

**HACI ÖMER SABANCI HOLDİNG A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

**(ORIGINALLY ISSUED IN TURKISH)**



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

**INDEPENDENT AUDITOR'S REPORT**

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

**A. Audit of the consolidated financial statements**

**1. Our opinion**

We have audited the accompanying consolidated financial statements of Hacı Ömer Sabancı Holding A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated balance sheet as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

**2. Basis for opinion**

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

**3. Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Impairment of receivables from finance sector operations in accordance with TFRS 9 (Note 32)</b></p>	
<p>The Group has total provision for impairment of TL 17 billion in respect to receivables from finance sector operations of TL 284 billion which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2020.</p> <p>TFRS 9 is a complex accounting standard which requires considerable judgement and interpretation. These judgements are key in the development of the financial models built to measure the expected credit losses on loans recorded at amortized cost. In addition, the operation of the models requires large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit losses on loans. Impairment allowances are calculated on a collective basis for portfolios of receivables from finance sector operations of a similar nature and on individual basis for significant loans taking into account Management's best estimate at the balance sheet date and historical losses incurred. As of 31 December 2020, the impacts of COVID19 global pandemic have increased the importance of the estimations and assumptions used by the Group management in determination of the expected credit loan loss provision. The uncertainties arising from these impacts have been evaluated by the management in their judgements and estimations.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macroeconomic expectations, current conditions, historical loss experiences; the significance of the receivables from finance sector operations balances; the appropriateness of classification of receivables from finance sector operations as per their credit risk (staging) in accordance with applicable regulation and the importance of determination of the associated impairment allowances. Timely and correctly identification of loss event and the level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<p>Within our audit procedures, we assessed policies and procedures together with the overall governance established by the Group with respect to classification of receivables from finance sector operations and estimation of impairment in accordance with the applicable regulations considering also the impacts of COVID-19. We have tested the design and operating effectiveness of controls implemented by the Group in line with its governance, policies and procedures.</p> <p>Together with our modelling specialists, we have evaluated and tested the methodologies used in building impairment models in line with the requirement of TFRS 9 and the Group's policies for the significant portfolio of loans. We have tested model calculations through re-performance together with our modelling specialists on a sample basis. We have independently assessed together with our related specialists methodologies used in the models with respect to segmentation, life time expected credit losses, losses given default and use of macroeconomic expectations that include the impacts of COVID-19.</p> <p>We have carried loan review on a selected sample of receivables from finance sector operations with the objective to identify whether the classification of loans is performed appropriately in accordance with the applicable regulation, whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the TFRS 9 framework.</p> <p>In addition, for non-performing receivables from finance sector operations and other significant loans that are subject to individual assessment based on the Group policies, we have evaluated the appropriateness of specific impairment provision with supportable input. Based on our discussions with the Group management, we have evaluated and challenged whether the key assumptions and other judgements, underlying the estimation of impairment were reasonable including the areas affected by the uncertainties related to COVID-19.</p> <p>We have reviewed the appropriateness and sufficiency of disclosures made in the financial statements of the Group with respect to receivables from finance sector operations and related impairment provision.</p>



Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Valuation of Pension Fund Obligations (Note 2.3.30)</b></p>	
<p>The Group has booked provision amounting to TL 126 million for Pension Fund Liabilities in the accompanying consolidated financial statements as at 31 December 2020.</p> <p>The Group’s Personnel Pension Fund Foundation (“Pension Fund”) is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). The President of the Republic of Turkey is authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumption for benefits to be transferred and for non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. The Group’s management uses external consulting firm for the purpose of valuations of pension obligations. The reason we focused on this area during our audit is; the importance of the actuarial and economic assumptions such as discount rates, salary increases, demographic assumptions used in the valuation of pension obligations with respect to social benefits and the significant impact that may arise from the possible change in the assumptions used in the evaluation of pension fund liabilities.</p>	<p>Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Group management to the external consulting firm for the purpose of evaluation pension obligation. In addition, we have verified the existence and values of the Pension Fund assets.</p> <p>Through use of actuarial specialists, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.</p> <p>In addition to the above procedures we have reviewed disclosures made with respect to pension fund.</p>

#### 4. Other matters

As explained in Note 2 to the consolidated financial statements, USD amounts shown in the accompanying consolidated financial statements have been translated from Turkish Lira (“TL”), as a matter of arithmetic computation only, at the official USD bid rates announced by the Central Bank of the Republic of Turkey (“CBRT”) at 31 December 2020 for the consolidated balance sheet; and the official USD average CBRT bid rates of the year 2020 for the consolidated statement of income, consolidated statement of other comprehensive income and consolidated statement of cash flows, and they do not form part of these consolidated financial statements.



## **5. Responsibilities of management and those charged with governance for the consolidated financial statements**

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **6. Auditor's responsibilities for the audit of the consolidated financial statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**B. Other responsibilities arising from regulatory requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 23 February 2021.

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

A handwritten signature in blue ink, appearing to read "B. Özpoyraz", is written over a light blue horizontal line.

Burak Özpoyraz, SMMM  
Partner

Istanbul, 23 February 2021

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**HACI ÖMER SABANCI HOLDİNG A.Ş.**

**CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 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	31 December	Audited	Audited
	References	2020 USD (*)	31 December	31 December
			2020	2019
<b>ASSETS</b>				
<b>Current Assets</b>		<b>36,712,941</b>	<b>269,491,344</b>	<b>206,970,925</b>
Cash and Cash Equivalents	5	2,701,194	19,828,118	22,447,203
Financial Investments		4,876,993	35,799,568	28,210,697
-Fair Value Through Profit or Loss	6.a	1,255,296	9,214,502	7,289,522
- Fair Value through Other Comprehensive Income	6.b	1,340,157	9,837,424	16,750,747
- At Amortized Cost	6.c	2,279,313	16,731,294	4,170,428
- Time Deposit	6.d	2,227	16,348	-
Trade Receivables	9	251,421	1,845,555	1,625,419
Receivables From Finance Sector Operations	32	20,449,372	150,108,617	117,257,770
Reserve Deposits with the Central Bank of Republic of Turkey		5,804,015	42,604,370	26,541,745
Other Receivables	10	612,702	4,497,536	2,101,358
Derivative Financial Instruments	31	1,152,990	8,463,520	3,137,883
Inventories	11	512,411	3,761,354	3,124,669
Prepaid Expenses	12	164,058	1,204,269	893,037
Current Tax Assets		925	6,788	4,733
Other Current Assets	22	151,137	1,109,423	952,864
		<b>36,677,218</b>	<b>269,229,118</b>	<b>206,297,378</b>
Assets Classified as Held for Sale	24	35,723	262,226	673,547
<b>Non Current Assets</b>		<b>31,573,739</b>	<b>231,767,030</b>	<b>199,376,954</b>
Financial Investments		10,016,215	73,524,030	62,169,382
- Fair Value through Other Comprehensive Income	6.b	6,591,104	48,382,002	50,773,699
- At Amortized Cost	6.c	3,425,111	25,142,028	11,395,683
Trade Receivables	9	77	566	17
Receivables from Finance Sector Operations	32	15,934,976	116,970,690	100,134,183
Other Receivables	10	527,162	3,869,631	3,025,117
Derivative Financial Instruments	31	1,969,261	14,455,362	13,490,781
Investments Accounted Through Equity Method	13	1,130,491	8,298,372	7,335,503
Investment Property	14	32,023	235,062	191,035
Property, Plant and Equipment	15	1,084,343	7,959,621	7,295,877
Right of Use Assets	17	235,894	1,731,577	1,885,463
Intangible Assets		528,026	3,875,970	3,348,497
- Goodwill	18	218,063	1,600,690	1,475,337
- Other Intangible Assets	16	309,963	2,275,280	1,873,160
Prepaid Expenses	12	2,366	17,368	21,719
Deferred Tax Assets	30	97,987	719,275	353,154
Other Non-Current Assets	22	14,918	109,506	126,226
<b>TOTAL ASSETS</b>		<b>68,286,680</b>	<b>501,258,374</b>	<b>406,347,879</b>

These consolidated financial statements have been approved for issue by the Board of Directors on 23 February 2021 and signed on its behalf by Cenk Alper, Member of Board of Directors and CEO and Barış Oran, CFO. General Assembly has the right to change these 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 31 December 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 consolidated financial statements.

