
|--|----------------|------------------|-----------------|---------------|---------------|---------------|--------------|--------------|
| | Banking | Insurance | | | | | | |
| Depreciation and amortisation | 105.501 | - | 56.257 | 30.482 | - | 78.271 | 12.309 | 282.820 |
| Impairment / (reversal of impairment) of property, plant and equipment and investment properties | - | - | - | - | - | (14.985) | - | (14.985) |
| Capital expenditure | 52.172 | - | 107.544 | 317.050 | - | 79.260 | 10.809 | 566.835 |

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 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 amortization charges, impairment and capital expenditures (Combined) (continued):****1 January – 30 June 2017**

| | Finance | | Industry | Cement | Energy | Retail | Other | Total |
|--|----------------|------------------|-----------------|---------------|---------------|---------------|--------------|--------------|
| | Banking | Insurance | | | | | | |
| Depreciation and amortisation | 126.306 | 11.121 | 116.438 | 75.999 | 321.318 | 70.970 | 13.435 | 735.587 |
| Impairment / (reversal of impairment) of property, plant and equipment and investment properties | (1.475) | - | (1.384) | - | - | 1.321 | - | (1.538) |
| Capital expenditure | 97.591 | 21.371 | 424.138 | 295.300 | 943.853 | 39.151 | 18.772 | 1.840.176 |

1 January – 30 June 2016

| | Finance | | Industry | Cement | Energy | Retail | Other | Total |
|--|----------------|------------------|-----------------|---------------|---------------|---------------|--------------|--------------|
| | Banking | Insurance | | | | | | |
| Depreciation and amortisation | 105.501 | 7.980 | 106.667 | 66.925 | 225.689 | 78.271 | 12.383 | 603.416 |
| Impairment / (reversal of impairment) of property, plant and equipment and investment properties | - | - | - | - | - | (14.985) | - | (14.985) |
| Capital expenditure | 52.172 | 14.093 | 294.325 | 366.736 | 991.511 | 79.260 | 10.809 | 1.808.906 |

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

NOTE 4 - FINANCIAL ASSETS

a) Held for trading securities:

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

| | 30 June 2017 | 31 December 2016 |
|--------------------|---------------|------------------|
| Share certificates | 30.190 | 7.268 |
| Government bonds | 9.998 | 9.865 |
| Other | 48.090 | 46.788 |
| Total | 88.278 | 63.921 |

The analysis of maturities at 30 June 2017 and 31 December 2016 is as follows:

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

| | 30 June 2017 | 31 December 2016 |
|----|--------------|------------------|
| TL | 16,70 | 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 10.413 (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:

| | 30 June 2017 | 31 December 2016 |
|----------------|---------------|------------------|
| 1 to 12 months | 30.288 | 40.715 |
| 1 to 5 years | 18.408 | 15.937 |
| No maturity | 39.582 | 7.269 |
| Total | 88.278 | 63.921 |

Period remaining to contractual repricing dates:

| | 30 June 2017 | 31 December 2016 |
|-----------------|---------------|------------------|
| Up to 12 months | 30.288 | 40.715 |
| 1 to 5 years | 18.408 | 15.937 |
| No maturity | 39.582 | 7.269 |
| Total | 88.278 | 63.921 |

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

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

NOTE 4 - FINANCIAL ASSETS (Continued)

b) Available for sale securities:

| | 30 June 2017 | 31 December 2016 |
|--|-------------------|-------------------|
| Debt securities | | |
| - Government bonds | 19.314.932 | 17.912.731 |
| - Eurobonds | 12.229.052 | 11.328.132 |
| - Investment funds | 249.363 | 212.244 |
| - Other bonds denominated in foreign currency | 6.714.829 | 5.297.031 |
| Sub-total | 38.508.176 | 34.750.138 |
| Equity securities | | |
| - Listed | 116 | 116 |
| - Unlisted | 82.781 | 71.626 |
| Sub-total | 82.897 | 71.742 |
| Total financial assets available for sale | 38.591.073 | 34.821.880 |

Effective interest rates of USD, EUR and TL denominated available-for-sale securities are 3,95% (31 December 2016: 3,71%), 2,37% (31 December 2016: 2,38%) and 11,21% (31 December 2016: 9,52%), respectively. The Group's financial assets available for sale subject to funds provided from repo are TL 14.621.533 (31 December 2016: TL 16.282.871). Available for sale financial assets that are given as collateral because of the Group's financing activities are amounting to TL 2.876.559 (31 December 2016: TL 2.062.303). No available for sale financial assets exist whose risk is undertaken by insurance policy holders (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 30 June 2017, these securities have been valued 9,50% annual inflation forecast. If the valuation of these CPI indexed securities was made with reference to inflation indexed as of 30 June 2017, valuation differences under shareholders equity would have decreased by TL 252 million (exact TL amount) and net income would have increased by TL 356 million (exact TL amount), accordingly net income would have been TL 3.379 million (exact TL amount).

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

NOTE 4 - FINANCIAL ASSETS (Continued)

b) Available for sale securities (continued):

The maturity analysis at 30 June 2017 and 31 December 2016 is as follows:

| | 30 June 2017 | | | 31 December 2016 | | |
|----------------|-------------------|-----------------|-------------------|-------------------|-----------------|-------------------|
| | Banking | Other companies | Total | Banking | Other companies | Total |
| 1 to 12 months | 2.447.051 | - | 2.447.051 | 2.530.718 | - | 2.530.718 |
| 1 to 5 years | 23.721.255 | 10.985 | 23.732.240 | 19.037.853 | 10.422 | 19.048.275 |
| Over 5 years | 10.657.791 | - | 10.657.791 | 12.722.733 | - | 12.722.733 |
| No maturity | 1.753.991 | - | 1.753.991 | 520.154 | - | 520.154 |
| Total | 38.580.088 | 10.985 | 38.591.073 | 34.811.458 | 10.422 | 34.821.880 |

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

| | 30 June 2017 | | | 31 December 2016 | | |
|----------------|-------------------|-----------------|-------------------|-------------------|-----------------|-------------------|
| | Banking | Other companies | Total | Banking | Other companies | Total |
| Up to 3 months | 8.121.840 | - | 8.121.840 | 6.541.586 | - | 6.541.586 |
| 3 to 12 months | 10.807.538 | - | 10.807.538 | 10.230.716 | - | 10.230.716 |
| 1 to 5 years | 13.812.584 | 10.985 | 13.823.569 | 12.060.816 | 10.422 | 12.071.238 |
| Over 5 years | 5.510.267 | - | 5.510.267 | 5.698.755 | - | 5.698.755 |
| No maturity | 327.859 | - | 327.859 | 279.585 | - | 279.585 |
| Total | 38.580.088 | 10.985 | 38.591.073 | 34.811.458 | 10.422 | 34.821.880 |

c) Financial assets held to maturity:

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

| | 30 June 2017 | 31 December 2016 |
|------------------|-------------------|-------------------|
| Government bonds | 18.261.569 | 17.976.984 |
| Total | 18.261.569 | 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 11,5% (31 December 2016: 9,82%) respectively.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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:

| | 30 Haziran 2017 | 31 Aralık 2016 |
|---|-------------------|-------------------|
| Balance, 1 January | 17.976.984 | 10.688.533 |
| Additions (*) | 164 | 5.882.043 |
| Exchange differences arising from monetary assets | 236.034 | 1.269.337 |
| Valuation effect | 190.381 | 367.875 |
| Disposals through sales and redemptions | (25.218) | (130.051) |
| Impairment provision | (116.776) | (100.753) |
| Total | 18.261.569 | 17.976.984 |

(*) Due to the change in Bank's intention of retention, government bonds with a nominal value of EUR 96.359 and USD 1.591.672 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 and USD 1.650.112 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 and available-for-sale as at 30 June 2017 and 31 December 2016 is as follows:

| | 30 June 2017 | | | 31 December 2016 | | |
|----------------|-------------------|-----------------|-------------------|-------------------|-----------------|-------------------|
| | Banking | Other companies | Total | Banking | Other companies | Total |
| 1 to 12 months | 4.601.123 | 114 | 4.601.237 | 684.786 | 114 | 684.900 |
| 1 to 5 years | 11.879.666 | - | 11.879.666 | 14.763.517 | - | 14.763.517 |
| Over 5 years | 1.780.666 | - | 1.780.666 | 2.528.567 | - | 2.528.567 |
| Total | 18.261.455 | 114 | 18.261.569 | 17.976.870 | 114 | 17.976.984 |

