

HACI ÖMER SABANCI HOLDİNG A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2019
(ORIGINALLY ISSUED IN TURKISH)**

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HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2019 AND 31 DECEMBER 2018

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

	Note	30 September	Unaudited	Audited
	References	2019 USD(*)	30 September 2019	31 December 2018
ASSETS				
Current Assets		36.500.599	206.560.542	185.300.225
Cash and Cash Equivalents		4.153.216	23.503.465	23.657.667
Financial Assets		4.313.214	24.408.911	15.837.844
- Financial Assets Through Profit or Loss	5.a	1.137.762	6.438.709	6.869.025
- Financial Assets Through Other Comprehensive Income	5.b	2.525.009	14.289.277	5.450.262
- Financial Assets at Amortised Cost	5.c	650.444	3.680.925	3.518.557
Trade Receivables		293.764	1.662.441	2.010.806
Receivables from Finance Sector Operations	22	19.713.544	111.560.919	104.749.857
Bank of the Republic of Turkey		5.739.921	32.482.788	26.433.745
Other Receivables	8	573.980	3.248.210	1.784.144
Derivative Financial Instruments	21	779.118	4.409.105	5.147.767
Inventories		548.107	3.101.792	2.944.845
Prepaid Expenses		147.102	832.467	900.603
Current Tax Assets		280	1.587	16.167
Other Current Assets	16	237.144	1.342.019	1.802.560
		36.499.391	206.553.704	185.286.005
Assets Classified As Held for Sale	18	1.208	6.838	14.220
Non-current Assets		33.860.267	191.618.645	186.386.046
Financial Assets		10.449.032	59.132.119	47.654.602
- Financial Assets Through Other Comprehensive Income	5.b	8.586.669	48.592.816	38.909.591
- Financial Assets at Amortised Cost	5.c	1.862.364	10.539.303	8.745.011
Trade Receivables		342	1.934	126.256
Receivables From Finance Sector Operations	22	16.658.546	94.272.380	101.849.702
Other Receivables	8	586.180	3.317.254	3.054.550
Derivative Financial Instruments	21	2.645.987	14.973.907	17.540.849
Investments Accounted Through Equity Method	9	1.270.846	7.191.842	6.756.459
Investment Property		27.096	153.341	136.930
Property, Plant and Equipment	10	1.264.575	7.156.357	6.626.678
Use Right of Assets	12	339.182	1.919.465	-
Intangible Assets		534.823	3.026.620	2.108.876
- Goodwill	13	329.035	1.862.044	849.215
- Other Intangible Assets	11	205.788	1.164.576	1.259.661
Prepaid Expenses		2.791	15.797	20.991
Deferred Tax Assets	20	61.040	345.429	372.640
Other Non Current Assets	16	19.826	112.200	137.513
TOTAL ASSETS		70.360.866	398.179.187	371.686.271

These condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 5 November 2019. The General Assembly has the authority to change the financial statements

* USD amounts presented above are translated from TRY for convenience purposes only, at the official TRY Exchange rate announced by CBRT at 30 September 2019, 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 BALANCE SHEET AT 30 SEPTEMBER 2019 AND 31 DECEMBER 2018

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

	Note References	30 September 2019 USD (*)	Unaudited 30 September 2019	Audited 31 December 2018
LIABILITIES				
Short Term Liabilities		48.462.111	274.251.934	255.444.010
Financial Liabilities	6	1.945.753	11.011.209	9.726.191
Current Portion of Long-Term Financial Liabilities	6	2.574.634	14.570.112	20.815.668
Liabilities From Leasing Transactions	7	43.450	245.890	-
Trade Payables		657.143	3.718.840	3.372.749
Payables from Finance Sector Operations	23	40.783.885	230.800.086	205.815.346
Short Term Employee Benefits		19.561	110.697	93.671
Other Payables	8	1.210.040	6.847.736	6.142.410
Derivative Financial Instruments	21	473.282	2.678.348	5.348.337
Deferred Income		37.840	214.143	291.868
Income Taxes Payable	20	74.507	421.643	62.396
Short Term Provisions		149.107	843.812	1.006.206
- Short Term Provisions for Employee Benefits		64.958	367.604	327.351
- Other Short Term Provisions	14	84.149	476.208	678.855
Other Short Term Liabilities	16	492.392	2.786.498	2.764.894
		48.461.594	274.249.014	255.439.736
Liabilities Classified As Held for Sale	18	516	2.920	4.274
Long Term Liabilities		10.711.235	60.615.939	59.846.465
Financial Liabilities	6	5.588.983	31.628.611	35.222.289
Liabilities From Leasing Transactions	7	313.192	1.772.384	-
Payables from Finance Sector Operations	23	2.528.897	14.311.279	13.818.904
Other Payables	8	604.110	3.418.720	2.372.596
Derivative Financial Instruments	21	1.424.520	8.061.499	7.583.133
Deferred Income		17.626	99.747	116.833
Long Term Provisions		89.957	509.071	452.305
- Long Term Provisions for Employee Benefits		85.758	485.311	448.045
- Other Long Term Provisions	14	4.199	23.760	4.260
Taxes and Funds Payables		787	4.454	-
Deferred Tax Liabilities	20	142.457	806.178	185.504
Other Long Term Liabilities	16	706	3.996	94.901
EQUITY		11.187.521	63.311.314	56.395.796
Equity Attributable to the Parent	17	5.614.780	31.774.617	29.289.967
Share Capital	17	360.553	2.040.404	2.040.404
Adjustment to Share Capital		605.531	3.426.761	3.426.761
Share Premium	17	3.929	22.237	22.237
Treasury Shares (-)	17	(33.657)	(190.470)	(190.470)
Accumulated Other Comprehensive Income or Loss				
That Will Not Be Reclassified to Profit or Loss		(14.683)	(83.092)	(74.784)
- Actuarial Gains/Losses		(14.683)	(83.092)	(74.784)
Accumulated Other Comprehensive Income or Loss				
That Will Be Reclassified to Profit or Loss		(2.398.052)	(105.589)	(370.833)
- Currency Translation Reserve	17	(2.116.475)	1.487.884	1.382.776
- Hedge Reserve	17	(178.923)	(1.012.543)	(535.681)
- Revaluation Reserve	17	(102.654)	(580.930)	(1.217.928)
Restricted Reserves	17	207.554	1.174.568	1.050.078
Retained Earnings		6.369.008	22.590.645	19.556.239
Net Income for the Period		514.597	2.899.153	3.830.335
Non-controlling Interests		5.572.741	31.536.697	27.105.829
TOTAL EQUITY AND LIABILITIES		70.360.866	398.179.187	371.686.271

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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 SEPTEMBER 2019 AND 2018

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

	Notes References	1 January - 30 September 2019 USD (*)	Unaudited 1 January - 30 September 2019	Unaudited 1 January - 30 September 2018	Unaudited 1 July - 30 September 2019	Unaudited 1 July - 30 September 2018
CONTINUING OPERATIONS						
Sales (net)		2.448.599	13.795.004	11.755.194	4.693.456	4.410.668
Cost of Sales (-)		(1.930.011)	(10.873.364)	(9.200.174)	(3.695.053)	(3.413.296)
Gross Profit From Non-Financial Operations		518.588	2.921.640	2.555.020	998.403	997.372
Interest, Premium, Commission and Other Income		5.537.290	31.196.186	26.797.896	9.925.516	9.696.389
Interest, Premium, Commission and Other Expense(-)		(3.720.294)	(20.959.527)	(16.164.952)	(6.708.627)	(5.948.928)
Gross Profit From Financial Operations		1.816.996	10.236.659	10.632.944	3.216.889	3.747.461
GROSS PROFIT		2.335.584	13.158.299	13.187.964	4.215.292	4.744.833
General Administrative Expenses (-)		(1.004.324)	(5.658.196)	(4.898.831)	(1.916.489)	(1.591.865)
Marketing Expenses (-)		(294.454)	(1.658.905)	(1.461.534)	(550.190)	(512.147)
Research and Development Expenses (-)		(2.184)	(12.305)	(10.066)	(4.875)	(3.081)
Other Income from Operating Activities		166.066	935.591	1.567.803	331.274	763.706
Other Expense from Operating Activities(-)		(146.219)	(823.772)	(1.064.350)	(232.028)	(631.712)
Interest in Income of Investments						
Accounted Through Equity Method	9	213.377	1.202.130	535.465	396.463	166.245
OPERATING PROFIT		1.267.846	7.142.842	7.856.451	2.239.447	2.935.979
Income from Investing Activities		19.907	112.153	734.748	75.845	4.040
Expense from Investing Activities (-)		(11.984)	(67.517)	(8.931)	(582)	750
OPERATING PROFIT BEFORE						
FINANCIAL EXPENSES		1.275.769	7.187.478	8.582.268	2.314.710	2.940.769
Financial Income	19	13.298	74.919	138.101	28.170	130.206
Financial Expenses (-)	19	(141.323)	(796.192)	(792.860)	(209.473)	(465.322)
INCOME BEFORE TAX						
FROM CONTINUING OPERATIONS		1.147.744	6.466.205	7.927.509	2.133.407	2.605.653
Tax Income/(Expense) from						
From Continuing Operations						
Current Income Tax Expense	20	(228.120)	(1.285.192)	(1.326.369)	(721.430)	(477.524)
Deferred Income Tax (Expense)/Income	20	21.969	123.771	(264.368)	351.535	(55.399)
PROFIT FOR THE PERIOD						
FROM CONTINUING OPERATIONS		941.593	5.304.784	6.336.772	1.763.512	2.072.730
DISCONTINUED OPERATIONS						
Profit/(Loss) After Tax						
From Discontinued Operations		(15)	(84)	129	(24)	102
PROFIT FOR THE PERIOD		941.578	5.304.700	6.336.901	1.763.488	2.072.832
ALLOCATION OF PROFIT						
- Non-controlling Interests		426.982	2.405.547	2.935.943	810.537	893.560
- Equity Holders of the Parent		514.597	2.899.153	3.400.958	952.951	1.179.272
Earnings per share						
- hundreds of ordinary shares (TRY)		0,25	1,42	1,67	0,47	0,58
Earnings per share from continuing						
- hundreds of ordinary shares (TRY)		0,25	1,42	1,67	0,47	0,58

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HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 1 JANUARY - 30 SEPTEMBER 2019 AND 2018

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

	Notes	Unaudited 1 January - 30 September 2019	Unaudited 1 January - 30 September 2018	Unaudited 1 July - 30 September 2019	Unaudited 1 July - 30 September 2018
NET INCOME FOR THE PERIOD		5.304.700	6.336.901	1.763.488	2.072.832
Other Comprehensive Income/(Loss):					
Items That Will Not Be Reclassified					
Subsequently To Profit or Loss		(20.140)	9.714	(4.634)	3.644
Actuarial gains/(losses)	17	(18.825)	11.126	(4.423)	3.667
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax		(1.315)	(1.412)	(211)	(23)
Items That Will Be Reclassified					
Subsequently To Profit or Loss		831.439	(967.292)	759.406	(162.540)
Other comprehensive income/(expense) of fair value difference of other comprehensive financial assets, after tax	17	1.539.454	(2.399.061)	1.607.154	(543.237)
Currency translation differences	17	235.747	2.183.932	(323.312)	1.446.675
Cash flow hedges, after tax	17	(772.070)	165.871	(614.993)	(428.827)
Income/(loss) from the derivative financial assets related to the hedging of net investment in a foreign operation, after tax	17	(30.701)	(611.471)	95.073	(412.740)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax		(140.991)	(306.563)	(4.516)	(224.411)
OTHER COMPREHENSIVE INCOME/(LOSS) (AFTER TAX)		811.299	(957.578)	754.772	(158.896)
TOTAL COMPREHENSIVE INCOME		6.115.999	5.379.323	2.518.260	1.913.936
ALLOCATION OF TOTAL COMPREHENSIVE INCOME					
- Non-controlling Interests		2.959.910	2.550.147	1.267.037	958.505
- Equity Holders of the Parent		3.156.089	2.829.176	1.251.223	955.431

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 SEPTEMBER 2019 AND 2018

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

	Accumulated Other Comprehensive Income or Loss That Will													
	Not be reclassified					Be Reclassified								
						Profit or Loss								
	Share Capital	Adjustment to share capital	Treasury Shares (-)	Share premium	Actruial gains/losses	Currency translations reserve	Hedge Reserve	Revaluation Funds	Restricted Reserve	Retained earnings	Net Income for the year	Equity controlling interest	Non controlling interests	Total
Balance at 1 January 2018	2.040.404	3.426.761	(190.470)	22.237	(76.380)	724.660	(349.708)	(310.337)	1.032.916	16.790.619	3.481.086	26.591.788	25.406.151	51.997.939
Effect of changes in accounting polices	-	-	-	-	-	-	-	57.591	-	(43.869)	-	13.722	29.183	42.905
Restated balance of 1 January 2018	2.040.404	3.426.761	(190.470)	22.237	(76.380)	724.660	(349.708)	(252.746)	1.032.916	16.746.750	3.481.086	26.605.510	25.435.334	52.040.844
Transfers	-	-	-	-	-	-	-	-	19.837	3.461.249	(3.481.086)	-	-	-
Dividends paid (*)	-	-	-	-	-	-	-	-	-	(639.523)	-	(639.523)	(991.885)	(1.631.408)
Other (**)	-	-	-	-	696	-	-	(435)	(13.871)	15.765	-	2.155	-	2.155
Transactions with non-controlling(****)	-	-	-	-	-	-	-	-	-	(16.806)	-	(16.806)	(71.490)	(88.296)
Total comprehensive income	-	-	-	-	3.053	912.118	(233.163)	(1.253.790)	-	-	3.400.958	2.829.176	2.550.147	5.379.323
Balance at 30 September 2018	2.040.404	3.426.761	(190.470)	22.237	(72.631)	1.636.778	(582.871)	(1.506.971)	1.038.882	19.567.435	3.400.958	28.780.512	26.922.106	55.702.618
Balance at 1 January 2019	2.040.404	3.426.761	(190.470)	22.237	(74.784)	1.382.776	(535.681)	(1.217.928)	1.050.078	19.556.239	3.830.335	29.289.967	27.105.829	56.395.796
Transfers	-	-	-	-	-	-	-	-	124.490	3.705.845	(3.830.335)	-	-	-
Subsidiary acquisition or sale (****)	-	-	-	-	-	-	-	-	-	(10.594)	-	(10.594)	(262.117)	(272.711)
Dividends paid (*)	-	-	-	-	-	-	-	-	-	(660.845)	-	(660.845)	(47.827)	(708.672)
Capital Increases(***)	-	-	-	-	-	-	-	-	-	-	-	-	1.780.902	1.780.902
Total comprehensive income	-	-	-	-	(8.308)	105.108	(476.862)	636.998	-	-	2.899.153	3.156.089	2.959.910	6.115.999
Balance at 30 September 2019	2.040.404	3.426.761	(190.470)	22.237	(83.092)	1.487.884	(1.012.543)	(580.930)	1.174.568	22.590.645	2.899.153	31.774.617	31.536.697	63.311.314

(*) Dividends paid by the Holding per share with a TRY1 nominal value is TRY0,30 (2018: TRY0,30).

(**) As of February 8, 2018, Enerjisa Enerji A.Ş., a joint venture of the Group, initial public offering is completed with a 20% share

(***) In January 2019, Akbank's subsidiary's paid-in capital increased by TRY1.2 billion (full) to TRY5.2 billion (full) from 4 billion (full) TRY.

(****) In April 2018, 6.908.992 lot shares corresponding to 5,11% of the shares of Çimsa Çimento Sanayi ve Ticaret A.Ş., a subsidiary of the Group, were purchased at a price of TRY12,78 per lot.

(*****) A subsidiary of the Group Temsa Ulaşım Araçları A.Ş., was sold on 30 May 2019.