**HACI ÖMER SABANCI HOLDİNG A.Ş.**

**CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 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	31 December	Audited	Audited
	References	2020 USD (*)	31 December	31 December
			2020	2019
			Current	Prior
			Period	Period
<b>LIABILITIES</b>				
<b>Short Term Liabilities</b>		<b>47,860,583</b>	<b>351,320,596</b>	<b>278,812,101</b>
Short Term Borrowings	7	1,868,209	13,713,590	10,342,807
Current Portion of Long Term Borrowings	7	2,731,839	20,053,065	15,005,313
Liabilities From Leasing Transactions	8	45,559	334,423	306,876
Trade Payables	9	684,378	5,023,674	3,995,658
Payables From Finance Sector Operations	33	39,830,418	292,375,186	237,928,489
Payables Related to Employee Benefits	21	16,229	119,126	62,430
Other Payables	10	1,238,148	9,088,626	6,078,721
Derivative Financial Instruments	31	789,529	5,795,534	1,790,818
Deferred Income	12	28,481	209,063	186,978
Income Taxes Payable	30	159,641	1,171,845	355,895
Short Term Provisions		164,790	1,209,636	900,438
- Short Term Provisions for Employee Benefits	21	71,150	522,275	422,063
- Other Short Term Provisions	19	93,640	687,361	478,375
Other Short Term Liabilities	22	302,813	2,222,801	1,854,561
		<b>47,860,034</b>	<b>351,316,569</b>	<b>278,808,984</b>
Liabilities Classified as Held for Sale	24	549	4,027	3,117
<b>Long Term Liabilities</b>		<b>9,965,926</b>	<b>73,154,884</b>	<b>61,058,335</b>
Long Term Borrowings	7	5,244,131	38,494,543	32,736,661
Liabilities From Leasing Transactions	8	217,939	1,599,783	1,677,959
Payables from Finance Sector Operations	33	2,461,147	18,066,046	14,463,018
Other Payables	10	603,658	4,431,151	3,374,173
Derivative Financial Instruments	31	1,240,831	9,108,320	7,271,155
Deferred Income	12	18,719	137,410	83,279
Long Term Provisions		128,932	946,430	669,814
- Long Term Provisions for Employee Benefits	21	96,032	704,926	547,820
- Other Long Term Provisions	19	32,900	241,504	121,994
Taxes and Funds Payable		-	-	5,094
Deferred Tax Liabilities	30	43,359	318,277	737,000
Other Long Term Liabilities	22	7,210	52,924	40,182
<b>EQUITY</b>		<b>10,460,171</b>	<b>76,782,894</b>	<b>66,477,443</b>
<b>Equity Attributable To The Parent</b>	<b>23</b>	<b>5,176,281</b>	<b>37,996,499</b>	<b>33,258,317</b>
Share Capital	23	277,965	2,040,404	2,040,404
Adjustments to Share Capital		466,829	3,426,761	3,426,761
Share Premium	23	3,029	22,237	22,237
Treasury shares (-)	23	(25,948)	(190,470)	(190,470)
Accumulated Profits or Losses				
Will Not Be Reclassified to Profit or Loss		(20,560)	(150,921)	(116,253)
- Actuarial Gain/(Loss)		(20,560)	(150,921)	(116,253)
Accumulated Profits or Losses		(3,301,716)	1,135,944	531,823
Will Be Reclassified to Profit or Loss				
- Currency Translation Reserve	23	(3,102,396)	2,684,551	1,688,674
- Gains/Losses on Hedge	23	(239,186)	(1,755,742)	(1,213,290)
- Revaluation Reserve	23	28,218	207,135	56,439
Restricted Reserves	23	166,684	1,223,543	1,173,886
Retained Earnings		6,940,963	25,721,428	22,590,193
Net Income for the Period		680,683	4,767,573	3,779,736
<b>Non-controlling Interests</b>		<b>5,283,890</b>	<b>38,786,395</b>	<b>33,219,126</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>68,286,680</b>	<b>501,258,374</b>	<b>406,347,879</b>

(\*) USD amounts presented above are translated from TRY for convenience purposes only, at the official TRY Exchange rate announced by CBRT at 31 December 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 consolidated financial statements.

HACI ÖMER SABANCI HOLDİNG A.Ş.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEARS ENDED 31 DECEMBER 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 -31 December 2020 USD(*)	Audited Current Period 1 January - 31 December 2020	Audited Prior Period 1 January- 31 December 2019
<b>CONTINUING OPERATIONS</b>				
Sales (net)	4,25	3,073,801	21,529,210	18,782,988
Cost of Sales (-)	4,25	(2,427,924)	(17,005,423)	(14,874,681)
<b>Gross Profit from Non-Financial Operations</b>		<b>645,877</b>	<b>4,523,787</b>	<b>3,908,307</b>
Interest, Premium, Commission and Other Income	4	5,400,348	37,824,578	41,083,678
Interest, Premium, Commission and Other Expense (-)	4	(2,954,260)	(20,691,934)	(27,149,264)
<b>Gross Profit from Financial Operations</b>		<b>2,446,088</b>	<b>17,132,644</b>	<b>13,934,414</b>
<b>GROSS PROFIT</b>		<b>3,091,965</b>	<b>21,656,431</b>	<b>17,842,721</b>
General and Administrative Expenses (-)	26	(1,277,534)	(8,947,977)	(7,672,450)
Marketing Expenses (-)	26	(343,613)	(2,406,697)	(2,190,870)
Research and Development Expenses (-)	26	(3,908)	(27,375)	(19,486)
Other Income from Operating Activities	27	395,074	2,767,140	1,068,496
Other Expense from Operating Activities (-)	27	(372,896)	(2,611,800)	(1,057,054)
Share of Profit of Investments Accounted for Using the Equity Method	13	218,819	1,532,631	1,466,691
<b>OPERATING PROFIT</b>		<b>1,707,907</b>	<b>11,962,353</b>	<b>9,438,048</b>
Income from Investing Activities	28	21,067	147,553	175,503
Expense from Investing Activities (-)	28	(734)	(5,143)	(76,544)
<b>OPERATING PROFIT BEFORE FINANCIAL EXPENSES</b>		<b>1,728,240</b>	<b>12,104,763</b>	<b>9,537,007</b>
Financial Income	29	8,185	57,332	68,432
Financial Expenses (-)	29	(140,660)	(985,194)	(1,061,097)
<b>INCOME BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>1,595,765</b>	<b>11,176,901</b>	<b>8,544,342</b>
<b>Tax Expense from Continuing Operations</b>				
Current Tax Expense	30	(370,130)	(2,592,425)	(1,955,731)
Deferred Tax Income/(Expense)	30	45,957	321,886	376,509
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>1,271,592</b>	<b>8,906,362</b>	<b>6,965,120</b>
<b>DISCONTINUED OPERATIONS</b>				
Profit After Tax From Discontinued Operations	24	(1,015)	(7,109)	(152)
<b>PROFIT FOR THE PERIOD</b>		<b>1,270,577</b>	<b>8,899,253</b>	<b>6,964,968</b>
<b>ALLOCATION OF PROFIT</b>				
- Non-controlling Interests		589,894	4,131,680	3,185,232
- Equity Holders of the Parent		680,683	4,767,573	3,779,736
Earnings per share				
- hundreds of ordinary shares (TRY)		0.33	2.34	1.85
Earnings per share from continuing operations				
- hundreds of ordinary shares (TRY))		0.33	2.34	1.85

(\*) USD amounts presented above are translated from TRY for convenience purposes only, at the average of official TRY Exchange rates announced by CBRT in 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 consolidated financial statements.