Period remaining to contractual repricing dates for investment security, available for sale and held to maturity at 30 June 2017 and 31 December 2016 is as follows:

| | 30 June 2017 | | | 31 December 2016 | | |
|----------------|-------------------|-----------------|-------------------|-------------------|-----------------|-------------------|
| | Banking | Other companies | Total | Banking | Other companies | Total |
| Up to 3 months | 3.661.588 | - | 3.661.588 | 2.857.339 | - | 2.857.339 |
| 3 to 12 months | 5.087.177 | 114 | 5.087.291 | 1.788.154 | 114 | 1.788.268 |
| 1 to 5 years | 8.346.143 | - | 8.346.143 | 11.961.634 | - | 11.961.634 |
| Over 5 years | 1.166.547 | - | 1.166.547 | 1369743 | - | 1.369.743 |
| Total | 18.261.455 | 114 | 18.261.569 | 17.976.870 | 114 | 17.976.984 |

d) Time deposits:

| | 30 June 2017 | 31 December 2016 |
|----------------|--------------|------------------|
| 3 to 12 months | 6.382 | 35.765 |
| Total | 6.382 | 35.765 |

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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

Short term funds borrowed, bank borrowings and debt securities:

| | 30 June 2017 | 31 December 2016 |
|---------------------------------|-------------------|-------------------|
| Short term | 14.364.287 | 8.838.741 |
| Short-term portion of long term | 14.354.235 | 13.620.874 |
| Total short term | 28.718.522 | 22.459.615 |

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

| | | |
|--------------|-------------------|-------------------|
| Long term | 23.367.085 | 26.458.459 |
| Total | 52.085.607 | 48.918.074 |

The maturity schedule of financial liabilities at 30 June 2017 and 31 December 2016 is summarized below:

| | 30 June 2017 | 31 December 2016 |
|---|-------------------|-------------------|
| Up to 3 months | 11.433.044 | 9.463.615 |
| 3 to 12 months | 17.285.478 | 12.996.000 |
| Short term borrowings and short term portion of long term borrowings | 28.718.522 | 22.459.615 |
| 1 to 5 years | 13.591.753 | 17.985.270 |
| Over 5 years | 9.775.332 | 8.473.189 |
| Long term borrowings | 23.367.085 | 26.458.459 |
| Total | 52.085.607 | 48.918.074 |

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

NOTE 5 - FINANCIAL LIABILITIES (Continued)

The repayment schedule of long term financial liabilities at 30 June 2017 and 31 December 2016 is summarized below:

| | 30 June 2017 | 31 December 2016 |
|----------------|-------------------|-------------------|
| 2017 | 4.899.519 | 8.179.400 |
| 2018 | 4.971.721 | 3.556.033 |
| 2019 | 2.266.376 | 4.445.345 |
| 2020 | 1.454.136 | 1.804.492 |
| 2021 and after | 9.775.333 | 8.473.189 |
| Total | 23.367.085 | 26.458.459 |

The repricing schedule of borrowings at 30 June 2017 and 31 December 2016 is summarized below:

| | 30 June 2017 | 31 December 2016 |
|----------------|-------------------|-------------------|
| Up to 3 months | 29.475.181 | 31.821.916 |
| 3 to 12 months | 13.026.566 | 6.367.519 |
| 1 to 5 years | 4.223.922 | 7.203.894 |
| Over 5 years | 5.359.938 | 3.524.745 |
| Total | 52.085.607 | 48.918.074 |

The transactions related with the funds and loans as of 30 June 2017 are as follows:

Akbank - Funds borrowed via syndicated credit facilities

As of 30 June 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+220 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.

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

NOTE 5 - FINANCIAL LIABILITIES (Continued)

Issued securities:

Securities issued consist of USD and TL assets.

The repayment plan for USD securities issued is summarized below.

| | 30 June 2017 | | 31 December 2016 | |
|--------------|------------------|-------------------|------------------|-------------------|
| | USD | TL | USD | TL |
| 2017 | 691.472 | 2.420.151 | 822.429 | 2.878.501 |
| 2018 | 1.195.898 | 4.185.643 | 1.006.961 | 3.524.364 |
| 2019 | 447.404 | 1.565.914 | 757.205 | 2.650.218 |
| 2020 | 949.794 | 3.324.279 | 768.180 | 2.688.630 |
| 2021 | 465.531 | 1.629.359 | 647.571 | 2.266.499 |
| 2022 | 801.253 | 2.804.386 | 762.934 | 2.670.269 |
| 2023 | 459.374 | 1.607.809 | 434.528 | 1.520.848 |
| 2024 | 396.475 | 1.387.663 | 373.192 | 1.306.172 |
| 2025 | 410.038 | 1.435.133 | 380.722 | 1.332.527 |
| 2026 | 58.354 | 204.239 | 39.512 | 138.292 |
| 2027 | 281.153 | 984.036 | 20.524 | 71.834 |
| 2028 | 4.762 | 16.667 | 4762 | 16667 |
| Total | 6.161.508 | 21.565.279 | 6.018.520 | 21.064.821 |

The balance amounting to USD 6.161.508 consists of securitization deals and USD denominated securities issued by the Bank.

| | 30 June 2017 | | 31 December 2016 | |
|--------------|----------------|------------------|------------------|------------------|
| | EUR | TL | EUR | TL |
| 2017 | 37.159 | 148.390 | 63.951 | 235.960 |
| 2018 | 75.081 | 299.828 | 75.074 | 277.001 |
| 2019 | 93.324 | 372.680 | 93.317 | 344.312 |
| 2020 | 45.810 | 182.938 | 45.802 | 168.996 |
| 2021 | 23.068 | 92.120 | 23.062 | 85.092 |
| 2022 | 328 | 1.310 | 321 | 1.184 |
| 2023 | 315 | 1.258 | 309 | 1.140 |
| 2024 | 303 | 1.210 | 297 | 1.096 |
| 2025 | 291 | 1.162 | 285 | 1.052 |
| 2026 | 280 | 1.118 | 274 | 1.011 |
| 2027 | 269 | 1.074 | 264 | 974 |
| 2028 | 258 | 1.030 | 253 | 933 |
| 2029 | 6.415 | 25.618 | 6.289 | 23.205 |
| Total | 282.901 | 1.129.736 | 309.498 | 1.141.956 |

The balance amounting to EUR 282.901 consists of securitization deals and EUR denominated securities issued by the Bank.

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

NOTE 5 - FINANCIAL LIABILITIES (Continued)

Issued securities: (Continued)

| | 30 June 2017 | | 31 December 2016 | |
|--------------|----------------|----------------|------------------|----------------|
| | RON | TL | RON | TL |
| 2017 | 1.092 | 951 | 4.855 | 3.926 |
| 2018 | 80.253 | 69.916 | 78.228 | 63.263 |
| 2019 | 52.990 | 46.165 | 51.959 | 42.019 |
| Total | 134.335 | 117.032 | 135.042 | 109.208 |

The balance amounting to RON 134.335 consists of securization deals and RON denominated securities issued by the Bank.

| | 30 June 2017 | | 31 December 2016 | |
|--------------|----------------|--------------|------------------|--------------|
| | HUF | TL | HUF | TL |
| 2019 | 765.904 | 9.895 | 796.798 | 9.562 |
| Total | 765.904 | 9.895 | 796.798 | 9.562 |

The balance amounting to HUF 765.904 consists of securization deals and HUF denominated securities issued by the Bank.

| | 30 June 2017 | | 31 December 2016 | |
|--------------|----------------|---------------|------------------|---------------|
| | JPY | TL | JPY | TL |
| 2017 | 5.071 | 158 | 19.188 | 573 |
| 2018 | 10.060 | 314 | 18.757 | 560 |
| 2019 | 987.486 | 30.790 | 964.562 | 28.803 |
| Total | 987.486 | 30.790 | 1.002.507 | 29.936 |

The balance amounting to JPY 987.486 consists of securization deals and JPY denominated securities issued by the Bank.

| | 30 June 2017 | | 31 December 2016 | |
|--------------|--------------|----------|------------------|---------------|
| | CZK | TL | CZK | TL |
| 2017 | - | - | 274.959 | 37.862 |
| Total | - | - | 274.959 | 37.862 |

As of 31 December 2016, the balance amounting to CZK 274.959 consists of securization deals and CZK denominated securities issued by the Bank.

Additionally, as of 30 June 2017, there are bonds issued by the Bank amounting to TL 716.135 with 3 months maturity, TL 1.774.165 with 4 months maturity, and a bond amounting to TL 1.337.424 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).

