

HACI ÖMER SABANCI HOLDİNG A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2020**

(ORIGINALLY ISSUED IN TURKISH)

CONTENTS	PAGE
CONDENSED CONSOLIDATED BALANCE SHEETS	1-2
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS	3
CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME	4
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	5
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW	6
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	7-81
NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP	7-10
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS	10-20
NOTE 3 BUSINESS COMBINATIONS	21
NOTE 4 SEGMENT REPORTING.....	22-41
NOTE 5 FINANCIAL ASSETS	42-46
NOTE 6 FINANCIAL LIABILITIES.....	46-48
NOTE 7 LIABILITIES FROM LEASING TRANSACTIONS.....	49
NOTE 8 OTHER RECEIVABLES AND PAYABLES.....	49-50
NOTE 9 INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD.....	50-51
NOTE 10 PROPERTY, PLANT AND EQUIPMENT	52-53
NOTE 11 INTANGIBLE ASSETS	54
NOTE 12 USE RIGHT OF ASSETS.....	55-56
NOTE 13 GOODWILL	57
NOTE 14 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	57-60
NOTE 15 COMMITMENTS.....	61-64
NOTE 16 OTHER ASSETS AND LIABILITIES	65
NOTE 17 EQUITY	65-67
NOTE 18 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS.....	67-68
NOTE 19 FINANCIAL INCOME/ EXPENSES.....	68
NOTE 20 TAX ASSETS AND LIABILITIES	69-72
NOTE 21 DERIVATIVE FINANCIAL INSTRUMENTS.....	73
NOTE 22 RECEIVABLES FROM FINANCE SECTOR OPERATIONS.....	74-75
NOTE 23 PAYABLES FROM FINANCE SECTOR OPERATIONS	75 -76
NOTE 24 RELATED PARTY DISCLOSURES.....	76
NOTE 25 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS.....	76-80
NOTE 26 EVENTS AFTER THE REPORTING PERIOD.....	81

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2020 AND 31 DECEMBER 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	30 September 2020 USD (*)	Not reviewed 30 September 2020	Audited 31 December 2019
ASSETS				
Current Assets		35,643,823	278,306,959	206,970,925
Cash and Cash Equivalents		4,188,737	32,705,655	22,447,203
Financial Investments		5,025,845	39,241,788	28,210,697
- Fair Value Through Profit or Loss	5.a	1,055,156	8,238,655	7,289,522
- Fair Value through Other Comprehensive Income	5.b	1,716,360	13,401,338	16,750,747
- At Amortized Cost	5.c	2,252,163	17,584,886	4,170,428
- Time Deposit	5.d	2,166	16,909	-
Trade Receivables		233,761	1,825,206	1,625,419
Receivables From Finance Sector Operations	22	18,405,228	143,708,018	117,257,770
Reserve Deposits with the Central Bank of Republic of Turkey		4,913,533	38,364,862	26,541,745
Other Receivables	8	560,549	4,376,768	2,101,358
Derivative Financial Instruments	21	1,429,091	11,158,343	3,137,883
Inventories		466,238	3,640,383	3,124,669
Prepaid Expenses		172,001	1,342,986	893,037
Current Tax Assets	20	47,347	369,689	4,733
Other Current Assets	16	164,021	1,280,678	952,864
		35,606,351	278,014,376	206,297,378
Assets Classified as Held for Sale	18	37,472	292,583	673,547
Non Current Assets		29,396,579	229,528,472	199,376,954
Financial Investments		8,791,090	68,640,827	62,169,382
- Fair Value through Other Comprehensive Income	5.b	5,565,755	43,457,414	50,773,699
- At Amortized Cost	5.c	3,225,335	25,183,413	11,395,683
Trade Receivables		77	601	17
Receivables from Finance Sector Operations	22	15,242,138	119,010,612	100,134,183
Other Receivables	8	456,976	3,568,070	3,025,117
Derivative Financial Instruments	21	2,027,644	15,831,843	13,490,781
Investments Accounted Through Equity Method	9	1,019,419	7,959,622	7,335,503
Investment Property		31,539	246,257	191,035
Property, Plant and Equipment	10	1,033,658	8,070,799	7,295,877
Right of Use Assets	12	225,062	1,757,284	1,885,463
Intangible Assets		494,635	3,862,111	3,348,497
- Goodwill	13	212,359	1,658,099	1,475,337
- Other Intangible Assets	11	282,276	2,204,012	1,873,160
Prepaid Expenses		2,715	21,197	21,719
Deferred Tax Assets	20	54,566	426,048	353,154
Other Non-Current Assets	16	17,060	133,201	126,226
TOTAL ASSETS		65,040,402	507,835,431	406,347,879

These consolidated financial statements have been approved for issue by the Board of Directors on 4 November 2020. The General Assembly has the authority to change the consolidated 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 2020, and therefore do not form part of these consolidated financial statements (Note 2.1.6)

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 2020 AND 31 DECEMBER 2019

(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	Not reviewed	Audited
	References	2020 USD (*)	30 September 2020	31 December 2019
LIABILITIES				
Short Term Liabilities		45,420,535	354,643,561	278,812,101
Short Term Borrowings	6	2,191,588	17,111,918	10,342,807
Current Portion of Long Term Borrowings	6	2,718,318	21,224,627	15,005,313
Liabilities From Leasing Transactions	7	44,330	346,132	306,876
Trade Payables		541,701	4,229,603	3,995,658
Payables From Finance Sector Operations	23	37,869,819	295,687,548	237,928,489
Payables Related with Employee Benefits		22,395	174,864	62,430
Other Payables	8	1,021,750	7,977,827	6,078,721
Derivative Financial Instruments	21	464,656	3,628,035	1,790,818
Deferred Income		26,549	207,295	186,978
Income Taxes Payable	20	19,113	149,236	355,895
Short Term Provisions		134,726	1,051,946	900,438
- Short Term Provisions for Employee Benefits		63,751	497,771	422,063
- Other Short Term Provisions	14	70,975	554,175	478,375
Other Short Term Liabilities	16	365,132	2,850,951	1,854,561
		45,420,077	354,639,982	278,808,984
Liabilities Classified as Held for Sale	18	458	3,579	3,117
Long Term Liabilities		10,269,546	80,184,618	61,058,335
Long Term Borrowings	6	5,277,668	41,208,033	32,736,661
Liabilities From Leasing Transactions	7	204,046	1,593,193	1,677,959
Payables from Finance Sector Operations	23	2,570,225	20,068,313	14,463,018
Other Payables	8	715,918	5,589,888	3,374,173
Derivative Financial Instruments	21	1,288,050	10,057,096	7,271,155
Deferred Income		14,185	110,756	83,279
Long Term Provisions		103,440	807,665	669,814
- Long Term Provisions for Employee Benefits		81,525	636,549	547,820
- Other Long Term Provisions	14	21,915	171,116	121,994
Taxes and Funds Payable		-	-	5,094
Deferred Tax Liabilities	20	89,274	697,051	737,000
Other Long Term Liabilities	16	6,740	52,623	40,182
EQUITY		9,350,321	73,007,252	66,477,443
Equity Attributable To The Parent	17	4,659,308	36,379,823	33,258,317
Share Capital	17	261,322	2,040,404	2,040,404
Adjustments to Share Capital		438,878	3,426,761	3,426,761
Share Premium	17	2,848	22,237	22,237
Treasury shares (-)	17	(24,394)	(190,470)	(190,470)
Accumulated Profits or Losses				
Will Not Be Reclassified to Profit or Loss		(16,130)	(125,944)	(116,253)
- Actuarial Gain/(Loss)		(16,130)	(125,944)	(116,253)
Accumulated Profits or Losses		(3,659,740)	506,480	531,823
Will Be Reclassified to Profit or Loss				
- Currency Translation Reserve	17	(3,368,335)	2,781,773	1,688,674
- Gains/Losses on Hedge	17	(238,884)	(1,865,210)	(1,213,290)
- Revaluation Reserve	17	(52,521)	(410,083)	56,439
Restricted Reserves	17	155,232	1,212,048	1,173,886
Retained Earnings		6,929,315	25,647,421	22,590,193
Net Income for the Period		571,977	3,840,886	3,779,736
Non-controlling Interests		4,691,013	36,627,429	33,219,126
TOTAL EQUITY AND LIABILITIES		65,040,402	507,835,431	406,347,879

(*) USD amounts presented above are translated from TRY for convenience purposes only, at the official TRY Exchange rate announced by CBRT at 30 September 2020, and therefore do not form part of these consolidated financial statements (Note 2.1.6)

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 30 SEPTEMBER 2020 AND 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	1 January -30 September 2020 USD(*)	Not reviewed 1 January - 30 September 2020	Not reviewed 1 January - 30 September 2019	Not reviewed 1 July- 30 September 2020	Not reviewed 1 July- 30 September 2019
CONTINUING OPERATIONS						
Sales (net)	4	2,237,704	15,026,408	13,795,004	6,075,360	4,693,456
Cost of Sales (-)	4	(1,782,789)	(11,971,609)	(10,873,364)	(4,824,113)	(3,695,053)
Gross Profit from Non-Financial Operations		454,915	3,054,799	2,921,640	1,251,247	998,403
Interest, Premium, Commission and Other Income	4	4,123,419	27,689,174	31,196,186	9,150,482	9,925,516
Interest, Premium, Commission and Other Expense (-)	4	(2,224,558)	(14,938,132)	(20,959,527)	(4,661,217)	(6,708,627)
Gross Profit from Financial Operations		1,898,861	12,751,042	10,236,659	4,489,265	3,216,889
GROSS PROFIT		2,353,776	15,805,841	13,158,299	5,740,512	4,215,292
General and Administrative Expenses (-)		(976,423)	(6,556,782)	(5,658,196)	(2,124,770)	(1,916,489)
Marketing Expenses (-)		(261,160)	(1,753,719)	(1,658,905)	(618,681)	(550,190)
Research and Development Expenses (-)		(2,737)	(18,381)	(12,305)	(5,996)	(4,875)
Other Income from Operating Activities		322,247	2,163,921	935,591	501,478	331,274
Other Expense from Operating Activities (-)		(287,891)	(1,933,219)	(823,772)	(451,769)	(232,028)
Share of Profit of Investments Accounted for Using the Equity Method	9	211,813	1,422,346	1,202,130	594,055	396,463
OPERATING PROFIT		1,359,625	9,130,007	7,142,842	3,634,829	2,239,447
Income from Investing Activities		6,025	40,457	112,153	14,865	75,845
Expense from Investing Activities (-)		(499)	(3,348)	(67,517)	(1,378)	(582)
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		1,365,151	9,167,116	7,187,478	3,648,316	2,314,710
Financial Income	19	10,217	68,606	74,919	14,685	28,170
Financial Expenses (-)	19	(121,715)	(817,328)	(796,192)	(290,350)	(209,473)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS		1,253,653	8,418,394	6,466,205	3,372,651	2,133,407
Tax Expense from Continuing Operations						
Current Tax Expense		(156,971)	(1,054,074)	(1,285,192)	255,405	(721,430)
Deferred Tax Income/(Expense)	20	(82,737)	(555,585)	123,771	(866,904)	351,535
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		1,013,945	6,808,735	5,304,784	2,761,152	1,763,512
DISCONTINUED OPERATIONS						
Profit After Tax						
From Discontinued Operations		61	408	(84)	414	(24)
PROFIT FOR THE PERIOD		1,014,006	6,809,143	5,304,700	2,761,566	1,763,488
ALLOCATION OF PROFIT						
- Non-controlling Interests		442,027	2,968,257	2,405,547	1,150,052	810,537
- Equity Holders of the Parent		571,977	3,840,886	2,899,153	1,611,514	952,951
Earnings per share						
- hundreds of ordinary shares (TRY)		0.28	1.88	1.42	0.79	0.47
Earnings per share from continuing operations						
- hundreds of ordinary shares (TRY))		0.28	1.88	1.42	0.79	0.47

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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 COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2020 AND 2019

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

	Notes	Not reviewed 1 January - 30 September 2020	Not reviewed 1 January - 30 September 2019	Not reviewed 1 July- 30 September 2020	Not reviewed 1 July- 30 September 2019
INCOME FOR THE PERIOD		6,809,143	5,304,700	2,761,566	1,763,488
Other Comprehensive Income / (Loss):					
Items that will not be Reclassified					
To Profit or Loss		(20,532)	(20,140)	(4,761)	(4,634)
Actuarial (losses) / gains		(20,450)	(18,825)	(3,255)	(4,423)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax		(82)	(1,315)	(1,506)	(211)
Items that will be Reclassified					
To Profit or Loss		292,968	831,439	184,516	759,406
Gains/(losses) on available for sale financial assets transferred to the income statement, after tax		(1,073,673)	1,539,454	(735,832)	1,607,154
Currency translation differences		2,520,107	235,747	1,527,974	(323,312)
Cash flow hedges, after tax		311,318	(772,070)	385,346	(614,993)
Profit/(loss) from the derivative financial assets related to the hedging of net investment in a foreign operation, after tax		(1,122,145)	(30,701)	(864,483)	95,073
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax		(342,639)	(140,991)	(128,489)	(4,516)
OTHER COMPREHENSIVE INCOME (AFTER TAX)		272,436	811,299	179,755	754,772
TOTAL COMPREHENSIVE INCOME		7,081,579	6,115,999	2,941,321	2,518,260
ALLOCATION OF TOTAL COMPREHENSIVE INCOME					
- Non-controlling Interests		3,275,727	2,959,910	1,279,316	1,267,037
- Equity Holders of the Parent		3,805,852	3,156,089	1,662,005	1,251,223

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2020 AND 2019

(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 classified							
					Profit or Loss									
Share capital	Adjustment to share capital	Treasury shares (-)	Share premium	Acturial gains / losses	Currency translation reserve	Hedge Reserve	Revaluation funds	Restricted reserve	Retained earnings	Net income for the year	Equity attributable to the parent	Non-controlling interest	Total	
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 increase (***)	-	-	-	-	-	-	-	-	-	-	-	-	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
Balance at 1 January 2020	2,040,404	3,426,761	(190,470)	22,237	(116,253)	1,688,674	(1,213,290)	56,439	1,173,886	22,590,193	3,779,736	33,258,317	33,219,126	66,477,443
Transfers	-	-	-	-	-	-	-	-	38,162	3,741,574	(3,779,736)	-	-	-
Dividends paid(*)	-	-	-	-	-	-	-	-	-	(684,346)	-	(684,346)	(14,424)	(698,770)
Capital increase (**)	-	-	-	-	-	-	-	-	-	-	-	-	147,000	147,000
Total comprehensive income	-	-	-	-	(9,691)	1,093,099	(651,920)	(466,522)	-	-	3,840,886	3,805,852	3,275,727	7,081,579
Balance at 30 September 2020	2,040,404	3,426,761	(190,470)	22,237	(125,944)	2,781,773	(1,865,210)	(410,083)	1,212,048	25,647,421	3,840,886	36,379,823	36,627,429	73,007,252

(*) Dividends paid by the Holding per share with a TRY 1 nominal value is TRY 0.33 (2019: TRY 0.30).