HACI ÖMER SABANCI HOLDİNG A.Ş.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED 31 DECEMBER 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	Audited Current Period 1 January- 31 December 2020	Audited Prior Period 1 January- 31 December 2019
<b>INCOME FOR THE PERIOD</b>		<b>8,899,253</b>	<b>6,964,968</b>
<b>Other Comprehensive Income / (Loss):</b>			
<b>Items that will not be Reclassified</b>			
<b>To Profit or Loss</b>		<b>(74,162)</b>	<b>(84,326)</b>
Actuarial (losses) / gains	30	(70,204)	(72,339)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax	30	(3,958)	(11,987)
<b>Items that will be Reclassified</b>			
<b>To Profit or Loss</b>		<b>1,752,525</b>	<b>2,452,739</b>
Gains/(losses) on available for sale financial assets transferred to the income statement, after tax	30	338,361	3,089,644
Currency translation differences	30	2,398,840	710,487
Cash flow hedges, after tax	30	412,129	(994,821)
Profit/(loss) from the derivative financial assets related to the hedging of net investment in a foreign operation, after tax	30	(1,185,472)	(155,126)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax	30	(211,333)	(197,445)
<b>OTHER COMPREHENSIVE INCOME (AFTER TAX)</b>		<b>1,678,363</b>	<b>2,368,414</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>10,577,616</b>	<b>9,333,381</b>
<b>ALLOCATION OF TOTAL COMPREHENSIVE INCOME</b>			
- Non-controlling Interests		5,240,590	4,692,454
- Equity Holders of the Parent		5,337,026	4,640,923

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

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 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.)

	<u>Accumulated Comprehensive Income or Loss That Will</u>													
	<u>Not be reclassified</u> <u>Be reclassified</u>													
	<u>Profit or Loss</u>													
	Share capital	Adjustment to share capital	Treasury shares	Share premium	Actuarial gains/ losses	Currency translation reserve	Hedge reserve	Revaluation funds	Restricted reserve	Retained earnings	Net income for the year	Equity attributable to the parent	Non-controlling interests	Total
<b>Balance at 1 January 2019</b>	<b>2,040,404</b>	<b>3,426,761</b>	<b>(190,470)</b>	<b>22,237</b>	<b>(74,784)</b>	<b>1,382,776</b>	<b>(535,681)</b>	<b>(1,217,928)</b>	<b>1,050,078</b>	<b>19,556,239</b>	<b>3,830,335</b>	<b>29,289,967</b>	<b>27,105,829</b>	<b>56,395,796</b>
Transfers	-	-	-	-	-	-	-	-	123,808	3,706,527	(3,830,335)	-	-	-
Subsidiary sale (*****)	-	-	-	-	-	-	-	-	-	(11,728)	-	(11,728)	(297,901)	(309,629)
Dividends paid(*)	-	-	-	-	-	-	-	-	-	(660,845)	-	(660,845)	(62,162)	(723,007)
Capital increase (*****)	-	-	-	-	-	-	-	-	-	-	-	-	1,780,902	1,780,902
Total comprehensive income	-	-	-	-	(41,469)	305,898	(677,609)	1,274,367	-	-	3,779,736	4,640,923	4,692,458	9,333,381
<b>Balance at 31 December 2019</b>	<b>2,040,404</b>	<b>3,426,761</b>	<b>(190,470)</b>	<b>22,237</b>	<b>(116,253)</b>	<b>1,688,674</b>	<b>(1,213,290)</b>	<b>56,439</b>	<b>1,173,886</b>	<b>22,590,193</b>	<b>3,779,736</b>	<b>33,258,317</b>	<b>33,219,126</b>	<b>66,477,443</b>
<b>Balance at 1 January 2020</b>	<b>2,040,404</b>	<b>3,426,761</b>	<b>(190,470)</b>	<b>22,237</b>	<b>(116,253)</b>	<b>1,688,674</b>	<b>(1,213,290)</b>	<b>56,439</b>	<b>1,173,886</b>	<b>22,590,193</b>	<b>3,779,736</b>	<b>33,258,317</b>	<b>33,219,126</b>	<b>66,477,443</b>
Transfers	-	-	-	-	-	-	-	-	49,657	3,730,079	(3,779,736)	-	-	-
Dividends paid(*)	-	-	-	-	-	-	-	-	-	(684,346)	-	(684,346)	(36,036)	(720,382)
Capital increase (**) (***)	-	-	-	-	-	-	-	-	-	-	-	-	161,006	161,006
Subsidiary ownership rate change (***) (****)	-	-	-	-	-	-	-	-	-	85,502	-	85,502	201,709	287,211
Total comprehensive income	-	-	-	-	(34,668)	995,877	(542,452)	150,696	-	-	4,767,573	5,337,026	5,240,590	10,577,616
<b>Balance at 31 December 2020</b>	<b>2,040,404</b>	<b>3,426,761</b>	<b>(190,470)</b>	<b>22,237</b>	<b>(150,921)</b>	<b>2,684,551</b>	<b>(1,755,742)</b>	<b>207,135</b>	<b>1,223,543</b>	<b>25,721,428</b>	<b>4,767,573</b>	<b>37,996,499</b>	<b>38,786,395</b>	<b>76,782,894</b>

(\*) 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.

(\*\*\*) Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş., one of the subsidiaries of the Group, reduced its issued capital of 700.000.000 Full TL to 104.244.353 Full TL and this simultaneously with the capital decrease, a total capital increase of 23.529.411 TL was realized, all of which were covered in cash.

(\*\*\*\*) The Group has completed the sale of shares with a nominal value of full TL 2,500,000 of the capital of Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.. With the share sales made, the actual free float rate of CarrefourSA shares was increased to over 5% and the share of the Group in Carrefoursa has been 57.12%.

(\*\*\*\*) The Group has completed the sale of shares with a nominal value of full TL 11,310,508 representing 10.28% of the capital of Teknosa İç ve Dış Ticaret A.Ş. and the share of the Group in Teknosa has been 50.00%.

(\*\*\*\*\*) The sale of Temsa Ulaşım Araçları A.Ş., a Group subsidiary, was carried out on 30 May 2019. A subsidiary Yünsa was sold on 26 November 2019.

(\*\*\*\*\*) 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 accompanying notes form an integral part of these consolidated financial statements.

# HACI ÖMER SABANCI HOLDİNG A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 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	Audited 1 January- 31 December 2020	Audited 1 January- 31 December 2019
Net income before tax from continuing operations		11,176,901	8,544,342
Net income before tax from discontinued operations		(7,109)	(152)
<b>Adjustments to reconcile income before taxation to net cash provided by operation activities</b>			
Depreciation and amortization expenses	14,15,16,17	1,642,179	1,403,433
Provision for loan losses	32	6,488,159	7,137,683
Changes in the fair value of derivative instruments		(204,111)	639,063
Interest income and foreign currency gains		(4,923,328)	(8,420,665)
Interest expense		1,335,266	1,365,778
Provision for employment termination benefits		122,312	139,163
Impairment charge on property, plant and equipment, intangible assets and investment property	14,15,16	9,259	4,395
Adjustments for impairment loss of non-current assets classified as held for sale	24	496,888	938,867
Income from sale of property, plant and equipment, intangible assets and investment property		(120,835)	(65,429)
Income from associates and joint ventures		(1,532,631)	(1,466,691)
Income from sale of shares of subsidiaries		-	46,495
Provision for/ (reversal of) inventory impairment	11	18,760	(16,917)
Provision for/ (reversal of) doubtful receivables		9,844	(125,675)
Income from sale of shares of associates / joint ventures		-	(56,525)
Unrealized foreign currency translation differences		175,006	36,160
<b>Net cash provided by operating activities before changes in operating assets and liabilities</b>		<b>14,686,560</b>	<b>10,103,325</b>
Changes in trade receivables		(230,529)	(2,488)
Changes in inventories		(650,030)	(568,957)
Changes in other receivables and other current assets		(3,660,868)	(26,038)
Changes in trade payables		1,028,016	832,258
Changes in other liabilities and other payables		3,626,765	(275,599)
Net cash provided by operating activities of assets classified as held for sale		181,064	240,649
<b>Changes in assets and liabilities in finance segment:</b>			
Changes in securities held for trading		(1,924,395)	(411,136)
Changes in receivables from finance sector operations		(54,397,863)	(15,797,616)
Changes in payables from finance sector operations		58,987,863	33,640,035
Changes in Central Bank of the Republic of Turkey account		(16,488,661)	978,156
Income taxes paid	30	(2,023,924)	(1,385,511)
Employment termination benefits paid	21	(65,691)	(102,435)
<b>Net cash provided by / (used in) operating activities</b>		<b>(931,693)</b>	<b>27,224,643</b>
Capital expenditures	4	(1,824,011)	(1,900,829)
Sale / (purchase) of available for sale and held to maturity financial assets		(17,532,621)	(20,853,658)
Purchase of subsidiaries, associates and joint ventures		(83,264)	(998,946)
Share sale of subsidiaries		316,070	252,149
Share sale of joint ventures		-	152,930
Proceeds from sale of noncurrent assets held for sale, property, plant and equipment and intangible assets		318,704	133,052
Dividend received		428,922	565,570
<b>Net cash provided by / (used in) investing activities</b>		<b>(18,376,200)</b>	<b>(22,649,732)</b>
Cash inflow from financial liabilities		19,051,336	3,245,573
Financial liability repayments		(5,740,452)	(12,252,903)
Dividends paid		(684,346)	(660,845)
Share capital increase of subsidiaries		161,006	1,780,902
Dividends paid to noncontrolling interests		(36,036)	(62,162)
<b>Net cash provided by / (used in) financing activities</b>		<b>12,751,508</b>	<b>(7,949,435)</b>
Effect of change in foreign currency rates on cash and cash equivalents		3,516,122	3,245,458
Net increase/(decrease) in cash and cash equivalents		(3,040,263)	(129,066)
Cash and cash equivalents at the beginning of the period (*)		18,525,274	18,654,340
<b>Cash and cash equivalents at the end of the period</b>		<b>15,485,011</b>	<b>18,525,274</b>