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 SEPTEMBER 2019

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

	Note References	Unaudited 1 January - September 2019	Unaudited 1 January - September 2018
Net income before tax from continuing operations		6.466.205	7.927.509
Net income before tax from discontinued operations		(84)	129
Adjustments to reconcile income before taxation to net cash provided by operating activities			
Depreciation and amortization expenses	4	1.040.854	608.895
Provision fro loan losses		5.866.823	5.342.716
Changes in the fair value of derivative instruments		(77.555)	(9.412.691)
Interest income and foreign currency gains		(6.519.707)	(6.501.515)
Interest expense		1.216.572	688.843
Provision for employment termination benefits		91.515	114.579
Impairment charge on property, plant and equipment, intangible assets and investment property	10,11	(4.395)	(6.064)
Income from sale of property, plant and equipment, intangible assets and investment property		(41.793)	(578.564)
Income from associates and joint ventures		(1.202.130)	(535.465)
Income from sale of shares of subsidiaries		66.494	-
Provision for / (reversal of) inventory impairment		(3.809)	2.243
Provision for / (reversal of) doubtful receivables		(1.706)	77.378
Income from sale of shares of associates / joint ventures		(56.525)	(144.538)
Unrealized foreign currency translation differences		(2.328)	(68.862)
Other		-	1.459
Net cash provided by operating activities before changes in operating assets and liabilities		6.838.431	(2.483.948)
Changes in trade receivables		(109.205)	(632.127)
Changes in inventories		(478.015)	(1.089.827)
Changes in other receivables and other current assets		(1.450.627)	(4.676.243)
Changes in trade payables		496.755	330.063
Changes in other liabilities and other payables		1.442.286	2.483.116
Net cash provided in operating activities of assets classified as held for sale		5.595	(5.770)
Changes in assets and liabilities in finance segment:			
Changes in securities held for trading		431.838	(175.170)
Changes in receivables from finance sector operations		(2.792.190)	(27.009.597)
Changes in payables from finance sector operations		25.833.274	41.568.961
Changes in Central Bank of the Republic of Turkey account		(4.718.792)	2.585.402
Income taxes paid	20	(543.990)	(1.287.648)
Employment termination benefits paid		(66.363)	(89.686)
Net cash provided from operating activities		24.888.997	9.517.526
Capital expenditures	4	(1.243.208)	(1.060.072)
Sale / (purchase) of available for sale and held to maturity financial assets		(15.678.806)	250.003
Purchase of subsidiaries, associates and joint vetures		(998.946)	(572.296)
Share sale of subsidiaries		182.693	-
Share sale of joint ventures		152.930	738.168
Proceeds from sale of noncurrent assets held for sale, property, plant and equipment and intangible assets		161.465	965.112
Dividends received		459.018	453.355
Capital increase of joint ventures		-	(714.000)
Net cash provided from / (used in) operating activities		(16.964.854)	60.270
Change in financial liabilities		(9.380.486)	21.539.276
Dividends paid		(660.845)	(639.523)
Share capital increase of subsidiaries		1.780.902	-
Dividends paid to noncontrolling interests		(47.827)	(991.885)
Net cash provided by / (used in) financing activities		(8.308.256)	19.907.868
Effect of change in foreign currency rates on cash and cash equivalents		1.549.965	4.598.984
Net increase / (decrease) in cash and cash equivalents		1.165.852	34.084.648
Cash and cash equivalents at the beginning of the period (*)		18.654.340	9.975.545
Cash and cash equivalents at the end of the period		19.820.192	44.060.193

(*) Cash and cash equivalents at the end of the period comprise interest accruals of TRY10.692 (31 December 2018: TRY 432). Restricted cash in the banks is not included in the cash and cash equivalents. At the beginning and at the end of the current period, restricted deposit is TRY 5.002.895 and TRY 3.672.644, respectively (30 September 2018: TRY 4.541.840 and TRY 6.242.745 respectively)

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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 September 2019 is 63.267 (31 December 2018: 64.294). Holding's registered address is as follows:

Sabancı Center, 4. Levent, İstanbul, Türkiye.

The Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on Borsa Istanbul ("BİST") (previously known as the Istanbul Stock Exchange ("ISE") since 1997. As of 30 September 2019, the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 17):

	(%)
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

The Holding, its Subsidiaries, Joint Ventures and Associates are together referred to as the "Group". The Holding is managed by the Sabancı Family.

Subsidiaries

As of 30 September 2019, 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	16.684
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefoursa")	BİST	Trade	Retailing	12.635
Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	BİST	Trade	Retailing	2.138
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	BİST	Cement	Cement	2.329
Kordsa Teknik Tekstil Anonim Şirketi ("Kordsa")	BİST	Tire	Industry	4.563
Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("Yünsa")	BİST	Textile	Industry	1.192
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa")	-	Trade	Other	54
Ankara Enternasyonal Otelcilik A.Ş. ("AEO")	-	Tourism	Other	2
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. ("Tursa")	-	Tourism	Other	3
Sabancı Dijital Teknoloji Hizmetleri A.Ş. ("SabancıDX")	-	Information Technologies	Other	183

Subsidiaries are established in Turkey.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

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

Joint Ventures

As at 30 September 2019, the nature of business and operating segments of the Joint Ventures which are accounted through equity method in the consolidated financial statements are as follows:

Joint ventures	Traded Stock Market	Type of Activity	Business segment	Ventures	Number of employees
Aksigorta A.Ş. ("Aksigorta")	BİST	Insurance	Insurance	Ageas	669
Avivasa Emeklilik ve Hayat A.Ş. ("Avivasa")	BİST	Pension and Insurance	Insurance	Aviva	1.589
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa")	BİST	Tire	Industry	Bridgestone	2.905
Akçansa Çimento Sanayi ve Ticaret A.Ş. ("Akçansa")	BİST	Cement	Cement	Heidelberg	2.197
Enerjisa Enerji A.Ş. ("Enerjisa Enerji")	BİST	Energy	Energy	E.ON SE	11.392
Enerjisa Üretim Santralleri A.Ş. ("Enerjisa Üretim")	-	Energy	Energy	E.ON SE	1.072

All Joint Ventures are registered in Turkey.

Associates

As at 30 September 2019, 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	Traded Stock Market	Type of Activity	Business Segment	Ventures	Number of Employees
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (Philsa)	-	Tobacco products Production	Industry	Philip Morris	3.164
Philip Morris Sabancı Pazarlama Satış A.Ş. ("Philip Morrisa")	-	Tobacco products Marketing and sales	Industry	Philip Morris	

Number of employees represent the total number of employees of Philsa and Philip Morrisa.

All affiliates are registered in Turkey.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019**

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Statement of compliance with TAS

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

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards and interpretations ("TAS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

The condensed consolidated financial statements and disclosures are presented in accordance with the formats published by CMB and the announcement published by Public Oversight Accounting and Auditing Standards Authority ("POA") on 15 April 2019.

Functional and Presentation Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TRY, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

2.1.2 New and Revised Turkish Accounting Standards

a) Standards, amendments and interpretations applicable as at 30 September 2019:

Amendment to IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2019. This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019**

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

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

2.1 Basis of Presentation (Continued):

2.1.2 New and Revised Turkish Accounting Standards (Continued):

**a) Standards, amendments and interpretations applicable as at 30 September 2019
(Continued):**

Amendment to IAS 28, "Investments in associates and joint venture"; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

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.

IFRIC 23, "Uncertainty over income tax treatments"; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

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

2.1 Basis of Presentation (Continued)

2.1.2 New and Revised Turkish Accounting Standards (Continued)

a) Standards, amendments and interpretations applicable as at 30 September 2019 (Continued):

Annual improvements 2015 - 2017; effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

- IFRS 3, "Business combinations"; - a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11, "Joint arrangements"; - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12, "Income taxes"; - a company accounts for all income tax consequences of dividend payments in the same way.
- IAS 23, "Borrowing costs"; - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

Amendments to IAS 19,"Employee benefits"; on plan amendment, curtailment or settlement'; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

- use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

b) Standards, amendments and interpretations that are issued but not effective as at 30 September 2019:

Amendments to IAS 1 and IAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

- i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- ii) clarify the explanation of the definition of material and
- iii) incorporate some of the guidance in IAS 1 about immaterial information.

Amendments to IFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

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

2.1 Basis of Presentation (Continued)

2.1.2 New and Revised Turkish Accounting Standards (Continued)

b) Standards, amendments and interpretations that are issued but not effective as at 30 September 2019 (Continued):

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.

The Group assesses the impact of the standard changes and will apply from the effective date.

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 that the Holding controls directly or indirectly. The Group controls the entity if it is exposed to variable interest due to its relationship with a company or is entitled to such an offer, and at the same time it has the possibility to influence this offer with the power of the company.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Basis of Consolidation (Continued)

d) When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "*Financial instruments: recognition and measurement*", 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 September 2019 and 31 December 2018.

	30 September 2019		31 December 2018	
	Direct and indirect		Direct and indirect	
	ownership interest	Proportion	ownership interest	Proportion of
	by the Holding	of effective	by the Holding	effective
	and its Subsidiaries	interest	and its Subsidiaries	Interest
	Direct and indirect		Direct and indirect	
Subsidiaries	(%)	(%)	(%)	(%)
AEO	76,85	76,85	76,85	76,85
Akbank	40,75	40,75	40,75	40,75
SabancıDX	100,00	100,00	100,00	100,00
Çimsa	63,52	58,10	63,52	58,10
Exsa	61,68	47,90	61,68	47,90
Kordsa	71,11	71,11	71,11	71,11
Teknosa	60,28	60,28	60,28	60,28
Temsa (*)	-	-	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

(*) Temsa Mısır, a joint venture of Temsa Ulaşım, a subsidiary of the Group, was sold on 30 May 2019.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Basis of Consolidation (Continued)

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

The Subsidiaries are included into or excluded from the scope of consolidation subsequent to the date of transmission of the control to the Group. The shares of non-controlling shareholders in the net assets and operating results of Subsidiaries are presented in the consolidated balance sheet and profit or loss table as non-controlling interests. Sabancı Family, "Sabancı Foundation" and a retirement fund for Akbank employees called "Akbank Retirement Fund" established both by Sabancı Family, have a share in the capitals of some subsidiaries and affiliates which are accounted in the consolidated financial statements. This share is considered as non-controlling share in the consolidated financial statements and it is not included in the current period profit.

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 September 2019 and 31 December 2018:

	30 September 2019		31 December 2018	
	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	40,00	40,00	40,00	40,00
Enerjisa Üretim	50,00	50,00	50,00	50,00
Temsa Mısır (*)	-	-	73,75	73,75
Temsa İş Makinaları (**)	-	-	51,00	24,84

(*) Temsa Mısır, a joint venture of Temsa Ulaşım, a subsidiary of the Group, was sold on 30 May 2019.

(**) As of 9 August 2019, the Group sold 41% of its shares (Temsa İş Makinaları shares) corresponding to 80% of its total shares. As of the date of the sale, the direct and indirect shares held by the Holding and its subsidiaries decreased to 10%. The related amount is accounted as financial investment.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Basis of Consolidation (Continued)

Investments in Joint Ventures were consolidated by equity method. Sabancı family members do not have any interest in the share capital of the Joint Venture.

f) Investments in Associates are accounted for by the equity method. These are companies where the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Unrealized gains that result from intercompany transactions between the Group and its Associates are adjusted to the extent of the Group's share in the associate and unrealized losses are restated if the transaction does not address an impairment on transferred asset. In this respect, the Group does not undertake any obligation or make commitment about its Subsidiaries.

The table below sets out all Associates and shows the total interest of the Holding in these associates at 30 September 2019 and 31 December 2018

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.

2.1.4 Offsetting

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

2.1.5 Comparatives and Restatement of Prior Year Financial Statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance.

The Group presented the consolidated balance sheet as of 30 September 2019 comparatively with the consolidated balance sheet as of 31 December 2018 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 September 2019 comparatively with the year 1 January - 30 September 2018.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019**

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

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

2.2 Changes in Accounting Policies and Estimates and Errors

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

If changes in accounting estimates and errors are for only one period, changes are applied in the current year but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively. In the current year, there are not any material errors and changes in accounting estimate methods of the Group.

If any significant accounting errors are found out, changes are applied retrospectively and prior year's financial statements are restated. There has been no significant accounting error that the Group determined in the current year.

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

2.2.1. IFRS 16 Leases

The Group has adopted IFRS 16 "Leases" as at 1 January 2019 for the first time, in line with the transition provisions of the standard. Impacts of the first time adoption of IFRS 16 on the condensed interim consolidated financial statements of the Group are as below:

The Group - as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

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

2.2 Changes in Accounting Policies and Estimates and Errors (Continued)

2.2.1. IFRS 16 Leases (Continued)

- d) the Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
- i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

The Group books a right of use and a lease obligation to the financial statements at the date that the lease is commenced.

Right of use asset

The right of use asset is initially recognized at cost comprising of:

- a) amount of the initial measurement of the lease liability;
- b) any lease payments made at or before the commencement date, less any lease incentives received;
- c) any initial direct costs incurred by the Group; and

To apply a cost model, the Group measure the right-of-use asset at cost:

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any remeasurement of the lease liability

The Group applies IAS 16 "Property, Plant and Equipment" to amortize the right of use asset and to asses for any impairment. In the event that the Supplier transfers the ownership of the underlying asset to the Group at the end of the lease term or if the cost of the right to use property indicates that the Group will use a purchase option, the Group depreciates the right to use the right to the end of the useful life of the underlying asset from the effective date of the lease. In other cases, the Group depreciates the right of use by the shorter than the useful life of the asset or the lease term, starting from the date on which the lease actually commences.

The Group apply IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019**

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

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

2.2 Changes in Accounting Policies and Estimates and Errors (Continued)

2.2.1. IFRS 16 Leases (Continued)

Lease Liability

At the commencement date, The Group measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) fixed payments, less any lease incentives receivable;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- d) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, the Group measure the lease liability by:

- a) increasing the carrying amount to reflect interest on the lease liability;
- b) reducing the carrying amount to reflect the lease payments made; and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. After the commencement date, The Group remeasure the lease liability to reflect changes to the lease payments. The Group recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Group shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:

- a) There is a change in the lease term. The Group determine the revised lease payments on the basis of the revised lease term; or
- b) There is a change in the assessment of an option to purchase the underlying asset. The Group determine the revised lease payments to reflect the change in amounts payable under the purchase option.

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

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

2.2 Changes in Accounting Policies and Estimates and Errors (Continued)

2.2.1. IFRS 16 Leases (Continued)

The Group - as a lessor

The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

The Group remeasure the lease liability by discounting the revised lease payments, if either:

- a) There is a change in the amounts expected to be payable under a residual value guarantee. The Group determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.
- b) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The Group remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

The Group determine the revised lease payments for the remainder of the lease term based on the revised contractual payments. In that case, the Group use an unchanged discount rate.

The Group account for a lease modification as a separate lease if both:

- a) The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
- b) The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement

Short term lease with a term of 12 months or less is considered within the scope of the exception entitled by the standard and the payments related to these contracts are recorded as expense in the period they occur.

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

2.2 Changes in Accounting Policies and Estimates and Errors (Continued))

2.2.1. IFRS 16 Leases (Continued)

The Group's leasing activities

All the leasings of the Group as lessor are operational leasings. For operational leasings, leased assets are classified under investment properties, tangible assets or other current assets in the consolidated balance sheet and rental income is accounted in the consolidated income statement in equal amounts for the leasing period. Rental income is accounted in the consolidated income statement for the leasing period on a straight-line basis.

The Group distributes an amount that takes place in an agreement which includes an item that has or has not one or more extra leasing qualities along with a leasing item through applying the IFRS 15 "Revenue arising from agreements made with customers" standard.

Extension and termination options

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. The group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment.

Variable lease payments

Group's lease contracts also include variable lease payments which are based on income. Variable lease payments are recognised in profit or loss in the related period.

First adoption to IFRS 16

The Group has adopted IFRS 16 "Lease" from January 1, 2019 with simplified approach. The Group has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition approach. With this method, use of rights are measured based on the leasing debts (which are adjusted according to leasing costs paid in cash or accrued) in the transition period.

During the initial application, the Group recognized a lease obligation for leases previously classified as operational leases in accordance with TAS 17. These liabilities are measured at the present value of the remaining lease payments discounted using the alternative borrowing interest rates as of 1 January 2019.

The right of use and liabilities of the leases previously classified as finance leases is measured from the carrying value of the assets before the adoption.