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

NOTE 6 - OTHER RECEIVABLES AND PAYABLES

| Other short term receivables: | 30 June 2017 | 31 December 2016 |
|---------------------------------------|---------------------|-------------------------|
| Receivables from credit card payments | 28.923 | 14.717 |
| Other receivables | 1.255.272 | 1.123.715 |
| Total | 1.284.195 | 1.138.432 |

| Other long term receivables: | 30 June 2017 | 31 December 2016 |
|-------------------------------------|---------------------|-------------------------|
| Deposits and guarantees given | 44.014 | 43.710 |
| Other receivables | 852.950 | 841.286 |
| Total | 896.964 | 884.996 |

| Other short term payables: | 30 June 2017 | 31 December 2016 |
|--|---------------------|-------------------------|
| Payables related to credit card transactions | 3.631.415 | 3.483.667 |
| Taxes and funds payable | 348.180 | 331.548 |
| Export deposits and transfer orders | 81.139 | 54.529 |
| Payment orders to correspondent banks | 81.619 | 15.036 |
| Other | 1.067.170 | 840.403 |
| Total | 5.209.523 | 4.725.183 |

| Other long term payables: | 30 June 2017 | 31 December 2016 |
|----------------------------------|---------------------|-------------------------|
| Financial lease payables | 65.623 | 77.762 |
| Other | 821.634 | 752.206 |
| Total | 887.257 | 829.968 |

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

NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Book value of Associates and Joint Ventures is as follows:

| | 30 June 2017 | Share (%) | 31 December 2016 | Share (%) |
|---------------------|---------------------|------------------|-------------------------|------------------|
| Aksigorta | 182.534 | 36,00 | 153.769 | 36,00 |
| Avivasa | 198.360 | 40,00 | 180.483 | 40,00 |
| Brisa | 250.198 | 43,63 | 248.767 | 43,63 |
| Akçansa | 343.034 | 39,72 | 415.067 | 39,72 |
| Enerjisa | 4.690.046 | 50,00 | 4.743.060 | 50,00 |
| Philisa | 151.800 | 25,00 | 207.467 | 25,00 |
| Philip Morrissa | 30.347 | 24,75 | 71.476 | 24,75 |
| Temsa Mısır | (12.828) | 73,75 | (11.162) | 73,75 |
| Temsa İş Makineleri | 98.205 | 51,00 | 92.078 | 51,00 |
| Total | 5.931.696 | | 6.101.005 | |

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

| | 30 June 2017 | 30 June 2016 |
|---------------------|---------------------|---------------------|
| Aksigorta | 26.753 | 13.097 |
| Avivasa | 26.318 | 14.570 |
| Brisa | 11.607 | 20.817 |
| Akçansa | 15.678 | 49.134 |
| Enerjisa | (117.203) | 122.892 |
| Philisa | 61.026 | 70.849 |
| Philip Morrissa | 37.261 | 46.370 |
| Temsa Mısır | (1.196) | (532) |
| Temsa İş Makineleri | 10.937 | 3.593 |
| Total | 71.181 | 340.790 |

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

| | 30 June 2017 | | 31 December 2016 | |
|---------------------|---------------------|--------------------------|-------------------------|--------------------------|
| | Total assets | Total liabilities | Total assets | Total liabilities |
| Aksigorta | 3.387.703 | 2.880.665 | 2.829.049 | 2.401.912 |
| Avivasa | 1.597.552 | 1.125.191 | 1.397.157 | 969.489 |
| Brisa | 3.208.837 | 2.635.382 | 2.887.859 | 2.317.684 |
| Akçansa | 1.742.462 | 865.915 | 1.677.606 | 619.706 |
| Enerjisa | 28.826.462 | 19.446.371 | 28.762.726 | 19.276.606 |
| Philisa | 3.097.330 | 2.490.129 | 4.125.277 | 3.295.411 |
| Philip Morrissa | 1.409.761 | 1.287.146 | 2.404.384 | 2.115.595 |
| Temsa Mısır | 9.970 | 27.365 | 9.943 | 25.077 |
| Temsa İş Makineleri | 445.137 | 293.212 | 349.078 | 168.533 |
| Total | 43.725.214 | 31.051.376 | 44.443.079 | 31.190.013 |

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

NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

Sales

| | 1 January - 30 June 2017 | 1 January - 30 June 2016 |
|---------------------|-------------------------------------|-------------------------------------|
| Aksigorta | 1.117.881 | 970.332 |
| Avivasa | 231.114 | 147.185 |
| Brisa | 1.008.023 | 864.853 |
| Akçansa | 689.522 | 735.938 |
| Enerjisa | 7.214.532 | 6.200.656 |
| Philsa(*) | 8.843.014 | 8.073.012 |
| Philip Morrissa | 9.915.465 | 8.762.213 |
| Temsa Mısır | - | - |
| Temsa İş Makineleri | 154.225 | 248.507 |

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

Net profit/(loss)

| | 1 January - 30 June 2017 | 1 January - 30 June 2016 |
|---------------------|-------------------------------------|-------------------------------------|
| Aksigorta | 74.314 | 36.378 |
| Avivasa | 65.796 | 36.426 |
| Brisa | 26.604 | 47.712 |
| Akçansa | 56.385 | 142.031 |
| Enerjisa | (234.406) | 245.784 |
| Philsa | 244.102 | 283.394 |
| Philip Morrissa | 150.551 | 187.353 |
| Temsa Mısır | (1.623) | (720) |
| Temsa İş Makineleri | 21.445 | 7.047 |

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

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for six month period ended 30 June 2017 is as follows:

| | 1 January 2017 | Currency translation differences | Additions | Disposals | Transfers (*) | Impairment | Transfers | 30 June 2017 |
|----------------------------------|--------------------|----------------------------------|------------------|------------------|-----------------|--------------|-----------------|--------------------|
| Cost: | | | | | | | | |
| Land and land improvements | 626.281 | 1.338 | 5.329 | (17.113) | 29.716 | - | (1.305) | 644.246 |
| Buildings | 2.402.987 | 5.270 | 5.211 | (19.706) | 193.838 | (1.475) | (16.671) | 2.569.454 |
| Machinery and equipment | 3.248.618 | 979 | 22.283 | (24.822) | 387.085 | 160 | - | 3.634.303 |
| Motor vehicles | 113.579 | (199) | 7.702 | (4.808) | 3.772 | - | - | 120.046 |
| Furniture and fixtures | 2.883.082 | (137) | 74.933 | (34.618) | 11.508 | 1.451 | - | 2.936.219 |
| Total | 9.274.547 | 7.251 | 115.458 | (101.067) | 625.919 | 136 | (17.976) | 9.904.268 |
| Construction in progress | 944.284 | (773) | 317.488 | (5.224) | (647.140) | - | - | 608.635 |
| Total | 10.218.831 | 6.478 | 432.946 | (106.291) | (21.221) | 136 | (17.976) | 10.512.903 |
| Accumulated depreciation: | | | | | | | | |
| Land and land improvements | (234.731) | 72 | (3.346) | 56 | - | - | - | (237.949) |
| Buildings | (975.917) | (3.345) | (24.210) | 11.153 | - | - | - | (992.319) |
| Machinery and equipment | (1.914.886) | (2.955) | (71.158) | 24.025 | - | - | - | (1.964.974) |
| Motor vehicles | (95.865) | 229 | (3.292) | 3.152 | - | - | - | (95.776) |
| Furniture and fixtures | (2.032.923) | 254 | (112.721) | 29.643 | - | (175) | - | (2.115.922) |
| Total | (5.254.322) | (5.745) | (214.727) | 68.029 | - | (175) | - | (5.406.940) |
| Net book value | 4.964.509 | | | | | | | 5.105.963 |

(*) Transfers that have been realized during the period amounting of TL 21.221 recognized to intangible assets.

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

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movement in property, plant and equipment for six month period ended 30 June 2016 is as follows:

| | 1 January 2016 | Currency translation differences | Additions | Disposals | Transfers (*) | Impairment | Transfers to non-current assets held for sale | 30 June 2016 |
|----------------------------------|--------------------|----------------------------------|------------------|-----------------|-----------------|-----------------|---|--------------------|
| Cost: | | | | | | | | |
| Land and land improvements | 586.172 | 552 | 39.377 | (149) | 405 | - | 48 | 626.405 |
| Buildings | 2.352.264 | 3.478 | 4.878 | (4.371) | (7.582) | - | 5.408 | 2.354.075 |
| Machinery and equipment | 2.887.108 | 33.151 | 20.567 | (4.574) | 9.507 | - | - | 2.945.759 |
| Motor vehicles | 111.801 | 267 | 2.320 | (5.504) | 432 | - | - | 109.316 |
| Furniture and fixtures | 2.711.864 | 2.890 | 37.102 | (29.579) | 17.329 | 6.893 | 1.902 | 2.748.401 |
| Total | 8.649.209 | 40.338 | 104.244 | (44.177) | 20.091 | 6.893 | 7.358 | 8.783.956 |
| Construction in progress | 346.690 | 431 | 398.582 | (6.725) | (36.020) | - | - | 702.958 |
| Total | 8.995.899 | 40.769 | 502.826 | (50.902) | (15.929) | 6.893 | 7.358 | 9.486.914 |
| Accumulated depreciation: | | | | | | | | |
| Land and land improvements | (224.464) | 11 | (3.162) | - | 13 | - | (48) | (227.650) |
| Buildings | (893.849) | (2.454) | (28.652) | 1.874 | - | (2.891) | (5.408) | (931.380) |
| Machinery and equipment | (1.678.897) | (22.191) | (57.090) | 1.973 | - | - | - | (1.756.205) |
| Motor vehicles | (86.671) | (207) | (5.042) | 3.808 | - | - | - | (88.112) |
| Furniture and fixtures | (1.829.060) | (1.669) | (113.430) | 10.992 | (13) | (14.997) | (1.902) | (1.950.079) |
| Total | (4.712.941) | (26.510) | (207.376) | 18.647 | - | (17.888) | (7.358) | (4.953.426) |
| Net book value | 4.282.958 | | | | | | | 4.533.488 |

(*) Transfers that have been realized during the period amounting of TL 15.929 recognized in intangible assets.