(\*) In the current period, cash and cash equivalents include an interest rediscount of TRY332 ( 2019: TRY5,190). The blocked deposit at the beginning of the current period was TRY3,916,739, and it was TRY4,342,775 at the end of the period (2019: respectively TRY5,002,895 and TRY3,916,739).

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

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 63.412 (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 Istanbul (“BİST”) (previously known as the Istanbul Stock Exchange (“ISE”)) since 1997. As of 31 December 2020, the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 23)

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

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

#### Subsidiaries

As of 31 December 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	Registered Country
Akbank T.A.Ş. (“Akbank”)	BİST	Banking	Banking	16,231	Turkey
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. (“Carrefoursa”)	BİST	Trade	Retailing	13,157	Turkey
Teknosa İç ve Dış Ticaret A.Ş. (“Teknosa”)	BİST	Trade	Retailing	2,337	Turkey
Çimsa Çimento Sanayi ve Ticaret A.Ş. (“Çimsa”)	BİST	Cement	Building Materials	2,265	Turkey
Kordsa Teknik Tekstil Anonim Şirketi (“Kordsa”)	BİST	Clinker tire	Industry	4,492	Turkey
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (“Exsa”)	-	Trade	Other	49	Turkey
Ankara Enternasyonel Otelcilik A.Ş. (“AEO”)	-	Tourism	Other	2	Turkey
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. (“Tursa”)	-	Tourism	Other	3	Turkey
Sabancı Dijital Teknoloji Hizmetleri A.Ş. (“SabancıDX”)	-	Information Technologies	Other	217	Turkey
Çimsa Sabancı Cement BV (“CSC BV”)	-	Cement	Building Materials	-	Holland

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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)**

In addition, A.R.T.S., which was established as a "Structured Entity" in November 1999 to provide long-term financing from abroad, which the Bank has 100% controlling power even though it is not a subsidiary, has been included in the consolidation by full consolidation method.

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

**Joint Ventures**

As at 31 December 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:

<b>Joint ventures</b>	<b>Traded Stock Market</b>	<b>Type of Activity</b>	<b>Business Segment</b>	<b>Ventures</b>	<b>Number of Employees</b>
Aksigorta A.Ş. (“Aksigorta”)	BİST	Insurance	Insurance	Ageas	662
Avivasa Emeklilik ve Hayat A.Ş. (“Avivasa”)	BİST	Pension	Insurance	Aviva	1,757
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. (“Brisa”)	BİST	Tire	Industry	Bridgestone	2,953
Akçansa Çimento Sanayi ve Ticaret A.Ş. (“Akçansa”)	BİST	Cement and clinker	Cement	Heidelberg	2,035
Enerjisa Enerji A.Ş. (“Enerjisa Enerji”)	BİST	Energy	Energy	E.ON SE	11,267
Enerjisa Üretim Santralleri A.Ş. (“Enerjisa Üretim”)	-	Energy	Energy	E.ON SE	1,204
Temsa Ulaşım Araçları Sanayi ve Ticaret A.Ş. (“Temsa Ulaşım Araçları”)	-	Automotive	Other	PPF Industry Co B.V.	1,420

All joint ventures are registered in Turkey.

**Associates**

As at 31 December 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:

<b>Affiliates</b>	<b>Traded Stock Market</b>	<b>Type of Activity</b>	<b>Business Segment</b>	<b>Ventures</b>	<b>Number of Employees</b>
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (Philsa)	-	Tobacco products production	Industry	Philip Morris	2,862
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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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

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**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. Additional measures are being announced to tackle adverse impacts on companies and certain sectors. 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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

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**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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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

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**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 31 December 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 31 December 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 37 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”.

**Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

**Amendments to IFRS 17 and IFRS 4, ‘Insurance contracts’, deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

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**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 IFRS 9, 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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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 31 December 2020 and 2019:

	31 December 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	50,00	50,00	60.28	60.28
Tursa	100.00	100.00	100.00	100.00
Carrefoursa	57.12	57.12	50.61	50.61
CSC BV	100.00	83.24	-	-

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.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 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 31 December 2020 and 2019:

	31 December 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 (%)
<b>Joint Ventures</b>				
Akçansa	39.72	39.72	39.72	39.72
Aksigorta	36.00	36.00	36.00	36.00
Avivasa	40.00	40.00	40.00	40.00
Brisa	43.63	43.63	43.63	43.63
Enerjisa Enerji	40.00	40.00	40.00	40.00
Enerjisa Üretim	50.00	50.00	50.00	50.00
Temsa Ulaşım Araçları	50,00	23,95	-	-

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

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 31 December 2020 and 2019:

<b>Associates</b>	<b>Proportion of effective interest by the Holding (%)</b>
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.

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**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 31 December 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 – 31 December 2020 comparatively with the year 1 January - 31 December 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.



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

**2.3 Summary of Significant Accounting Policies**

**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
- 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).

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**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)**

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.

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**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 Cash and cash equivalents**

Cash and cash equivalents are carried at cost on the balance sheet. Cash and cash equivalents comprise short-term, highly liquid investments that are readily convertible into cash, cash on hand, with maturities of the three months or less at the date acquired and conversion risk is immaterial (Note 5).

**2.3.3 Sale and repurchase agreements**

Securities sold under repurchase agreements ("Repo") are classified in the Group portfolio as "fair value differences that recorded as profit or loss", "available for sale" or "held to maturity" portfolios and valued according to relevant portfolio basis. Acquired Funds in return of repurchase agreements accounted under "Financial Liabilities" and expense accruals are calculated according to the "effective yield (internal rate of return) method" for the difference amount related to current period between the repurchase agreements and the determined sale and repurchase prices.

Securities purchased under agreements to resell ("reverse repo") are recorded as cash and cash equivalents in the balance sheet. For the current period portion of the difference between the purchase and resale prices determined by reverse repurchase agreements, the rediscounted interest income is calculated according to the "effective yield method".

**2.3.4 Reserve deposits with the Central Bank of the Republic of Turkey**

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2005/1, the Group is required to maintain reserves in CBRT for TL and foreign currency liabilities. The required reserve rates for TL liabilities vary between 1% and 6% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2020 (2019: 1% and 7% for all TL liabilities) The reserve rates for foreign currency liabilities vary between 5 and 22 (31 December 2019: 5% and 21%).