(**) Afyon Çimento A.Ş., a subsidiary of Çimsa Çimento Sanayi ve Ticaret A.Ş., which is a subsidiary of the Group, increased its issued capital of TRY100,000,000 (full) by 300% (or TRY300,000,000 (full)), to TRY400,000,000, with contributions composed entirely of cash. The capital contribution ended on 29 May 2020 with the registration of capital.

(***) In January 2019 the issued capital of Akbank, a subsidiary of the Group, was increased by TRY1.2 billion (full), from TRY4 billion (full) to TRY5.2 billion (full).

(****) The sale of Temsa Ulaşım Araçları A.Ş., a Group subsidiary, was carried out on 30 May 2019.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2020 AND 2019

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

	Notes	Not reviewed 1 January - 30 September 2020	Not reviewed 1 January - 30 September 2019
Net income before tax from continuing operations		8,418,394	6,466,205
Net income after tax from discontinued operations		408	(84)
Adjustments to reconcile income before taxation to net cash provided by operating activities:			
Depreciation and amortisation expenses	4	1,206,564	1,040,854
Provision for loan losses		5,590,676	5,866,823
Changes in the fair value of derivative instruments		(5,738,973)	(77,555)
Interest income and foreign currency gains		(6,391,615)	(6,519,707)
Interest expense		1,060,796	1,216,572
Provision for employment termination benefits		95,518	91,515
Impairment charge on property, plant and equipment, intangible assets and investment		1,272	(4,395)
Impairment on assets held for sale		490,160	689,691
Income from sale of property, plant and equipment, intangible assets and investment		(22,458)	(41,793)
Income from associates and joint ventures		(1,422,346)	(1,202,130)
(Income) / loss from sale of shares of subsidiaries		-	66,494
Provision for / (reversal of) inventory impairment		17,126	(3,809)
Provision for/ (reversal of) doubtful receivables		587	(1,706)
Income from sale of shares of associates/joint ventures		-	(56,525)
Unrealized foreign currency translation differences		528,737	(2,328)
Net cash provided by operating activities before changes in operating assets and liabilities		3,834,846	7,528,122
Changes in trade receivables		(200,958)	(109,205)
Changes in inventories		(528,539)	(478,015)
Changes in other receivables and other current assets		(3,576,106)	(1,450,627)
Changes in trade payables		233,945	496,755
Changes in other liabilities and other payables		4,795,246	1,442,286
Net cash provided in operating activities of assets classified as held for sale		62,766	848,965
Changes in assets and liabilities in finance segment:			
Changes in securities held for trading		(957,103)	431,838
Changes in receivables from financial operations		(48,845,652)	(2,792,190)
Changes in payables from financial operations		64,340,075	25,833,274
Changes in reserve with the Central Bank of the Republic of Turkey account		(13,517,148)	(4,718,792)
Income taxes paid	20	(1,291,395)	(543,990)
Employment termination benefits paid		(46,260)	(66,363)
Net cash used in operating activities		4,303,717	26,422,058
Capital expenditures	4	(1,366,077)	(1,243,208)
Sale / (purchase) of available for sale and held to maturity financial assets		(18,108,699)	(17,211,867)
Purchase of subsidiaries, associates and joint ventures		-	(998,946)
Share sale of subsidiaries		-	182,693
Share sale of joint ventures		-	152,930
Proceeds from sale of non current assets held for sale, property, plant and equipment and intangible assets		257,714	161,465
Dividends received		428,922	459,018
Net cash provided from / (used in) investing activities		(18,788,140)	(18,497,915)
Change in financial liabilities		19,458,913	(9,380,486)
Dividends paid		(684,346)	(660,845)
Share capital increase of subsidiaries		147,000	1,780,902
Dividends paid to non-controlling interests		(14,424)	(47,827)
Net cash provided by / (used in) financing activities		18,907,143	(8,308,256)
Effect of change in foreign currency rates on cash and cash equivalents		4,142,771	1,549,965
Net increase/(decrease) in cash and cash equivalents		8,565,491	1,165,852
Cash and cash equivalents at the beginning of the period (*)		18,525,274	18,654,340
Cash and cash equivalents at the end of the period		27,090,765	19,820,192

(*) In the current period, cash and cash equivalents include an interest rediscount of TRY4,120 (31 December 2019: TRY5,190). The blocked deposit at the beginning of the current period was TRY3,916,739, and it was TRY5,610,770 at the end of the period (30 September 2019: respectively TRY5,002,895 and TRY3,672,644).

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

Hacı Ömer Sabancı Holding A.Ş. (the "Holding") was established in 1967 to coordinate and perform liaison services regarding the activities of companies operating in various fields including mainly finance, manufacturing and trade. The Holding is registered in Turkey. The number of employees in 2020 is 61.585 (31 December 2019: 62.051). Holding's registered address is as follows:

Sabancı Center, 4. Levent, İstanbul, Türkiye

The Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on Borsa İstanbul ("BİST") (previously known as the Istanbul Stock Exchange ("ISE")) since 1997. As of 30 September 2020, the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 14)

	(%)
Sakıp Sabancı Holding A.Ş.	14.07
Serra Sabancı	7.22
Suzan Sabancı Dinçer	6.94
Çiğdem Sabancı Bilen	6.94
Other	64.83
	100.00

The Holding, its subsidiaries, associates and joint ventures are together referred as the "Group". The Holding is managed by Sabancı Family.

Subsidiaries

As of 30 September 2020, the nature of the business of the Subsidiaries consolidated in these consolidated financial statements and, their respective business segments are as follows:

Subsidiaries	Traded Stock Market	Type of Activity	Business Segment	Number of Employees
Akbank T.A.Ş. ("Akbank")	BİST	Banking	Banking	16,316
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefoursa")	BİST	Trade	Retailing	12,936
Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	BİST	Trade	Retailing	2,299
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	BİST	Cement	Cement	2,324
Kordsa Teknik Tekstil Anonim Şirketi ("Kordsa")	BİST	Clinker tire	Industry	4,385
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa")	-	Trade	Other	51
Ankara Enternasyonel 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	205

Subsidiaries are registered in Turkey.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

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

Joint Ventures

As at 30 September 2020, 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	Bussiness Segment	Ventures	Number of Employees
Aksigorta A.Ş. ("Aksigorta")	BİST	Insurance	Insurance	Ageas	667
Avivasa Emeklilik ve Hayat A.Ş. ("Avivasa")	BİST	Pension	Insurance	Aviva	1,680
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa")	BİST	Tire	Industry	Bridgestone	2,955
Akçansa Çimento Sanayi ve Ticaret A.Ş. ("Akçansa")	BİST	Cement and clinker	Cement	Heidelberg	1,988
Enerjisa Enerji A.Ş. ("Enerjisa Enerji")	BİST	Energy	Energy	E.ON SE	11,183
Enerjisa Üretim Santralleri A.Ş. ("Enerjisa Üretim")	-	Energy	Energy	E.ON SE	1,196

All joint ventures are registered in Turkey.

Associates

As at 30 September 2020, the nature of business and operating segments of the affiliates which are accounted through equity method in the consolidated financial statements are as follows:

Affiliates	Traded Stock Market	Type of Activity	Bussiness Segment	Ventures	Number of Employees
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (Philsa)	-	Tobacco products Production	Industry	Philip Morris	2,889
Philip Morris Sabancı Pazarlama Satış A.Ş. ("Philip Morrissa")	-	Tobacco products Marketing and Sales	Industry	Philip Morris	

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

All affiliates are registered in Turkey.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

The COVID-19 pandemic caused serious effects on health systems and the economy as the virus spread to the world in the first quarter of 2020, widespread closure of businesses and unprecedented constraints in social interactions have significantly affected economic activity. Countries have taken measures to slow the spread of the pandemic, such as testing and treating patients, applying travel restrictions, quarantining citizens and canceling large meetings. Along with these social measures, comprehensive financial measures were taken simultaneously to reduce the negative effects on the economic outlook. Similarly, Turkey has implemented health and safety measures to support the households; fiscal and monetary measures to support the companies and regulators. The Group management closely monitors all developments and takes the necessary measures to effectively manage the negative effects of the COVID-19 outbreak on the Group's consolidated financial position, consolidated financial performance and consolidated cash flows. The Group management believes that despite the uncertain economic outlook, it can successfully manage its commercial risks and liquidity reserves.

Group departments execute the COVID-19 pandemic approach as follows:

Banking:

Our banking group focuses on its strong features such as high liquidity, a low leverage ratio and strong capital structure, and provides uninterrupted services owing to its advanced digital infrastructure.

Energy:

Our energy group is taking measures to protect its infrastructure systems which are vital to public services, and is postponing its development investments, except those protecting service standards. Our power plants continue operations with minimal disruption. The effects of COVID-19 on our energy segment turnover is limited since our distribution income does not rely on energy consumption and our retail income comes mostly from household clients, which does not negatively affect our client portfolio.

Retail:

The priority for our retail group is to ensure business continuity. Transactions in the supply chain continue without disruption, with a particular focus on liquidity and operating capital. In food retail, to meet the unprecedented increase of demand via web services, software and hardware capabilities are being developed.

Financial Services:

Our financial services group made employee health a priority and took intensive measures to ensure the safety of business partners, clients and agents. The personal segment business volume effects of COVID-19 and other operational impacts are being closely followed. Because of the pandemic, the Group also applies strategies and policies that ensure the constant availability of enough liquidity to continue operating efficiently.

Building materials:

Our building materials group is following the potential effects of the pandemic on its operations and financial position carefully and has taken the necessary actions so that the Group is affected as little as possible. To this end, working in shifts in factories and strict health and safety measures for cases where an employee needs to be at the office for mandatory tasks have been implemented. To reduce the negative effect of the pandemic on the Group's business processes, necessary planning and scenario analyses are being carried out. A limit on non-urgent expenses was enforced in all regions of work.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

Industry:

Our industry group is following the developments closely in the markets where it operates to evaluate the potential impact of the social and economic circumstances resulting from the pandemic. To this end, because of the effects of the pandemic, production has been reduced at some plants; inventory and receivables are focused on to improve liquidity and operational efficiency and investment expenses are regularly tracked.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Statement of Compliance with TFRS

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

Additionally, the consolidated financial statements and disclosures are presented in accordance with the formats published by CMB on 7 June 2013 and the announcement published by Public Oversight Accounting and Auditing Standards Authority (“POA”) on 2 June 2016. The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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

(a) As at 30 September 2020, new standards in force and amendments to existing previous standards and interpretations

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 of the definition of materiality consistent with IFRS and financial reporting framework
- ii) clarification of the definition of materiality and
- iii) the inclusion of some guidance in TAS 1 on non-essential information

Changes in IFRS 3 - business definition; Effective for annual periods beginning on or after 1 January 2020. With this change, the definition of the business has been revised. Based on the feedback received by the IASB, it is often considered that the current practice guidance is very complex and results in a large number of transactions to meet the definition of business combinations.

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform; effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

Amendment to IFRS 16, 'Leases' - Covid-19 related rent concessions; effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 2020:

IFRS 17, 'Insurance contracts'; effective from annual periods beginning on or after 1 January 2023. 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.

Amendments to IAS 1, "Presentation of financial statements"; on classification of liabilities; effective from 1 January 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16; effective from Annual periods beginning on or after 1 January 2022.

- **Amendments to IFRS 3, "Business combinations";** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. .
- **Amendments to IAS 16, "Property, plant and equipment";** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37, "Provisions, contingent liabilities and contingent assets";** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, "First-time Adoption of IFRS", IFRS 9, "Financial instruments", IAS 41, "Agriculture" and the Illustrative Examples accompanying IFRS 16, "Leases".

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 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 2020 and 31 December 2019:

	30 September 2020		31 December 2019	
	Direct and indirect ownership interest by the Holding and its subsidiaries	Proportion of ownership interest	Direct and indirect ownership interest by the Holding and its subsidiaries	Proportion of ownership interest
Joint Ventures	(%)	(%)	(%)	(%)
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
Tursa	100.00	100.00	100.00	100.00
Carrefoursa	50.61	50.61	50.61	50.61

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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)**

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 2020 and 31 December 2019:

	30 September 2020		31 December 2019	
	Direct and indirect ownership interest by the Holding and its subsidiaries	Proportion of ownership interest	Direct and indirect ownership interest by the Holding and its subsidiaries	Proportion of ownership interest
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

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

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 2020 and 31 December 2019:

	Proportion of effective interest by the Holding
Associates	(%)
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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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)

2.1.4 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 2020 comparatively with the consolidated balance sheet as of 31 December 2019 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 2020 comparatively with the year 1 January - 30 September 2019.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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)

2.3 Summary of Significant Accounting Policies

For the period ended 30 September 2020, 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 2019.