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NOTE 9 - INTANGIBLE ASSETS

The movements in intangible assets for six month periods ended 30 June 2017 and 2016 are as follows:

| | 1 January 2016 | Currency translation differences | Additions | Impairment | Disposals | Transfers | 30 June |
|------------------------------|----------------|--|-----------|------------|-----------|-----------|----------------|
| Cost | 1.474.679 | 7.480 | 65.451 | (2.168) | (1.487) | 21.221 | 1.565.176 |
| Accumulated amortisation (-) | (801.910) | (7.797) | (97.284) | 33 | 430 | - | (906.528) |
| Net book value | 672.769 | | | | | | 658.648 |

| | 1 January 2016 | Currency translation differences | Additions | Impairment | Disposals | Transfers | Count differences | 30 June |
|------------------------------|----------------|--|-----------|------------|-----------|-----------|----------------------|----------------|
| Cost | 1.167.409 | 855 | 60.194 | - | (3.334) | 15.929 | (1.646) | 1.239.407 |
| Accumulated amortisation (-) | (636.966) | (434) | (73.387) | 30 | 581 | - | - | (710.176) |
| Net book value | 530.443 | | | | | | | 529.231 |

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NOTE 10 - GOODWILL

The movements of goodwill for the six month period ended on 30 June 2017 and 2016 are as follows:

| | 2017 | 2016 |
|----------------|------------------|------------------|
| 1 January | | |
| | 1.014.815 | 1.014.355 |
| Additions | - | 460 |
| 30 June | 1.014.815 | 1.014.815 |

No impairment related to value of the cash-generating units has occurred in 2017.

NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

| Other short term provisions | 30 June 2017 | 31 December 2016 |
|--|----------------|------------------|
| Provision for liabilities | 243.011 | 350.048 |
| <i>Credit bonus provision</i> | 60.960 | 90.654 |
| <i>Litigation</i> | 110.252 | 124.477 |
| <i>Uncompensated and not encashed non-cash loans</i> | 59.880 | 73.085 |
| <i>Onerous contracts</i> | 4.260 | 30.091 |
| <i>Other short-term provisions</i> | 7.659 | 31.741 |
| Other | 64.753 | 61.308 |
| Total | 307.764 | 411.356 |

| Other long term provisions | 30 June 2017 | 31 December 2016 |
|-----------------------------------|--------------|------------------|
| Provision for liabilities | 4.369 | 4.239 |
| <i>Other long-term provisions</i> | 4.369 | 4.239 |
| Total | 4.369 | 4.239 |

| Commitments - Banking segment | 30 June 2017 | 31 December 2016 |
|-------------------------------|-------------------|-------------------|
| Letters of guarantee given | 30.417.451 | 26.900.858 |
| Letters of credit | 5.761.420 | 4.993.055 |
| Foreign currency acceptance | 3.761.579 | 3.583.106 |
| Other guarantees given | 4.729.630 | 3.962.153 |
| Total | 44.670.080 | 39.439.172 |

| Commitments - Non-banking segment | 30 June 2017 | 31 December 2016 |
|---|------------------|------------------|
| Letters of guarantee given | 882.756 | 558.419 |
| Other guarantees given | 277.069 | 297.193 |
| Mortgages, guarantees and pledges for tangible assets | 23.733 | 83.208 |
| Total | 1.183.558 | 938.820 |

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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 30 June 2017 and 31 December 2016 are as follows:

| | 30 June 2017 | 31 December 2016 |
|------------------------|--------------|------------------|
| Repurchase commitments | 20.460.258 | 25.877.459 |

Commitments to forward currency purchase/sale and swap transactions

Transactions for held for trading

| | 30 June 2017 | 31 December 2016 |
|----------------------------|-------------------|-------------------|
| Foreign currency purchases | 8.360.240 | 8.911.930 |
| Foreign currency sales | 8.250.997 | 9.064.075 |
| Total | 16.611.237 | 17.976.005 |

| | 30 June 2017 | 31 December 2016 |
|-------------------------|--------------------|--------------------|
| Currency swap purchases | 118.039.290 | 87.664.943 |
| Currency swap sales | 113.105.934 | 86.427.026 |
| Interest swap purchases | 38.840.722 | 42.198.785 |
| Interest swap sales | 38.840.722 | 42.198.785 |
| Total | 308.826.668 | 258.489.539 |

| | 30 June 2017 | 31 December 2016 |
|----------------|-------------------|-------------------|
| Spot purchases | 7.213.829 | 8.257.572 |
| Spot sales | 7.422.907 | 8.318.772 |
| Total | 14.636.736 | 16.576.344 |

| | 30 June 2017 | 31 December 2016 |
|---|-------------------|-------------------|
| Currency, interest and securities options purchases | 47.729.634 | 43.145.261 |
| Currency, interest and securities options sales | 47.876.245 | 43.319.700 |
| Total | 95.605.879 | 86.464.961 |

| | 30 June 2017 | 31 December 2016 |
|--------------|--------------|------------------|
| Future sales | - | 55.335 |
| Total | - | 55.335 |

| | 30 June 2017 | 31 December 2016 |
|-----------------------------|-------------------|-------------------|
| Other purchase transactions | 5.793.865 | 7.170.681 |
| Other sales transactions | 7.752.498 | 5.154.039 |
| Total | 13.546.363 | 12.324.720 |

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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)

Derivative transactions for hedging:

| | 30 June 2017 | 31 December 2016 |
|-------------------------|-------------------|-------------------|
| Interest swap purchases | 13.169.798 | 8.814.305 |
| Interest swap sales | 13.169.799 | 8.814.305 |
| Total | 26.339.597 | 17.628.610 |

| | 30 June 2017 | 31 December 2016 |
|----------------------------|---------------|------------------|
| Foreign currency purchases | 3.858 | 203.533 |
| Foreign currency sales | 81.947 | 73.346 |
| Total | 85.805 | 276.879 |

| | 30 June 2017 | 31 December 2016 |
|-------------------------|------------------|------------------|
| Currency swap purchases | 3.258.509 | 3.257.872 |
| Currency swap sales | 2.506.224 | 2.505.565 |
| Total | 5.764.733 | 5.763.437 |

The maturity analysis of the off-balance sheet assets of the Banking segment at 30 June 2017 is as follows:

| | Up to 1 year | Over 1 year | Total |
|-----------------------------|-------------------|-------------------|-------------------|
| Letters of guarantees given | 5.260.937 | 25.156.514 | 30.417.451 |
| Letters of credits | 3.243.342 | 2.518.078 | 5.761.420 |
| Acceptance credits | 3.438.964 | 322.614 | 3.761.578 |
| Other guarantees | 1.828.759 | 2.900.872 | 4.729.631 |
| Total | 13.772.002 | 30.898.078 | 44.670.080 |

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 | 2.626.743 | 3.962.153 |
| Total | 10.955.623 | 28.483.549 | 39.439.172 |

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

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

As of June 24, 2015, Tax Inspection Board of T.C. Ministry of Finance has launched a limited tax investigation to Aksigorta, which is a joint venture of the Group, related to the Banking and Insurance Transaction Tax for the years 2009, 2010, 2011 and 2012 and as a consequence of the tax inspection, tax of TL 1,8 million and tax penalty of TL 2,8 million for the year 2009, tax of TL 2 million and tax penalty of TL 3 million for the year 2010, tax of TL 3 million and tax penalty of TL 4,6 million for the year 2011 and tax of TL 4,3 million and tax penalty of TL 6,4 million for the year 2012 and in total tax and tax penalty of 27,9 million related to Banking Insurance Transaction Tax were imposed to Aksigorta. The Entity has not booked any provision in the financial statements since it believes that its practice is in compliance with the regulations. On January 16, 2015 and on February 20, 2015, Aksigorta filed a reconciliation request to the Large Taxpayers Office Commission of Reconciliation for the tax and tax penalty for the year 2009 and for the years 2010, 2011 and 2012, respectively.

The Competition Authority resolved to start an investigation by the resolution numbered 15-08/108 and dated 19 February 2015 against Teknosa which is a subsidiary of the Group and other companies mentioned in the resolution requesting their deference in order to detect if the Act no. 4054 is violated or not. By the resolution numbered 15-28/319-M and dated 7 July 2015, the investigation was extended as consumer electronics and was merged with former investigation. Teknosa submitted its written defence for this investigation. Verbal defense is also provided on 25 October 2016. Similarly, by the resolution numbered 15-28/319-M and dated 7 July 2015 Kliksa which was 100% owned by Teknosa in the previous periods was included to the investigation and Teknosa submitted the written defense on behalf of Kliksa. The final decision of the Competition Authority was published on its official website for these two investigations on 11 November 2016. In accordance with decision, the Competition Authority claimed administrative fine by TL 18.026 to Teknosa and Kliksa. Actual settlement was declared by the Competition Authority to Teknosa on 8 March 2017. Teknosa paid 3/4 of this fine amounting to total TL 13.519.167 by using early payment discount with a payment notice on 6 April 2017. Management of Teknosa initiated legal action on 5 May 2017 during the legal term in 60 days period.