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

**2.3 Summary of Significant Accounting Policies (Continued)**

**2.3.5 Trade receivables and expected credit losses**

Group uses a provision matrix for the calculation of the expected credit losses on trade receivables. The provision matrix calculates fixed provision rates depending on the number of days that a trade receivable is past due and those provision rates are reviewed and, revised if necessary, in every reporting period. The changes in the expected credit losses on trade receivables are accounted for under “other operating income/expenses” account of the consolidated statement of income. As of the reporting date the provision effect is immaterial.

**Impairment**

“Expected credit loss model” defined in TFRS 9, “Financial Instruments” superseded the “incurred credit loss model” in TAS 39 “Financial Instruments: Recognition and Measurement” which was effective prior to 1 January 2019. Expected credit losses are a probability weighted estimate of credit losses over the expected life of the financial instrument. The calculation of expected credit loss is performed based on the past experiences and future expectations of the Group.

Group has preferred to apply “simplified approach” defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

**2.3.6 Receivables From Finance Sector Operations**

As of 1 January 2018, Group has adopted “three stage approach (general model)” defined in TFRS 9 for the recognition of impairment losses on receivables from finance sector operations, carried at amortised cost or carried at fair value through other comprehensive income. General model considers the changes in the credit quality of the financial instruments after the initial recognition. Three stages defined in the general model are as follows:

“Stage 1”, includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses (“ECL”) are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date and represents the credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

“Stage 2”, includes financial instruments that have had a significant increase in credit risk since initial recognition but those do not have objective evidence of impairment. For these assets, lifetime expected credit losses are recognised and interest revenue is calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

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

**2.3 Summary of Significant Accounting Policies (Continued)**

**2.3.6 Receivables From Finance Sector Operations (Continued)**

“Stage 3”, includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognised. Group appropriately classifies its financial instruments considering common risk factors (such as the type of the instrument, credit risk rating, guarantees, time to maturity and sector) to determine whether the credit risk on a financial instrument has increased significantly and to account appropriate amount of credit losses in the consolidated financial statements. The changes in the expected credit losses on receivables from finance sector operations are accounted for under “other operating income/expenses” account of the consolidated statement of income.

**2.3.7 Related parties**

For the purpose of the consolidated financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by or affiliated with them, are considered and referred to as related parties.

**2.3.8 Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost of inventories includes all procurement costs, conversion costs and other costs that incurred for bringing the stock in current position and situation. The unit cost of inventories is determined on the moving weighted average basis (Note 11). Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

**2.3.9 Derivative financial instruments**

Derivative financial instruments, including forward foreign exchange contracts and currency and interest rate swap instruments are initially recognised in the balance sheet at cost (including transaction costs) and are subsequently re-measured at their fair value. All derivative financial instruments are classified as financial assets at fair value through profit or loss. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate.

The fair value of over-the-counter forward foreign exchange contracts is determined based on the comparison of the original forward rate with the forward rate calculated in reference to the market interest rates of the related currency for the remaining period of the contract.

All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Changes in the fair value of derivatives at fair value through profit or loss are included in the income statement.

Certain derivative transactions, while providing effective economic hedges under the risk management position, under the specific rules under IFRS 9 treated as derivatives at fair value through profit or loss and their fair value gains and losses are reported in the income statement.

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

**2.3 Summary of Significant Accounting Policies (Continued)**

**2.3.9 Derivative financial instruments (Continued)**

Gains and losses on interest rate swaps used for hedging purposes are recognised as income or expense on the same basis as the corresponding expense or income on the hedged position. Gains and losses on interest rate swaps are included in the interest income and expense as appropriate.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of hedged asset or liability attributable to the hedged risk is recorded as part of the carrying value of the hedged asset or liability during the effective hedging relationship. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to the income statement over the period to maturity.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged cash flows are recognised in the income statement.

The Group also applies net investment risk hedge transactions in order to hedge currency risk related to investments abroad. For the said net investment hedge transaction, the active part of the fair value change of the hedging instrument is recognised in “Other Accumulated Comprehensive Income or Expenses to be Reclassified in Case of Profit or Loss” under equities.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

**2.3.10 Investment property**

Land and buildings that are held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property and carried at cost less accumulated depreciation (except land) under the cost method less impairment charges, if any (Note 14). The cost of a self constructed investment property is its cost at the date when the construction or development is complete. Until that date, the Group applies TAS 16 “Property, Plant and Equipment”. At that date, the property becomes investment property and thus is transferred to investment property. Assets held under operating leases are not disclosed as investment property. Fair values of investment properties are not materially different from costs. Depreciation periods are determined by useful lives and between 20-49 years.

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**2.3.11 Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated depreciation in the consolidated financial statements (Note 15). Depreciation is provided on property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	<u>Years</u>
Land improvements	4-50
Buildings	10-50
Machinery and equipment	3-30
Motor vehicles	3-7
Furniture and fixtures	3-15
Other property, plant and equipment	5-10

Gains or losses on disposals of property, plant and equipment are determined with respect to the difference between collections received and carrying amounts of property, plant and equipment and are included in the related income and expense accounts, as appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset plus the residual value of the related assets. Ordinary repair and maintenance expenses are charged to the income statements during the financial period in which they were incurred. Capital expenditures resulting in a capacity increase and increase in future economic benefits are included in the asset’s carrying amount.

**2.3.12 Intangible assets**

Intangible assets consist of licences, computer software, development costs, purchased technology, mining rights, acquired rights of use, and other identifiable rights. Intangible assets are initially accounted at cost and amortised using the straight-line method over an estimated useful life that does not exceed 20 years (Note 16). The amortisation of mining rights commences when the extraction begins.

Customer relations and agreements acquired in business combination are recognised at fair value at the acquisition date. Customer relations and contracts are depreciated on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization and impairment losses (Note 16).

**2.3.13 Non-current assets held for sale and discontinued operations**

Non-current assets held for sale (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset. The sale of assets held for sale is expected to be occur within the following 12 months from the balance sheet date. Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group).

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

**2.3 Summary of Significant Accounting Policies (Continued)**

**2.3.13 Non-current assets held for sale and discontinued operations (Continued)**

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale.

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount or fair value. If fair value is below the carrying value of asset, the related impairment is accounted for expense in the consolidated statement of profit or loss.

**2.3.14 IFRS Interpretation 12 - Service Concession Arrangements**

IFRS Interpretation 12, provides guidance on the accounting of public-to-private service concession arrangements by operators.

An arrangement within the scope of IFRS Interpretation 12 typically involves a private sector entity (an operator) constructing an infrastructure used to provide a public service or upgrading it, operating and maintaining that infrastructure for a specified period of time.

The fee received/to be received by Enerjisa Elektrik Dağıtım A.Ş., which is a subsidiary of the Group, for its distribution services will be recognised over the fair value of the service. The fee amount is recognised as a financial asset. Group recognises this financial asset in line with the cash paid by the licensee or paid by another party as instructed by the licensee in return for the electricity distribution service. The amount to be paid by the licensee or paid by another party as instructed by the licensee is recognised as a receivable as per IFRS 39 “Financial Instruments”.

A financial asset of Enerjisa Elektrik Dağıtım A.Ş., the Group’s subsidiary, is recognised in its own statement of financial position under “Financial Assets” at the current market value calculated by discounting estimated future cash inflows to be realized during the project based on the annual investments determined with the transfer of the operational rights contract concluded in advance, using the effective interest rate method. The revenue calculated based on the effective interest rate method is recognised as “interest revenue earned from a service concession agreement”.

**2.3.15 Shareholders’ equity**

In the restatement of shareholders’ equity items, the addition of funds formed due to hyperinflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered as contributions by shareholders. In the restatement of shareholders’ equity items added to share capital the capital increase registry dates or the payment dates are considered. In the restatement of premium in excess of par, the payment dates are considered (Note 23).

Treasury shares under equity stands for the Holding shares owned by the subsidiaries. Those shares are accounted through reducing the share capital of the Holding by the amount of Holding shares owned by subsidiaries in the accompanying consolidated financial statements.