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

2.2 Changes in Accounting Policies and Estimates and Errors (Continued)

2.2.1. IFRS 16 Leases (Continued)

	1 January 2019
Operational lease commitments	3.841.701
- Short term leases (-)	(626)
- Low value leases (-)	(116.482)
Total leases liabilities	3.724.593
Discounted lease liability wit alternative borrowing rate	1.935.643
- Short term lease liability	835.976
- Long term lease liability	1.099.667

The details of the right of use on the basis of asset are as follows:

	30 September 2019	1 January 2019
Real estates	2.144.206	1.979.089
Fixtures	424	407
Vehicles	34.895	29.019
Other	15.656	11.973
Total right of use	2.195.181	2.020.488

The entries related to the right of use details on the basis of asset are as follows:

	30 September 2019	1 January 2019
Real estates	230.342	-
Fixtures	-	-
Vehicles	6.319	-
Other	3.294	-
Total entries of right of use	239.955	-

The depreciation expenses related to the right of use of the accounted asset are as follows:

	30 September 2019	1 January 2019
Real estates	(260.745)	-
Fixtures	(37)	-
Vehicles	(11.520)	-
Other	(3.414)	-
Total right of use depreciation expense	(275.716)	-

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

2.2 Changes in Accounting Policies and Estimates and Errors (Continued))

2.2.1. IFRS 16 Leases (Continued)

Extension and termination options

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. There are no lease agreements for extension and early termination options that are not included in the lease liability since they are not reasonably certain.

If there is a significant change in circumstances, the assessment is reviewed by the management. As a result of the evaluations performed in the current period, there are no lease agreements included in the lease term of the extension and early termination options.

Variable lease payments

Lease payments arising from a portion of the Group's lease agreements consist of variable lease payments based on turnover. These variable lease payments are recognized as income in the related period. Total lease payments arising from Group's contracts subject to variable lease payments would increase by approximately 5% if the turnover from related assets increased by 5%.

Effects of standard on "Segment reporting" and "Per share" disclosures

As of 30 September 2019, EBITDA, depreciation and amortization expenses increased due to the change in accounting policy. The effects on the basis of sections are as follows:

1 January - 30 September 2019	Banking	Industry	Retail	Cement	Other	Total
EBITDA Effect	69.062	5.768	344.437	6.984	5.844	432.095
Depreciation and amortization expenses	63.329	5.884	221.389	9.249	4.410	304.261

For the nine months period ended 30 September 2019, the effect of TFRS 16 on earnings per share is not material.

Current period effect

As a result of IFRS 16, as of 30 September 2019, the Group has recognized "Rights of Use" amounting to TRY2.018.274 and "Liabilities from leasing transactions" amounting to TRY1.919.465 in respect of leases classified as financial leases in accordance with TAS 17. In addition, the Group has recognized depreciation and interest expenses instead of operating lease expenses related to the lease agreements under IFRS 16.

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

2.3 Summary of Significant Accounting Policies

For the period ended 30 September 2019, the Group prepared its financial statements in accordance with TAS 34 Interim Financial Reporting Standard. The condensed interim consolidated financial statements do not contain all information required to be included in the annual financial statements and should be read in conjunction with the annual financial statements prepared as of 31 December 2018.

There has been no significant change in the accounting estimates after 31 December 2018.

NOTE 3 - BUSINESS COMBINATIONS

3.1 Acquisition of Fabric Development, Inc.

Kordsa Inc., which is 100% subsidiary of Kordsa, a subsidiary of the Group, and resident in the USA, completed the acquisition of a different unlimited company that named as "Fabric Development Inc." ("FDI"), which provide advanced composite materials to commercial aviation industry as of 13 July 2018. The total purchase price of FDI shares, amounting to USD 40.587.000 was paid in cash.

In accordance with the IFRS 3, Business Combinations, measurement of the fair value of identifiable assets and liabilities required for recognition by using the acquisition method, and allocation of the purchase price to tangible and intangible fixed assets ("Purchase price allocation") are performed by an independent valuation organization, Houlihan Lokey Financial Advisors, Inc. and valuation studies are ongoing as of the report date. In this context, the fair value of the identifiable assets, liabilities and contingent liabilities of the related companies have been adjusted in accordance with IFRS and therefore the estimated amounts are reflected in the financial statements.

Purchase price, assets and liabilities recorded at acquisition date:

Identifiable assets and liabilities purchased	FDI Fair value at 13 July 2018 (Total TL)
Cash and cash equivalents	6.373.688
Trade receivables	16.870.387
Inventories	28.972.634
Prepaid expenses	383.197
Other current assets	1.949.941
Property and equipment	6.781.139
Other non-current assets	48.506
Trade payables	(3.739.813)
Other current liabilities	(2.711.590)
Other intangible assets	94.101.640
Total identifiable net assets	149.029.729
Purchase price	202.197.261
Goodwill	53.167.532
Purchase price	202.197.261
Acquired cash and cash equivalents	(6.373.688)
Cash outflow	195.823.573

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

NOTE 3 - BUSINESS COMBINATIONS (Continued)

3.1 Acquisition of Fabric Development, Inc. (continued)

The position of the company in the market as the strongest companies offering high quality composite production and the fact that Kordsa will add value to the growth targets in the composite sector is the basis of goodwill.

3.2 Acquisition of Textile Products, Inc.

Kordsa Inc., which is 100% subsidiary of Kordsa, a subsidiary of the Group, and resident in the USA, completed the acquisition of A different unlimited company that named as "Textile Products, Inc.", which provide advanced composite materials to commercial aviation industry as of 13 July 2018. The total purchase price of TPI shares, amounting to USD 49.271.000 was paid in cash.

In accordance with the IFRS 3, Business Combinations, measurement of the fair value of identifiable assets and liabilities required for recognition by using the acquisition method, and allocation of the purchase price to tangible and intangible fixed assets ("Purchase price allocation") are performed by an independent valuation organization, Houlihan Lokey Financial Advisors, Inc. and valuation studies are ongoing as of the report date. In this context, the fair value of the identifiable assets, liabilities and contingent liabilities of the related companies have been adjusted in accordance with IFRS and therefore the estimated amounts are reflected in the financial statements.

Purchase price, assets and liabilities recorded at acquisition date:

Identifiable assets and liabilities purchased	TPI Fair value at 13 July 2018 (Total TL)
Other current assets	7.402.016
Property and equipment	31.771.430
Other non-current assets	34.584.778
Other current assets	407.450
Property and equipment	6.553.161
Other non-current assets	48.506
Trade payables	(23.952.263)
Deffered Income	(1.532.790)
Other current liabilities	(904.889)
Other intangible assets	122.235.120
Total identifiable net assets	176.612.519
Purchase price	270.600.422
Goodwill	93.987.903
Purchase price	270.600.422
Acquired cash and cash equivalents	(7.402.016)
Cash outflow	263.198.406

The position of the company in the market as the strongest companies offering high quality composite production and the fact that Kordsa will add value to the growth targets in the composite sector is the basis of goodwill.

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

3.3 Acquisition of Advanced Honeycomb Technologies, Inc.

Kordsa Inc., which is 100% subsidiary of Kordsa, a subsidiary of the Group, and resident in the USA, completed the acquisition of A different unlimited company that named as "Advanced Honeycomb Technologies Inc." ("AHT"), which provide advanced composite materials to commercial aviation industry as of 1 October 2018. The total purchase price of AHT shares, amounting to USD 3.000.000 was paid in cash. By the closing protocol signed between the parties, all transactions regarding the transfer of these shares to Kordsa Inc. were completed on 1 October 2018.

In accordance with the IFRS 3, Business Combinations, measurement of the fair value of identifiable assets and liabilities required for recognition by using the acquisition method, and allocation of the purchase price to tangible and intangible fixed assets ("Purchase price allocation") are performed by an independent valuation organization, Houlihan Lokey Financial Advisors, Inc. and valuation studies are ongoing as of the report date. In this context, the fair value of the identifiable assets, liabilities and contingent liabilities of the related companies have been adjusted in accordance with IFRS and therefore the estimated amounts are reflected in the financial statements.

Purchase price, assets and liabilities recorded at acquisition date:

Identifiable assets and liabilities purchased	AHT Fair value at 1 October 2018 (Total TL)
Cash and cash equivalents	-
Trade receivables	1.299.873
Inventories	1.809.040
Prepaid expenses	-
Other current assets	706.844
Property and equipment	1.042.295
Other non-current assets	101.833
Trade payables	-
Deffered Income	-
Other current liabilities	(1.587.403)
Other intangible assets	7.787.260
Total identifiable net assets	11.159.742
Purchase price	15.441.211
Goodwill	4.281.469
Purchase price	15.441.211
Acquired cash and cash equivalents	-
Cash outflow	15.441.211

3.4 Acquisition of Axiom Materials Acquisition LLC

Kordsa Inc., which is a 100% affiliate of Kordsa, a subsidiary of the Group and resident in the USA, decided to acquire 95,86% share of a company named "Axiom Materials Acquisition LLC.", providing advanced composite materials to the aviation industry and next generation transportation vehicles fully owned by Axiom Materials Holdings LLC, for approximately total USD 178.323.365 including cash and capital adjustments.

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

3.4 Acquisition of Axiom Materials Acquisition LLC (continued)

In accordance with the IFRS 3, Business Combinations, measurement of the fair value of identifiable assets and liabilities required for recognition by using the acquisition method, and allocation of the purchase price to tangible and intangible fixed assets ("Purchase price allocation") are performed by an independent valuation organization, Houlihan Lokey Financial Advisors, Inc. and valuation studies are ongoing as of the report date. In this context, the fair value of the identifiable assets, liabilities and contingent liabilities of the related companies have been adjusted in accordance with IFRS and therefore the estimated amounts are reflected in the financial statements. In accordance with IFRS 3, the measurement period is defined as a maximum of one year from the date of purchase and additional assets and liabilities may be recognized if new information is obtained after the completion of the report. Additional assets and liabilities may be recognized if new information is obtained following the reporting period.

Purchase price, assets and liabilities recorded at acquisition date:

	Axiom Materials (Total TRY)
Acquired assets	108.420.563
Acquired liabilities	(28.331.582)
Total identifiable net assets	80.088.981
Purchase price	1.010.827.634
Acquired cash and cash equivalents	11.881.891
Cash outflow	998.945.742
Goodwill	918.856.761

Fair value of acquired identifiable assets, liabilities and contingent liabilities exceeds the acquisition cost amounting to TRY 918.856.761 which is booked as goodwill.

According to the shareholders agreement regarding the purchase of shares, Axiom has a put option for the remaining 4,14% of the shares from non-controlling interests (Kordsa Inc.'s obligation to purchase). The put option is booked under Other Long Term Liabilities in the consolidated financial statements of the Group at the amortized value of the agreement amount (30 September 2019: Total TRY 31.652.771) and presented separately under "Equity Attributable to Parent".

NOTE 4 - SEGMENT REPORTING

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

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NOTE 4 - SEGMENT REPORTING (Continued)

a) External revenues (Consolidated):

	1 January - 30 September 2019	1 January - 30 September 2018
Banking	31.196.186	26.797.896
Industry	4.780.347	3.973.469
Retail	7.517.044	6.392.795
Cement	1.287.774	1.305.179
Other	209.839	83.751
Total (*)	44.991.190	38.553.090

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

b) Segment assets (Consolidated):

	30 September 2019	31 December 2018
Banking	377.463.094	352.550.041
Industry	6.933.137	6.859.211
Retail	4.919.462	3.526.148
Cement	3.589.986	3.269.258
Other	2.668.662	3.694.905
Segment assets	395.574.341	369.899.563
Assets classified as held for sale	6.838	14.220
Investments accounted through equity method (Note 9)	7.191.842	6.756.459
Unallocated assets	(556.477)	(623.106)
Less: intersegment eliminations	(4.037.357)	(4.360.865)
Total assets as per consolidated financial statements	398.179.187	371.686.271

c) Segment liabilities (Consolidated):

	30 September 2019	31 December 2018
Banking	327.344.957	310.344.568
Industry	4.188.883	4.117.957
Retail	5.316.631	3.514.724
Cement	2.343.847	2.051.464
Other	277.459	213.635
Segment liabilities	339.471.777	320.242.348
Liabilities classified as held for sale	2.920	4.274
Unallocated Liabilities	(584.213)	(597.547)
Less: intersegment eliminations	(4.022.611)	(4.358.600)
Total liabilities as per consolidated financial statements	334.867.873	315.290.475

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NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment:

i) Banking:

	Combined (*) 30 September 2019	Consolidated (**) 30 September 2019	Combined (*) 31 December 2018	Consolidated (**) 31 December 2018
Cash and cash equivalents	22.965.685	22.965.685	23.184.134	23.184.134
Financial assets	83.516.692	83.516.692	56.787.861	56.787.861
Derivative financial instruments	19.277.819	19.277.819	22.605.903	22.605.903
Reserve deposits with the Central Bank of Republic of Turkey	32.482.788	32.482.788	26.433.745	26.433.745
Receivables from finance sector operations	207.257.554	207.257.554	213.936.745	213.936.745
Property, plant and equipment	1.961.656	1.961.656	1.521.567	1.521.567
Right of use assets	635.724	635.724	-	-
Intangible assets	665.640	665.640	646.192	646.192
Other receivables and other assets	8.699.536	8.699.536	7.433.894	7.433.894
Total segment assets	377.463.094	377.463.094	352.550.041	352.550.041
Financial liabilities	53.718.836	53.718.836	61.571.596	61.571.596
Payables from finance sector operations	247.683.446	247.683.446	223.310.872	223.310.872
Derivative financial instrument	10.614.776	10.614.776	12.825.003	12.825.003
Other payables and other liabilities	15.327.899	15.327.899	12.637.097	12.637.097
Total segment liabilities	327.344.957	327.344.957	310.344.568	310.344.568

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

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

The bank's cash flows regarding the operating activities equal to TRY 15.200.119 as of 30 September 2019 (30 September 2018: TRY 24.766.266).

The bank's cash flows regarding the investing activities equal to TRY (18.122.150) as of 30 September 2019 (30 September 2018: TRY (2.704.250)).

The bank's cash flows regarding the financing activities equal to TRY 3.098.282 as of 30 September 2019 (30 September 2018: TRY (504.570)).

Banking segment consists of Akbank. Akbank's accumulated non-controlling interests calculated from its financial statements amount to TRY 29.949.996 as of 30 September 2019 (31 December 2018: TRY 25.006.743).

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NOTE 4 - SEGMENT REPORTING (Continued)

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

ii) Insurance:

	Combined(*) 30 September 2019	Consolidated (**) 30 September 2019	Combined (*) 31 December 2018	Consolidated (**) 31 December 2018
Cash and cash equivalents	3.021.319	-	1.687.939	-
Financial assets	1.925.178	-	2.318.944	-
Receivables from finance sector operations	888.385	-	820.924	-
Investments accounted through equity method (Note 9)	-	543.712	-	490.529
Property, plant and equipment	50.734	-	54.008	-
Right of use assets	28.588	-	-	-
Intangible assets	118.889	-	105.201	-
Other receivables and other assets	3.624.707	-	2.741.080	-
Total segment assets	9.657.800	543.712	7.728.096	490.529
Payables from finance sector operations	7.728.065	-	6.000.266	-
Other payables and other liabilities	526.644	-	460.419	-
Total segment liabilities	8.254.709	-	6.460.685	-

(*) 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.

Insurance segment consist of Aksigorta and Avivasa.

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NOTE 4 - SEGMENT REPORTING (Continued)

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

iii) Energy:

	Combined (*)	Consolidated (**)	Combined (*)	Consolidated (**)
	30 September 2019	30 September 2019	31 December 2018	31 December 2018
Cash and cash equivalents	2.144.690	-	1.650.093	-
Financial assets	67.993	-	836	-
Trade receivables	3.667.369	-	4.197.534	-
Inventories	301.389	-	297.056	-
Investments accounted through equity method (Note 9)	-	5.657.241	-	5.116.565
Property, plant and equipment	10.076.666	-	10.199.559	-
Right of use assets	237.750	-	-	-
Intangible assets	5.305.365	-	5.483.176	-
Other receivables and other assets	15.289.344	-	14.920.870	-
Total segment assets	37.090.566	5.657.241	36.749.124	5.116.565
Financial liabilities	17.229.482	-	16.930.099	-
Trade payables	1.885.812	-	2.822.560	-
Other payables and other liabilities	5.342.825	-	5.503.553	-
Total segment liabilities	24.458.119	-	25.256.212	-

(*) 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.