The economic sector risk concentrations of the commitments of the Banking segment at 30 June 2017 and 31 December 2016 are as follows:

| | 30 June 2017 | 31 December 2016 |
|----------------------------|-------------------|-------------------|
| Wholesale | 9.993.380 | 8.348.084 |
| Financial institutions | 7.299.223 | 6.433.036 |
| Construction | 5.398.951 | 4.652.569 |
| Small-scale retailers | 4.218.304 | 3.845.270 |
| Chemicals | 3.242.675 | 2.910.411 |
| Steel and mining | 2.329.899 | 2.086.619 |
| Electricity, gas and water | 1.925.113 | 1.977.548 |
| Other manufacturing | 1.893.233 | 1.445.639 |
| Textile | 1.072.375 | 934.968 |
| Transportation | 922.563 | 1.170.174 |
| Food and beverage | 801.040 | 616.372 |
| Automotive | 761.310 | 620.213 |
| Electronics | 649.329 | 639.372 |
| Tourism | 266.801 | 246.057 |
| Telecommunications | 205.329 | 153.924 |
| Agriculture and forestry | 70.244 | 54.738 |
| Other | 3.620.311 | 3.304.178 |
| Total | 44.670.080 | 39.439.172 |

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

NOTE 12 - COMMITMENTS

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries at 30 June 2017 is as follows;

| | 30 June 2017 | | | | |
|---|------------------------|-------------------|------------------|------------------|----------------|
| | Total TL Equivalent | TL | USD | EUR | Other |
| A. Total amount of the collaterals | | | | | |
| given for its own legal entity | 1.188.958 | 393.261 | 142.905 | 73.462 | 447 |
| B. Collaterals given on behalf of fully consolidated companies | 914.476 | 222.364 | 57.353 | 117.533 | 20.485 |
| C. Collaterals given on behalf of the third parties' debt for continuation of their economic activities | 44.670.080 | 18.300.452 | 4.730.537 | 2.380.980 | 236.184 |
| 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 | 46.773.514 | 18.916.077 | 4.930.795 | 2.571.975 | 257.116 |
| A. Total amount of the mortgages | | | | | |
| given for its own legal entity | | | | | |
| B. Mortgages given on behalf of fully consolidated companies | - | - | - | - | - |
| C. Mortgages given on behalf of third parties 'debt for continuation of their economic activities | - | - | - | - | - |
| D. Total amount of other mortgages | | | | | |
| i. Given on behalf of majority shareholder | - | - | - | - | - |
| ii. Given on behalf of other group companies which are not in the scope of B and C | - | - | - | - | - |
| iii. Given on behalf of third parties which are not in scope of C | - | - | - | - | - |
| Total Mortgages | - | - | - | - | - |
| A. Total amount of the pledges | | | | | |
| given for its own legal entity | - | - | - | - | - |
| B. Pledges given on behalf of fully consolidated companies | - | - | - | - | - |
| C. Pledges given on behalf of third parties 'debt for continuation of their economic activities | - | - | - | - | - |
| D. Total amount of other pledges | | | | | |
| i. Given on behalf of majority shareholder | - | - | - | - | - |
| ii. Given on behalf of other group companies which are not in the scope of B and C | - | - | - | - | - |
| iii. Given on behalf of third parties which are not in scope of C | - | - | - | - | - |
| Total Pledges | - | - | - | - | - |

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NOTE 12 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by Joint ventures at 30 June 2017 is as follows:

| | Total TL Equivalent | 30 June 2017 | | | |
|---|------------------------|------------------|---------------|------------|----------|
| | | TL | USD | EUR | Other |
| A. Total amount of the collaterals given for its own legal entity | 498.410 | 344.538 | 43.469 | 355 | - |
| 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 | 379 | 379 | - | - | - |
| 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 | 355 | - |
| A. Total amount of the mortgages given for its own legal entity | - | - | - | - | - |
| B. Mortgages given on behalf of fully consolidated companies | - | - | - | - | - |
| C. Mortgages given on behalf of third parties 'debt for continuation of their economic activities | - | - | - | - | - |
| D. Total amount of other mortgages | | | | | |
| i. Given on behalf of majority shareholder | - | - | - | - | - |
| ii. Given on behalf of other group companies which are not in the scope of B and C | - | - | - | - | - |
| iii. Given on behalf of third parties which are not in scope of C | - | - | - | - | - |
| Total Mortgages | - | - | - | - | - |
| A. Total amount of the pledges given for its own legal entity | - | - | - | - | - |
| B. Pledges given on behalf of fully consolidated companies | - | - | - | - | - |
| C. Pledges given on behalf of third parties 'debt for continuation of their economic activities | - | - | - | - | - |
| D. Total amount of other pledges | | | | | |
| i. Given on behalf of majority shareholder | - | - | - | - | - |
| ii. Given on behalf of other group companies which are not in the scope of B and C | - | - | - | - | - |
| iii. Given on behalf of third parties which are not in scope of C | - | - | - | - | - |
| Total Pledges | - | - | - | - | - |

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NOTE 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 | - | - | - | - | - |

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

NOTE 12 - COMMITMENTS (Continued)

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

| | 31 December 2016 | | | | |
|---|------------------------|----------------|---------------|--------------|----------|
| | Total TL Equivalent | TL | USD | EUR | Other |
| A. Total amount of the mortgages given for its own legal entity | 1.118.066 | 895.219 | 61.434 | 1.791 | - |
| B. Mortgages given on behalf of fully consolidated companies | - | - | - | - | - |
| C. Mortgages given on behalf of third parties 'debt for continuation of their economic activities | 541 | 540 | - | - | - |
| 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 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 | - | - | - | - | - |

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NOTE 13 - OTHER ASSETS AND LIABILITIES

| Other Current Assets | 30 June 2017 | 31 December 2016 |
|------------------------------------|---------------------|-------------------------|
| Cheques in clearance | 991.408 | 418.721 |
| Deductible, deferred and other VAT | 122.388 | 114.087 |
| Other | 45.934 | 44.063 |
| Total | 1.159.730 | 576.871 |

| Other Non-Current Assets | 30 June 2017 | 31 December 2016 |
|--|---------------------|-------------------------|
| Long term tax claims and other legal receivables | 39.673 | 29.434 |
| Deductible, deferred and other VAT | 4.125 | 3.027 |
| Other non-current assets | 78.812 | 59.274 |
| Total | 122.610 | 91.735 |

| Other Short Term Liabilities | 30 June 2017 | 31 December 2016 |
|-------------------------------------|---------------------|-------------------------|
| Cheques in clearance | 1.936.357 | 778.619 |
| Saving deposits insurance | 49.859 | 45.569 |
| Other short term liabilities | 377.090 | 364.210 |
| Total | 2.363.306 | 1.188.398 |

NOTE 14 - EQUITY

The Holding's authorized and issued capital consists of 204.040.393.100 (31 December 2016: 204.040.393.100) shares of Kr 1 each.

The Holding's authorized and paid-in share capital and shareholding structure at 30 June 2017 and 31 December 2016 is as follows:

| Shareholders: | Share (%) | 30 June 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 |

According to Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (Exsa)'s Board of Director decision on December 22, 2015, company has started to make repurchasing agreement at BİST (İstanbul Stock Market). Hence; with these transactions Exsa's share at Sabancı Holding reached at 1,17 % as of 30 June 2017. These shares in consolidated equity as capital adjustments due to cross-ownership.

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NOTE 14 - EQUITY (Continued)

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:

| | 30 June 2017 | 31 December 2016 |
|------------------------------|------------------|------------------|
| Legal reserves | 698.521 | 596.381 |
| Gain on sales of association | 333.369 | 333.369 |
| Total | 1.031.890 | 929.750 |

Dividend Distribution

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

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

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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 1 January 2016 | (440.301) | (86.721) | (88.909) | 283.604 |
| Increases/(decreases) during the period | 445.486 | (23.336) | (4.381) | 2.318 |
| Gains transferred to income statement | (138.175) | 11.850 | - | - |
| Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets | 25.265 | - | - | - |
| Tax effect | (66.115) | 1.918 | 876 | - |
| Balance as of 30 June 2016 | (173.840) | (96.289) | (92.414) | 285.922 |
| Balance as of 1 January 2017 | (444.676) | (177.288) | (146.024) | 499.438 |
| Increases/(decreases) during the period | 415.994 | 38.968 | (39.602) | 67.757 |
| Gains transferred to income statement | (36.017) | 10.285 | - | - |
| Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets | 5.147 | - | - | - |
| Tax effect | (76.696) | (10.180) | 7.921 | - |
| Balance as of 30 June 2017 | (136.248) | (138.215) | (177.707) | 567.195 |

NOTE 15 - ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

1 January - 30 June 2017

As of June 30, 2017, Temsa, a subsidiary of the Group acquired a real estate with value of TL 17.976.763 in return of receivables as a guarantee. The Entity has intention to dispose of the real estate and impairment is booked amounting to total TL 6.685.000. The remaining TL 11.291.763 is accounted under "Assets Held for Sale".