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

**2.3 Summary of Significant Accounting Policies (Continued)**

**2.3.15 Shareholders’ equity (Continued)**

Revaluation fund included in the value increase funds is related to the value increase at the date of the transaction of the net assets owned by the Group before the sale transaction. Since the significant part of the amounts included in revaluation funds are related with the assets subject to amortisation, the revaluation funds are accounted for by transferring the related revaluation fund to the retained earnings during the amortisation period or the disposal period of the aforementioned assets.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in “Hedge Funds” under equity. The Group hedges the net investment risk on foreign investments with the foreign currency denominated financial liabilities. The effective part of the foreign exchange differences on the foreign currency denominated financial liabilities is accounted in the “Hedge Funds” account under shareholders’ equity.

As of December 31, 2020, the capital adequacy standard rate of Akbank, one of the subsidiaries of the Group, is 20.70% (31 December 2019: 19.66%) and its capital adequacy standard rate is above the minimum rate determined by the relevant legislation.

**2.3.16 Research expenses and development costs**

Research costs are expensed as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility and only if the cost can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

**2.3.17 Borrowing costs**

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement as financial expense over the period of the borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Borrowing costs that are not in this scope are recognised directly in the income statement.

The financing costs of borrowings attributable to ongoing investments (interest expenses and foreign Exchange loses based on the difference between the TL benchmark interest and interest regarding the foreign currency denominated loans) are capitalised until the completion of the investments.

**2.3.18 Deferred financing charges**

Deferred financing charges (primarily comprising legal and other costs incurred in relation to obtaining long-term bank borrowings from financial institutions) are amortised using the effective interest method over the remaining life of the long-term bank borrowings.

**2.3.19 Income taxes**

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

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Income tax expense represents the sum of the tax currently payable and deferred tax.

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

**2.3 Summary of Significant Accounting Policies (Continued)**

**2.3.19 Income taxes (Continued)**

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss.

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

**2.3 Summary of Significant Accounting Policies (Continued)**

**2.3.20 Employee benefits**

Retirement benefits

Akbank’s personnel are members of the “Akbank T.A.Ş. Personnel Pension Fund Foundation” (“Pension Fund”), established in accordance with the Social Security Law numbered 506, article No.20. The financial statements of the Pension Fund have been audited by an independent actuary in accordance with the 38th article of the Insurance Supervisory Law and the “Actuarial Regulation” based on the same article.

On 1 November 2005, Banking Law No,5411 (“New Law”) which requires the transfer of the pension funds of the banks to the Social Security Institution within three years following the publication date was published in the Official Gazette. However, President of the Turkish Republic applied to the Constitutional Court on 2 November 2005 for the abrogation of the related article of Banking Law, and this article was abrogated with the decision No E. 2005/39, K. 2007/33 dated 22 March 2007, which was published in the Official Gazette No 26731 dated 15 December 2007, and its execution was annulled at the publication date of the decision.

Following the publication of the reasoned ruling of the Constitutional Court in December 2007, the relevant commission of the Turkish Parliament began to work on a new law provision establishing the transfer of the pension funds. The law provision was drawn up as a draft in the first months of 2008 and the legislation processes are in progress as of the preparation date of these consolidated financial statements and at 17 April 2008, at No. 5754 of the Social Security Act ( “ New Law” ) circuit that regulates the principles and provisions of the Parliamentary General Assembly agreed and 8 May 2008 and published in the Official Gazette No. 26870th be entered into force. Following the publication of the reasoned decree of the Constitutional Court, Turkish Grand National Assembly commenced to work on a new law regarding the transfer of the members of funds to the Social Security Institution; the related articles of the Social Security Law (“New Law”) numbered 5754 regarding the transfer of the funds, were ratified by the TGNA General Meeting on 17 April 2008 and came into effect following the publication in the Official Gazette numbered 26870, dated 8 May 2008.

The New Law was requiring that present value of post-employment benefits at the transfer date shall be calculated by a commission consisting of the representatives of SSI, Ministry of Finance, Undersecretariat of Treasury, Undersecretariat of State Planning Organization, BRSA, SDIF and banks and funds, by using a technical discount rate of 9,8 percent taking into consideration the transferrable contributions and payments of the funds including any monthly payment differences paid by the funds above the limits within the framework of SSI regulations. Accordingly the transfer required by the New Law was to be completed until 8 May 2011. According to the decision of the Council of Ministers published on the Official Gazette dated 9 April 2011 no. 27900, the time frame for related transfer has been extended for two years. The transfer should be completed until 8 May 2013.

With the change in first clause of 20nd provisional article of the “Social Insurance and General Health Insurance Law no. 5510” published on the Official Gazette no. 28227 dated 8 March 2012, the postponement right of the Council of Ministers has been extended from two years to four years.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

##### 2.3 Summary of Significant Accounting Policies (Continued)

##### 2.3.20 Employee benefits (Continued)

The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No,5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated 23 April 2015 and numbered 29335. According to paragraph (I) of Article 203 of Law no. 703 which published in the Official Gazette no. 30473 dated 9 July 2018, the phrase, placed in 20th provisional article of Social Insurance and General Health Insurance Law no,5510, “Council of Ministers” is authorized to determine the date of transfer to the Social Security Institution has been replaced with “president”.

According to the New Law, following the transfer of the members of the fund to the SSI, the funds and institutions will continue to provide the non-transferrable social benefits and payments which are included in the articles of association of the fund.

The Group allocated a provision in its financial statements for the technical gap of TRY126,263 identified with a report prepared by an actuary with the actuarial registration. (31 December 2019: TRY38,125)

The employees of the financial establishments falling in the scope of the consolidation are not included in the retirement plan explained above but are within the scope of the Social Security Institution and other contribution plans.

	<b>31 December 2020</b>	<b>31 December 2019</b>
Current value of funded liabilities	(7,690,175)	(6,729,229)
Advance value of future contributions	5,601,360	4,895,180
<b>Total Transfer Liability to Social Security Institution</b>	<b>(2,088,815)</b>	<b>(1,834,049)</b>
Past service obligation	(366,677)	(269,546)
<b>Transfer to the Social Security Institution and Additional Liabilities</b>	<b>(2,455,492)</b>	<b>(2,103,595)</b>
Market value of assets	2,329,229	2,065,470
<b>Crate surplus after assets</b>	<b>(126,263)</b>	<b>(38,125)</b>

The amount of the post-employment medical benefits transferrable to SSI is calculated over the net present value of medical liabilities and health premiums.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

##### 2.3 Summary of Significant Accounting Policies (Continued)

##### 2.3.20 Employee benefits (Continued)

The principal actuarial assumptions used were as follows:

	31 December 2020	31 December 2019
<b>Discount rate</b>		
- Pension benefits transferrable to SSI	%9.80	%9.80
- Post-employment medical benefits transferrable to SSI	%9.80	%9.80
- Other non-transferrable benefits	%3.64	%3.97

The average life expectancy of a person who retired at age 60 for men and 58 years for women was determined according to the statistical data based on statistical data and was 19,7 years for men and 25,3 years for women.

The movement table of the fair value of the assets is as follows:

	31 December 2020	31 December 2019
<b>Death rate</b>		
<b>End of previous period</b>	<b>2,065,470</b>	<b>1,795,491</b>
Real return of fund assets	227,741	333,700
Employer contributions	432,814	343,326
Employee contributions	284,885	232,839
Paid compensations	(681,681)	(639,886)
<b>End of period</b>	<b>2,329,229</b>	<b>2,065,470</b>

The distribution of fund assets is as follows:

	31 December 2020		31 December 2019	
Bank placements	275,016	% 12	1,181,437	% 57
Tangible assets	16,421	% 1	17,495	% 1
Securities and shares	1,551,810	% 67	571,189	% 28
Other	485,982	% 20	295,349	% 14
<b>End of period</b>	<b>2,329,229</b>	<b>% 100</b>	<b>2,065,470</b>	<b>% 100</b>

#### Provision for Employment Termination Benefit

The provision for employment termination benefits represents the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees, completion of one year of service of the employees, employees' being calling up for military service or death of the employees calculated in accordance with the Turkish Labour Law (Note 21). All actuarial gains and losses are accounted for under equity.