2.3.1. IFRS 16 Leases

The Group – as a lessee

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

- 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
- 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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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)**

2.3 Summary of Significant Accounting Policies (Continued)

2.3.1. IFRS 16 Leases (Continued)

- d) The costs assumed by the Group related to the restoration of the underlying asset to bring it in line with the terms and conditions of the lease (except those assumed for manufacturing inventory).

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

- 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.

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.

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.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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)**

2.3 Summary of Significant Accounting Policies (Continued)

2.3.1. IFRS 16 Leases (Continued)

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.

Facilitative practices

Lease agreements with lease periods of 12 or fewer months, and agreements related to information technology equipment identified as impaired by the Group (mostly printers, laptops, mobile phones and the like), are considered within the scope of the exemption in the IFRS 16 lease standard, and payments related to these agreements continue to be recognised as expenses in the period in which they occur.

The Group - as a lessor

Assets leased out under operating leases are included in investment property, property, plant and equipment or other current assets in the balance sheet and rental income is recognised equally on a monthly basis. Rental income is recognised on a straight-line basis over the lease term. The lease process, where a significant part of the property risks and returns belong to the lessor, is classified as an operating lease.. Payments made within the scope of operating lease (after the incentives received from the lessor are deducted) are reflected in the consolidated income statement by linear method during the lease period.

2.3.2 Goodwill

The goodwill emerging from associate acquisition is the rate of the fair value of the business's net identifiable assets, liabilities and contingent liabilities in the acquired entity and the portion that exceeds the amount of non-controlling interests in the acquired entity. Goodwill is allocated to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. For intercompany administrative purposes, each unit or group of units that is allocated goodwill is the smallest asset group of the business whose goodwill is tracked. Goodwill impairment reviews are carried out once a year or more frequently if changes in events or conditions point to the possibility of impairment. The larger of book value of goodwill, usage value of goodwill and fair value minus the costs of disposal is compared with the recoverable value. In the event of any impairment, the loss is recognised right away and is not written off in the following periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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)

2.3 Summary of Significant Accounting Policies

2.3.2 Goodwill (continued)

The Group recognised various goodwill balances arising from purchases made by the Group or its subsidiaries in different industries. Impairment tests for cash generating units are determined based on the recoverable value in use. Value in use is calculated by discounting the cash inflows expected to be realized with the permanent use of the unit. Goodwill impairment tests are made using projections for certain years.

2.3.3 Impairment of loan receivables

In each reporting period, the bank reviews the impairment of its loans, and if there is any impairment it is recognised in the income statement. In this scope, management is evaluating the amounts and periods of future cash flows of credits using various predictions. The bank considers the financial position of the borrower and the net realisable value of collateral during this evaluation. Loans may be individually evaluated with regard to impairment, and small loans with similar characteristics may also be evaluated collectively. The evaluation for the credit portfolio is based on risk and economic data (Note 19).

2.3.4 The Fund

The Retirement Fund Foundation ("Fund") of the bank was established as per provisional article 20 of Law No. 506, and it is within the scope of funds to be transferred to SSI. The Council of Ministers is authorized to determine the date of transfer. Total liabilities of the fund, benefits to be transferred and additional benefits to remain the responsibility of the Fund are determined using separate methods and assumptions. Selecting appropriate assumptions for the valuation of retirement fund liabilities requires judgement and a high level of technical expertise. Bank management benefits from the services of an external actuary company for these valuations

2.3.5 Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TAS purposes and its statutory tax financial statements. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized.

2.3.6 Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques based on market-observable data, market comparable approach that reflects recent transaction prices for similar properties and discounted cash flows.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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**The business combinations between the period 1 January and 30 September 2020 are as follows**

None.

The business combinations between the period 1 January and 31 December 2019 are as follows

As per the share transfer agreement dated 23 July 2019, Kordsa Inc., residing in the USA and a 100% subsidiary of the Group, completed the acquisition of 95.86% of Axiom Materials Acquisition LLC, which provides advanced composite materials for next generation transportation vehicles as well as for the space and aeronautics industry, and was wholly owned by Axiom Materials Holdings LLC (Axiom), for USD3,493,365 and USD178,323,365 in cash and operating capital adjustments. The market positioning of Axiom as a strong company providing high quality composite, and this company's value contribution to the growth targets of the Group in the composite industry, became the basis for goodwill. Assuming the purchase and sales transactions of Axiom acquired within the year happened on 1 January 2019, Axiom would have an effect of TRY158,982,480 (Full Amount) on the consolidated income, in addition to its registered income and expenses, and a TRY36,243,057 (Full Amount) loss on consolidated net profit or loss (except purchasing profits). As per the TFRS 3 Business Combinations standard (TFRS 3), Houlihan Lokey Financial Advisors, Inc., a third-party valuation institution, is carrying out a study to determine the fair value of identifiable assets and liabilities it is necessary to recognise via the purchasing method, and as the result of this study, the study related to the allocation of the purchasing amount to tangible and intangible fixed assets and value appraisal studies are ongoing as of the date of the report. In this scope, the fair values of the identifiable assets, liabilities and conditional liabilities of relevant companies as of the reporting period were predicted by preparing financial statements as per TFRS and were reflected in the financial statements as temporary amounts.

As per the TFRS 3 standard, the measuring period was defined to be a maximum of one year as of the date of purchase, and if new information arises following the completion of the report, additional assets and liabilities may be recognised.

The purchase price, recorded assets and liabilities at the date of purchase:

	Axiom Materials (Full TRY)
Purchased intangible assets	408,124,800
Purchased other assets	130,595,623
Purchased liabilities	(31,045,799)
Total net identifiable assets	507,674,624
Cash purchase price	1,010,827,634
Cash and cash equivalents acquired	11,881,891
Net cash outflow	998,945,743
Goodwill	503,153,010

The TRY503,153,010 (Full Amount) portion of the fair value of identifiable assets, liabilities and contingent liabilities acquired as a result of the purchase and which exceeded the purchase fee, was recognised as goodwill on the balance sheet.

As per the shareholding agreement signed for the share purchase, Axiom has the option to purchase the remaining 4.14% of the shares from the non-controlling interests (Kordsa Inc.'s purchasing liability). The share selling option was recognised under other long-term liabilities at the amortised value (31 December 2019: TRY33,681,278 – Full Amount) of the amount constituting the base of the agreement, and was reflected separately under parent company shares in equities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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

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

a) External Revenues (Consolidated):

	1 January- 30 September 2020	1 January- 30 September 2019
Banking	27,689,174	31,196,186
Industry	3,085,439	4,780,347
Retail	9,336,764	7,517,044
Building materials	1,631,623	1,287,774
Other	972,582	209,839
Total (*)	42,715,582	44,991,190

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

b) Segment Assets (Consolidated):

	30 September 2020	31 December 2019
Banking	483,578,984	384,499,463
Industry	8,203,278	7,223,360
Retail	6,053,029	5,335,597
Building materials	3,977,081	3,573,333
Other	3,414,484	2,991,852
Segment assets	505,226,856	403,623,605
Assets classified as held for sale	292,583	673,547
Investments accounted through equity method (Note 9)	7,959,622	7,335,503
Unallocated assets	(767,577)	(638,417)
Less: intersegment eliminations	(4,876,053)	(4,646,359)
Total assets as per consolidated financial statements	507,835,431	406,347,879

c) Segment Liabilities (Consolidated):

	30 September 2020	31 December 2019
Banking	425,861,226	332,159,983
Industry	4,813,044	4,412,665
Retail	6,756,491	5,828,136
Building materials	2,557,992	2,358,618
Other	457,722	351,883
Segment liabilities	440,446,475	345,111,285
Assets classified as held for sale	3,579	3,117
Unallocated liabilities	(748,684)	(614,007)
Less: intersegment eliminations	(4,873,191)	(4,629,959)
Total liabilities as per consolidated financial statements	434,828,179	339,870,436

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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:****i) Banking:**

	Combined(*) 30 September 2020	Consolidated(**) 30 September 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	31,947,766	31,947,766	21,358,331	21,358,331
Financial assets	107,826,336	107,826,336	90,363,657	90,363,657
Derivative financial instruments	26,911,677	26,911,677	16,517,763	16,517,763
Reserve deposits with the Central Bank of Republic of Turkey	38,364,862	38,364,862	26,541,745	26,541,745
Receivables from finance sector operations	263,834,820	263,834,820	219,209,537	219,209,537
Property, plant and equipment	2,350,524	2,350,524	2,010,687	2,010,687
Right of use assets	573,643	573,643	625,584	625,584
Intangible assets	1,073,617	1,073,617	953,188	953,188
Other receivables and other assets	10,966,486	10,966,486	7,585,038	7,585,038
Total segment assets	483,849,731	483,849,731	385,165,530	385,165,530
Financial liabilities	74,499,184	74,499,184	54,529,896	54,529,896
Payables from finance sector operations	319,440,901	319,440,901	255,155,638	255,155,638
Derivative financial instruments	13,582,376	13,582,376	8,945,703	8,945,703
Other payables and other liabilities	18,338,765	18,338,765	13,528,746	13,528,746
Total segment liabilities	425,861,226	425,861,226	332,159,983	332,159,983

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

(**) Consolidated data reflects the total amounts after intra-segment eliminations of the subsidiaries and the joint ventures which belong to the related segment considering the Holding's portion of ownership before intersegment eliminations.

As of 30 September 2020, the cash flows from operating activities of the Bank is TRY 3,911,356 (30 September 2019: TRY(15,382,203)).

As of 30 September 2020, the cash flows from investing activities of the Bank is TRY(11,222,132) (30 September 2019: TRY(18,304,234)).

As of 30 September 2020, the cash flows from financing activities of the Bank is TRY10,691,019 (30 September 2019: TRY3,098,282).

Banking segment consists of Akbank. Akbank's accumulated non-controlling interests calculated from its financial statements amount to TRY34,358,189 as of 30 September 2020 (31 December 2019: TRY31,405,787).

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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):

ii) Financial services:

	Combined(*) 30 September 2020	Consolidated(**) 30 September 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	2,224,606	-	2,925,064	-
Financial investments	4,600,784	-	2,639,316	-
Receivables from finance sector operations	1,037,506	-	1,003,875	-
Investments accounted through equity method (Note 9)	-	673,045	-	608,612
Property, plant and equipment	48,880	-	50,599	-
Right of use assets	52,055	-	61,862	-
Intangible assets	126,105	-	119,104	-
Other receivables and other assets	4,334,428	-	3,584,901	-
Total segment assets	12,424,364	673,045	10,384,721	608,612
Payables from finance sector operations	10,027,618	-	8,220,517	-
Other payables and other liabilities	655,232	-	589,182	-
Total segment liabilities	10,682,850	-	8,809,699	-

(*) 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 insurance section includes the results of Aksigorta and Avivasa companies.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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):

iii) Energy:

	Combined(*) 30 September 2020	Consolidated(**) 30 September 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	2,081,087	-	1,445,263	-
Financial investments	247,288	-	122,545	-
Trade receivables	4,498,354	-	3,622,499	-
Inventories	343,967	-	291,798	-
Investments accounted through equity method (Note 9)	-	6,078,033	-	5,763,312
Property, plant and equipment	9,865,626	-	10,129,083	-
Right of use assets	224,280	-	215,695	-
Intangible assets	4,915,799	-	5,279,489	-
Other receivables and other assets	17,553,303	-	15,865,366	-
Total segment assets	39,729,704	6,078,033	36,971,738	5,763,312
Financial liabilities	17,811,561	-	15,674,359	-
Trade payables	2,242,738	-	3,078,322	-
Other payables and other liabilities	5,999,022	-	5,327,626	-
Total segment liabilities	26,053,321	-	24,080,307	-

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

(**) Consolidated data reflects the total amounts after intra-segment eliminations of the subsidiaries and the joint ventures which belong to the related segment considering the Holding's portion of ownership before intersegment eliminations

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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):

iv) Industry:

	Combined(*) 30 September 2020	Consolidated(**) 30 September 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	1,789,716	606,858	1,522,232	729,637
Financial investments	157,256	664	102,283	586
Trade receivables	1,714,334	962,107	1,637,792	969,211
Inventories	1,989,496	1,376,021	1,865,732	1,231,051
Investments accounted through equity method (Note 9)	279,895	826,188	200,670	592,049
Property, plant and equipment	4,404,796	2,605,729	4,065,751	2,220,492
Right of use assets	117,967	100,610	98,500	83,802
Intangible assets	1,097,999	1,009,406	878,506	797,889
Other receivables and other assets	3,456,950	1,552,383	2,653,596	1,198,041
Total segment assets	15,008,409	9,039,966	13,025,062	7,822,758
Financial liabilities	6,849,524	3,407,300	6,291,380	3,114,110
Trade payables	1,522,457	536,858	1,643,553	620,287
Other payables and other liabilities	1,688,656	872,465	1,158,872	681,385
Total segment liabilities	10,060,637	4,816,623	9,093,805	4,415,782

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

(**) Consolidated data reflects the total amounts after intra-segment eliminations of the subsidiaries and the joint ventures which belong to the related segment considering the Holding's portion of ownership before intersegment eliminations.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 2020	Consolidated(**) 30 September 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	815,201	815,201	544,168	544,168
Trade receivables	172,684	172,684	130,564	130,356
Inventories	1,899,681	1,899,681	1,648,050	1,648,050
Investment property	29,222	29,222	29,222	29,222
Property, plant and equipment	691,921	691,921	697,516	697,516
Right of use assets	1,018,446	1,018,446	1,116,579	1,116,579
Intangible assets	85,646	85,646	82,865	82,865
Other receivables and other assets	1,279,393	1,340,228	1,025,798	1,086,841
Total segment assets	5,992,194	6,053,029	5,274,762	5,335,597
Financial liabilities(***)	2,894,799	2,894,799	2,525,031	2,525,031
Trade payables	3,130,411	3,130,411	2,921,264	2,921,264
Other payables and other liabilities	731,283	731,281	381,841	381,841
Total segment liabilities	6,756,493	6,756,491	5,828,136	5,828,136

(*) 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.