According to The Group's Board of Management decision numbered 2015/29 dated 31 December 2015, shares belonging to company partners, Nile Kordsa Company for Industrial Fabrics S.A.E. with 51% of rates respectively, would be classified as "Assets Held for Sale" in the balance sheet as of 30 June 2017. As of 30 June 2017; related assets and liabilities in the balance sheet are total TL16.943.483 and total TL11.974.853, respectively (31 December 2016: Total TL 21.780.383 and Total TL 11.718.193).

As of 30 June 2016; the operating loss of Kordsa Global's subsidiary Nile Kordsa Company for Industrial Fabrics S.A.E. is Total TL 3.752.849 (30 June 2016: Total TL 7.330.465 loss). In the consolidated financial statements; operating results of this company reclassified as discontinued operations income/expense.

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NOTE 15 - ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

1 January - 30 June 2016

According to The Group's Board of Management decision numbered 2015/29 dated 31 December 2015, shares belonging to company partners, Nile Kordsa Company for Industrial Fabrics S.A.E. and Interkordsa GmbH with 51% and 100% of rates respectively, would be classified as "Assets Held for Sale" in the balance sheet as of 31 December 2015. Hence, these companies were classified as "Assets Held for Sale" in preparation for financial tables in 30 June 2016. As of 30 June 2016; the operating loss of Kordsa Global's subsidiary Nile Kordsa Company for Industrial Fabrics S.A.E. is Total TL 7.330.465. In the consolidated financial statements; operating results of the company (Nile Kordsa) reclassified as discontinued operations income/expenditure.

As of 30 June 2016; the operating loss of Kordsa Global's subsidiary InterKordsa GmbH is Full TL 4.495.909. In the consolidated financial statements; operating results of the company reclassified as discontinued operations income/expenditure.

NOTE 16 - FINANCE INCOME/EXPENSES

| | 1 January- 30 June 2017 | 1 January- 30 June 2016 | 1 April- 30 June 2017 | 1 April- 30 June 2016 |
|---------------------------|----------------------------|----------------------------|--------------------------|--------------------------|
| Financial income | | | | |
| Foreign currency gains | 113.739 | 41.084 | 57.924 | 26.322 |
| Total | 113.739 | 41.084 | 57.924 | 26.322 |
| Financial expenses | | | | |
| Interest expense | (143.836) | (116.566) | (85.306) | (67.076) |
| Foreign currency loss | (134.533) | (28.141) | (60.620) | (21.357) |
| Other financial expenses | (26.605) | (15.133) | (11.927) | (6.038) |
| Total | (304.974) | (159.840) | (157.853) | (94.471) |

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

NOTE 17 - TAX ASSETS AND LIABILITIES

| | 30 June 2017 | 31 December 2016 |
|------------------------------------|----------------|------------------|
| Corporate and income taxes payable | 819.410 | 1.157.130 |
| Less: Prepaid taxes | (429.117) | (809.523) |
| Total taxes payable | 390.293 | 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 payable at a rate of 20% on the total income of the Holding after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

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

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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

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 assetments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate.

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

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

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

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.

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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

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 in sufficient 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.

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 30 June 2017 and 2016 are as follows:

| | 30 June 2017 | | | 30 June 2016 | | |
|---|------------------|------------------|----------------|----------------|------------------|----------------|
| | Before Tax | Tax Charge | After Tax | Before Tax | Tax Charge | After Tax |
| Net unrealized fair value from available for sale financial assets | 1.012.020 | (202.404) | 809.616 | 1.069.838 | (213.968) | 855.870 |
| Net gain on available for sale financial assets transferred to the income statement | (88.386) | 17.677 | (70.709) | (339.080) | 67.816 | (271.264) |
| Net gain included in the income statement due to transfer of available for sale financial assets into held to maturity assets | 12.630 | (2.526) | 10.104 | 62.000 | (12.400) | 49.600 |
| Cash flow hedges | 37.223 | (7.445) | 29.778 | (11.669) | 2.334 | (9.335) |
| Income/ (loss) from the derivative financial assets related to the hedging of net investment in a foreign operations | (97.184) | 19.437 | (77.747) | (10.751) | 2.150 | (8.601) |
| Actuarial gain/loss | 160.744 | - | 160.744 | 2.093 | - | 2.093 |
| Currency translation differences | (1.817) | 363 | (1.454) | 946 | (189) | 757 |
| Other comprehensive income | 1.035.230 | (174.898) | 860.332 | 773.377 | (154.257) | 619.120 |

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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

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.

At 30 June 2017, the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TL 1.017.740 which can offset against future taxable profits for a period of five years (31 December 2016: TL 819.512). As of 30 June 2017 and 31 December 2016, carried forward tax losses and the latest annual periods are as follows:

| | 30 June 2017 | 31 December 2016 |
|--------------|------------------|------------------|
| 2019 | 17.548 | 17.548 |
| 2020 | 58.126 | 58.126 |
| 2021 | 741.504 | 743.838 |
| 2022 | 200.562 | - |
| Total | 1.017.740 | 819.512 |

The movements in deferred income tax assets/(liabilities) for the years ended at 30 June 2017 and 31 December 2016 are as follows:

| | 30 June 2017 | 31 December 2016 |
|--------------------------------|----------------|------------------|
| Deferred tax assets | 482.629 | 635.401 |
| Deferred tax liabilities | (128.708) | (139.150) |
| Net Deferred Tax Assets | 353.921 | 496.251 |

The movements in deferred income tax assets/(liabilities) for the six-month periods ended 30 June 2017 and 2016 are as follows:

| | 2017 | 2016 |
|--|----------------|----------------|
| 1 January | 496.251 | 596.375 |
| Charged to equity | (129.728) | (197.084) |
| Currency translation differences | 3.996 | 1.031 |
| Charged to statement of profit or loss | (17.511) | 109.508 |
| Other | 913 | (381) |
| 30 June | 353.921 | 509.449 |

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NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS**30 June 2017**

| | Fair Value | |
|--|-------------------|------------------|
| | Asset | Liability |
| Derivative instruments held for trading: | | |
| Foreign exchange derivative instruments | | |
| Currency and interest rate swaps purchases and sales | 4.915.886 | 3.469.058 |
| Forward exchange | 354.180 | 270.262 |
| Forward currency purchases and sales | - | - |
| Currency and interest rate futures purchases and sales | 203.423 | 256.739 |
| Other | 1.478.626 | 6.382 |
| Total derivative instruments held for trading | 6.952.115 | 4.002.441 |
| Derivative instruments held for hedging: | | |
| Currency and interest rate swap purchases and sales | 852.471 | 142.477 |
| Forward exchange | - | 2.967 |
| Currency options purchases and sales | 34.649 | - |
| Total derivative instruments held for hedging | 887.120 | 145.444 |
| Total derivative instruments | 7.839.235 | 4.147.885 |

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NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)**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 swap purchases and sales | 807.874 | 98.991 |
| Forward exchange | 895 | 3.714 |
| Currency options purchases and sales | 40.243 | - |
| Total derivative instruments held for hedging | 849.012 | 102.705 |
| Total derivative instruments | 8.470.571 | 4.716.817 |

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

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NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS**a) Banking**

| Loans and advances to customers | 30 June 2017 | 31 December 2016 |
|--|---------------------|-------------------------|
| Consumer loans and credit cards receivables | 45.302.652 | 45.037.601 |
| Project finance loans(*) | 31.233.797 | 26.431.817 |
| Construction | 24.848.256 | 24.078.639 |
| Financial institutions | 23.128.793 | 20.779.263 |
| Small-scale enterprises | 17.043.969 | 14.706.397 |
| Other manufacturing industries | 7.085.002 | 5.537.903 |
| Mining | 6.463.940 | 6.262.631 |
| Telecommunication | 5.697.601 | 5.819.867 |
| Textile | 4.669.664 | 4.109.589 |
| Food and beverage, wholesale and retail | 4.583.367 | 4.939.823 |
| Automotive | 4.036.330 | 2.413.289 |
| Chemicals | 3.689.008 | 3.377.208 |
| Other | 15.434.825 | 19.070.543 |
| Non-performing loans | 193.217.204 | 182.564.570 |
| Total loans and advances to customers | (6.714.236) | (6.964.606) |
| Leasing receivables | 5.441.651 | 4.983.239 |
| Net loans and advances to customers | 191.944.619 | 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.

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NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

(*) As of 30 June 2017 and 31 December 2016, the Bank has a cash loan risk worth USD 1,5 million 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.