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

**2.3 Summary of Significant Accounting Policies (Continued)**

**2.3.21 Provisions, contingent liabilities and assets**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial tables and are treated as contingent assets or liabilities.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. A contingent asset is disclosed where an inflow of economic benefit is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs.

Present obligations arising under onerous contracts are recognized and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

**2.3.22 Investment incentives**

The Group benefits from research and development (“R&D”) grants within the scope of the Communiqué No: 98/10 of The Scientific and Technological Research Council of Turkey (“TÜBİTAK”) and Money Credit and Coordination Board related to R&D grants for its research and development projects given that such projects satisfy specific criteria with respect to the evaluation of TÜBİTAK Technology Monitoring and Evaluation Board.

The government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

The government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Accordingly, government grants are recognised as income when the related costs which they are intended to compensate were incurred. Similarly, grants related to depreciable assets are recognised as income over the periods and in the proportions in which depreciation on those assets is charged.

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

**2.3 Summary of Significant Accounting Policies (Continued)**

**2.3.23 Insurance technical reserves**

Unearned premiums reserve

Unearned premium reserve is calculated on a daily basis for all policies in force as of balance sheet date for unearned portions of premiums written except for marine and earthquake premiums issued before 14 June 2007. During the calculation of unearned portion of premiums written on a daily basis, it is supposed that the policies start at 12.00 noon and finish at 12:00 noon again. Within the framework of the “Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested,” (“Regulation on Technical Reserves”) issued in Official Gazette No: 26606 dated 7 August 2007, unearned premium reserve and the reinsurer’s share of the unearned premium reserve of the policies, are calculated as the unearned portion of the premiums and ceded premiums to reinsurers without deducting commissions or any other deductions, on an accrual and gross basis. For marine policies with an uncertain end date, unearned premium reserve is calculated as 50% of the premiums written in the last three months.

Continued risk provisions

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. If the loss ratio for a branch is higher than 95% the unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with the unearned premium reserve for the related branch. The difference between gross amount and net amount is considered as reinsurance portion. Opening outstanding claims provision amount is revised consistently with the current period, in calculation of expected loss ratio considered in the calculation of unexpired risk reserve as of 31 December 2019.

Outstanding claim and provision

Group insurance companies allocate outstanding claims reserve for accrued and unsettled but not yet reported unearned but unreported amounts in the previous accounting period or in the current accounting period. Compensations that have been filed before the accounting period but have been notified after these dates are regarded as realized but not reported compensation claims.

According to “Regulation Regarding the Amendment of the Regulation on the Technical Reserves of Insurance and Reinsurance Companies and Pension Funds and the Assets to be Invested in These Provisions” published in the Official Gazette dated July 28, 2010 and numbered 27655 and the “Circular on Outstanding Claims” dated 5 December 2014 and numbered 2014/16, the Company's Unfunded Claims Provisions were calculated using actuarial chain ladder methods.

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

**2.3 Summary of Significant Accounting Policies (Continued)**

**2.3.23 Insurance technical reserves**

Life mathematical reserves

Life mathematical reserves comprise actuarial mathematical reserves (those with minimum income guarantee determined by the tariffs approved by the Treasury and those including risk guarantees over one year) and life profit share reserved and represent the Company's total liability to the policyholders in the life branch.

Mathematical reserve; is the sum of reserves specified in the contract's technical terms and calculated using static and actuarial methods in order to cover the liabilities of insurance companies to policyholders and beneficiaries for life, health, sickness and personal accident insurance contracts with periods longer than a year and if it is committed, the reserves for the part allocated to insured from the revenues derived from the investment of such reserves. In accordance with the Insurance Law, the remaining amount of life branch premiums that are collected in accordance with life insurance agreements, after deduction of expense charges, mortality risk premium and commissions are accounted for as life mathematical reserves. The approval of mathematical reserves is made by the actuaries based on current mortality tables valid for Turkish insurance companies and prepared by considering mortality statistics prepared abroad.

**2.3.24 Revenue recognition**

Banking

Interest income and expense are recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective yield method based on the actual purchase price until, in management’s estimates and judgment, collection becomes doubtful. Interest income includes coupons earned on fixed income securities and accrued discount on treasury bills.

Fees and commission income/expenses are primarily recognized on an accrual basis or “Effective interest rate method” according to the nature of the fee and commission, except for certain commission income and fees for various banking services which are recorded as income at the time of collection. Contract based fees or fees received for services such as the purchase and sale of assets on behalf of a third party or legal person are recognized as income at the time of collection (Note 4.f.i).

Insurance

Life:

Premium income represents premiums accrued on policies issued during the period, adjusted by the reserve for unearned premiums for annual life policies, during the period (Note 4 f.ii).

Non-Life:

Premium income represents premiums on policies written during the period, net of cancellations, as adjusted by the reserve for unearned premiums.



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

**2.3 Summary of Significant Accounting Policies (Continued)**

**2.3.24 Revenue recognition (Continued)**

Other segments

Revenues are recognised on an accrual basis at the time deliveries or acceptances are made, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, at the fair value of the consideration received or receivable. Net sales represent the invoiced value of goods shipped less sales returns and commission and excluding sales taxes. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised as interest income on a time proportion basis that takes into account the effective yield on the asset.

**2.3.25 Earnings per share**

Earnings per share for each class of share disclosed in these consolidated statements of income are determined by dividing the net income after translation adjustment attributable to that class of shares by the weighted average number of shares of that class that have been outstanding during the period concerned. As disclosed in Note 34 earnings per share are calculated in accordance with IAS 33 “Earnings Per Share”.

Income as per share stated in the income statement is calculated by dividing the net profit by the weighted average of the share certification available in the market during the whole year.

Companies in Turkey can increase their capitals that they distributed to their shareholders from the profits of previous year by “free of charge share certificates”. Such “free of charge share” distributions are considered as issued share incalculation of profit as per share. Accordingly, number of weighted average shares used in these calculations is calculated considering the retrospective impacts of related share certificate.

**2.3.26 Foreign currency transactions**

Functional Currency

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

Foreign currency transactions and balances

Income and expenses arising in foreign currencies have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into Turkish lira at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated income statement.

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

**2.3 Summary of Significant Accounting Policies (Continued)**

**2.3.26 Foreign currency transactions (Continued)**

Foreign Group companies

The results of Group undertakings using a measurement currency other than Turkish lira are first translated into Turkish lira by using the average exchange rate for the period. The assets and liabilities of such Group undertakings are translated into Turkish lira by using the closing rate at the balance sheet date. Differences arising on retranslation of the opening net assets of such Group undertakings and differences between the average and year-end rates are included in translation reserve as a separate item in the shareholders’ equity.

**2.3.27 Business combinations**

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with TAS 12 Income *Taxes* and TAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

**2.3 Summary of Significant Accounting Policies (Continued)**

**2.3.27 Business combinations (Continued)**

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or TAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is premeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

**Partial share purchase-sale transactions with non-controlling interests**

The group applies a policy of treating transactions with non- controlling interests as transactions with equity owners of the group. For purchases from non- controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non- controlling interests are also recorded in equity. For disposals to non- controlling interests, differences between any proceeds received and the relevant share of non- controlling interests are recorded in equity under retained earnings since.

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

**2.3 Summary of Significant Accounting Policies (Continued)**

**2.3.28 Segment reporting**

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

A reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

The Group has selected business segments as the Group’s primary segment reporting format based on the risks and returns on products produced and services rendered reflecting the primary source of the enterprise’s risks and returns. Geographical segments have not been disclosed in these consolidated financial statements as the secondary segment reporting format on the grounds of materiality as the operations of the Group in geographical areas other than Turkey are not reportable geographical segments individually when compared with the overall consolidated financial statements.

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for the decisions related to the allocation of resources to the segments and assessment of performance of segments.

**2.3.29 Events occurring after the balance sheet date**

If any event requiring adjustment arises after the balance sheet date, the group adjusts the amounts included in the financial statements in line with the new circumstances. Issues occurring after the balance sheet date which do not require any adjustment are explained in the footnotes of the consolidated financial statements if they affect the economic decisions of the financial statement users.