Energy segment consists of Enerjisa Enerji A.Ş. and Enerjisa Üretim Santralleri A.Ş.

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NOTE 4 - SEGMENT REPORTING (Continued)

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

iv) Industry:

	Combined (*) 30 September 2019	Consolidated (**) 30 September 2019	Combined (*) 31 December 2018	Consolidated (**) 31 December 2018
Cash and cash equivalents	1.014.247	323.933	510.289	226.141
Financial assets	549	549	107	107
Trade receivables	1.887.808	999.473	2.326.967	1.567.056
Inventories	1.991.695	1.396.869	2.189.688	1.618.064
Investments accounted through equity method (Note 9)	235.637	626.050	342.609	744.417
Property, plant and equipment	3.993.361	2.152.741	3.911.684	2.139.571
Right of use assets	93.823	81.314	-	-
Intangible assets	441.618	377.395	557.990	491.972
Other receivables and other assets	2.976.863	1.607.568	2.198.966	830.521
Total segment assets	12.635.601	7.565.892	12.038.300	7.617.849
Financial liabilities	5.906.720	2.758.315	5.145.695	2.483.597
Trade payables	1.622.953	729.943	1.613.272	846.597
Other payables and other liabilities	1.208.807	703.545	1.245.963	792.024
Total segment liabilities	8.738.480	4.191.803	8.004.930	4.122.218

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

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

The industrial sector includes the results of Kordsa, Yünsa, Brisa and Philsa and Philip Morrissa.

A subsidiary of the Group Temsa Ulaşım Araçları A.Ş., was sold on 30 May 2019.

HACI ÖMER SABANCI HOLDİNG A.Ş.

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

v) Retail:

	Combined (*) 30 September 2019	Consolidated (**) 30 September 2019	Combined (*) 31 December 2018	Consolidated (**) 31 December 2018
Cash and cash equivalents	468.176	468.176	514.619	514.619
Trade receivables	140.762	139.741	121.818	121.015
Inventories	1.350.408	1.350.408	1.131.851	1.131.851
Investment property	8.930	8.930	8.930	8.930
Property, plant and equipment	696.759	696.759	722.996	722.996
Right of use assets	1.143.321	1.143.321	-	-
Intangible assets	86.648	86.648	89.576	89.576
Other receivables and other assets	963.621	1.025.479	875.522	937.161
Total segment assets	4.858.625	4.919.462	3.465.312	3.526.148
Financial liabilities (***)	2.441.102	2.441.102	875.502	875.502
Trade payables	2.516.575	2.516.575	2.194.155	2.193.350
Other payables and other liabilities	358.954	358.954	445.067	445.872
Total segment liabilities	5.316.631	5.316.631	3.514.724	3.514.724

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

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

(***) In the results of 30 September 2019, the financial lease payables TRY 1.253.164 arising from IFRS 16 are classified in financial liabilities.

The retail sector includes the results of Teknosa and Carrefoursa.

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

vi) Cement:

	Combined (*) 30 September 2019	Consolidated (**) 30 September 2019	Combined (*) 31 December 2018	Consolidated (**) 31 December 2018
Cash and cash equivalents	362.244	239.889	492.848	217.427
Financial assets	185.462	64	184.662	64
Trade receivables	882.711	468.057	864.981	421.740
Inventories	434.715	229.631	435.195	190.255
Investments accounted through equity method (Note 9)	-	364.839	-	404.949
Property, plant and equipment	2.942.457	2.118.950	2.867.206	2.027.479
Right of use assets	119.767	43.907	-	-
Intangible assets	59.113	16.496	63.521	18.210
Other receivables and other assets	686.181	473.125	583.567	394.084
Total segment assets	5.672.650	3.954.958	5.491.980	3.674.208
Financial liabilities	2.244.998	1.705.444	2.045.633	1.480.472
Trade payables	707.493	353.435	635.486	296.068
Other payables and other liabilities	422.845	284.968	441.045	274.924
Total segment liabilities	3.375.336	2.343.847	3.122.164	2.051.464

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

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

The cement sector includes the results of Çimsa and Akçansa.

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

vii) Other:

	Combined (*) 30 September 2019	Consolidated (**) 30 September 2019	Combined (*) 31 December 2018	Consolidated (**) 31 December 2018
Cash and cash equivalents	2.078.540	2.078.540	3.191.791	3.191.791
Financial assets	13.015.621	23.726	11.939.453	14.207
Trade receivables	70.677	69.349	47.530	45.747
Inventories	124.884	124.884	4.675	4.675
Property, plant and equipment	243.733	207.669	232.546	196.482
Right of use assets	15.200	15.200	-	-
Intangible assets	18.432	18.432	13.745	13.745
Other receivables and other assets	223.071	130.862	227.773	228.258
Total segment assets	15.790.158	2.668.662	15.657.513	3.694.905
Financial liabilities	41.281	41.281	252	252
Trade payables	129.702	128.341	56.099	53.891
Other payables and other liabilities	117.634	107.837	168.445	159.492
Total segment liabilities	288.617	277.459	224.796	213.635

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

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

The other sector includes the results of Sabancı Holding A.Ş., Exsa, Tursa, AEO and SabancıDX.

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

	1 January - 30 September 2019			1 January - 30 September 2018		
	Total Consolidation of Segments Before Elimination	Elimination and Consolidation Adjustments	Consolidated	Total Consolidation of Segments Before Elimination	Elimination and Consolidation Adjustments	Consolidated
Total revenue	45.213.098	(221.908)	44.991.190	38.720.730	(167.640)	38.553.090
Cost of sales and interest, premiums, commissions and other expenses	(32.065.893)	233.002	(31.832.891)	(26.285.213)	920.087	(25.365.126)
General administration expenses	(5.729.254)	71.058	(5.658.196)	(4.956.052)	57.221	(4.898.831)
Marketing expenses	(1.659.202)	297	(1.658.905)	(1.462.050)	516	(1.461.534)
Research and development expenses	(12.305)	-	(12.305)	(10.066)	-	(10.066)
Other operating income/(expense) - net	115.048	(3.229)	111.819	498.043	5.410	503.453
Interest in income of joint ventures	1.202.130	-	1.202.130	535.465	-	535.465
Operating profit	7.063.622	79.220	7.142.842	7.040.857	815.594	7.856.451
Income/(expense) from investing activities - net	258.687	(214.051)	44.636	1.656.414	(930.597)	725.817
Operating profit before financial expense	7.322.309	(134.831)	7.187.478	8.697.271	(115.003)	8.582.268
Financial income/(expense) - net	(861.890)	140.617	(721.273)	(776.950)	122.191	(654.759)
Income before tax	6.460.419	5.786	6.466.205	7.920.321	7.188	7.927.509
Tax	(1.161.421)	-	(1.161.421)	(1.590.737)	-	(1.590.737)
Profit/(loss) after tax from discontinued operations	(84)	-	(84)	129	-	129
Income for the period	5.298.914	5.786	5.304.700	6.329.713	7.188	6.336.901
Net income attributable to equity holders of the parent			2.899.153			3.400.958

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

i) Banking:

	Combined (*) 30 September 2019	Consolidated (**) 30 September 2019	Combined (*) 30 September 2018	Consolidated (**) 30 September 2018
Interest, commission and other income	31.342.365	31.342.365	26.902.954	26.902.954
Interest, commission and other expenses	(21.183.923)	(21.183.923)	(17.077.506)	(17.077.506)
General administration expenses	(5.109.645)	(5.109.645)	(4.424.408)	(4.424.408)
Other operating income/(expense) - net	267.030	267.030	331.620	331.620
Operating profit	5.315.827	5.315.827	5.732.660	5.732.660
Income/(expense) from investing activities - net	6.181	6.181	6.195	6.195
Profit before tax	5.322.008	5.322.008	5.738.855	5.738.855
Tax	(1.184.733)	(1.184.733)	(1.297.021)	(1.297.021)
Net income	4.137.275	4.137.275	4.441.834	4.441.834
Net income attributable to equity holders of the parent		1.685.935		1.810.048
EBITDA	5.691.443	5.691.443	5.981.078	5.981.078

(*) 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.

Akbank's net income attributable to non-controlling interest is TRY 2.451.602 as of 30 September 2019 (30 September 2018: TRY2.631.787).

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

ii) Insurance:

	Combined (*) 30 September 2019	Consolidated (**) 30 September 2019	Combined (*) 30 September 2018	Consolidated (**) 30 September 2018
Net premiums written	2.179.126	-	1.713.053	-
Gross written premiums	3.742.110	-	2.868.833	-
Unearned premiums reserves	(1.562.984)	-	(1.155.780)	-
Premiums, commission and other expenses	(1.925.602)	-	(1.729.519)	-
General administration expenses	(434.071)	-	(359.385)	-
Other operating income/(expense) – net	653.104	-	747.201	-
Interest in income of joint ventures (Note 9)	-	151.534	-	111.080
Operating profit	472.557	151.534	371.350	111.080
Income/(expense) from investing activities – net	85.081	-	42.065	-
Operating profit before financial expense	557.638	151.534	413.415	111.080
Financial income/(expense) – net	(33.958)	-	(33.988)	-
Profit before tax	523.680	151.534	379.427	111.080
Tax	(123.303)	-	(87.515)	-
Net income	400.377	151.534	291.912	111.080
Net income attributable to equity holders of the parent		151.534		111.080
EBITDA	503.804		373.024	

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

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

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

iii) Energy:

	Combined (*) 30 September 2019	Consolidated (**) 30 September 2019	Combined (*) 30 September 2018	Consolidated (**) 30 September 2018
Sales revenue (net)	19.390.120	-	16.076.990	-
Cost of sales	(13.602.059)	-	(11.965.296)	-
General administration expenses	(1.584.006)	-	(1.353.594)	-
Other operating income/(expense) - net	(187.942)	-	(57.372)	-
Interest in income of joint ventures (Note 9)	-	843.364	-	150.932
Operating profit	4.016.113	843.364	2.700.728	150.932
Income/(expense) from investing activities - net	1.844	-	194	-
Operating profit before financial expense	4.017.957	843.364	2.700.922	150.932
Financial income/(expense) - net	(1.788.832)	-	(2.077.408)	-
Profit before tax	2.229.125	843.364	623.514	150.932
Tax	(384.407)	-	(168.797)	-
Net income	1.844.718	843.364	454.717	150.932
Net income attributable to equity holders of the parent		843.364		150.932
EBITDA	4.638.118		3.369.170	

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

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

iv) Industry:

	Combined (*) 30 September 2019	Consolidated (**) 30 September 2019	Combined (*) 30 September 2018	Consolidated (**) 30 September 2018
Sales revenue (net)	7.432.453	4.780.614	6.210.418	3.973.571
Cost of sales	(5.883.511)	(3.852.825)	(4.807.753)	(3.144.211)
General administration expenses	(299.434)	(225.792)	(318.640)	(210.048)
Sales, marketing and distribution expenses	(491.391)	(259.767)	(440.596)	(228.741)
Research and development expenses	(9.235)	(8.443)	(8.088)	(7.229)
Other operating income/(expense) - net	89.924	111.141	217.125	202.005
Interest in income of joint ventures (Note 9)	153.494	185.919	175.711	208.474
Operating profit	992.300	730.847	1.028.177	793.821
Income/(expense) from investing activities - net	3.938	3.994	6.473	6.291
Operating profit before financial expense	996.238	734.841	1.034.650	800.112
Financial income/(expense) - net	(434.366)	(215.442)	(565.619)	(374.885)
Profit before tax	561.872	519.399	469.031	425.227
Tax	(61.087)	(60.528)	(31.872)	(28.891)
Income/(expenses) after discontinued operations	(84)	(84)	129	129
Net Income	500.701	458.787	437.288	396.465
Net income attributable to equity holders of the parent		357.691		331.506
EBITDA	1.237.635	813.930	1.065.769	728.124

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

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

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

v) Retail:

	Combined (*) 30 September 2019	Consolidated (**) 30 September 2019	Combined (*) 30 September 2018	Consolidated (**) 30 September 2018
Sales revenue (net)	7.524.067	7.521.372	6.404.282	6.401.032
Cost of sales	(5.739.297)	(5.736.736)	(4.997.997)	(4.994.457)
General administration expenses	(172.923)	(172.818)	(157.095)	(156.878)
Sales, marketing and distribution expenses	(1.379.126)	(1.379.126)	(1.218.518)	(1.218.518)
Other operating income/(expense) - net	(301.241)	(301.241)	(122.979)	(122.979)
Operating profit	(68.520)	(68.549)	(92.307)	(91.800)
Income/(expense) from investing activities - net	3.553	3.553	569.415	569.415
Operating profit before financial expense	(64.967)	(64.996)	477.108	477.615
Financial income/(expense) - net	(449.398)	(449.398)	(245.644)	(245.644)
Profit before tax	(514.365)	(514.394)	231.464	231.971
Tax	105.771	105.771	(37.234)	(37.234)
Net income	(408.594)	(408.623)	194.230	194.737
Net income attributable to equity holders of the parent		(219.304)		97.324
EBITDA	547.642	547.614	131.130	131.637

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

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

Note: The Group has accounted for depreciation and interest expenses instead of operating lease expenses related to lease agreements under IFRS 16. This recognition creates positive variance in the current period especially in the retail segment EBITDA figures. (As of 30 September 2019, combined amount excluding IFRS 16 of retail segment is TRY206.654).