The movement of loan loss provision of banking segment as of 30 June 2017 by class is as follows:

| | Corporate | Commercial | Total |
|--------------------------------------|------------------|------------------|------------------|
| 1 January 2017 | 3.662.281 | 3.302.324 | 6.964.606 |
| Gross provisions | 443.723 | 434.516 | 878.239 |
| Collections | (120.293) | (292.165) | (412.458) |
| Currency translation differences (*) | (179.868) | (536.282) | (716.150) |
| 30 June 2017 | 3.805.843 | 2.908.393 | 6.714.236 |

The movement of loan loss provision of banking segment as of 30 June 2016 by class is as follows:

| | Corporate | Commercial | Total |
|----------------------------------|------------------|------------------|------------------|
| 1 January 2016 | 2.679.248 | 3.022.624 | 5.701.872 |
| Gross provisions | 450.418 | 619.590 | 1.070.008 |
| Collections | (95.913) | (263.271) | (359.184) |
| Currency translation differences | (105.019) | (358.478) | (463.497) |
| 30 June 2016 | 2.928.734 | 3.020.465 | 5.949.199 |

(*) TL 450,1 million (Full TL amount) of the Bank's non-performing loan portfolio which is made provision were sold to Girişim Varlık Yönetimi A.Ş. at a price of TL 49,1 million (Full TL amount).

The maturity schedule of loans and advances to customers at 30 June 2017 and 31 December 2016 are summarized below:

| | 30 June 2017 | 31 December 2016 |
|--------------------|--------------------|--------------------|
| Up to 3 months | 49.843.092 | 49.297.126 |
| 3 to 12 months | 37.658.972 | 36.937.861 |
| Current | 87.502.064 | 86.234.987 |
| 1 to 5 years | 77.065.104 | 67.482.991 |
| Over 5 years | 21.935.800 | 21.881.986 |
| Non-current | 99.000.904 | 89.364.977 |
| Total | 186.502.968 | 175.599.964 |

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NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

The repricing schedule of loans and advances to customers at 30 June 2017 and 31 December 2016 are summarized below:

| | 30 June 2017 | 31 December 2016 |
|----------------|--------------------|--------------------|
| Up to 3 months | 64.706.878 | 72.647.190 |
| 3 to 12 months | 51.091.671 | 42.692.991 |
| 1 to 5 years | 61.630.769 | 51.031.046 |
| Over 5 years | 9.073.650 | 9.228.737 |
| Total | 186.502.968 | 175.599.964 |

NOTE 20 - PAYABLES FROM FINANCE SECTOR OPERATIONS

Banking

| | 30 June 2017 | | | 31 December 2016 | | |
|---------------------|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|
| | Demand | Time | Total | Demand | Time | Total |
| Saving deposits | 16.258.720 | 82.105.144 | 98.363.864 | 14.430.486 | 76.583.302 | 91.013.788 |
| Commercial deposits | 15.226.844 | 52.754.341 | 67.981.185 | 14.750.250 | 53.845.681 | 68.595.931 |
| Bank deposits | 930.950 | 12.760.534 | 13.691.484 | 972.501 | 6.229.124 | 7.201.625 |
| Repo transactions | - | 23.338.103 | 23.338.103 | - | 26.042.359 | 26.042.359 |
| Other | 1.414.474 | 4.843.634 | 6.258.108 | 566.748 | 5.295.076 | 5.861.824 |
| Total | 33.830.988 | 175.801.756 | 209.632.744 | 30.719.985 | 167.995.542 | 198.715.527 |

Annual effective interest rate of deposit accounts in USD, Euro and TL are 1,54% (31 December 2016: 1,62%), 0,41% (31 December 2016: 0,43%) and 11,55% (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 30 June 2017 and 31 December 2016:

| | 30 June 2017 | 31 December 2016 |
|----------------|--------------------|--------------------|
| No maturity | 32.388.869 | 29.247.950 |
| Up to 3 months | 150.330.966 | 142.247.469 |
| 3 to 12 months | 20.331.782 | 20.413.857 |
| 1 to 5 years | 6.087.131 | 6.335.809 |
| Over 5 years | 493.996 | 470.442 |
| Total | 209.632.744 | 198.715.527 |

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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 director's belonging to a group and over. Short term benefits include wages, bonuses, social security, health insurance, unused vacation, premium bonuses and incentive premiums. Other long term benefits include private pension system payments. Benefits resulted from discharge include severance pay and unused vacation payments for executive management who is discharged as a result of transfer or retirement.

The detailed schedule of compensation paid or payable to key management for the periods ended 30 June 2017 and 2016 are as follows:

| | 30 June 2017 | 30 June 2016 |
|------------------------------------|---------------|---------------|
| Short term benefits | 12.919 | 13.471 |
| Benefits resulted from termination | 1.745 | 236 |
| Other long term benefits | 124 | 140 |
| Total | 14.788 | 13.847 |

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

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

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.

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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 30 June 2017 and 31 December 2016 in terms of TL are as follows:

| | 30 June 2017 | 31 December 2016 |
|--|---------------------|--------------------|
| Assets | 150.538.048 | 149.842.289 |
| Liabilities | (169.896.702) | (156.415.980) |
| Net foreign currency balance sheet position | (19.358.654) | (6.573.691) |

| | | |
|--|------------|-----------|
| Net foreign currency position of off-balance sheet derivative financial instruments | 21.598.818 | 6.631.869 |
|--|------------|-----------|

| | | |
|--|------------------|---------------|
| Net foreign currency balance sheet and off-balance sheet position | 2.240.164 | 58.178 |
|--|------------------|---------------|

| 30 June 2017 | Total TL Equivalent | USD | EUR | GBP | Other |
|--|------------------------|--------------------|-------------------|------------------|--------------------|
| Assets: | | | | | |
| Cash and cash equivalents | 9.514.691 | 6.649.964 | 2.612.812 | 72.565 | 179.350 |
| Financial assets | 31.442.349 | 24.957.252 | 5.939.713 | - | 545.384 |
| Receivables from financial operations | 77.151.508 | 38.024.384 | 39.014.485 | 10.062 | 102.577 |
| Reserve deposits at Central Bank | 29.772.953 | 17.326.115 | 7.835.322 | - | 4.611.516 |
| Trade receivables | 1.106.545 | 403.173 | 603.715 | 4.361 | 95.296 |
| Other current assets | 1.550.002 | 1.013.736 | 486.967 | 78 | 49.221 |
| Total Assets | 150.538.048 | 88.374.624 | 56.493.014 | 87.066 | 5.583.348 |
| Liabilities: | | | | | |
| Funds borrowed and debt securities in issue | 43.975.631 | 30.793.032 | 12.984.423 | 2.584 | 195.592 |
| Customer deposits | 123.431.126 | 74.387.413 | 44.763.033 | 2.015.768 | 2.264.912 |
| Trade payables | 423.083 | 242.999 | 143.822 | 1.805 | 34.457 |
| Other payables and provisions | 2.066.862 | 884.864 | 1.105.137 | 4.032 | 72.829 |
| Total Liabilities | 169.896.702 | 106.308.308 | 58.996.415 | 2.024.189 | 2.567.790 |
| Net foreign currency position of off-balance sheet derivative financial instruments | 21.598.818 | 19.859.704 | 2.773.132 | 1.934.426 | (2.968.444) |
| Net foreign currency monetary position | 2.240.164 | 1.926.020 | 269.731 | (2.697) | 47.114 |

Net profit effect of the consolidated to the total net foreign currency position is TL 441.531 as of 30 June 2017 (Akbank and Philsa - Philip Morrissa excluded).

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**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 | EUR | GBP | Other |
|--|--------------------------------|--------------------|-------------------|------------------|------------------|
| 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 position of off-balance sheet derivative financial instruments | | | | | |
| | 6.631.869 | 4.478.023 | (56.837) | 1.388.984 | 821.699 |
| Net foreign currency monetary 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 502.7179 as of 31 December 2016 (Akbank and Philsa - Philip Morrissa excluded)

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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 30 June 2017 and 31 December 2016 is summarized as follows:

| 30 June 2017 | Profit/Loss | |
|--|----------------------------------|----------------------------------|
| | Appreciation of foreign currency | Depreciation of foreign currency |
| Change in USD against TL by 10% | | |
| USD net assets/liabilities | 83.997 | (83.997) |
| Hedged items (-) | - | - |
| USD net effect | 83.997 | (83.997) |
| Change in EUR against TL by 10% | | |
| EUR net assets/liabilities | 31.516 | (31.516) |
| Hedged items (-) | - | - |
| EUR net effect | 31.516 | (31.516) |
| Change in GBP against TL by 10% | | |
| GBP net assets/liabilities | (72) | 72 |
| Hedged items (-) | - | - |
| GBP net effect | (72) | 72 |
| Change in other currency against TL by 10% | | |
| Other currency net assets/liabilities | (618) | 618 |
| Hedged items (-) | - | - |
| Other currency net effect | (618) | 618 |
| 30 June 2016 | | |
| | | |
| Change in USD against TL by 10% | | |
| USD net assets/liabilities | 23.332 | (23.332) |
| Hedged items (-) | - | - |
| USD net effect | 23.332 | (23.332) |
| Change in EUR against TL by 10% | | |
| EUR net assets/liabilities | 19.850 | (19.850) |
| Hedged items (-) | - | - |
| EUR net effect | 19.850 | (19.850) |
| Change in GBP against TL by 10% | | |
| GBP net assets/liabilities | (251) | 251 |
| Hedged items (-) | - | - |
| GBP net effect | (251) | 251 |
| Change in other currency against TL by 10% | | |
| Other currency net assets/liabilities | (1.263) | 1.263 |
| Hedged items (-) | - | - |
| Other currency net effect | (1.263) | 1.263 |