Retail segment consists of Teknosa and Carrefoursa.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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):

vi) Building materials:

	Combined(*) 30 September 2020	Consolidated(**) 30 September 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	673,092	417,035	419,392	267,351
Financial investments	185,224	64	185,224	64
Trade receivables	1,029,226	620,655	830,052	460,976
Inventories	426,061	237,789	365,985	184,774
Investments accounted through equity method (Note 9)	-	382,356	-	371,530
Property, plant and equipment	3,020,740	2,184,008	2,952,999	2,129,718
Right of use assets	133,744	48,775	123,313	41,664
Intangible assets	57,035	16,613	60,539	18,035
Other receivables and other assets	690,014	463,476	686,256	470,882
Total segment assets	6,215,136	4,370,771	5,623,760	3,944,994
Financial liabilities	2,394,098	1,794,116	2,177,285	1,700,831
Trade payables	780,635	432,285	701,774	346,018
Other payables and other liabilities	514,837	331,591	461,966	311,769
Total segment liabilities	3,689,570	2,557,992	3,341,025	2,358,618

(*) 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.

Building materials segment consists of Çimsa and Akçansa.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 2020	Consolidated(**) 30 September 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	2,603,844	2,603,844	2,312,456	2,312,456
Financial investments	12,994,908	55,551	12,964,462	25,104
Trade receivables	96,826	96,356	97,234	96,260
Inventories	126,891	126,891	60,794	60,794
Property, plant and equipment	251,370	215,306	254,943	218,879
Right of use assets	15,809	15,809	17,834	17,834
Intangible assets	18,766	18,766	21,218	21,218
Other receivables and other assets	283,212	281,961	224,267	239,307
Total segment assets	16,391,626	3,414,484	15,953,208	2,991,852
Financial liabilities	16,494	16,494	31,509	31,509
Trade payables	153,853	153,104	136,725	135,365
Other payables and other liabilities	298,534	288,124	194,809	185,009
Total segment liabilities	468,881	457,722	363,043	351,883

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 2020			1 January- 30 September 2019		
	Total Consolidation of Segments Before Elimination	Elimination Consolidation Adjustments	Consolidated	Total Consolidation of Segments Before Elimination	Elimination Consolidation Adjustments	Consolidated
Total revenue	42,933,192	(217,610)	42,715,582	45,213,098	(221,908)	44,991,190
Cost of sales and interest, premiums, commissions and other expenses	(27,590,932)	681,191	(26,909,741)	(32,065,893)	233,002	(31,832,891)
General administration expenses	(6,614,646)	57,864	(6,556,782)	(5,729,254)	71,058	(5,658,196)
Sales, marketing and distribution expenses	(1,753,719)	-	(1,753,719)	(1,659,202)	297	(1,658,905)
Research and development expenses	(18,381)	-	(18,381)	(12,305)	-	(12,305)
Other operating income/(expense) - net	231,492	(790)	230,702	115,048	(3,229)	111,819
Interest in income of joint ventures	1,422,346	-	1,422,346	1,202,130	-	1,202,130
Operating profit	8,609,352	520,655	9,130,007	7,063,622	79,220	7,142,842
Income/(expense) from investing activities - net	674,025	(636,916)	37,109	258,687	(214,051)	44,636
Operating profit before financial expense	9,283,377	(116,261)	9,167,116	7,322,309	(134,831)	7,187,478
Financial income/(expense) – net	(869,620)	120,898	(748,722)	(861,890)	140,617	(721,273)
Income before tax	8,413,757	4,637	8,418,394	6,460,419	5,786	6,466,205
Tax	(1,609,659)	-	(1,609,659)	(1,161,421)	-	(1,161,421)
Profit/(loss) after tax from discontinued operations	408	-	408	(84)	-	(84)
Income for the period	6,804,506	4,637	6,809,143	5,298,914	5,786	5,304,700
Net income attributable to equity holders of the parent			3,840,886			2,899,153

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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:

i) Banking:

	Combined(*) 30 September 2020	Consolidated(**) 30 September 2020	Combined(*) 30 September 2019	Consolidated(**) 30 September 2019
Interest, commission and other income	27,818,212	27,818,212	31,342,365	31,342,365
Interest, commission and other expenses	(15,585,885)	(15,585,885)	(21,183,923)	(21,183,923)
General administration expenses	(5,975,548)	(5,975,548)	(5,109,645)	(5,109,645)
Other operating income/(expense) - net	158,430	158,430	267,030	267,030
Operating profit	6,415,209	6,415,209	5,315,827	5,315,827
Income/(expense) from investing activities - net	3,827	3,827	6,181	6,181
Income before tax	6,419,036	6,419,036	5,322,008	5,322,008
Tax	(1,500,710)	(1,500,710)	(1,184,733)	(1,184,733)
Net income	4,918,326	4,918,326	4,137,275	4,137,275
Net income attributable to equity holders of the parent		2,004,212		1,685,935
EBITDA	6,904,273		5,691,443	

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

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

Akbank's net income attributable to non-controlling interest is TRY2,914,114 (30 September 2019: TRY2,451,340).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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) Financial services:

	Combined(*) 30 September 2020	Consolidated(**) 30 September 2020	Combined(*) 30 September 2019	Consolidated(**) 30 September 2019
Gross premiums	2,957,111	-	2,179,126	-
- Gross written premiums	4,518,913	-	3,742,110	-
- Unearned premiums reserves	(1,561,802)	-	(1,562,984)	-
Premiums, commission and other expenses	(2,706,774)	-	(1,925,602)	-
General administration expenses	(496,279)	-	(434,071)	-
Other operating income/(expense) - net	1,066,981	-	653,104	-
Interest in income of joint ventures (Note 9)	-	233,469	-	151,534
Operating profit	821,039	233,469	472,557	151,534
Income/(expense) from investing activities - net	12,117	-	85,081	-
Operating profit before financial expense	833,156	233,469	557,638	151,534
Financial income/(expense) - net	(51,304)	-	(33,958)	-
Profit before tax	781,852	233,469	523,680	151,534
Tax	(167,912)	-	(123,303)	-
Net income	613,940	233,469	400,377	151,534
Net income attributable to equity holders of the parent		233,469		151,534
EBITDA	825,692		503,804	

(*) 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 2020	Consolidated(**) 30 September 2020	Combined(*) 30 September 2019	Consolidated(**) 30 September 2019
Sales revenue (net)	23,580,439	-	19,390,120	-
Cost of sales	(17,136,424)	-	(13,602,059)	-
General administration expenses	(1,854,373)	-	(1,584,006)	-
Other operating income/(expense) - net	(299,629)	-	(187,942)	-
Interest in income of joint ventures (Note 9)	-	942,526	-	843,364
Operating profit/(loss)	4,290,013	942,526	4,016,113	843,364
Income from investment activities -net	12	-	1,844	-
Financial income/(expense) - net	(1,687,521)	-	(1,788,832)	-
Profit before tax	2,602,504	942,526	2,229,125	843,364
Tax	(448,074)	-	(384,407)	-
Net income	2,154,430	942,526	1,844,718	843,364
Net income attributable to equity holders of the parent		942,526		843,364
EBITDA	5,086,050		4,638,118	

(*) 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 2020	Consolidated(**) 30 September 2020	Combined(*) 30 September 2019	Consolidated(**) 30 September 2019
Sales revenue (net)	5,912,669	3,085,568	7,432,453	4,780,614
Cost of sales	(4,625,185)	(2,576,953)	(5,883,511)	(3,852,825)
General administration expenses	(288,912)	(202,040)	(299,434)	(225,792)
Marketing expenses	(349,543)	(133,049)	(491,391)	(259,767)
Research and development expenses	(17,311)	(15,764)	(9,235)	(8,443)
Other operating income/(expense) - net	(4,043)	105,652	89,924	111,141
Interest in income of joint ventures (Note 9)	80,684	217,114	153,494	185,919
Operating profit	708,359	480,528	992,300	730,847
Income/(expense) from investing activities - net	10,670	11,093	3,938	3,994
Operating profit before financial expense	719,029	491,621	996,238	734,841
Financial income/(expense) – net	(250,222)	(181,498)	(434,366)	(215,442)
Income before tax	468,807	310,123	561,872	519,399
Tax	17,916	332	(61,087)	(60,528)
Profit after tax from discontinued operations	408	408	(84)	(84)
Net income	487,131	310,863	500,701	458,787
Net income attributable to equity holders of the parent		283,618		357,691
EBITDA	1,106,844		1,237,635	

(*) 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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 2020	Consolidated(**) 30 September 2020	Combined(*) 30 September 2019	Consolidated(**) 30 September 2019
Sales revenue (net)	9,347,554	9,343,769	7,524,067	7,521,372
Cost of sales	(7,261,132)	(7,257,623)	(5,739,297)	(5,736,736)
General administration expenses	(178,147)	(177,340)	(172,923)	(172,818)
Marketing expenses	(1,584,823)	(1,584,823)	(1,379,126)	(1,379,126)
Other operating income/(expense) - net	(146,695)	(146,695)	(301,241)	(301,241)
Operating profit	176,757	177,288	(68,520)	(68,549)
Income/(expense) from investing activities – net	2,792	2,792	3,553	3,553
Operating profit before financial expense	179,549	180,080	(64,967)	(64,996)
Financial income/(expense) – net	(434,060)	(434,060)	(449,398)	(449,398)
Income before tax	(254,511)	(253,980)	(514,365)	(514,394)
Tax	43,275	43,275	105,771	105,771
Net income	(211,236)	(210,705)	(408,594)	(408,623)
Net income attributable to equity holders of the parent		(105,373)		(219,304)
EBITDA	686,257		547,642	

(*) 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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) Building materials:

	Combined(*) 30 September 2020	Consolidated(**) 30 September 2020	Combined(*) 30 September 2019	Consolidated(**) 30 September 2019
Sales revenue (net)	3,009,298	1,631,928	2,666,653	1,287,878
Cost of sales	(2,446,308)	(1,293,380)	(2,237,880)	(1,052,841)
General administration expenses	(190,668)	(127,144)	(169,445)	(106,229)
Research and development expenses	(2,617)	(2,617)	(3,862)	(3,862)
Marketing expenses	(27,726)	(15,287)	(29,716)	(11,823)
Other operating income/(expense) - net	74,296	102,846	13,720	18,978
Interest in income of joint ventures (Note 9)	-	29,237	-	21,313
Operating profit	416,275	325,583	239,470	153,414
Income/(expense) from investing activities - net	27,032	23,868	102,324	42,960
Operating profit before financial expense	443,307	349,451	341,794	196,374
Financial income/(expense) - net	(264,324)	(236,042)	(300,814)	(192,420)
Profit before tax	178,983	113,409	40,980	3,954
Tax	(33,531)	(12,409)	6,473	11,563
Net income	145,452	101,000	47,453	15,517
Net income attributable to equity holders of the parent		69,091		30,121
EBITDA	520,986		407,705	

(*) 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 2020	Consolidated(**) 30 September 2020	Combined(*) 30 September 2019	Consolidated(**) 30 September 2019
Sales revenue (net)	1,552,032	1,053,715	895,176	280,869
Cost of sales	(878,739)	(877,091)	(241,160)	(239,568)
General administration expenses	(137,418)	(132,574)	(127,177)	(114,770)
Marketing expenses	(20,793)	(20,560)	(8,686)	(8,486)
Other operating income/(expense) – net	19,632	11,259	26,919	19,140
Operating profit	534,714	34,749	545,072	(62,815)
Income/(expense) from investing activities - net	640,328	632,445	209,167	201,999
Operating profit before financial expense	1,175,042	667,194	754,239	139,184
Financial income/(expense) - net	(18,020)	(18,020)	(4,630)	(4,630)
Profit before tax	1,157,022	649,174	749,609	134,554
Tax	(140,147)	(140,147)	(33,494)	(33,494)
Net income	1,016,875	509,027	716,115	101,060
Net income attributable to equity holders of the parent		413,343		49,811
EBITDA	555,707		570,194	

(*) 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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) Detail of net income/(loss) 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 2020	30 September 2019
Banking	2,004,212	1,685,935
Financial Services	215,986	153,322
Industry	281,248	360,488
Building materials	65,387	1,618
Energy	1,094,650	845,693
Retail	(104,857)	(229,677)
Other	419,828	89,229
Total	3,976,454	2,906,608

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

	30 September 2020	30 September 2019
Adjusted net income for reported operating segments (Equity holders of the Parent)	3,976,454	2,906,608
One off income/(expenses) related to Carrefoursa - net	(516)	10,373
One off income/(expenses) related to Enerjisa - net	(152,124)	(2,329)
One off income/(expenses) related to Avivasa - net	17,484	-
One off income/(expenses) related to Holding - net	(1,193)	(66,494)
Other	781	50,995
Net income (Equity holders of the Parent)	3,840,886	2,899,153

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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)**h) Combined EBITDA Detail**