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

vi) Cement:

	Combined (*) 30 September 2019	Consolidated (**) 30 September 2019	Combined (*) 30 September 2018	Consolidated (**) 30 September 2018
Sales revenue (net)	2.666.653	1.287.878	2.624.260	1.305.194
Cost of sales	(2.237.880)	(1.052.841)	(1.961.970)	(953.840)
General administration expenses	(169.445)	(106.229)	(122.693)	(71.263)
Research and development expenses	(3.862)	(3.862)	(2.837)	(2.837)
Sales, marketing and distribution expenses	(29.716)	(11.823)	(24.015)	(10.396)
Other operating income/(expense) - net	13.720	18.978	68.242	77.487
Interest in income of joint ventures (Note 9)	-	21.313	-	64.980
Operating profit	239.470	153.414	580.987	409.325
Income/(expense) from investing activities - net	102.324	42.960	39.885	19.860
Operating profit before financial expense	341.794	196.374	620.872	429.185
Financial income/(expense) - net	(300.814)	(192.420)	(204.752)	(156.468)
Profit before tax	40.980	3.954	416.120	272.717
Tax	6.473	11.563	(76.816)	(33.984)
Net income	47.453	15.517	339.304	238.733
Net income attributable to equity holders of the parent		30.121		163.783
EBITDA	407.705	250.926	643.308	401.994

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

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

vii) Other:

	Combined (*) 30 September 2019	Consolidated (**) 30 September 2019	Combined (*) 30 September 2018	Consolidated (**) 30 September 2018
Sales revenue (net)	895.176	280.869	1.353.393	137.979
Cost of sales	(241.160)	(239.568)	(115.479)	(115.198)
General administration expenses	(127.177)	(114.770)	(97.455)	(93.455)
Sales, marketing and distribution expenses	(8.686)	(8.486)	(4.395)	(4.395)
Other operating income/(expense) - net	26.919	19.140	17.521	9.907
Operating profit	545.072	(62.815)	1.153.585	(65.162)
Income/(expense) from investing activities - net	209.167	201.999	1.061.822	1.054.654
Operating profit before financial expense	754.239	139.184	2.215.407	989.492
Financial income/(expense) - net	(4.630)	(4.630)	47	47
Profit before tax	749.609	134.554	2.215.454	989.539
Tax	(33.494)	(33.494)	(193.606)	(193.606)
Net income	716.115	101.060	2.021.848	795.933
Net income attributable to equity holders of the parent		49.811		736.286
EBITDA	570.194	(37.852)	1.172.922	(45.417)

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

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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

NOTE 4 - SEGMENT REPORTING (Continued)

g) Net income attributable to equity holders of the parent

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

	30 September 2019	30 September 2018
Banking	1.685.935	1.810.048
Insurance	153.323	111.080
Industry	360.488	329.205
Cement	1.618	155.488
Energy	842.894	106.770
Retail	(229.677)	(138.694)
Other	89.228	613.352
Total	2.903.809	2.987.249

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

	30 September 2019	30 September 2018
Adjusted net income for		
reported operating segments (Equity holders of the Parent)	2.903.809	2.987.249
Carrefoursa one-off income/(expenses)	10.373	236.018
Enerjisa one-off income/(expenses)	470	44.162
The company one-off income/(expenses)	(66.494)	122.932
Other	50.995	10.597
Net income (Equity holders of the Parent)	2.899.153	3.400.958

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

NOTE 3 - SEGMENT REPORTING (Continued)

h) Combined EBITDA Detail

30 September 2019	Profit before tax	Amortization expense	Income/(expense) from investing activities - net	Financial income/(expense) - net	Operating foreign exchange difference /interest	EBITDA
Banking	5.322.008	375.616	6.181	-	-	5.691.443
Industry	561.872	320.959	3.938	(434.366)	75.625	1.237.635
Cement	40.980	180.631	102.324	(300.814)	12.396	407.705
Retail	(514.365)	353.761	3.553	(449.398)	(262.402)	547.642
Energy	2.229.125	611.410	1.844	(1.788.832)	(10.595)	4.638.118
Insurance	523.680	39.018	85.081	(33.958)	7.771	503.804
Other	749.609	28.298	209.167	(4.630)	3.176	570.194
30 September 2018	Profit before tax	Amortization expense	Income/(expense) from investing activities - net	Financial income/(expense) - net	Operating foreign exchange difference /interest	EBITDA
Banking	5.738.855	248.418	6.195	-	-	5.981.078
Industry	469.031	249.408	6.473	(565.619)	211.816	1.065.769
Cement	416.120	143.206	39.885	(204.752)	80.885	643.308
Retail	231.464	129.869	569.415	(245.644)	(93.568)	131.130
Energy	623.514	514.226	194	(2.077.408)	(154.217)	3.369.170
Insurance	379.427	24.972	42.065	(33.988)	23.298	373.024
Other	2.215.454	21.915	1.061.822	47	2.578	1.172.922

Note: With regard to the lease agreements within the scope of TFRS 16, the Group recognized depreciation and interest expenses instead of operating lease expenses. This recognition creates a positive variance especially in retail segment EBITDA figures in the current period.

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NOTE 4 – SEGMENT REPORTING (Continued)

i) Depreciation and amortization, impairment and investment expenses (Consolidated):

1 January - 30 September 2019

	<u>Finance</u>							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortization	375.616	-	175.320	108.018	-	353.761	28.139	1.040.854
Impairment/(reversal of impairment) of property, plant and equipment and investment properties	-	-	-	-	-	4.395	-	4.395
Capital expenditure	783.730	-	132.367	165.863	-	118.523	42.725	1.243.208

1 January - 30 September 2018

	<u>Finance</u>							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortization	248.418	-	128.181	80.543	-	129.869	21.884	608.895
Impairment/(reversal of impairment) of property, plant and equipment and investment properties	429	-	-	-	-	5.635	-	6.064
Capital expenditure	565.575	-	202.949	178.542	-	92.609	20.397	1.060.072

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NOTE 4 - SEGMENT REPORTING (Continued)

j) Depreciation and amortization, impairment and investment expenses (Combined):

1 January - 30 September 2019

	<u>Finance</u>							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortization	375.616	39.018	320.959	180.631	611.410	353.761	28.298	1.909.693
Impairment/(reversal of impairment) of property, plant and equipment and investment properties	-	-	-	-	-	4.395	-	4.395
Capital expenditure	783.730	44.677	339.925	216.436	1.447.764	118.523	42.726	2.993.781

1 January - 30 September 2018

	<u>Finance</u>							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortization	248.418	24.972	249.408	143.206	514.226	129.869	21.915	1.332.014
Impairment/(reversal of impairment) of property, plant and equipment and investment properties	429	-	-	-	-	5.635	-	6.064
Capital expenditure	565.574	44.738	366.049	255.622	1.510.780	92.609	20.399	2.855.771

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NOTE 5 - FINANCIAL ASSETS

a) Financial assets through profit or loss

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

	30 September 2019	31 December 2018
Share certificates	206.404	150.685
Government bonds	12.359	10.113
Other (*)	6.219.946	6.708.227
Total	6.438.709	6.869.025

(*) In the previous period, syndicated loans previously granted to Ojer Telekomünikasyon A.Ş. were restructured. Within this scope, the transfer of 192.500.000.000 of Group A shares which consist of 55% of Türk Telekom's issued capital and are pledged in favor of the creditors in order to establish the collateral of the loans to Levent Yapılandırma Yönetimi A.Ş. which was established as a special purpose company, where all of the creditors were directly or indirectly shared was completed on 21 December 2018. The Bank participated in LYY with a share of 35,56% in receivables from OTAŞ. At the Ordinary General Assembly Meeting of LYY Telekomünikasyon A.Ş. dated 23 September 2019, it was decided to convert a part of the loan to capital and add it to the capital of LYY Telekomünikasyon A.Ş. The nominal value of shares increased from TRY 18 to TRY 1.416.090. As of 30 June 2019, loan amounting to TRY 6.201.177 and has been classified under "Financial Assets At Fair Value Through Profit And Loss" as "Other Financial Assets" in the financial statements. Impairment loss accounted based on fair value accounting is TRY 689.646. TRY 6.927.621 is accounted according to IFRS 9 Financial Instruments and IFRS 5 Non-current assets held for sale and discontinued operations. The fair values are based on the results of an independent valuation firm. In this valuation, fair value is determined by considering the average of different methods (discounted cash flows, similar market multipliers, similar transaction multipliers in the same sector, market value and analyst reports). The related loan is followed as Level 3 within the scope of TFRS 13 Fair Value Standard. The potential changes in the fundamental assumptions used in the valuation can affect the carrying value of the loan and the loan converted to capital. The maturity of this loan is 1 year and can be extended. The main objective of creditor banks is to transfer the shares of Türk Telekom to an expert investor by providing the necessary conditions as quickly as possible. On 19 September 2019, an international investment bank is authorized as sales consultant for the sales of 55% shares of Türk Telekomünikasyon A.Ş. held by LYY Telekomünikasyon A.Ş. In this context, necessary actions related to sales and negotiations with potential investors will be initiated.

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NOTE 5 - FINANCIAL ASSETS (Continued)

a) Financial assets at fair value through profit or loss (Continued)

Effective interest rates of TRY denominated securities at fair value through profit and loss are as follows:

	30 September 2019	31 December 2018
TRY	9,75%	13,22%

The Group's activities in the finance sector as collateral for the purchase and sale of financial assets is TRY 10.635 (31 December 2018: TRY10.599).

The analysis of maturities at 30 September 2019 and 31 December 2018 is as follows:

	30 September 2019	31 December 2018
0 to 3 months	6.410.600	156.811
3 to 12 months	12.359	6.700.321
1 to 5 years	15.750	11.893
Total	6.438.709	6.869.025

Period remaining to contractual repricing dates:

	30 September 2019	31 December 2018
Up to 3 months	6.216.724	11.893
3 to 12 months	12.562	6.700.321
No maturity	209.423	156.811
Total	6.438.709	6.869.025

b) Financial assets through other comprehensive income

	30 September 2019	31 December 2018
Debt securities		
- Government bonds	33.113.560	23.928.005
- Eurobonds	15.153.894	12.574.559
- Investment funds	306.322	237.585
- Other bonds denominated in foreign currency	14.285.921	7.600.049
Sub-total	62.859.697	44.340.198
Equity securities		
- Listed	143	153
- Unlisted	22.253	19.502
Sub-total	22.396	19.655
Total financial investments available for sale	62.882.093	44.359.853

Effective interest rates of USD, EUR, JPY and TRY denominated debt securities are 5,19% (31 December 2018: 4,55%), 2,73% (31 December 2018: 2,38%), 3,09% (31 December 2018: 3,09%) and 14,87% (31 December 2018: 20,97%), respectively. The Group's financial assets available for sale subject to funds provided from repo are TRY10.565.477 (31 December 2018: TRY12.114.655). Available for sale financial assets that are given as collateral because of the Group's financing activities are amounting to TRY12.395.288 (31 December 2018: TRY8.854.043).

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NOTE 5 - FINANCIAL ASSETS (Continued)

b) Financial assets through other comprehensive income (Continued)

Akbank's 6-month real coupon rates remaining constant throughout the maturity, government bonds with 5-10 years maturity and CPI index in the fair value through other comprehensive income is included in the securities portfolio, which are reflected at other comprehensive income and are valued at amortized cost. As stated in Investor's Guide on CPI-Indexed Government Bonds published by Undersecretariat of Treasury, the reference indices used in the calculation of actual coupon payment amounts is based on CPI of two months ago. Akbank sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year. As of 30 September 2019, the valuation of these securities is based on 10,00% annual inflation forecast.

The maturity analysis in accordance with expiring date as at 30 September 2019 and 31 December 2018 is as follows:

	30 September 2019			31 December 2018		
	Banking	Other companies	Total	Banking	Other companies	Total
0 to 3 months	1.110.991	-	1.110.991	1.215.591	-	1.215.591
3 to 12 months	12.871.964	-	12.871.964	3.997.086	-	3.997.086
1 to 5 years	36.905.320	14.283	36.919.603	29.373.727	13.777	29.387.504
Over 5 years	11.673.213	-	11.673.213	9.522.087	-	9.522.087
No maturity	306.322	-	306.322	237.585	-	237.585
Total	62.867.810	14.283	62.882.093	44.346.076	13.777	44.359.853

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

	30 September 2019			31 December 2018		
	Banking	Other companies	Total	Banking	Other companies	Total
0 to 3 months	12.177.128	-	12.177.128	8.558.547	-	8.558.547
3 to 12 months	18.508.612	-	18.508.612	13.645.080	-	13.645.080
1 to 5 years	22.266.240	14.283	22.280.523	15.273.796	13.777	15.287.573
Over 5 years	9.593.123	-	9.593.123	6.617.448	-	6.617.448
No maturity	322.707	-	322.707	251.205	-	251.205
Total	62.867.810	14.283	62.882.093	44.346.076	13.777	44.359.853

c) Financial assets at amortised cost:

The breakdown of held to maturity financial assets is listed below at 30 September 2019 and 31 December 2018

	30 September 2019	31 December 2018
Government bonds	14.220.228	12.263.568
Total	14.220.228	12.263.568

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

NOTE 5 - FINANCIAL ASSETS (Continued)

c) Financial assets at amortised cost (Continued):

The movement table of held to maturity securities is as follows at 30 September 2019 and 31 December 2018:

	30 September 2019	31 December 2018
1 January	12.263.568	18.883.153
Additions	3.714.492	1.654.189
Foreign exchange differences in monetary assets	279.367	1.683.148
Valuation effect	524.230	572.514
Disposals through sales and redemptions (*)	(2.583.389)	(10.713.907)
Allowance for impairment	21.960	184.471
Total	14.220.228	12.263.568

(*) In 2018, The Group reassessed its management model for securities in accordance with IFRS 9 standard and reviewed the securities previously classified as held-to-maturity and measured at amortized cost of TRY 4.927.185 for the purpose of collecting the cash flow of the appropriate management model or for selling the financial asset, classified the fair value through other comprehensive income.

Effective interest rate of debt securities in USD, Euro and TRY are 5,18%, 3,46% and 16,30% respectively. (31 December 2018: Effective interest rate of debt securities in USD, Euro and TRY are 4,89%, 3,58% and 26,70%).

Period remaining to contractual maturity dates for held to maturity financial assets as at 30 September 2019 and 31 December 2018 is as follows:

	30 September 2019			31 December 2018		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	3.657.625	-	3.657.625	3.518.476	81	3.518.557
1 to 5 years	9.358.114	548	9.358.662	7.640.711	-	7.640.711
Over 5 years	1.203.941	-	1.203.941	1.104.300	-	1.104.300
	14.219.680	548	14.220.228	12.263.487	81	12.263.568

The remaining period for the re-pricing date specified in the contract as of 30 September 2019 and 31 December 2018 is as follows:

	30 September 2019			31 December 2018		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	3.552.622	-	3.552.622	3.971.097	-	3.971.097
3 to 12 months	5.549.319	-	5.549.319	4.220.072	81	4.220.153
1 to 5 years	3.913.798	548	3.914.346	2.968.018	-	2.968.018
Over 5 years	1.203.941	-	1.203.941	1.104.300	-	1.104.300
Total	14.219.680	548	14.220.228	12.263.487	81	12.263.568

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NOTE 6 - FINANCIAL LIABILITIES

Short term funds borrowed, bank borrowings and debt securities:

	30 September 2019	31 December 2018
Short term	11.011.209	9.726.191
Short-term portion of long term	14.570.112	20.815.668
Total short term	25.581.321	30.541.859
Long-term funds borrowed, bank borrowings and debt securities:		
Long term	31.628.611	35.222.289
Total	57.209.932	65.764.148

Maturity analysis as of 30 September 2019 and 31 December 2018 is as follows:

	30 September 2019	31 December 2018
Up to 3 months	10.758.292	8.447.806
3 to 12 months	14.823.029	22.094.053
Short term borrowings and short term portion of long term borrowings	25.581.321	30.541.859
1 to 5 years	19.686.685	21.892.607
Over 5 years	11.941.926	13.329.682
Long term borrowings	31.628.611	35.222.289
Total financial liabilities	57.209.932	65.764.148

The maturity schedule of long term borrowings at 30 September 2019 and 31 December 2018 is summarised below:

	30 September 2019	31 December 2018
1 to 2 years	5.297.454	7.770.555
2 to 3 years	3.732.189	4.168.543
3 to 4 years	6.804.555	5.887.176
4 to 5 years	3.852.487	4.066.333
Over 5 years	11.941.926	13.329.682
Total	31.628.611	35.222.289

The repricing schedule of borrowings at 30 September 2019 and 31 December 2018 is summarised below:

	30 September 2019	31 December 2018
Up to 3 months	33.570.782	38.453.236
3 to 12 months	7.922.968	10.334.947
1 to 5 years	7.829.191	9.449.170
Over 5 years	7.886.991	7.526.795
Total	57.209.932	65.764.148

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NOTE 6 - FINANCIAL LIABILITIES (Continued)

Short term funds borrowed, bank borrowings and debt securities (Continued):

The transactions related with the funds and loans as of 30 September 2019 are as follows:

Akbank - Funds borrowed via syndicated credit

As of 30 September 2019, Akbank has three outstanding syndicated loan. EUR483 million and USD 604.5 million with a maturity of 1 year and 2 years was obtained through the loan agreement signed on 26 March 2017. The current amount is USD250 million. The cost of 2 years maturity loan is Euribor + 210 bps. EUR591 million and USD 285 million with a maturity of 1 year was obtained through the loan agreement signed on 27 September 2017. The cost of maturity loan is Euribor + 265 and Libor +275. EUR303 million and USD356 million with maturities of 1 year were obtained through the loan agreement signed on 26 March 2019. The cost of loans are Euribor +240 and Euribor +250 bps.

Issued securities:

Securities issued consist of USD and TRY assets.

The repayment plan for USD securities issued is summarized below.

	30 September 2019		31 December 2018	
	USD	TRY	USD	TRY
2019	137.656	773.627	979.670	5.153.064
2020	1.048.805	5.894.284	1.071.920	5.638.299
2021	579.381	3.256.121	574.885	3.023.895
2022	996.659	5.601.224	946.571	4.978.963
2023	530.123	2.979.291	538.218	2.831.027
2024	513.701	2.887.000	493.616	2.596.420
2025	854.785	4.803.892	448.497	2.359.094
2026	78.354	440.349	57.488	302.387
2027	341.752	1.920.646	309.511	1.628.028
2028	237.720	1.335.988	221.586	1.165.542
Total	5.318.936	29.892.422	5.641.962	29.676.719

The balance amounting to USD5.318.936 consists of securitization deals and USD denominated securities issued by the Bank.