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

NOTE 23 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

Classification of financial instruments

| 30 June 2017 | Note | Held to maturity securities | Loan and receivables (include cash and cash equivalents) | Available for sale financial assets | Financial liabilities measured at fair value | Booking value | Fair value |
|---------------------------------------|------|-----------------------------|--|-------------------------------------|--|---------------|-------------|
| Financial assets | | - | 10.198.817 | - | - | 10.198.817 | 10.198.817 |
| Cash and cash equivalents | | - | 1.814.296 | - | - | 1.814.296 | 1.814.296 |
| Trade receivables | | 18.261.569 | 2.187.541 | 38.591.073 | - | 59.040.183 | 59.602.204 |
| Other financial assets (*) | 4,6 | - | 191.944.619 | - | - | 191.944.619 | 190.926.453 |
| Receivables from financial operations | 19 | | | | | | |
| Financial liabilities | | | | | | | |
| Financial payables | 5 | - | - | - | 52.085.607 | 52.085.607 | 52.085.607 |
| Trade payables | | - | - | - | 2.333.599 | 2.333.599 | 2.333.599 |
| Other financial liabilities (**) | 6 | - | - | - | 6.096.780 | 6.096.780 | 6.096.780 |
| Payables from financial operations | 20 | - | - | - | 209.632.744 | 209.632.744 | 209.080.593 |

| 31 December 2016 | Note | Held to maturity securities | Loan and receivables (include cash and cash equivalents) | Available for sale financial assets | Financial liabilities measured at fair value | Booking value | Fair value |
|---------------------------------------|------|-----------------------------|--|-------------------------------------|--|---------------|-------------|
| Financial assets | | | | | | | |
| Cash and cash equivalents | | - | 12.596.627 | - | - | 12.596.627 | 12.596.627 |
| Trade receivables | | - | 1.550.634 | - | - | 1.550.634 | 1.550.634 |
| Other financial assets (*) | 4,6 | 17.976.984 | 2.059.193 | 34.821.880 | - | 54.858.057 | 54.813.247 |
| Receivables from financial operations | 19 | - | 180.583.203 | - | - | 180.583.203 | 182.983.685 |
| Financial liabilities | | | | | | | |
| Financial payables | 5 | - | - | - | 48.918.074 | 48.918.074 | 48.085.309 |
| Trade payables | | - | - | - | 2.490.517 | 2.490.517 | 2.490.517 |
| Other financial liabilities (**) | 6 | - | - | - | 5.555.151 | 5.555.151 | 5.555.151 |
| Payables from financial operations | 20 | - | - | - | 198.715.527 | 198.715.527 | 197.948.966 |

(*) Other financial assets consist of other receivables, time deposits and securities held for to maturity.

(**) Other financial liabilities consist of other payables.

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NOTE 23 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

Fair value of financial instruments

Fair value hierarchy of the financial assets and liabilities of the Group carried at fair value is as stated below:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data

a) Banking industrial segment

Fair values of the financial assets and liabilities of the Group's banking segment as of 30 June 2017 and 31 December 2016 are as follows:

| | 30 June 2017 | | | |
|---|-------------------|------------------|---------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Held for trading securities | 88.278 | - | - | 88.278 |
| - Government bonds | 30.190 | - | - | 30.190 |
| - Share certificates | 9.998 | - | - | 9.998 |
| - Other | 48.090 | - | - | 48.090 |
| Available for sale securities | 38.508.176 | 284.241 | - | 38.792.417 |
| - Government bonds | 19.314.932 | - | - | 19.314.932 |
| - Eurobonds | 12.229.052 | - | - | 12.229.052 |
| - Mutual funds | 249.363 | - | - | 249.363 |
| - Shares are traded in an active market | - | 65.322 | - | 65.322 |
| - Other | 6.714.829 | 218.919 | - | 6.933.748 |
| Trading derivative financial assets | 2.639 | 6.948.531 | - | 6.951.170 |
| Hedging derivative financial assets | - | 850.514 | - | 850.514 |
| Total Assets | 38.599.093 | 8.083.286 | - | 46.682.379 |
| Trading derivative financial instruments | 199 | 3.989.038 | - | 3.989.237 |
| Hedging derivative financial instruments | - | 140.256 | - | 140.256 |
| Total liabilities | 199 | 4.129.294 | - | 4.129.493 |

Share certificates classified as available for sale that are not traded in an active market and whose fair value cannot be reliably determined are stated at cost less any impairment losses on the consolidated financial statements.

There are no transfers between the first and the second levels in the current year.

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NOTE 23 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

Fair value of financial instruments (continued)

a) Banking industrial segment (continued)

| 31 December 2016 | Level 1 | Level 2 | Level 3 | Total |
|---|-------------------|------------------|---------|-------------------|
| Held for trading securities | 63.921 | - | - | 63.921 |
| - Government bonds | 9.865 | - | - | 9.865 |
| - Share certificates | 7.268 | - | - | 7.268 |
| - Other | 46.788 | - | - | 46.788 |
| Available for sale securities | 34.572.009 | 222.051 | - | 34.794.060 |
| - Government bonds | 17.912.731 | - | - | 17.912.731 |
| - Eurobonds | 11.328.132 | - | - | 11.328.132 |
| - Treasury bonds | 212.244 | - | - | 212.244 |
| - Foreign government bonds | - | 54.344 | - | 54.344 |
| - Other | 5.118.902 | 167.707 | - | 5.286.609 |
| Trading derivative financial assets | 2.642 | 7.618.296 | - | 7.620.938 |
| Hedging derivative financial assets | - | 807.874 | - | 807.874 |
| Total Assets | 34.638.572 | 8.648.221 | - | 43.286.793 |
| Trading derivative financial instruments | 4.389 | 4.595.458 | - | 4.599.847 |
| Hedging derivative financial instruments | - | 98.991 | - | 98.991 |
| Total liabilities | 4.389 | 4.694.449 | - | 4.698.838 |

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NOTE 23 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

Fair value of financial instruments (continued)

b) Other industrial segment

| 30 June 2017 | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|---------|---------------|---------|---------------|
| Derivatives held for trading | - | 945 | - | 945 |
| Derivatives held for hedging | - | 36.606 | - | 36.606 |
| Total Assets | - | 37.551 | - | 37.551 |
| Derivatives held for trading | - | 13.204 | - | 13.204 |
| Derivatives held for hedging | - | 5.188 | - | 5.188 |
| Total Liabilities | - | 18.392 | - | 18.392 |

Share certificates classified as available for sale that are not traded in an active market and whose fair value cannot be reliably determined are stated at cost less any impairment losses on the consolidated financial statements.

There are no transfers between the first and the second levels in the prior year.

| 31 December 2016 | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|---------|---------------|---------|---------------|
| Derivatives held for trading | - | 16 | - | 16 |
| Derivatives held for hedging | - | 41.137 | - | 41.137 |
| Total Assets | - | 41.153 | - | 41.153 |
| Derivatives held for trading | - | 5.639 | - | 5.639 |
| Derivatives held for hedging | - | 3.145 | - | 3.145 |
| Total Liabilities | - | 8.784 | - | 8.784 |

Share certificates classified as available for sale that are not traded in an active market and whose fair value cannot be reliably determined are stated at cost less any impairment losses on the consolidated financial statements.

There are no transfers between the first and the second levels in the prior year.

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NOTE 24 - EVENTS AFTER THE REPORTING PERIOD

Cimsa, a subsidiary of the Group, decided to participate in a Company named Cimsa Americas Cement Manufacturing and Sales Corp. which operates in cement production, sales and marketing in the United States by the decision of the Board of Directors held on August 26, 2016. It is decided to participate as a 100% founding shareholder in the company which will be established with 14.000.000 total USD capital. The installation process has been completed and a partial capital payment of 8.000.000 total USD was made on July 7, 2017.

Enerjisa, a joint venture of the Group, is authorized by the Capital Markets Board with the approval numbered 27/1319 and dated 29 December 2016; issued a bond on 1 August 2017 with a nominal value of total TL 35.000.000 with maturity of 1.820 days, with variable interest rates indexed to consumer price index, with a coupon payment every 6 months and a principal payment at the end of maturity.