30 September 2020	Profit Before Tax	Depreciation Expenses	Income/ (expenses) from Investing Activities - net	Financial income/ (expense) - net	Operational Foreign Exchange Differences/ Interests	EBITDA
Banking	6,419,036	489,064	3,827	-	-	6,904,273
Industry	468,807	374,357	10,670	(250,222)	(24,128)	1,106,844
Building materials	178,983	191,190	27,032	(264,324)	86,479	520,986
Retail	(254,511)	361,672	2,792	(434,060)	(147,828)	686,257
Energy	2,602,504	684,001	12	(1,687,521)	(112,036)	5,086,050
Financial services	781,852	67,169	12,117	(51,304)	62,516	825,692
Other	1,157,022	31,940	640,328	(18,020)	10,947	555,707
30 September 2019	Profit Before Tax	Depreciation Expenses	Income/ (expenses) from Investing Activities - net	Financial income/ (expense) - net	Operational Foreign Exchange Differences/ Interests	EBITDA
Banking	5,322,008	375,616	6,181	-	-	5,691,443
Industry	561,872	320,959	3,938	(434,366)	75,624	1,237,635
Building materials	40,980	180,631	102,324	(300,814)	12,396	407,705
Retail	(514,365)	353,761	3,553	(449,398)	(262,401)	547,642
Energy	2,229,125	611,410	1,844	(1,788,832)	(10,595)	4,638,118
Financial services	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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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)**i) Depreciation and amortization, impairment and investment expenses (Consolidated):****1 January – 30 September 2020**

	Finance	Financial		Building				
	Banking	services	Industry	materials	Energy	Retail	Other	Total
Depreciation and amortisation expenses	489,064	-	205,754	118,134	-	361,672	31,940	1,206,564
(Impairment) / reversal of impairment of property, plant and equipment and investment properties	-	-	-	-	-	1,272	-	1,272
Capital expenditure	880,987	-	276,026	30,310	-	142,055	36,699	1,366,077

1 January – 30 September 2019

	Finance	Financial		Building				
	Banking	services	Industry	materials	Energy	Retail	Other	Total
Depreciation and amortisation expenses	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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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)

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

1 January – 30 September 2020

	Finance							
	Banking	Financial services	Industry	Building materials	Energy	Retail	Other	Total
Depreciation and amortisation expenses	489,064	67,169	374,357	191,190	684,001	361,672	31,940	2,199,393
(Impairment) / reversal of impairment of property, plant and equipment and investment properties	-	-	-	-	-	1,272	-	1,272
Capital expenditure	880,987	61,696	397,536	105,145	1,897,772	142,055	36,699	3,521,890

1 January – 30 September 2019

	Finance							
	Banking	Financial services	Industry	Building materials	Energy	Retail	Other	Total
Depreciation and amortisation expenses	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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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

	30 September 2020	31 December 2019
Share notes	570,155	232,765
Government bonds	25,864	182,344
Eurobonds	153,044	92,378
Other (*)	7,489,592	6,782,035
Total	8,238,655	7,289,522

(*) In the previous period, the syndication loans provided to Ojer Telekomünikasyon A.Ş. (OTAŞ) were restructured. In this scope, LYY Telekomünikasyon A.Ş. (former name: Levent Yapılandırma Yönetimi A.Ş.), which the creditors are direct or indirect partners of, was established as a special purpose company to protect the creditors and act as a warranty for these loans, and LYY Telekomünikasyon A.Ş. completed the takeover of 192,500,000,000 A Group shares, which made up 55% of Türk Telekom’s issued capital, on 21 December 2018. The bank held 35.56% of LYY Telekomünikasyon A.Ş., which is its share of OTAŞ receivables. In the Ordinary General Assembly of LYY Telekomünikasyon A.Ş. on 23 September 2019 it was decided that a portion of the loan will be turned into capital and added to LYY Telekomünikasyon A.Ş., and the nominal value of the bank’s shares of LYY Telekomünikasyon A.Ş. increased from TRY18 to TRY1,416,090. Profit/Loss” in the financial statements. The recognised total fair impairment for the total amount turning into loans and capital is TRY3,279,635. TRY1,416,090 of this amount was recognised under “Fixed Assets Held for Sale and Discontinued Operations”, and TRY1,863,545 of it was recognised under “Other Financial Assets” under “Financial Assets for Which the Fair Value Difference is Reflected to Profit/Loss”.

The financial asset for which the fair value difference was reflected in the profit/loss and assets, which was turned into capital and was worth TRY7,342,910 was measured at fair value in the scope of the TFRS 9 Financial Instruments Standard and TFRS 5 Assets Held-for-Sale and Discontinued Operations. The results of a study of an independent valuation company was used to determine this value. For the said valuation study, the fair value was defined by considering the average of various methods (discounted cash flows, similar market factors, similar transaction factors in the same industry, market value and analyst reports). The financial asset for which the fair value difference is reflected in profit/loss, is followed up on as Level 3 in the scope of TFRS 13. Potential changes in the basic assumptions in the said valuation study will affect the carrying value of the amount turned into capital and the financial asset for which the fair value difference is reflected in profit/loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

If both the growth rate and the risk-free investment income rate in the assumptions used in the discounted cash flow method increase or decrease by 0.25%, assuming that all other variables are stable, the assets and period profit before tax recognised in the consolidated financial statements will either increase by approximately TRY170 million or decrease by TRY150 million. The main objective of creditor banks is to hand over the said Türk Telekom shares to an investor expert in the field by meeting the requirements as quickly as possible. An international investment bank was authorised as the sale advisor on 19 September 2019 for the purpose of selling the 55% of shares of Türk Telekomünikasyon A.Ş. owned by LYY Telekomünikasyon A.Ş., and necessary studies related to the sale and negotiations with potential investors will begin. As of the reporting date, the Group re-evaluated the fair value of LYY Telekomünikasyon A.Ş., taking into account current market conditions and macroeconomic indicators, and as of year-end, the fair value of the financial asset did not change.

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

	30 September 2020	31 December 2019
TRY	%8.81	%11.17

The Group's activities in the finance sector as collateral for the purchase and sale of financial assets is TRY9,872 (31 December 2019: TRY10,049).

The maturity analysis of financial assets at fair value through profit and loss as of 30 September 2020 and 31 December 2019 are as follows:

	30 September 2020	31 December 2019
0 to 3 months	641,917	257,952
3 to 12 months	7,427,437	6,882,627
1 to 5 years	94,791	121,822
Over 5 years	74,510	27,121
Total	8,238,655	7,289,522

Period remaining to contractual repricing dates:

	30 September 2020	31 December 2019
No maturity	641,917	257,952
Up to 3 months	9,474	22,714
3 to 12 months	7,426,759	6,860,314
1 to 5 years	85,995	121,421
Over 5 years	74,510	27,121
Total	8,238,655	7,289,522

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 INVESTMENTS (Continued)**b) Financial assets at fair value through other comprehensive income**

	30 September 2020	31 December 2019
Debt securities		
- Government bonds	26,364,510	35,534,282
- Eurobonds	18,012,890	16,168,796
- Investment funds	469,867	424,665
- Other bonds denominated in foreign currency	11,979,820	15,374,312
Sub-total	56,827,087	67,502,055
Share notes		
- Traded in organized markets	138	138
- Not traded in organized markets	31,527	22,253
Sub-total	31,665	22,391
Financial investments at fair value through other comprehensive income	56,858,752	67,524,446

Effective interest rates of USD, EUR, JPY and TRY denominated available-for-sale securities are 5,08% (31 December 2019: 5.20%), %2.89 (31 December 2019: 2.70%), %3.09 (31 December 2019: %3.09) and 12.55% respectively. (31 December 2019: 14.14%).

The Group's financial assets available for sale subject to funds provided from repo are TRY12,861,634 (31 December 2019: TRY8,422,563). Available for sale financial assets that are given as collateral because of the Group's financing activities are amounting to TRY18,302,907 (31 December 2019: TRY17,108,499).

Akbank has Consumer Price Index ("CPI") linked government bonds under available-for-sale and held-to maturity portfolio. These bonds are valued and accounted for according to the effective interest method based on the index calculated by taking into account the real coupon rates and the reference inflation index on the issue date and the estimated inflation rate. The reference indices used in the calculation of the actual coupon payment amounts of these securities are created according to the CPI of two months ago. The Bank determines the estimated inflation rate accordingly. The estimated inflation rate used is updated during the year when deemed necessary.

The maturity analysis in accordance with expiring date as at 30 September 2020 and 31 December 2019 is as follows:

	30 September 2020			31 December 2019		
	Banking	Other companies	Total	Banking	Other companies	Total
0 to 3 months	1,868,738	-	1,868,738	2,570,694	-	2,570,694
3 to 12 months	11,062,733	-	11,062,733	13,755,389	-	13,755,389
1 to 5 years	35,330,343	-	35,330,343	38,853,989	-	38,853,989
Over 5 years	8,127,071	-	8,127,071	11,919,710	-	11,919,710
No maturity	469,867	-	469,867	424,664	-	424,664
Total	56,858,752	-	56,858,752	67,524,446	-	67,524,446

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 INVESTMENTS (Continued)**b) Financial assets at fair value through other comprehensive income (continued)**

The maturity analysis in accordance with expiring date as at 30 September 2020 and 31 December 2019 is as follows:

	30 September 2020			31 December 2019		
	Banking	Other companies	Total	Banking	Other companies	Total
0 to 3 months	10,689,187	-	10,689,187	11,244,537	-	11,244,537
3 to 12 months	16,507,147	-	16,507,147	20,937,235	-	20,937,235
1 to 5 years	22,083,418	-	22,083,418	25,225,086	-	25,225,086
Over 5 years	7,109,133	-	7,109,133	9,692,924	-	9,692,924
No maturity	469,867	-	469,867	424,664	-	424,664
Total	56,858,752	-	56,858,752	67,524,446	-	67,524,446

c) Financial assets carried at amortized cost:

Details of financial investments valued over their amortized cost are presented below:

	30 September 2020	31 December 2019
Government bonds	42,768,299	15,566,111
Total	42,768,299	15,566,111

Details of financial investments valued over their amortized cost are presented below:

	30 September 2020	31 December 2019
Balance, 1 January	15,566,111	12,215,183
Additions	24,199,869	5,397,163
Foreign exchange differences in monetary assets	4,983,117	414,623
Valuation effect	1,264,517	677,288
Disposals through sales and redemptions	(3,224,165)	(3,214,759)
Allowance for impairment (*)	(21,150)	76,613
Total	42,768,299	15,566,111

(*) Including expected loss provision.

Effective interest rate of debt securities in USD, Euro and TRY are 5.86% 1.70% ve 11.42%.
(31 December 2019: Effective interest rate of debt securities in USD, Euro and TRY are 5.22%, 3.46% and 14.74%).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 INVESTMENTS (Continued)**c) Financial assets carried at amortized cost (continued):**

For financial investments valued at amortized cost as of 30 September 2020 and 31 December 2019, the remaining time to maturity dates specified in the contract on the basis of banking and other sectors is as follows:

	30 September 2020			31 December 2019		
	Other			Other		
	Banking	Companies	Total	Banking	companies	Total
3 to 12 months	17,584,886	-	17,584,886	4,170,428	-	4,170,428
1 to 5 years	20,771,643	663	20,772,306	10,735,539	586	10,736,125
Over 5 years	4,411,107	-	4,411,107	659,558	-	659,558
Total	42,767,636	663	42,768,299	15,565,525	586	15,566,111

For financial investments valued at amortized cost as of 31 December 2019 and 30 September 2020, the period remaining until the re-pricing date determined by the contract is as follows:

	30 September 2020			31 December 2019		
	Other			Other		
	Banking	companies	Total	Banking	companies	Total
Up to 3 months	8,192,829	-	8,192,829	3,989,518	-	3,989,518
3 to 12 months	20,453,888	-	20,453,888	6,008,502	-	6,008,502
1 to 5 years	12,885,272	663	12,885,935	4,907,947	586	4,908,533
Over 5 years	1,235,647	-	1,235,647	659,558	-	659,558
Total	42,767,636	663	42,768,299	15,565,525	586	15,566,111

d) Time deposit:

Details of time deposit with a maturity of more than 3 months are presented below:

	30 September 2020	31 December 2019
3 to 12 months	16,909	-
Total	16,909	-

NOTE 6 - FINANCIAL LIABILITIES**Short term funds, bank loans and issued debt securities:**

	30 September 2020	31 December 2019
Short term	17,111,918	10,342,807
Short-term portion of long term	21,224,627	15,005,313
Total short term	38,336,545	25,348,120
Long-term funds borrowed, bank borrowings and debt securities:		
Long term	41,208,033	32,736,661
Total	79,544,578	58,084,781

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)

Maturity analysis as of 30 September 2020 and 31 December 2019 is presented below:

	30 September 2020	31 December 2019
Up to 3 months	13,431,686	9,312,146
3 to 12 months	24,904,859	16,035,974
Short term financial liabilities and short term portion of long term financial liabilities	38,336,545	25,348,120
1 to 5 years	28,261,963	20,888,158
Over 5 years	12,946,070	11,848,503
Long term financial liabilities	41,208,033	32,736,661
Total financial liabilities	79,544,578	58,084,781

The repayment schedule of long term financial liabilities at 30 September 2020 and 31 December 2019 is summarized below:

	30 September 2020	31 December 2019
1-2 years	5,564,537	5,951,036
2-3 years	9,836,832	6,822,421
3-4 years	4,939,980	4,620,070
4-5 years	7,920,615	3,494,631
Over 5 years	12,946,069	11,848,503
Total	41,208,033	32,736,661

The repayment schedule of long term financial liabilities at 30 September 2020 and 31 December 2019 is summarized below:

	30 September 2020	31 December 2019
Up to 3 months	43,799,623	38,080,668
3 to 12 months	12,728,052	3,998,513
1 to 5 years	12,133,584	7,728,695
Over 5 years	10,883,319	8,276,905
Total	79,544,578	58,084,781

The transactions related with the funds and loans as of 30 September 2020 are as follows:

Akbank - Syndicated Loan

As of 30 September 2020, there are two syndicated loans. The syndication loan with one-year maturity (EUR373.5 million and USD402 million) was signed on 7 October 2019. The cost of the loan is Euribor + 210 bps and Libor + 225 bps. The syndication loan with one-year maturity (EUR315.5 million and USD256 million) was signed on 1 April 2020. The cost of the credit is Euribor + 200 bps and Libor + 225 bps.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 6 - FINANCIAL LIABILITIES (Continued)**Issued securities:**

Securities issued consist of USD and TRY assets.