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NOTE 6 - FINANCIAL LIABILITIES (Continued)

Issued securities (Continued):

	30 September 2019		31 December 2018	
	EUR	TRY	EUR	TRY
2019	11.402	70.022	91.366	549.857
2020	45.843	281.531	23.104	139.044
2021	23.100	141.862	362	2.179
2022	359	2.205	348	2.094
2023	345	2.119	335	2.016
2024	331	2.033	321	1.932
2025	318	1.953	309	1.860
2026	306	1.879	297	1.787
2027	294	1.806	285	1.715
2028	283	1.738	274	1.649
2029	7.016	43.068	6.808	40.955
Total	89.597	550.216	123.809	745.088

The balance amounting to EUR89.597 consists of securitization deals and EUR denominated securities issued by the Group.

	30 September 2019		31 December 2018	
	RON	TRY	RON	TRY
2019	-	-	56.222	72.167
Total	-	-	56.222	72.167

As of 31 December 2018, the balance amounting to RON55.562 consists of securitization deals and RON denominated securities issued by the Group. (30 September 2019: None).

	30 September 2019		31 December 2018	
	HUF	TRY	HUF	TRY
2019	-	-	764.752	14.354
Total	-	-	764.752	14.354

In 2018, The balance amounting to HUF764.752 consists of securitization deals and HUF denominated securities issued by the Group. (30 September 2019: None).

	30 September 2019		31 December 2018	
	JPY	TRY	JPY	TRY
2019	-	-	1.002.770	47.772
Total	-	-	1.002.770	47.772

In 2018, The balance amounting to JPY1.002.770 consists of securitization deals and JPY denominated securities issued by the Group. (30 September 2019: None)

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NOTE 6 - FINANCIAL LIABILITIES (Continued)

Issued securities (Continued):

Additionally, as of 30 September 2019, there are bonds issued by the Group amounting to TRY2.512.330 with 1 - 3 months maturity, TRY74.114 with 3 - 6 months maturity, TRY421.716 with 1 - 5 years and TRY1.843.317 with 5 years and over maturity. (31 December 2018: TRY2.669.292 with 1 - 3 months maturity, TRY278.354 with 3 - 6 months maturity, TRY257.048 with 1 - 5 years maturity and TRY1.650.033 with 5 years and over maturity).

NOTE 7 - OBLIGATIONS FROM LEASING TRANSACTIONS

The breakdown of the Group's obligations with respect to the lease transactions in accordance with IFRS 16 is as follows:

Liabilities arising from short-term lease transactions:

	Up to 3 months	3 to 12 months	Total
TRY	95.971	120.225	216.196
USD	9.784	15.435	25.219
EUR	-	4.209	4.209
Other	-	266	266
Total	105.755	140.135	245.890

Liabilities arising from long-term lease transactions:

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
TRY	205.461	215.458	762.938	152.217	306.289	1.642.363
USD	18.769	2.927	3.178	3.387	55.069	83.330
EUR	6.907	13.959	2.175	9.566	13.572	46.179
Other	320	161	31	-	-	512
Total	231.457	232.505	768.322	165.170	374.930	1.772.384

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

	30 September 2019	31 December 2018
Other short term receivables:		
Receivables from credit card payments	34.287	35.689
Other receivables (*)	3.213.923	1.748.455
Total	3.248.210	1.784.144
Other long term receivables:		
Deposits and guarantees given	37.191	49.703
Other receivables (*)	3.280.063	3.004.847
Total	3.317.254	3.054.550

(*) Other receivables mainly consist of the collaterals obtained by Akbank for derivative transactions.

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NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other short term payables:	30 September 2019	31 December 2018
Payables related to credit card transactions	4.485.226	4.003.963
Taxes and funds payable	582.189	566.985
Export deposits and transfer orders	227.729	95.021
Payment orders to correspondent banks	60.532	42.924
Financial lease payables	562	23.712
Other (*)	1.491.498	1.409.805
Total	6.847.736	6.142.410

Other long term payables:	30 September 2019	31 September 2018
Financial lease payables	3.590	58.606
Other (*)	3.415.130	2.313.990
Total	3.418.720	2.372.596

(*) Other payables mainly include the collaterals given by Akbank for derivative transactions.

NOTE 9 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Book value of Associates and Joint Ventures is as follows:

	30 September 2019	Share (%)	31 December 2018	Share (%)
Aksigorta	242.461	36,00	232.657	36,00
Avivasa	301.251	40,00	257.872	40,00
Brisa	390.413	43,63	401.808	43,63
Akçansa	364.839	39,72	404.949	39,72
Enerjisa Üretim Santralleri	3.021.309	50,00	2.596.999	50,00
Enerjisa Enerji	2.635.932	40,00	2.519.566	40,00
Philsa	84.666	25,00	188.256	25,00
Philip Morrissa	150.971	24,75	37.357	24,75
Temsa Mısır (*)	-	-	(8.104)	73,75
Temsa İş Makineleri (**)	-	-	125.099	51,00
Total	7.191.842		6.756.459	

(*) As of 30 May 2019, the partnership in Temsa Egypt ended with the sale of the shares of Temsa Ulaşım.

(**) As of 9 August 2019, 41% of Temsa İş Makinaları shares are sold and the rest of the shares are accounted as financial investment.

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NOTE 9 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

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

	1 January - 30 September 2019	1 January - 30 September 2018
Aksigorta	77.548	51.176
Avivasa	73.986	59.903
Brisa	32.425	32.762
Akçansa	21.313	64.980
Enerjisa Üretim Santralleri	527.388	(154.774)
Enerjisa Enerji	315.976	305.706
Philsa	(38.164)	115.348
Philip Morrissa	180.292	37.585
Temsa Mısır	-	231
Temsa İş Makineleri	11.366	22.548
Total	1.202.130	535.465

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

	30 September 2019		31 December 2018	
	Total assets	Total liabilities	Total assets	Total liabilities
Aksigorta	6.845.864	6.172.362	5.464.195	4.817.924
Avivasa	2.811.936	2.082.347	2.263.901	1.642.760
Brisa	5.441.505	4.546.678	4.803.642	3.882.699
Akçansa	1.962.933	1.031.489	2.103.125	1.070.700
Enerjisa Üretim Santralleri	14.348.771	8.306.153	13.628.412	8.434.414
Enerjisa Enerji	22.741.796	16.151.965	23.120.713	16.821.798
Philsa	3.130.808	2.792.144	3.350.586	2.597.563
Philip Morrissa	1.374.247	764.264	1.267.960	1.117.021
Temsa Mısır	-	-	14.416	25.404
Temsa İş Makineleri (*)	-	-	567.374	262.701
Total	58.657.860	41.847.402	56.584.324	40.672.984

(*) As of 9 August 2019, 41% of Temsa İş Makinaları shares are sold and the rest of the shares are accounted as financial investment.

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NOTE 9 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

Sales

	1 January - 30 September 2019	1 January - 30 September 2018
Aksigorta	3.117.582	2.446.499
Avivasa	624.527	422.334
Brisa	2.651.819	2.236.847
Akçansa	1.378.775	1.319.066
Enerjisa Üretim Santralleri	4.823.536	3.578.391
Enerjisa Enerji	14.566.003	12.498.599
Philsa (*)	20.831.189	18.729.055
Philip Morrissa	21.451.677	18.486.458
Temsa İş Makineleri (**)	-	727.920

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

Net profit/(loss)

	1 January - 30 September 2019	1 January - 30 September 2018
Aksigorta	215.412	142.154
Avivasa	184.966	149.758
Brisa	74.318	75.090
Akçansa	53.248	171.617
Enerjisa Üretim Santralleri	1.054.776	(309.548)
Enerjisa Enerji	789.940	764.266
Philsa	(152.656)	461.393
Philip Morrissa	728.453	151.859
Temsa Mısır	-	313
Temsa İş Makineleri (**)	-	44.213

(**) As of 9 August 2019, 41% of Temsa İş Makinaları shares are sold and the rest of the shares are accounted as financial investment.

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the year ended 30 September 2019 is as follows:

	1 January 2019	Currency Translation Differences	Additions	Disposals	Transfers (*)	Subsidiary Additions Effect (***)	Subsidiary Disposals Effect (**)	Impairment	30 September 2019
Cost:									
Land and land improvements	504.524	12.825	732	(11.955)	6.512	-	(22.219)	-	490.419
Buildings	2.923.521	32.407	37.146	(15.350)	427.139	18.080	(51.070)	-	3.371.873
Financial leasing buildings	20.512	-	-	-	(20.512)	-	-	-	-
Machinery and equipment	4.921.161	160.685	25.169	(17.462)	134.613	35.681	(89.312)	-	5.170.535
Motor vehicles	122.132	591	1.090	(5.545)	58	-	(20.643)	-	97.683
Furniture and fixtures	3.336.710	4.097	621.865	(60.965)	10.885	-	(43.508)	-	3.869.084
Total	11.828.560	210.605	686.002	(111.277)	558.695	53.761	(226.752)	-	12.999.594
Construction in progress	863.615	14.398	343.199	(5.821)	(605.053)	3.055	(6.605)	-	606.788
Total	12.692.175	225.003	1.029.201	(117.098)	(46.358)	56.816	(233.357)	-	13.606.382
Accumulated depreciation:									
Land and land improvements	(239.584)	(820)	(6.551)	828	735	-	3.117	-	(242.275)
Buildings	(1.039.002)	(8.142)	(49.928)	3.465	3.175	(5.618)	15.447	-	(1.080.603)
Financial leasing buildings	(7.732)	-	-	-	7.732	-	-	-	-
Machinery and equipment	(2.429.790)	(75.822)	(183.541)	12.409	4.913	(12.037)	67.101	-	(2.616.767)
Motor vehicles	(102.139)	(221)	(5.307)	6.270	-	-	5.514	-	(95.883)
Furniture and fixtures	(2.247.250)	(3.291)	(256.592)	54.386	526	-	33.329	4.395	(2.414.497)
Total	(6.065.497)	(88.296)	(501.919)	77.358	17.081	(17.655)	124.508	4.395	(6.450.025)
Net book value	6.626.678								7.156.357

(*) TRY16.497 of the transfers from construction in progress in the current period is recognized in intangible assets.

(**) It includes amounts related to Temsa Ulaşım Araçları San. Tic. A.Ş. which is disposed in May 2019.

(***) It includes property, plant and equipment of Axiom which is acquired by Kordsa, a subsidiary of the Group, as of 23 July 2019.

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movement in property, plant and equipment for the year ended 30 September 2018 is as follows:

	1 January 2018	Currency Translation Differences	Additions	Disposals	Transfers (*)	Impairment	30 September 2018
Cost:							
Land and land improvements	549.569	14.959	5.019	(68.185)	3.590	-	504.952
Buildings	2.688.983	209.065	16.750	(116.649)	98.335	-	2.896.484
Machinery and equipment	3.906.821	840.278	21.201	(2.905)	323.013	-	5.088.408
Motor vehicles	111.243	3.526	5.355	(6.987)	(72)	-	113.065
Furniture and fixtures	3.143.030	19.549	268.369	(177.709)	12.116	-	3.265.355
Total	10.399.646	1.087.377	316.694	(372.435)	436.982	-	11.868.264
Construction in progress	644.620	27.484	519.464	(8.976)	(479.711)	-	702.881
Total	11.044.266	1.114.861	836.158	(381.411)	(42.729)	-	12.571.145
Accumulated depreciation:							
Land and land improvements	(235.214)	(70.387)	(15.729)	656	8.480	-	(312.194)
Buildings	(977.040)	(411.432)	(102.889)	38.847	-	429	(1.452.085)
Machinery and equipment	(1.990.166)	(17.760)	(70.423)	1.066	-	-	(2.077.283)
Motor vehicles	(95.743)	(3.811)	(9.264)	3.512	-	-	(105.306)
Furniture and fixtures	(2.216.358)	(12.896)	(216.782)	131.815	-	5.635	(2.308.586)
Total	(5.514.521)	(516.286)	(415.087)	175.896	8.480	6.064	(6.255.454)
Net book value	5.529.745						6.315.691

(*)TRY33.331 of the transfers from the construction in progress during the period are recognised under intangible fixed assets, TRY918 of the transfers from the construction in progress during the period are recognised under investment property.

(**)As a result of the sale of two real estate properties in the period by the retailing group, the assets with net book values of TRY 64.503 and TRY 40.093 respectively were disposed from the property, plant and equipment; and an income of TRY 578.564 was accounted under investment income.

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NOTE 11 - INTANGIBLE ASSETS

The movement in intangible assets for the year ended 30 September 2019 is as follows:

	1 January 2019	Currency translation difference	Additions	Impairment	Disposals	Transfers	Subsidiary Exit Effect (**)	30 September 2019
Cost (*)	2.530.363	31.572	206.009	16	(4.077)	16.497	(228.555)	2.551.825
Accumulated depreciation: (-)	(1.270.702)	(9.180)	(219.402)	(12)	1.503	-	110.544	(1.387.249)
Net book value	1.259.661							1.164.576

	1 January 2018	Currency translation difference	Additions	Impairment	Disposals	Transfers		30 September 2018
Cost (*)	1.827.717	67.273	228.009	154	(6.460)	33.311		2.150.004
Accumulated depreciation (-)	(1.010.619)	(38.711)	(192.301)	(154)	1.323	-		(1.240.462)
Net book value	817.098							909.542

(*) Intangible assets mainly consist of licenses and software.

(**) Includes Temsa Ulaşım Araçları San. Tic. A.Ş. balances sold in May 2019

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NOTE 12 – USE RIGHT OF ASSETS

	1 January 2019	Transfers (*)	Additions	Disposals	Other	30 September 2019
Cost						
Property	1.979.089	20.513	230.342	(86.300)	562	2.144.206
Fixtures	407	-	-	-	17	424
Vehicles	29.019	-	6.319	(635)	192	34.895
Other	11.973	-	3.294	-	389	15.656
Total	2.020.488	20.513	239.955	(86.935)	1.160	2.195.181
Accumulated depreciation:						
Property	-	(7.732)	(289.353)	36.386	(46)	(260.745)
Fixtures	-	-	(36)	-	(1)	(37)
Vehicles	-	-	(11.504)	-	(16)	(11.520)
Other	-	-	(3.368)	-	(46)	(3.414)
Total	-	(7.732)	(304.261)	36.386	(109)	(275.716)
Net book value	2.020.488					1.919.465

(*) During the period, TRY12.781 of property, plant and equipment has been transferred to Right to Use Assets..

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NOTE 13 - GOODWILL

The movements of goodwill for the nine month period ended on 30 September 2019 and 2018 are as follows:

	2019	2018
1 January	849.215	873.097
Additions (*)	40.898	286.471
Acquisitions (**)	918.857	-
Foreign currency translation differences	53.074	-
30 September	1.862.044	1.159.568

(*) Kordsa Inc., which is 100% subsidiary of Kordsa, a subsidiary of the Group, and resident in the USA, completed the acquisition of two different unlimited companies that named as "Fabric Development, Inc." and "Textile Products, Inc.", which provide advanced composite materials to commercial aviation industry and fully owned by Piyush A.Shah and Abantika P.Shah. In parallel with the acquisition, the capital of Kordsa Inc. has increased amounting to USD65 million. In accordance with the IFRS 3, Business Combinations, measurement of the fair value of identifiable assets and liabilities required for recognition by using the acquisition method, and allocation of the purchase price to tangible and intangible fixed assets ("Purchase price allocation") are performed by an independent valuation organization, Houlihan Lokey Financial Advisors, Inc. and valuation studies are ongoing as of the report date. In this context, the fair value of the identifiable assets, liabilities and contingent liabilities of the related companies have been adjusted in accordance with IFRS and therefore the estimated amounts are reflected in the financial statements. In accordance with IFRS 3, the measurement period is defined as a maximum of one year from the date of purchase and additional assets and liabilities may be recognized if new information is obtained after the completion of the report. As a result of the acquisition transaction, the amount of TRY286.471 of the fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recorded as goodwill in the balance sheet. Fabric Development Inc., a subsidiary of Kordsa, acquired in 2018. has completed the evaluation and application process of the tax incentive opportunities related to the purchase and sale of the tax legislation ("338 (h) / 10 u) to which it is affiliated on 11 April 2019. It has been decided not to apply for tax base correction for intangible assets accounted after purchase. The effect of this adjustment and the effect of the correction of temporary differences in tax bases are recognized as goodwill amounting to TRY 40.897.916 (Full USD7.209.603)

(**) Kordsa, one of the Group's subsidiaries has acquired "Axiom" and fair value of acquired identifiable assets, liabilities and contingent liabilities exceeds the acquisition cost amounting to TRY 918.856.761 which is booked as goodwill.