The repayment plan for USD securities issued is summarized below:

	30 September 2020		31 December 2019	
	USD	TRY	USD	TRY
2020	161,167	1,249,399	1,044,191	6,181,611
2021	621,850	4,820,706	583,035	3,451,567
2022	1,057,321	8,196,564	1,005,694	5,953,708
2023	565,712	4,385,513	533,257	3,156,881
2024	594,356	4,607,567	516,762	3,059,231
2025	902,589	6,997,050	861,331	5,099,080
2026	427,010	3,310,267	79,035	467,887
2027	364,970	2,829,320	347,457	2,056,945
2028	253,796	1,967,481	241,635	1,430,479
Total	4,948,771	38,363,867	5,212,397	30,857,389

The balance amounting to USD 4,948,771 consists of securitization deals and USD denominated securities issued by the Bank.

	30 September 2020		31 December 2019	
	EUR	TRY	EUR	TRY
2020	11,381	103,379	45,883	304,649
2021	23,116	209,974	23,104	153,404
2022	373	3,388	362	2,404
2023	359	3,261	348	2,311
2024	345	3,134	335	2,224
2025	331	3,007	322	2,138
2026	319	2,898	309	2,052
2027	306	2,780	297	1,972
2028	294	2,671	286	1,899
2029	7,296	66,273	7,082	47,025
Total	44,120	400,765	78,328	520,078

The balance amounting to EUR44,120 consists of securitization deals and EUR denominated securities issued by the Group.

Additionally, as of 30 September 2020, there are bonds issued by the Bank amounting to TRY302,896 with 1-3 months maturity, TRY212,401 with 3-6 months maturity, TRY 7,814,997 with 6-12 months maturity, TRY1,074,504 with 1-5 years maturity and TRY1,425,431 with 5 years over maturity. (31 December 2019: TRY 1,840,532 with 1-3 months maturity, TRY 723,846 with 3-6 months maturity and TRY678,966 with 1-5 years maturity and TRY1,853,449 with 5 years and over maturity).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 7 - LIABILITIES 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 as of 30 September 2020:

	Up to 3 months	Between 3-12 months	Total
TRY	135,933	177,161	313,094
USD	12,857	5,517	18,374
EUR	2,349	11,082	13,431
Other	125	1,108	1,233
Total	151,264	194,868	346,132

Liabilities arising from short term lease transactions as of 31 December 2019:

	Up to 3 months	Between 3-12 months	Total
TRY	96,816	195,825	292,641
USD	3,798	1,727	5,525
EUR	1,235	6,818	8,053
Other	95	562	657
Total	101,944	204,932	306,876

Liabilities arising from long term lease transactions as of 30 September 2020:

	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	5 years and more	Total
TRY	223,213	192,678	308,939	411,281	325,104	1,461,215
USD	3,880	6,803	6,803	4,494	75,087	97,067
EUR	7,792	3,763	3,886	3,651	15,564	34,656
Other	255	-	-	-	-	255
Total	235,140	203,244	319,628	419,426	415,755	1,593,193

Liabilities arising from long term lease transactions as of 31 December 2019:

	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	5 years and more	Total
TRY	222,828	261,460	705,927	100,304	269,491	1,560,010
USD	11,378	3,073	3,335	3,556	53,072	74,414
EUR	7,359	10,429	924	9,337	15,138	43,187
Other	244	104	-	-	-	348
Total	241,809	275,066	710,186	113,197	337,701	1,677,959

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other short term receivables:	30 September 2020	31 December 2019
Receivables from credit card payments	36,905	47,441
Other receivables(*)	4,339,863	2,053,917
Total	4,376,768	2,101,358
Other long term receivables:	30 September 2020	31 December 2019
Deposits and guarantees given	51,851	38,935
Other receivables(*)	3,516,219	2,986,182
Total	3,568,070	3,025,117

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other short term payables::	30 September 2020	31 December 2019
Payables related to credit card transactions	5,137,278	4,287,406
Taxes and funds payable	613,326	563,572
Export deposits and transfer orders	52,950	31,963
Payment orders to correspondent banks	44,186	27,401
Financial lease payables	443	24,140
Other (*)	2,129,644	1,144,239
Total	7,977,827	6,078,721

Other long term payables:	30 September 2020	31 December 2019
Financial lease payables	3,325	5,281
Other (*)	5,586,563	3,368,892
Total	5,589,888	3,374,173

(*) 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 2020	Share (%)	31 December 2019	Share (%)
Aksigorta	296,793	36.00	277,306	36.00
Avivasa	376,252	40.00	331,306	40.00
Brisa	546,293	43.63	391,379	43.63
Akçansa	382,356	39.72	371,530	39.72
Enerjisa Üretim Santralleri	3,037,405	50.00	3,033,693	50.00
Enerjisa Enerji	3,040,628	40.00	2,729,619	40.00
Philisa	160,889	25.00	111,882	25.00
Philip Morrissa	119,006	24.75	88,788	24.75
Total	7,959,622		7,335,503	

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

	1 January - 30 September 2020	1 January - 30 September 2019
Aksigorta	108,965	77,548
Avivasa	124,504	73,986
Brisa	136,430	32,425
Akçansa	29,237	21,313
Enerjisa Üretim Santralleri	403,771	527,388
Enerjisa Enerji	538,755	315,976
Philisa	50,613	(38,164)
Philip Morrissa	30,071	180,292
Temsa İş Makineleri (*)	-	11,366
Total	1,422,346	1,202,130

(*) As of 9 August 2019, as a result of the sale of 41% of Temsa İş Makinaları shares, it is recognized as a financial investment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 9 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

The financial statements of the associates and joint ventures are as follows:

	30 September 2020		31 December 2019	
	Total assets	Total liabilities	Total assets	Total liabilities
Aksigorta	8,379,927	7,555,504	7,333,423	6,563,128
Avivasa	4,044,437	3,127,346	3,051,298	2,246,571
Brisa	6,496,118	5,244,013	5,575,065	4,678,023
Akçansa	2,107,124	1,131,580	1,930,697	982,407
Enerjisa Üretim Santralleri	14,281,818	8,207,007	13,573,530	7,506,145
Enerjisa Enerji	25,447,886	17,846,313	23,398,208	16,574,161
Philisa	3,863,613	3,220,058	3,687,791	3,240,265
Philip Morrissa	1,781,014	1,300,182	1,355,134	996,395
Total	66,401,937	47,632,003	59,905,146	42,787,095

Sales Income

	1 January - 30 September 2020	1 January- 30 September 2019
Aksigorta	3,535,654	3,117,582
Avivasa	983,259	624,527
Brisa	2,827,100	2,651,819
Akçansa	1,377,370	1,378,775
Enerjisa Üretim Santralleri	6,693,122	4,823,536
Enerjisa Enerji	16,887,317	14,566,003
Philisa (*)	23,046,514	20,831,189
Philip Morrissa	22,770,160	21,451,677
Temsa İş Makineleri	-	540,593

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

Net profit / (loss) for the period

	1 January - 30 September 2020	1 January- 30 September 2019
Aksigorta	302,680	215,412
Avivasa	311,260	184,966
Brisa	312,697	74,318
Akçansa	73,690	53,248
Enerjisa Üretim Santralleri	807,541	1,054,776
Enerjisa Enerji	1,346,888	789,940
Philisa	202,453	(152,656)
Philip Morrissa	121,500	728,453
Temsa İş Makineleri (*)	-	31,474

(*) As of 9 August 2019, as a result of the sale of 41% of Temsa İş Makinaları shares, it is recognized as a financial investment.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the year ended 30 September 2020 is as follows:

	1 January 2020	Currency translation differences	Additions	Disposals	Transfers (*)	Impairment	30 September 2020
Cost:							
Land and land improvements	559,287	45,620	2,541	(101,307)	(8,844)	-	497,297
Buildings	3,459,621	229,798	158,548	(10,579)	(111)	-	3,837,277
Machinery and equipment	5,479,213	799,819	42,575	(28,063)	67,337	-	6,360,881
Motor vehicles	94,270	4,514	876	(7,902)	-	-	91,758
Furniture and fixtures	3,461,421	20,378	660,363	(40,906)	6,696	5,132	4,113,084
Total	13,053,812	1,100,129	864,903	(188,757)	65,078	5,132	14,900,297
Construction in progress	246,441	(40,149)	133,101	(1,697)	(77,034)	-	260,662
Total	13,300,253	1,059,980	998,004	(190,454)	(11,956)	5,132	15,160,959
Accumulated depreciation:							
Land and land improvements	(231,036)	(4,807)	(7,332)	1,050	-	-	(242,125)
Buildings	(990,425)	(78,584)	(104,498)	8,360	-	-	(1,165,147)
Machinery and equipment	(2,683,713)	(386,926)	(213,200)	3,271	-	-	(3,280,568)
Motor vehicles	(92,218)	(1,506)	(5,784)	7,750	-	-	(91,758)
Furniture and fixtures	(2,006,984)	(16,856)	(319,086)	35,017	-	(2,653)	(2,310,562)
Total	(6,004,376)	(488,679)	(649,900)	55,448	-	(2,653)	(7,090,160)
Net book value	7,295,877						(8,070,799)

(*) TRY2,978 of the transfers from construction in progress in the current period is recognized in intangible assets.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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.

HACI ÖMER SABANCI HOLDİNG A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020**

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

NOTE 11 - INTANGIBLE ASSETS

The movements in intangible assets for the years ended 30 September 2020 and 2019 are as follows:

	1 January 2020	Currency translation differences	Additions	Impairment	Disposals	Transfers	30 September 2020
Cost (*)	2,874,743	141,224	462,942	24	(1,248)	2,978	3,480,663
Accumulated amortization (-)	(1,001,583)	(40,547)	(234,633)	(24)	136	-	(1,276,651)
Net book value	1,873,160						2,204,012

	1 January 2019	Currency translation differences	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 amortization (-)	(1,270,702)	(9,180)	(219,402)	(12)	1,503	-	110,544	(1,387,249)
Net book value	1,259,661							1,164,576

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 12 - RIGHT TO USE ASSETS

Movement of right-of-use assets for the year ended 30 September 2020 is as follows:

	1 January 2020	Addition	Disposals	Currency translation differences	30 September 2020
Cost					
Property	2,187,816	227,898	(176,420)	50,010	2,289,304
Fixtures	595	-	(442)	115	268
Vehicles	38,758	23,307	-	1,602	63,667
Other	16,521	-	(432)	1,734	17,823
Total	2,243,690	251,205	(177,294)	53,461	2,371,062
Accumulated depreciation					
Property	(338,619)	(304,125)	77,802	(11,754)	(576,696)
Fixtures	(186)	(45)	253	(124)	(102)
Vehicles	(16,204)	(14,822)	101	(245)	(31,170)
Other	(3,218)	(2,459)	-	(133)	(5,810)
Total	(358,227)	(321,451)	78,156	(12,256)	(613,778)
Net book value	1,885,463	(70,246)	(99,138)	41,205	1,757,284

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 12 - RIGHT TO USE ASSETS (Continued)

Movement of right-of-use assets for the year ended 30 September 2019 is as follows:

	1 January 2019	Transfers(*)	Addition	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, TRY 12,781 of property, plant and equipment has been transferred to Right to Use Assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 13 - GOODWILL

The movements of goodwill for the three month period ended on 30 September 2020 and 2019 are as follows:

	2020	2019
1 January	1,475,337	849,215
Additions (*)	-	40,898
Acquisitions (**)	-	918,857
Currency translation differences	182,762	53,074
30 September	1,658,099	1,862,044

(*) Fabric Development Inc., one of the subsidiaries of the Group, Kordsa acquired in 2018. It completed the evaluation and application process of the tax incentive opportunities regarding the purchase of the tax legislation (“338 (h) / 10”) to which it is affiliated, on 11 April 2019. It has been decided not to apply for tax base adjustment regarding intangible assets that are accounted for at the time of acquisition. With the effect of the aforementioned regulation, the amount that arises as a result of the adjustment of temporary differences arising in tax bases has been recognized as full TL 40,897,916 (full USD 7,209,603) under goodwill.

(**) 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 (full TRY) booked as goodwill.

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short term provisions	30 September 2020	31 December 2019
Provision for liabilities	516,422	452,605
<i>Credit bonus provision</i>	<i>47,411</i>	<i>58,926</i>
<i>Litigation</i>	<i>86,354</i>	<i>88,207</i>
<i>Uncompensated and not encashed non-cash loans</i>	<i>343,051</i>	<i>297,102</i>
<i>Other short term provisions</i>	<i>39,606</i>	<i>8,370</i>
Other debt provisions	37,753	25,770
Total	554,175	478,375
Other long term provisions	30 September 2020	31 December 2019
Provision for liabilities	171,116	121,994
<i>Litigation</i>	<i>46,467</i>	<i>35,218</i>
<i>Other long-term provisions</i>	<i>124,649</i>	<i>86,776</i>
Total	171,116	121,994
Commitments - Banking segment	30 September 2020	31 December 2019
Letters of guarantee given	34,138,980	30,717,394
Letters of credit	3,177,108	4,398,221
Foreign currency acceptance credits	56,067	50,678
Other guarantees	7,637,259	6,541,435
Total	45,009,414	41,707,728

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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

Commitments – Other companies	30 September 2020	31 December 2019
Letters of guarantee given	1,539,821	1,317,516
Other guarantees given	1,184,189	1,016,434
Mortgages, guarantees and pledges for tangible assets	16,547	12,056
Total	2,740,557	2,346,006

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 2020 and 31 December 2019 are as follows:

	30 September 2020	31 December 2019
Repurchase commitments	24,779,290	10,095,553
Transactions for held for trading:		
	30 September 2020	31 December 2019
Foreign currency purchases	6,768,281	7,573,795
Foreign currency sales	6,959,808	7,228,044
Total	13,728,089	14,801,839
	30 September 2020	31 December 2019
Currency swap purchases	118,250,120	118,346,112
Currency swap sales	141,506,487	120,827,669
Interest swap purchases	83,582,821	76,289,552
Interest swap sales	83,582,821	76,289,552
Total	426,922,249	391,752,885
	30 September 2020	31 December 2019
Spot purchases	2,560,679	2,934,998
Spot sales	2,564,671	2,934,711
Total	5,125,350	5,869,709
	30 September 2020	31 December 2019
Currency, interest and securities options purchases	14,063,615	15,793,725
Currency, interest and securities options sales	13,629,800	15,958,797
Total	27,693,415	31,752,522
	30 September 2020	31 December 2019
Other purchase transactions	39,881,732	14,417,136
Other sales transactions	8,789,327	7,763,410
Total	48,671,059	22,180,546

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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

	30 September 2020	31 December 2019
Future purchase transactions	3,387,904	85,946
Future sales transactions	3,423,554	85,005
Total	6,811,458	170,951

Types of derivative transactions held for hedges:

	30 September 2020	31 December 2019
Interest swap purchases	24,504,285	16,424,864
Interest swap sales	24,504,285	16,424,864
Total	49,008,570	32,849,728

	30 September 2020	31 December 2019
Currency swap purchases	-	155,171
Total	-	155,171

	30 September 2020	31 December 2019
Money swap purchases	24,586,712	18,824,262
Money swap sales	15,309,140	12,985,025
Total	39,895,852	31,809,287

The maturity analysis of the off-balance sheet assets of the Banking segment at 30 September 2020 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	15,400,941	18,738,039	34,138,980
Letters of credits	2,488,604	688,504	3,177,108
Acceptance credits	56,067	-	56,067
Other guarantees	1,827,279	5,809,980	7,637,259
Total	19,772,891	25,236,523	45,009,414

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2019 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	13,661,607	17,055,787	30,717,394
Letters of credits	3,121,595	1,276,626	4,398,221
Acceptance credits	50,678	-	50,678
Other guarantees	2,043,849	4,497,586	6,541,435
Total	18,877,729	22,829,999	41,707,728

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

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

The economic sector risk concentrations of the commitments of the Banking segment at 30 September 2020 and 31 December 2019 are as follows:

	30 September 2020	31 December 2019
Wholesale	8,473,354	7,653,743
Construction	8,409,654	8,130,380
Financial institutions	5,187,334	4,194,793
Other manufacturing	3,464,963	3,538,816
Small-scale retailers	3,422,515	3,129,987
Electricity, gas and water	3,077,598	2,301,980
Steel and mining	2,453,531	2,628,360
Textile	1,928,050	1,533,427
Transportation	1,800,176	1,114,426
Chemicals	1,115,791	986,218
Automotive	967,622	1,019,990
Food and beverage	857,251	1,207,821
Tourism	435,239	322,063
Telecommunications	293,863	255,455
Agriculture and forestry	285,105	274,728
Electronics	269,567	326,898
Other	2,567,801	3,088,643
Total	45,009,414	41,707,728

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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

Collaterals, pledges and mortgages ("CPM") given by Subsidiaries at 30 September 2020 is as follows:

	30 September 2020				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	848,231	618,037	20,744	7,474	-
B, Collaterals given on behalf of fully consolidated companies	1,796,918	594,496	72,224	68,764	10,807
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	45,009,414	21,094,895	1,340,678	1,402,274	646,413
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	47,654,563	22,307,428	1,433,646	1,478,512	657,220
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	-	-	-	-	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 Joint Ventures at 30 September 2020 is as follows;

	30 September 2020				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	1,107,093	914,033	22,823	1,628	-
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	3,711	3,711	-	-	-
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	1,110,804	917,744	22,823	1,628	-
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	-	-	-	-	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 Subsidiaries at 31 December 2019 is as follows:

	31 December 2019				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	1.313.267	539.799	101.429	25.698	-
B, Collaterals given on behalf of fully consolidated companies	2.007.732	299.619	173.609	101.173	3.970
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	41.707.728	19.606.154	1.881.686	1.545.598	644.828
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	45.028.727	20.445.572	2.156.724	1.672.469	648.798
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	-	-	-	-	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 Joint Ventures at 31 December 2019 is as follows;

	31 December 2019				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	816.793	805.186	567	1.239	-
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	819.596	807.989	567	1.239	-
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	-	-	-	-	-

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 16 - OTHER ASSETS AND LIABILITIES

Other Current Assets	30 September 2020	31 December 2019
Cheques in clearance	1,050,488	702,265
Deductible, deferred and other VAT	122,788	133,747
Other current Assets	107,402	116,852
Total	1,280,678	952,864

Other Non-Current Assets	30 September 2020	31 December 2019
Long term tax claims and other legal receivables	18,816	29,861
Deductible, deferred and other VAT	1,464	1,583
Other non-current assets	112,921	94,782
Total	133,201	126,226

Other Short Term Liabilities	30 September 2020	31 December 2019
Cheques in clearance	2,082,441	1,410,474
Saving deposits insurance	108,987	93,838
Other short term liabilities	659,523	350,249
Total	2,850,951	1,854,561

Other Long Term Liabilities		
Other long term liabilities	52,623	40,182
Total	52,623	40,182

NOTE 17 - EQUITY

Hacı Ömer Sabancı Holding A.Ş.'s authorised and issued capital consists of 204,040,393,100 (31 December 2019: 204,040,393,100) shares of Kr 1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 30 September 2020 and 31 December 2019 is as follows:

Shareholders:	Share (%)	30 September 2020	Share (%)	31 December 2019
Sakıp Sabancı Holding A.Ş.	14.07	287,100	14.07	287,100
Serra Sabancı	7.22	147,371	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	64.83	1,322,799	64.84	1,323,010
Share capital	100.00	2,040,404	100.00	2,040,404
Repurchased shares (-)		(190,470)		(190,470)
Share premium		22,237		22,237

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 17 - EQUITY (Continued)

As a result of the Board of Directors decision dated 22 December 2015, EXSA Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (Exsa) has started acquiring publicly traded shares of Sabancı Holding in Borsa İstanbul. With these transactions Exsa's share in Sabancı Holding's share capital has reached 1.17% as of 30 September 2020. These shares is classified as capital adjustments due to cross-ownership in equity.

Restricted Reserves

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

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

The details of restricted reserves mentioned above are as follows:

	30 September 2020	31 December 2019
Legal reserves	867,561	829,399
Income from sale of subsidiary shares	344,487	344,487
Total	1,212,048	1,173,886

Dividend Distribution

Listed companies processes their profit distributions according to the II-19.1 numbered CMB profit distribution declaration become effective on or after February 1,2014.

Group companies distribute their profits within the frame of profit distribution policies determined by general assembly and according to the related declaration by the approval of general assembly. Within the mentioned declaration, minimum rate of distribution is not determined. Companies distribute their profits according to the predetermined terms in their articles of incorporation or profit distribution policies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 17 - EQUITY (Continued)**Accumulated Other Comprehensive Income or Loss to be Reclassified to Profit or Loss**

	Fair Value Revaluation Fund	Cash Flow Hedge Fund	Net Investment Hedge Fund	Currency Translation 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
Gains transferred to income statement	300,933	50,921	-	-
Net gains & losses included in 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

	Fair Value Revaluation Fund	Cash Flow Hedge Fund	Net Investment Hedge Fund	Currency Translation Effect
Balance as of 1 January 2020	56,439	(765,162)	(448,128)	1,688,674
Increases/(decreases) during the period	(601,541)	(760,100)	(586,249)	1,093,099
Gains transferred to income statement	388,710	510,554	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	(385,274)	-	-	-
Tax effect	131,583	54,900	128,975	-
Balance as of 30 September 2020	(410,083)	(959,808)	(905,402)	2,781,773

NOTE 18 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS**1 January - 30 September 2020**

Nile Kordsa Company for Industrial Fabrics S.A.E., a subsidiary of Kordsa, which is a subsidiary of the Group, had a period profit amounting to Full TRY407,752 as of 30 September 2020. (30 September 2019: 83,927 Full TRY loss) In 30 September 2020 and 30 September 2019, operating results of this company are 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 Full TRY10,501,096 as of 30 September 2020 (31 December 2019: Full TRY7,347,731). The amount recognised under "Liabilities Held For Sale" is Full TRY3,579,276 as of 30 September 2020 (31 December 2019: Full TRY3,116,610).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 18 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)
Information on other assets held for sale:

	30 September 2020	31 December 2019
Cost	292,654	673,620
Accumulated Depreciation (-)	71	73
Net Book Value	292,583	673,547

	30 September 2020	31 December 2019
Net book value at the beginning of the term	673,547	278,604
Acquisitions (*)	171,500	1,575,616
Disposals (-), net	76,660	235,066
Impairment (-)	490,160	938,867
Other	14,376	(6,740)
Net Book Value	292,583	673,547

(*) The share Group subsidiary Akbank held of LYY Telekomünikasyon A.Ş. increased from TRY18 to TRY1,416,090 in the previous period. This amount was reflected in the "Acquisitions" row in the table above. The total fair impairment the bank allocated for this credit amount, TRY1,416,090, is shown in the "Impairment" row.

Other portion of other assets held for sale includes real estates acquired by the bank due to its receivables.

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 TRY 83,927 as of 30 September 2019. In 30 September 2019 and 30 September 2019, 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 Full TRY 6,704,315 as of 30 September 2019. The amount recognised under "Liabilities Held For Sale" is Full TRY 2,919,676 as of 30 September 2019.

NOTE 19 - FINANCIAL INCOME AND EXPENSE

	1 January- 30 September 2020	1 January- 30 September 2019	1 July- 30 September 2020	1 July- 30 September 2019
Financial income				
Foreign currency gains	65,533	59,082	14,107	27,574
Interest Income	3,073	15,837	578	596
Total	68,606	74,919	14,685	28,170
Financial expenses				
Foreign currency losses	(196,354)	(142,684)	(85,256)	(24,784)
Interest expense	(472,398)	(558,216)	(160,310)	(148,312)
Other financial expenses	(148,576)	(95,292)	(44,783)	(36,377)
Total	(817,328)	(796,192)	(290,349)	(209,473)

Financial income and financial expenses relate to segments outside of banking.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 20 - TAX ASSETS AND LIABILITIES

	30 September 2020	31 December 2019
Corporate and income taxes payable	719,780	1,690,444
Less: prepaid taxes	(940,233)	(1,339,282)
Total taxes payable	(220,453)	351,162

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

The Corporate Tax Law was amended as of 13 June 2006 with Law No 5520. The majority of the clauses of Law No 5520 are effective as of 1 January 2006. The effective tax rate of the fiscal year 2020 is 22% (2019: %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 and thus does not incur withholding tax.

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 (2018-2019-2020), 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 assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate.