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NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 September 2019	31 December 2018
Other short term provisions		
Provision for liabilities	475.097	611.896
<i>Credit bonus provision</i>	53.034	53.120
<i>Litigation</i>	89.683	173.323
<i>Uncompensated and not encashed non-cash loans</i>	310.852	378.740
<i>Onerous contracts</i>	5.246	5.246
<i>Other short-term provisions</i>	16.282	1.467
Other	1.111	66.959
Total	476.208	678.855
	30 September 2019	31 December 2018
Other long term provisions		
Provision for liabilities	23.760	4.260
<i>Litigation</i>	17.698	-
<i>Other long-term provisions</i>	6.062	4.260
Total	23.760	4.260
	30 September 2019	31 December 2018
Commitments - Banking segment		
Letters of guarantee given	31.871.667	34.426.832
Letters of credit	4.832.766	6.255.037
Foreign currency acceptance	51.968	2.740.066
Other guarantees given	6.981.246	7.884.108
Total	43.737.647	51.306.043
	30 September 2019	31 December 2018
Commitments - Non-banking segment		
Letters of guarantee given	1.160.904	812.587
Other guarantees given	159.057	413.072
Mortgages, guarantees and pledges for tangible assets	8.255	11.480
Total	1.328.216	1.237.139

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NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continues)

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 September 2019 and 31 December 2018 are as follows:

	30 September 2019	31 December 2018
Repurchase commitments	11.513.541	14.434.653
Transactions for held for trading:		
	30 September 2019	31 December 2018
Foreign currency purchases	6.388.309	11.135.973
Foreign currency sales	5.889.375	10.525.900
Total	12.277.684	21.661.873
	30 September 2019	31 December 2018
Currency swap purchases	115.936.218	141.036.291
Currency swap sales	115.440.982	139.431.917
Interest swap purchases	75.678.593	68.273.548
Interest swap sales	75.678.593	68.273.548
Total	382.734.386	417.015.304
	30 September 2019	31 December 2018
Spot purchases	2.858.721	7.628.722
Spot sales	2.855.452	7.347.903
Total	5.714.173	14.976.625
	30 September 2019	31 December 2018
Currency, interest and securities options purchases	18.942.870	37.759.363
Currency, interest and securities options sales	19.249.753	37.740.163
Total	38.192.623	75.499.526
	30 September 2019	31 December 2018
Future purchase transactions	601.400	-
Other sales transactions	624.698	-
Total	1.226.098	-
	30 September 2019	31 December 2018
Other purchase transactions	11.355.977	16.286.966
Other sales transactions	7.748.048	8.749.610
Total	19.104.025	25.036.576

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NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Derivative transactions for hedging:

	30 September 2019	31 December 2018
Interest swap purchases	16.228.235	15.800.831
Interest swap sales	16.228.235	15.800.831
Total	32.456.470	31.601.662

	30 September 2019	31 December 2018
Foreign currency purchases	20.142.993	17.128.717
Currency swap sales	13.709.532	13.443.865
Total	33.852.525	30.572.582

The maturity analysis of the off-balance sheet assets of the Banking segment at 30 September 2019 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	14.795.851	17.075.816	31.871.667
Letters of credits	3.164.286	1.668.480	4.832.766
Acceptance credits	51.968	-	51.968
Other guarantess	2.667.277	4.313.969	6.981.246
Total	20.679.382	23.058.265	43.737.647

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2018 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	5.334.189	29.092.643	34.426.832
Letters of credits	2.387.038	3.867.999	6.255.037
Acceptance credits	2.457.752	282.314	2.740.066
Other guarantees	3.682.397	4.201.711	7.884.108
Total	13.861.376	37.444.667	51.306.043

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NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The economic sector risk concentrations of the commitments of the Banking segment at 30 September 2019 and 31 December 2018 are as follows:

	30 September 2019	31 December 2018
Construction	7.945.054	7.911.886
Wholesale	7.383.052	9.162.663
Financial institutions	5.052.607	7.182.375
Other manufacturing	4.458.867	4.884.605
Small-scale retailers	3.270.749	5.252.181
Steel and mining	2.613.386	3.218.621
Electricity, gas and water	2.490.361	2.458.803
Textile	1.280.324	1.446.126
Food and beverage	1.248.660	1.398.630
Transportation	1.213.442	700.841
Automotive	1.174.054	1.185.086
Chemicals	1.041.371	1.558.845
Electronics	299.987	298.176
Tourism	251.642	337.699
Agriculture and forestry	227.598	180.924
Telecommunications	199.582	207.104
Other	3.586.911	3.921.478
Total	43.737.647	51.306.043

Aksigorta, one of the Group's joint ventures, has been subjected to a tax investigation by the T.C. Ministry of Finance Tax Audit Board that started in 24 June 2014. As a result of this limited tax investigation related to Banking Insurance Transaction Tax covering years 2009, 2010, 2011 and 2012; Total TRY 1,8 Million tax and Total TRY 2,8 Million tax penalty for year 2009, Total TRY 2 Million tax and Total TRY 3 Million tax penalty for year 2010, Total TRY 3 Million tax and Total TRY 4,6 Million tax penalty for year 2011, Total TRY 4,3 Million tax and Total TRY 6,4 Million tax penalty for year 2012, and totally TRY 27,9 Million tax and tax penalty has been charged to the company for the claim recovery and salvage operations of the banking and insurance transactions that were not subject to tax. The Company has not booked any provision on financial statements. All of the lawsuits filed for the years 2009, 2010, 2011 and 2012 were concluded in favor of the company at the first degree Tax Court. Upon the appeal of the Tax Office, the 5th District Court of Istanbul District Administrative Court decided in favor of the Company for the year 2009; since, cases are pending before the Administrative Court for the years 2010, 2011 and 2012.

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NOTE 15 - COMMITMENTS

Collaterals, pledges and mortgages ("CPM") given by Subsidiaries at 30 September 2019 is as follows:

	30 September 2019				
	Total TRY Equivalent	TRY	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	1.147.605	369.710	104.476	30.070	-
B, Collaterals given on behalf of fully consolidated companies	1.992.379	416.625	145.279	121.207	4.111
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	43.737.646	20.643.705	2.054.772	1.751.299	636.447
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	46.877.630	21.430.040	2.304.527	1.902.575	640.558
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	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

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NOTE 15 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by Joint ventures at 30 September 2019 is as follows:

	30 September 2018				
	Total TRY Equivalent	TRY	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	916.759	888.888	3.433	1.366	-
B, Collaterals given on behalf of fully consolidated companies	-	-	-	-	-
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	2.803	2.803	-	-	-
D, Total amount of other Collaterals	-	-	-	-	-
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	919.562	891.691	3.433	1.366	-
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	0	0	0	0	0
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 ("TRY") unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

NOTE 15 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries at 31 December 2018 is as follows:

	31 December 2018				
	Total TRY Equivalent	TRY	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	1.221.533	318.497	107.680	55.593	-
B, Collaterals given on behalf of fully consolidated companies	1.489.327	360.398	10.056	177.684	4.944
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	51.306.043	21.761.622	3.087.613	2.122.216	508.077
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	54.016.903	22.440.517	3.205.349	2.355.493	513.021
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 31 December 2018 is as follows:

	31 December 2018				
	Total TRY Equivalent	TRY	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	1.165.180	1.118.379	7.269	1.419	-
B, Collaterals given on behalf of fully consolidated companies	-	-	-	-	-
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	2.850	2.850	-	-	-
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	1.168.030	1.121.229	7.269	1.419	-
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 16 - OTHER ASSETS AND LIABILITIES

Other Current Assets	30 September 2019	31 December 2018
Cheques in clearance	1.093.726	1.212.261
Deductible, deferred and other VAT	211.386	530.602
Other	36.907	59.697
Total	1.342.019	1.802.560
Other Non-Current Assets	30 September 2019	31 December 2018
Long term tax claims and other legal receivables	29.861	13.920
Deductible, deferred and other VAT	657	3.902
Other non-current assets	81.682	119.691
Total	112.200	137.513
Other Short Term Liabilities	30 September 2019	31 December 2018
Cheques in clearance	2.220.598	2.468.350
Saving deposits insurance	54.024	52.010
Other short term liabilities	511.876	244.534
Total	2.786.498	2.764.894
Other Long Term Liabilities		
Other long term liabilities	3.996	94.901
Total	3.996	94.901

NOTE 17 - EQUITY

The Holding's authorized and issued capital consists of 204.040.393.100 (31 December 2018: 204.040.393.100) shares of Kr1 each.

The Holding's authorized and paid-in share capital and shareholding structure at 30 September 2019 and 31 December 2018 is as follows:

Shareholders	Share (%)	30 September 2019	Share (%)	31 December 2018
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
Treasury shares (-)		(190.470)		(190.470)
Share premium		22.237		22.237

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NOTE 17 - EQUITY (Continued)

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 September 2019. These shares in consolidated equity as capital adjustments due to treasury shares.

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 with 75% and property with 50% 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% and 50% respectively of the related gain arising in the statutory financial statements as a result of the subsidiary sale was held in the 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 September 2019	31 December 2018
Legal reserves	830.081	705.591
Gain on sales of association	344.487	344.487
Total	1.174.568	1.050.078

Dividend Distribution

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

Companies distribute their profits with a decision of the general assembly, within the framework of profit distribution policies determined by their general assemblies and in accordance with the related legislation provisions. As per the related Communiqué, a minimum distribution rate was not set. The companies pay dividends as specified in their articles of association or profit distribution policies.

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NOTE 17 - EQUITY (Continued)

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

	Revaluation Fund	Cash Flow Hedge Fund	Net Investment Hedge Fund	Currency translation effect
Balance as of 1 January 2018	(310.337)	(121.522)	(228.186)	724.660
Increases/(decreases) during the period	(1.419.223)	39.346	(319.454)	912.118
Gain transferred to income statement	(149.035)	(18.818)	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	34.112	-	-	-
Tax effect	337.512	(4.517)	70.280	-
Balance as of 30 September 2018	(1.506.971)	(105.511)	(477.360)	1.636.778

	Revaluation Fund	Cash Flow Hedge Fund	Net Investment Hedge Fund	Currency translation effect
Balance as of 1 January 2019	(1.217.928)	(150.767)	(384.914)	1.382.776
Increases/(decreases) during the period	628.100	(646.243)	(16.040)	105.108
Gain transferred to income statement	300.933	50.921	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	(112.369)	-	-	-
Tax effect	(179.666)	130.971	3.529	-
Balance as of 30 September 2019	(580.930)	(615.118)	(397.425)	1.487.884

NOTE 18 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

1 January - 30 September 2019

Nile Kordsa Company for Industrial Fabrics S.A.E., a subsidiary of Kordsa, which is a subsidiary of the Group, had a full period loss amounting to Total TRY83.927 as of 30 September 2019. In 30 September 2019 and 30 September 2018, operating results of this company reclassified as income/expense from the discontinued operations in consolidated financial statements.

About Nile Kordsa Company for Industrial Fabric, the amount recognised under "Assets Held For Sale" is Total TRY6.473.746 as of 31 September 2019 (31 December 2018: Total TRY14.220.459). Total TRY 133.376 is Çimsa's lands held for sale (31 December 2018: None). The amount recognised under "Liabilities Held For Sale" is Total TRY2.919.676 as of 30 September 2019 (31 December 2018: Total TRY4.273.745).

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NOTE 18 - ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

1 January - 30 September 2018

As of 30 September 2018, Temsa, a subsidiary of the Group acquired a real estate with value of TRY9.986.395 in return of receivables as a guarantee which is accounted under "Assets Held for Sale".

Nile Kordsa Company for Industrial Fabrics S.A.E., a subsidiary of Kordsa, which is a subsidiary of the Group, had a full period profit amounting to Total TRY128.796 as of 30 September 2018. In 30 September 2018, operating results of this company reclassified as income/expense from the discontinued operations in consolidated financial statements.

The amount recognised under "Assets Held For Sale" is Total TRY18.086.303 as of 30 September 2018. The amount recognised under "Liabilities Held For Sale" is Total TRY6.384.235 as of 30 September 2018.

NOTE 19 - FINANCE INCOME/EXPENSES

	1 January - 30 September 2019	1 January - 30 September 2018	1 July - 30 September 2019	1 July - 30 September 2018
Financial income				
Foreign currency gains	59.082	116.965	27.574	114.136
Interest income	15.837	21.136	596	16.070
Total	74.919	138.101	28.170	130.206
Financial expenses				
Foreign currency loss	(142.684)	(348.012)	(24.784)	(234.203)
Interest expense	(558.216)	(395.187)	(148.312)	(199.724)
Other financial expenses	(95.292)	(49.661)	(36.377)	(31.395)
Total	(796.192)	(792.860)	(209.473)	(465.322)

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

NOTE 20 - TAX ASSETS AND LIABILITIES

	30 September 2019	31 December 2018
Corporate and income taxes payable	919.404	448.621
Less: Prepaid taxes	(497.761)	(402.392)
Total taxes payable	421.643	46.229

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.

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NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

The Corporate Tax Law was amended as of 13 June 2006 with Law No 5520. The majority of the clauses of Law No 5520 are effective as of 1 January 2006. The effective tax rate of the fiscal year 2019 is 22% (2018: 22%). Corporation tax is payable on the total income of the Holding after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc. and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

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

Corporations calculate corporate tax quarterly at the rate of 22% on their corporate income and declare it until the 10th day and pay it on the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Turkey, corporate tax rate is 20%. This ratio will be applied as 22% for a period of three years, according to Law No: 7061 "The Law regarding amendments on Certain Tax Laws and their implications on Deferred Tax Calculations" published in the Official Gazette dated 5 December 2017.

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 inspection authorities may review the accounting records within five years, and if an incorrect transaction is detected, the tax amount to be paid may change due to a tax assessment.

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.

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NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

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. This exemption was revised to be 50% for real property effective from 1 January 2019. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The proceed related to the sale transaction has to be collected up until the end of the second calendar year following the year the sale was realized.

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

Exemption for Investment Incentive

The corporate tax rate in Turkey is 22%. However, there is a reduced corporate tax application for investments related to incentive certificate. The two factors that are important in calculating the discounted corporate tax in the Investment Incentive System are the contribution rate to investment and the rate of tax reduction. The amount of contribution of the investments to be met by Government through the tax is defined as the amount of contribution to the investment and dividing this amount by the total amount invested is defined as the rate of contribution to the investment. These rates are determined by the President according to the sectors and regions. Regulations on Reduced Corporate Tax are included in the Decree No: 2012/3305 of the Council of Ministers and 1 Serial Number of Corporate Tax.

The tax charges for comprehensive income statement items for the periods ended 30 September 2019 and 2018 are as follows:

	30 September 2019			30 September 2018		
	Before tax	Tax charged	After tax	Before tax	Tax charged	After tax
Fair value of financial assets transferred to the other comprehensive income	1.994.127	(438.708)	1.555.419	(3.112.372)	684.722	(2.427.650)
Cash flow hedges	(1.191.536)	262.138	(929.398)	(144.049)	31.691	(112.358)
Income/(loss) from the derivative financial assets related to the hedging of net investment in a foreign	(39.360)	8.659	(30.701)	(783.937)	172.466	(611.471)
Change in currency translation differences	236.119	-	236.119	2.184.187	-	2.184.187
Actuarial gains/(losses)	(25.821)	5.681	(20.140)	12.454	(2.740)	9.714
Other comprehensive income	973.529	(162.230)	811.299	(1.843.717)	886.139	(957.578)

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NOTE 20 - 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%. With the amendment made in the law, this ratio was set at 22% for the years 2018, 2019 and 2020.