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

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

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

Affiliation Privilege

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

Emission Premiums Exemption

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

Exemption for participation into foreign subsidiaries

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

Exemption for sale of participation shares and property

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which have remained in assets for more than two full years are exempt from corporate tax. As of 1 January 2019, the exemption for real estate has been revised to 50%. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

The tax charges for comprehensive income statement items for the periods ended 30 September 2020 and 2019 are as follows:

	30 September 2020			30 September 2019		
	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax
Fair value of financial assets transferred to the other comprehensive income	(1,416,825)	311,701	(1,105,124)	1,994,127	(438,708)	1,555,419
Cash flow hedges	(609)	134	(475)	(1,191,536)	262,138	(929,398)
Financial assets related to the hedging of net investment in a foreign operation, after tax	(1,438,647)	316,502	(1,122,145)	(39,360)	8,659	(30,701)
Change in currency translation differences	2,520,712	-	2,520,712	236,119	-	236,119
Actuarial loss/gain	(26,323)	5,791	(20,532)	(25,821)	5,681	(20,140)
Other Comprehensive Income	(361,692)	634,128	272,436	973,529	(162,230)	811,299

Deferred tax

The Group recognises deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under TAS and their statutory tax financial statements. These differences usually result from the recognition of revenue and expenses in different reporting periods for TAS and tax purposes, carry forward tax losses and investment incentive exceptions. Deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method using a principal tax rate of 20% in Turkey. With the amendment of the Law, this rate was determined as 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 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 2020, tax on the income generated for the three-month periods are paid at the rate of 22% (2019: 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

At 30 September 2020, the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TRY1,539,153 which can be offset against future taxable profits for a period of five years (31 December 2019: TRY1,174,440). As of 30 September 2020 and 31 December 2019 carry forward tax losses and the latest annual periods are as follows:

	30 September 2020	31 December 2019
2021	312,597	361,220
2022	439,217	439,217
2023	50,869	344,107
2024	472,289	29,896
2025	264,181	-
Total	1,539,153	1,174,440

Deferred tax assets/(liabilities) for the periods ended 30 September 2020 and 31 December 2019 are as follows:

	30 September 2020	31 December 2019
Deferred Tax Assets	426,048	353,154
Deferred Tax Liabilities	(697,051)	(737,000)
Net Deferred Tax Assets/(Liabilities)	(271,003)	(383,846)

The movements in deferred income tax assets/(liabilities) for the periods ended 30 September 2020 and 2019 are as follows:

	2020	2019
1 January	(383,846)	187,136
Charged to equity	633,163	(523,969)
Change in foreign currency translation differences	23,100	(105,011)
Disposal of subsidiaries	-	(114,435)
Charged to statement of profit or loss	(555,585)	123,771
Other	12,165	(28,241)
30 September	(271,003)	(460,749)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 21 - DERIVATIVE FINANCIAL INSTRUMENTS

30 September 2020	Fair Value	
	Asset	Liability
Derivative instruments held for trading:		
Foreign exchange derivative instruments:		
Currency and interest rate swaps purchases and sales transactions	14,645,673	11,376,467
Forward currency purchases and sales transactions	245,877	705,407
Currency purchases and sales options	143,379	138,509
Other purchases and sales transactions	3,123,470	-
Total derivative instruments held for trading	18,158,399	12,220,383
Derivative instruments held for hedging:		
Currency and interest rate swap purchases and sales transactions	8,787,477	1,464,748
Forward currency purchases and sales transactions	44,310	-
Total derivative instruments held for hedging	8,831,787	1,464,748
Total derivative instruments	26,990,186	13,685,131
31 December 2019		
	Fair Value	
	Asset	Liability
Derivative instruments held for trading:		
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales transactions	7,835,600	7,537,430
Forward currency purchases and sales transactions	585,732	260,172
Currency purchases and sales options	71,902	100,197
Other purchases and sales transactions	2,776,466	34
Total derivative instruments held for trading	11,269,700	7,897,833
Derivative instruments held for hedging:		
Currency and interest rate swap purchases and sales transactions	5,350,817	1,164,140
Forward currency purchases and sales transactions	8,147	-
Total derivative instruments held for hedging	5,358,964	1,164,140
Total derivative instruments	16,628,664	9,061,973

Akbank hedges cash flow risk by using interest rate swaps against cash flow risk arising from its financial debts.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 22 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS
Banking

Loans and advances to customers	30 September 2020	31 December 2019
Consumer loans and credit cards receivables	60,734,531	50,475,117
Project finance loans	55,421,480	50,398,684
Construction	27,570,807	20,827,726
Small-scale enterprises	14,450,484	15,521,011
Chemicals	13,833,093	3,818,271
Financial institutions	13,530,151	17,022,629
Other manufacturing industries	9,874,155	6,546,945
Automotive	8,309,874	3,653,900
Mining	7,745,876	7,801,926
Textile	7,525,121	6,212,710
Food and beverage, wholesale and retail	6,781,331	6,482,757
Telecommunication	576,803	1,342,522
Other	48,081,293	34,854,517
Total loans and advances to customers	274,434,999	224,958,715
Lease receivables	5,516,189	5,140,318
Provision for loan losses	(17,232,558)	(12,707,080)
Net loans and advances to customers	262,718,630	217,391,953

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.

Annual effective interest rates of loans and advances granted to clients in USD, EUR, JPY, TRY are as follows respectively 5,75% (31 December 2019: 6,88%), 4,19% (31 December 2019: 4,45%), 7,50% (31 December 2019: 7,19%) and 11,74% (31 December 2019: 15,47%).

The movement of loan loss provision of banking segment as of 30 September 2020 by class is as follows:

	Corporate	Consumer	Rental Receivables	Total
1 January 2020	9,980,877	2,324,492	401,711	12,707,080
Gross provisions	4,561,827	884,548	144,303	5,590,678
Collections	(584,648)	(322,809)	(53,708)	(961,165)
Written off	(1,013)	(8,704)	(94,318)	(104,035)
30 September 2020	13,957,043	2,877,527	397,988	17,232,558

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 22 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)
Banking (continued)

	Corporate	Consumer	Rental 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
Collections	(367,884)	(348,906)	(43,361)	(760,151)
Written off	(365)	(5,458)	(50,795)	(56,618)
30 September 2019	8,606,104	2,943,139	464,348	12,013,591

The maturity schedule of loans and advances to customers at 30 September 2020 and 31 December 2019 are summarized below:

	30 September 2020	31 December 2019
Up to 3 months	77,144,939	75,181,405
3 to 12 months	64,647,473	40,330,281
Current	141,792,412	115,511,686
1 to 5 years	89,762,380	75,734,797
Over 5 years	25,647,649	21,005,152
Non-current	115,410,029	96,739,949
Total	257,202,441	212,251,635

The repricing schedule of loans and advances to customers at 30 September 2020 and 31 December 2019 are summarized below:

	30 September 2020	31 December 2019
Up to 3 months	116,679,055	97,452,545
3 to 12 months	57,816,852	43,842,267
1 to 5 years	75,784,215	65,290,494
Over 5 years	6,922,319	5,666,329
Total	257,202,441	212,251,635

NOTE 23 - PAYABLES FROM FINANCE SECTOR OPERATIONS
Banking

	30 September 2020			31 December 2019		
	Demand	Time	Total	Demand	Time	Total
Saving deposits	53,672,458	126,806,898	180,479,356	29,769,128	118,639,877	148,409,005
Commercial deposits	38,786,774	57,644,379	96,431,153	20,861,510	61,873,309	82,734,819
Bank deposits	319,270	9,357,442	9,676,712	1,555,546	5,220,007	6,775,553
Funds provided from repo transactions	-	24,557,666	24,557,666	-	9,955,766	9,955,766
Other	1,454,810	3,156,164	4,610,974	1,410,044	3,106,320	4,516,364
Total	94,233,312	221,522,549	315,755,861	53,596,228	198,795,279	252,391,507

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 23 - PAYABLES FROM FINANCE SECTOR OPERATIONS (Continued)

Annual effective interest rate of deposit accounts in USD, Euro and TRY are 1.68% (31 December 2019: 2.15%), 0.64% (31 December 2019: 0.05%) and 8.05% (31 December 2019: 9.43%).

The following is the analysis of remaining time of debts to deposit and money markets for term and repricing in the agreement as of 30 September 2020 and 31 December 2019:

	30 September 2020	31 December 2019
No maturity	94,233,312	53,596,228
Up to 3 months	187,682,301	176,547,906
3 to 12 months	21,455,193	13,797,294
1 to 5 years	10,928,942	7,469,389
Over 5 years	1,456,113	980,690
Total	315,755,861	252,391,507

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

The detailed schedule of compensation paid or payable to key management for the periods ended 30 September 2020 and 2019 are as follows:

	30 September 2020	30 September 2019
Short term benefits	35,520	31,888
Benefits resulted from discharge	798	1,283
Other long term benefits	365	269
Total	36,683	33,440

NOTE 25 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS**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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 Financial Instruments and Financial Risk Management (continued)****25.1.1 Financial Risk Management (continued)**

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.

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 2020 and 31 December 2019 in terms of TRY are as follows:

	30 September 2020	31 December 2019
Assets	225,833,547	184,702,062
Liabilities	(277,666,800)	(214,694,810)
Net foreign currency balance sheet position	(51,833,253)	(29,992,748)
Off-balance sheet derivative financial instruments position	58,151,517	34,764,951
Net foreign currency balance sheet and off-balance sheet position	6,318,264	4,772,203

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 Financial Instruments and Financial Risk Management (continued)

25.1.1 Financial Risk Management (continued)

25.1.1.1 Foreign Exchange Risk (continued)

30 September 2020	Total TRY Equivalent	USD TRY Equivalent	EUR TRY Equivalent	GBP TRY Equivalent	Other TRY Equivalent
Assets:					
Cash and Cash Equivalents	30,587,812	21,900,552	5,969,780	1,726,123	991,357
Financial Investments	45,248,987	37,626,970	6,390,800	-	1,231,217
Receivables from Financial Operations	102,180,005	39,594,723	62,496,601	1,467	87,214
Reserve Deposits at Central Bank	35,068,328	19,465,931	14,136,757	-	1,465,640
Trade Receivables	655,055	318,119	286,832	570	49,534
Other Current Assets	12,093,360	7,881,646	4,113,123	88	98,503
Total assets	225,833,547	126,787,941	93,393,893	1,728,248	3,923,465
Liabilities:					
Funds Borrowed and Debt					
Securities in Issue	64,192,571	52,215,974	11,949,964	-	26,633
Customer Deposits	203,036,655	119,553,823	61,521,228	4,414,699	17,546,905
Trade Payables	384,157	301,402	62,132	526	20,097
Other Payables and Provisions	10,053,417	6,019,780	3,662,705	316,135	54,797
Total liabilities	277,666,800	178,090,979	77,196,029	4,731,360	17,648,432
Net foreign currency asset/ (liability)					
position of off-balance sheet derivative	58,151,517	53,125,568	(11,302,327)	2,982,876	13,345,400
Net foreign currency asset/ (liability)					
position of off-balance sheet derivative	6,318,264	1,822,530	4,895,537	(20,236)	(379,567)

Net profit effect of the consolidated to the total net foreign currency position is TRY2,425,794 in the long term as of 30 September 2020 (Akbank and Philsa-Philip Morris excluded).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 Financial Instruments and Financial Risk Management (continued)
25.1.1.1 Foreign Exchange Risk (continued)

31 December 2019	Total TRY Equivalent	USD TRY Equivalent	EUR TRY Equivalent	GBP TRY Equivalent	Other TRY Equivalent
Assets:					
Cash and Cash Equivalents	22,368,133	11,720,587	8,006,380	2,044,154	597,012
Financial Investments	42,169,122	35,762,261	5,451,050	-	955,811
Receivables from Financial Operations	85,166,689	36,364,679	48,704,558	21	97,431
Reserve Deposits at Central Bank	25,808,586	15,377,023	9,277,376	-	1,154,187
Trade Receivables	674,130	303,192	330,038	2,391	38,509
Other Current Assets	8,515,402	5,712,945	2,707,410	85	94,962
Total assets	184,702,062	105,240,687	74,476,812	2,046,651	2,937,912
Liabilities:					
Funds Borrowed and Debt					
Securities in Issue	49,960,071	41,136,439	8,814,696	-	8,936
Customer Deposits	158,867,209	90,653,462	58,377,522	4,061,118	5,775,107
Trade Payables	412,303	288,168	103,806	367	19,962
Other Payables and Provisions	5,455,227	2,430,269	2,965,486	2,838	56,634
Total liabilities	214,694,810	134,508,338	70,261,510	4,064,323	5,860,639
Net foreign currency asset/ (liability) position of off-balance sheet derivative	34,764,951	31,083,116	(1,258,919)	2,012,918	2,927,836
Net foreign currency asset/ (liability) position of off-balance sheet derivative	4,772,203	1,815,465	2,956,383	(4,754)	5,109

Net profit effect of the consolidated to the total net foreign currency position is TRY1,831,974 as of 31 December 2019 (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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

(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 Financial Instruments and Financial Risk Management (continued)
25.1.1.1 Foreign Exchange Risk (continued)

The foreign exchange risk of Group companies other than that of the banking segment for the years ended 30 September 2020 and 30 September 2019 is summarized as follows:

30 September 2020	Profit/loss	
	Appreciation of foreign currency	Appreciation of foreign currency
Change in USD against TRY by 20%		
USD net assets/liabilities	349,896	(349,896)
Hedged items (-)	-	-
USD net effect	349,896	(349,896)
Change in EUR against TRY by 20%		
EUR net assets/liabilities	21,605	(21,605)
Hedged items (-)	-	-
EUR net effect	21,605	(21,605)
Change in GBP against TRY by 20%		
GBP net assets/liabilities	704	(704)
Hedged items (-)	-	-
GBP net effect	704	(704)
Change in other currency against TRY by 20%		
Other currency net assets/liabilities	(467)	467
Hedged items (-)	-	-
Other currency net effect	(467)	467
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 assets/liabilities	(979)	979
Hedged items (-)	-	-
Other currency net effect	(979)	979

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2020

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

NOTE 26 - EVENTS AFTER THE REPORTING PERIOD

With the decision of the Board of Directors dated September 8, 2020, the Group, as explained in the material event disclosure dated 26.08.2020, will use of the new share purchase rights in the capital increase planned by its subsidiary CarrefourSA. Carrefour Nederland BV will not use its rights to purchase new shares and will give a written waiver to the Group transferred these shares completely free of charge in accordance with the 4th paragraph of Article 461 of the Turkish Commercial Code numbered 6102. The remaining unsold shares, if any (after offered for sale in the Primary Market), will be purchased by Group by paying the prices in full and in cash, not less than the average of the prices to be formed in the Primary Market and these shares cannot be sold after being put up for sale in the Primary Market for a period of one year from the date they are listed on the stock exchange.

With the decision of the Board of Directors dated October 14, 2020, it was decided to establish a new company with the title of Çimsa Sabancı Cement BV (CSC BV), located in the Netherlands, with a capital of 87,000,000 EUR, where the Group will participate in the capital of 60% and Group subsidiary Çimsa by 40%. Group will participate in the established CSC BV as a founding partner by adding a capital amount of 52.200.000 EUR in return for 52.200.000 shares.

As of October 22, 2020 %50 of the shares of Temsa Ulaşım Araçları Sanayi ve Ticaret A.Ş. (Temsa) has been purchased by Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş. (Exsa) which is a subsidiary of the Group.