Since the subsidiaries and joint ventures which are separately taxpayers presented their deferred tax assets and liabilities as net values in their financial statements, the effect of the presentation of the net amounts has been reflected to the Group's consolidated balance sheet. Temporary differences and deferred tax assets and liabilities presented in the table below are based on the gross values.

According to Law No: 7061 "The Law regarding amendments on Certain Tax Laws and their implications on Deferred Tax Calculations" published in the Official Gazette No: 30261 dated 5 December 2017 and temporary 10th Article added to Corporate Income Tax Law No. 5520, tax ratio will be applied as 22% for the periods of 2018, 2019 and 2020. After these three years, it is foreseen that the tax rate will be 20%. The Council of Ministers is authorised to reduce the rate up to 20%.

For the period ended 30 September 2019, tax on the income generated for the three-month periods are paid at the rate of 22% (2018 22%) according to tax legislation and the amounts paid in this manner are deducted from the tax calculated on the annual earnings. With the amendment made in the law, this ratio was set at 22% for the years 2018, 2019 and 2020.

At 30 September 2019, the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TRY 1.136.695 which can offset against future taxable profits for a period of five years (31 December 2018: TRY840.246). As of 30 September 2019 and 31 December 2018, carried forward tax losses and the latest annual periods are as follows:

	30 September 2019	31 December 2018
2020	49.354	24.796
2021	407.265	465.178
2022	344.549	344.549
2023	25.218	5.723
2024	310.309	-
Total	1.136.695	840.246

The movements in deferred income tax assets/(liabilities) for the years ended at 30 September 2019 and 31 December 2018 are as follows

	30 September 2019	31 December 2018
Deferred tax assets	345.429	372.640
Deferred tax liabilities	(806.178)	(185.504)
Net Deferred Tax (Liabilities)/Assets	(460.749)	187.136

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NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax (Continued)

The movements in deferred income tax assets/(liabilities) for the six-month periods ended 30 September 2019 and 2018 are as follows:

	2019	2018
1 January	187.136	403.319
Charged to equity	(523.969)	342.833
Currency translation differences	(105.011)	(46.639)
Subsidiary disposals	(114.435)	-
Charged to statement of profit or loss	123.771	(264.368)
Other	(28.241)	8.507
30 September	(460.749)	443.652

NOTE 21 - DERIVATIVE FINANCIAL INSTRUMENTS

30 September 2019	Fair Value	
Derivative instruments held for trading:	Asset	Liability
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales	9.223.522	8.770.521
Forward currency purchases and sales	970.126	488.625
Currency options purchases and sales	96.410	192.531
Other purchases and sales	2.675.823	432
Total derivative instruments held for trading	12.965.881	9.452.109
Derivative instruments held for hedging:		
Currency and interest rate swap purchases and sales	6.403.777	1.287.738
Currency options purchases and sales	13.354	-
Total derivative instruments held for hedging	6.417.131	1.287.738
Total derivative instruments	19.383.012	10.739.847

31 December 2018	Fair Value	
Derivative instruments held for trading:	Asset	Liability
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales	12.772.069	11.181.788
Forward currency purchases and sales	1.084.169	450.783
Currency options purchases and sales	521.910	609.422
Other purchases and sales	3.249.356	867
Total derivative instruments held for trading	17.627.504	12.242.860

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NOTE 21 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

31 December 2018

Derivative instruments held for hedging:	Asset	Liability
Currency and interest rate swaps purchases and sales	5.058.434	688.610
Currency options purchases and sales	2.678	-
Total derivative instruments held for hedging	5.061.112	688.610
Total derivative instruments	22.688.616	12.931.470

Akbank, Brisa, Yünsa, Carrefoursa and Enerjisa hedge against cash flow risk through the use of interest rate swaps against the cash flow risk arising from its financial debts.

NOTE 22 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

Banking

Loans and advances to customers	30 September 2019	31 December 2018
Project finance loans	47.756.540	48.446.550
Consumer loans and credit cards receivables	46.545.786	45.957.225
Construction	22.630.589	21.226.158
Financial institutions	17.474.561	25.290.619
Small-scale enterprises	14.612.758	14.967.236
Other manufacturing industries	9.951.800	8.031.069
Food and beverage, wholesale and retail	5.865.932	5.149.361
Textile	5.793.616	6.004.275
Mining	5.612.448	6.241.256
Chemicals	3.979.904	4.608.734
Automotive	3.148.202	4.556.178
Telecommunication (*)	499.598	293.681
Other	28.867.675	17.894.126
Total loans and advances to customers	212.739.409	208.666.468
Allowance for loan losses	(12.013.591)	(8.482.446)
Leasing receivables	5.107.481	6.415.537
Net loans and advances to customers	205.833.299	206.599.559

The above table includes the total live and follow-up lending of the bank and the credit risk reserve is set as a result of the bank evaluation considering the whole credit risk.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2019

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NOTE 22 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

Banking (Continued)

(*) In the current period, the Company's loans for Levent Yapılandırma Yönetimi A.Ş., previously presented in the telecommunication sector, have been classified under 'Financial Assets at Fair Value Through Profit or Loss' in the current period. The same classification is reflected in the 31 December 2018 financials in order to present consistent with comparative period.

Effective interest rates of USD, EUR, YEN and TRY denominated loans and advances to customers are 7,21% p.a. (31 December 2018: 7,26% p.a.), 4,36% p.a. (31 December 2018: 4,28% p.a.), 7,42% p.a. (31 December 2018: 9,06% p.a.), and 17,92% (31 December 2018: 18,41% p.a) respectively).

The movement of loan loss provision of banking segment as of 30 September 2019 by class is as follow:

	Corporate	Commercial	Leasing Receivables	Total
1 January 2019	5.576.750	2.404.514	501.182	8.482.446
Gross provisions	3.397.603	892.989	57.322	4.347.914
Recoveries	(367.884)	(348.906)	(43.361)	(760.151)
Extracted from financial statements (*)	(365)	(5.458)	(50.795)	(56.618)
30 September 2019	8.606.104	2.943.139	464.348	12.013.591

(*) Ak Finansal Kiralama, a subsidiary of the Group, has sold TRY 50,8 million (total TRY amount) of non-performing leasing receivables portfolio to Met-Ay Varlık Yönetim A.Ş. for TRY 425.000 (total TRY amount) worth.

The movement of loan loss provision of banking segment as of 30 September 2018 by class is as follow:

	Corporate	Commercial	Total
1 January 2018	3.942.225	3.021.313	6.963.538
Gross provisions	4.081.350	1.261.366	5.342.716
Recoveries	(386.117)	(343.193)	(729.310)
Extracted from financial statements (*)	(234.617)	(538.051)	(772.668)
30 September 2018	7.402.841	3.401.435	10.804.276

(*) The Bank has sold TRY774 million (total TRY amount) of non-performing loans portfolio to Güven Varlık Yönetimi A.Ş., Efes Varlık Yönetim A.Ş. and Hayat Varlık Yönetimi A.Ş. for 36 million (total TRY amount) worth.

The maturity schedule of loans and advances to customers at 30 September 2019 and 31 December 2018 are summarized below:

	30 September 2019	31 December 2018
Up to 3 months	63.979.742	61.110.257
3 to 12 months	45.809.085	41.483.652
Current	109.788.827	102.593.909
1 to 5 years	70.962.134	74.553.659
Over 5 years	19.974.857	23.036.454
Non-current	90.936.991	97.590.113
Total	200.725.818	200.184.022

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NOTE 22 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

Banking (Continued)

The repricing schedule of loans and advances to customers at 30 September 2019 and 31 December 2018 are summarized below:

	30 September 2019	31 December 2018
Up to 3 months	94.075.551	86.877.733
3 to 12 months	44.887.305	45.661.631
1 to 5 years	57.307.442	60.537.708
Over 5 years	4.455.520	7.106.950
Total	200.725.818	200.184.022

NOTE 23 - PAYABLES FROM FINANCE SECTOR OPERATIONS

Banking

	30 September 2019			31 December 2018		
	Demand	Time	Total	Demand	Time	Total
Saving deposits	26.762.415	112.603.318	139.365.733	20.345.719	105.662.512	126.008.231
Commercial deposits	21.159.130	61.943.759	83.102.889	19.275.050	48.031.661	67.306.711
Bank deposits	1.717.794	4.907.584	6.625.378	1.487.220	6.564.165	8.051.385
Fund provided from repo transaction	-	11.378.976	11.378.976	-	14.275.016	14.275.016
Other	1.622.664	3.015.725	4.638.389	1.321.784	2.671.123	3.992.907
Total	51.262.003	193.849.362	245.111.365	42.429.773	177.204.477	219.634.250

Effective interest rates of USD, EUR and TRY denominated customer deposits are 2,44% p.a. (31 December 2018: 3,51% p.a.), 0,14% p.a. (31 December 2018: 0,26% p.a.) and 7,72% p.a. (31 December 2018: 22,55% p.a.).

As of 30 September 2019 and 31 December 2018, deposits and money market borrowings, the analysis of the remaining maturity dates and repricing dates in the contract are presented below:

	30 September 2019	31 December 2018
On demand	51.262.003	42.429.773
Up to 3 months	169.201.940	149.747.370
3 to 12 months	16.027.291	20.966.242
1 to 5 years	7.832.261	5.955.533
Over 5 years	787.870	535.332
Total	245.111.365	219.634.250

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NOTE 24 - 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 September 2019 and 2018 are as follows:

	30 September 2019	30 September 2018
Short term benefits	28.078	20.373
Benefits resulted from termination	1.283	2.548
Other long term benefits	246	203
Total	29.607	23.124

NOTE 25 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENT

25.1 Financial Instruments and Financial Risk Management

25.1.1 Financial risk management

The Group is exposed to a variety of financial risks due to its operations. These risks are; market risk (including exchange risk, fair value interest rate risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on minimizing the effects of the unpredictability of financial markets and their possible adverse effects on the Group's financial performance. The Group uses financial derivative instruments in order to hedge from various risks.

Financial risk management is carried out within the context of policies approved by their Board of Directors for each Subsidiary and Jointly Controlled Entity.

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

NOTE 25 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

25.1.1.1 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 September 2019 and 31 December 2018 in terms of TRY are as follows:

	30 September 2019	31 December 2018
Assets	185.394.579	178.595.578
Liabilities	(215.734.038)	(201.601.365)
Net foreign currency balance sheet position	(30.339.459)	(23.005.787)
Net foreign currency position of off-balance sheet derivative financial instruments	34.446.830	26.926.316
Net foreign currency balance sheet and off-balance sheet position	4.107.371	3.920.529

30 September 2019	Total- TRY Equivalent	USD- TRY Equivalent	EUR- TRY Equivalent	GBP- TRY Equivalent	Other- TRY Equivalent
Assets:					
Cash and cash equivalents	23.247.984	10.332.163	8.713.914	3.817.529	384.378
Financial assets	39.739.454	33.924.577	4.975.494	-	839.383
Receivables from financial operations	84.499.103	38.057.398	46.354.994	73	86.638
Reserve deposits at Central Bank	27.977.725	14.962.943	9.647.722	-	3.367.060
Trade receivables	614.355	278.037	298.505	4.787	33.026
Other current assets	9.315.958	3.311.024	5.942.594	72	62.268
Total Assets	185.394.579	100.866.142	75.933.223	3.822.461	4.772.753
Liabilities:					
Funds borrowed and debt securities in issue	48.742.844	39.022.585	9.711.954	-	8.305
Customer deposits	160.312.328	96.336.743	55.325.407	3.816.561	4.833.617
Trade payables	375.269	306.788	47.438	836	20.207
Other payables and provisions	6.303.597	2.805.117	3.393.317	9.128	96.035
Total Liabilities	215.734.038	138.471.233	68.478.116	3.826.525	4.958.164
Net foreign currency position of off-balance sheet derivative financial instruments	34.446.830	37.849.621	(3.629.125)	73.193	153.141
Net foreign currency position	4.107.371	244.530	3.825.982	69.129	(32.270)

Net profit effect of the consolidated to the total net foreign currency position is (long) TRY 1.972.094 as of 30 September 2019 (Akbank and Philsa - Philip Morris excluded).

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NOTE 25 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

25.1.1.1 Foreign Exchange Risk (Continued)

31 December 2018

	Total TRY Equivalent	USD-TRY Equivalent	EUR-TRY Equivalent	GBP-TRY Equivalent	Other-TRY Equivalent
Assets:					
Cash and cash equivalents	23.603.634	16.396.562	5.458.393	1.403.846	344.833
Financial assets	26.175.616	19.210.249	6.342.367	-	623.000
Receivables from financial operations	95.632.459	44.747.843	50.843.790	3.001	37.825
Reserve deposits at Central Bank	23.504.830	11.522.486	8.549.661	-	3.432.683
Trade receivables	932.242	216.542	638.387	23.246	54.067
Other current assets	8.746.797	6.404.821	2.220.539	143	121.294
Total Assets	178.595.578	98.498.503	74.053.137	1.430.236	4.613.702
Liabilities:					
Funds borrowed and debt securities in issue	57.923.109	45.858.329	11.873.391	-	191.389
Customer deposits	138.209.510	87.646.861	43.801.101	3.267.100	3.494.448
Trade payables	288.550	116.258	132.337	956	38.999
Other payables and provisions	5.180.196	2.123.396	2.973.325	2.230	81.245
Total Liabilities	201.601.365	135.744.844	58.780.154	3.270.286	3.806.081
Net foreign currency position of off-balance sheet derivative financial instruments	26.926.316	38.527.197	(12.450.162)	1.852.690	(1.003.409)
Net foreign currency position	3.920.529	1.280.856	2.822.821	12.640	(195.788)

Net profit effect of the consolidated to the total net foreign currency position is TRY718.381 as of 30 September 2018 (Akbank and Philsa - Philip Morris excluded).

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

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NOTE 25 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

25.1.1.1 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 September 2019 and 31 December 2018 is summarized as follows:

30 September 2019

	Profit/(Loss)	
	Appreciation of Foreign currency	Depreciation of Foreign currency
Change in USD against TRY by 20%		
USD net assets/(liabilities)	274.271	(274.271)
Hedged items (-)	-	-
USD net effect	274.271	(274.271)
Change in EUR against TRY by 20%		
EUR net assets/(liabilities)	5.093	(5.093)
Hedged items (-)	-	-
EUR net effect	5.093	(5.093)
Change in GBP against TRY by 20%		
GBP net assets/(liabilities)	1.010	(1.010)
Hedged items (-)	-	-
GBP net effect	1.010	(1.010)
Change in other currency against TRY by 20%		
Other currency net (liabilities)/assets	(979)	979
Hedged items (-)	-	-
Other currency net effect	(979)	979

30 September 2018

	Profit/(Loss)	
	Appreciation of Foreign currency	Depreciation of Foreign currency
Change in USD against TRY by 20%		
USD net assets/(liabilities)	294.063	(294.063)
Hedged items (-)	-	-
USD net effect	294.063	(294.063)
Change in EUR against TRY by 20%		
EUR net (liabilities)/assets	(25.664)	25.664
Hedged items (-)	-	-
EUR net effect	(25.664)	25.664
Change in GBP against TRY by 20%		
GBP net (liabilities)/assets	(330)	330
Hedged items (-)	-	-
GBP net effect	(330)	330
Change in other currency against TRY by 20%		
Other currency net (liabilities)/assets	(5.666)	5.666
Hedged items (-)	-	-
Other currency net effect	(5.666)	5.666

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NOTE 26 - EVENTS AFTER THE REPORTING PERIOD

The share transfer agreement regarding 57,88% of the shares of Yünsa Yünlü Sanayi ve Ticaret A.Ş., a subsidiary of the Group, with a nominal value of TRY 16.878.507,00 was signed on 27 August 2019. The approval of the Competition Authority regarding the transactions has been completed as of 24 October 2019. The transfer price of 57,88% of the Group's shares of Yünsa Yünlü Sanayi ve Ticaret A.Ş. is TRY 69.458,876.54.