**2.3.30 Impairment defined in the scope of TFRS and related to receivables of loans and lease transactions**

In the Group's consolidated financial statements dated 31 December 2020, there are loan and rent receivables totalling TRY284,048,822 thousand (31 December 2019: 230,099,033), which constitutes an important part of the assets, and a total impairment provision of TRY16,969,515 (31 December 2019: 12,707,080) allocated in relation to these loan and rent receivables. The Group calculates the expected loan loss as per TFRS 9, “Financial Instruments Standard”. TFRS 9 is a complicated accounting standard, requiring critical judgement and interpretation in practice. These judgements and interpretations are key in developing financial models measuring expected loan losses for loans calculated at amortised cost. In addition, a large data set obtained from multiple systems is necessary for use in the models developed. Also, the provision calculation includes complicated information and estimations such as past losses, current conditions and macro-economic expectations. The provision for the expected losses from lease transactions related to loans and receivables is collectively allocated for similar loan portfolios in a way that includes management’s best estimations and past losses as of the balance sheet date, and for important loans, it is allocated by evaluating each item separately.

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

**2.4 Critical accounting estimates and assumptions**

When preparing the consolidated financial statements according to Turkish Financial Reporting Standards, Group management must make some assumptions and estimations which identify the amount of income and expenses as of the reporting period, which identify liabilities and commitments likely to occur as of the balance sheet date and which may affect the amount of assets and liabilities which are reported. These estimations and assumptions may differ from actual results even though they are based on the best knowledge of Group management regarding current events and transactions. Estimations are reviewed regularly, and necessary adjustments are made and reflected on the statement of income for the relevant period. If changes in accounting estimations are related to one period only, they are reflected in the financial statements in the current period of the change. If they are related to future periods, they are reflected in the financial statements prospectively, both in the period of the change and in the future period, and are considered when defining the net period profit or loss.

**a) Goodwill**

Business combinations are recognised using the purchase method in the scope of the TFRS 3 “Business Combinations” standard. (i) The value of the net identifiable assets and the conditional liabilities on the balance sheet prepared on the date of acquisition as per the provisions of TFRS 3, (ii) the value of non-controlling interest and (iii) the difference between them and previously owned shares of the company acquired with a purchase fee are recognised as goodwill. If the difference is negative, goodwill does not arise and the difference is recognised under “Investment operation income” as negotiated purchase earnings.

Using this method, the purchase fee was calculated at the fair value of cash and other assets provided on the date of acquisition, of excluded capital instruments or of liabilities undertaken. If the business combination agreement includes provisions that the purchase fee may be adjusted in line with future occurrences, and if this adjustment is probable and its value definable, this adjustment is included in the purchase fee at the date of the business combination. Costs related to the acquisition are recognised in the period they arise.

Identifiable assets, liabilities and contingent liabilities of the business acquired in the balance sheet of the business acquired prepared according to the provisions of TFRS 3 are measured at fair value. Goodwill recognised as a result of business combinations is not amortised and instead is tested for impairment annually (as of December 31), or more frequently if circumstances indicate that it might be impaired. Impairment losses calculated on goodwill cannot be associated with the income statement even if the impairment ceases to exist in the following periods. Goodwill is associated with cash-generating units during the impairment test. Legal mergers among the enterprises controlled by the Group are evaluated within the scope of TFRS 3. Therefore, the goodwill in transactions like this cannot be recognised.

**b) The Fund**

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

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

**2.4 Critical accounting estimates and assumptions (Continued)**

**c) 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.

**d) 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.

**NOTE 3 - BUSINESS COMBINATIONS**

**The business combinations between the period 1 January and 31 December 2020:**

As of October 22, 2020; Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş. (Exsa), a subsidiary of the Group, acquired %50 of the shares (representing its capital of TRY 210,000) of bus and midibus producing company Temsa Ulaşım Araçları Sanayi ve Ticaret A.Ş (Temsa Ulaşım Araçları)

As of December 16, 2020, a new company named Çimsa Sabancı Cement BV (CSC BV) has been established in the Netherlands with a capital of 87,000,000 Full Euro, in which Group has a 60% and Çimsa has a 40% shareholding. By participating in CSC BV as a founding partner, a capital of 52,200,000 Full Euro has been allocated for 52,200,000 shares.

%100 of Çimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North GmbH and Cimsa Cementos Espana SAU and 70% of Cimsa Adriatico SRL shares has been decided to be sold to CSC BV, a Company established in the Netherlands.

The said shares will be transferred to CSC BV over the values to be determined as a result of the independent valuation work to be carried out in accordance with the CMB legislation. The share valuation procedures of the terminals and companies to be transferred are still ongoing as of this date.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 3 - BUSINESS COMBINATIONS (Continued)

##### The business combinations between the period 1 January and 31 December 2019:

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 Full USD3,493,365 and Full 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 Full TRY158,982,480 on the consolidated income, in addition to its registered income and expenses, and a Full TRY36,243,057 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:

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

The Full TRY503,153,010 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: Full TRY33,681,278) of the amount constituting the base of the agreement, and was reflected separately under parent company shares in equities.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 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- 31 December 2020	1 January- 31 December 2019
Banking	37,824,578	41,083,678
Industry	4,535,703	6,132,270
Retail	13,502,532	10,512,353
Building materials	2,270,016	1,726,092
Other	1,220,959	412,273
<b>Total (*)</b>	<b>59,353,788</b>	<b>59,866,666</b>

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

##### b) Segment Assets (Consolidated):

	31 December 2020	31 December 2019
Banking	475,309,693	384,499,463
Industry	7,691,684	7,223,360
Retail	6,597,362	5,335,597
Building materials	4,962,682	3,573,333
Other	2,642,860	2,991,852
<b>Segment assets</b>	<b>497,204,281</b>	<b>403,623,605</b>
Assets classified as held for sale	262,226	673,547
Investments accounted through equity method (Note 13)	8,298,372	7,335,503
Unallocated assets	(463,260)	(638,417)
Less: intersegment eliminations	(4,043,245)	(4,646,359)
<b>Total assets as per consolidated financial statements</b>	<b>501,258,374</b>	<b>406,347,879</b>

##### c) Segment Liabilities (Consolidated):

	31 December 2020	31 December 2019
Banking	414,242,517	332,159,983
Industry	4,402,207	4,412,665
Retail	6,903,104	5,828,136
Building materials	2,990,595	2,358,618
Other	463,413	351,883
<b>Segment liabilities</b>	<b>429,001,836</b>	<b>345,111,285</b>
Assets classified as held for sale	4,027	3,117
Unallocated liabilities	(495,219)	(614,007)
Less: intersegment eliminations	(4,035,164)	(4,629,959)
<b>Total liabilities as per consolidated financial statements</b>	<b>424,475,480</b>	<b>339,870,436</b>



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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 4 - SEGMENT REPORTING (Continued)

##### d) The balance sheet items by segment:

##### i) Banking:

	<b>Combined(*) 31 December 2020</b>	<b>Consolidated(**) 31 December 2020</b>	<b>Combined(*) 31 December 2019</b>	<b>Consolidated(**) 31 December 2019</b>
Cash and cash equivalents	17,971,434	17,971,434	21,358,331	21,358,331
Financial assets	109,271,030	109,271,030	90,363,657	90,363,657
Derivative financial instruments	22,858,366	22,858,366	16,517,763	16,517,763
Reserve deposits with the Central Bank of Republic of Turkey	42,604,370	42,604,370	26,541,745	26,541,745
Receivables from finance sector operations	267,846,568	267,846,568	219,209,537	219,209,537
Property, plant and equipment	2,326,451	2,326,451	2,010,687	2,010,687
Right of use assets	546,620	546,620	625,584	625,584
Intangible assets	1,190,909	1,190,909	953,188	953,188
Other receivables and other assets	10,944,723	10,944,723	7,585,038	7,585,038
<b>Total segment assets</b>	<b>475,560,471</b>	<b>475,560,471</b>	<b>385,165,530</b>	<b>385,165,530</b>
Financial liabilities	67,258,898	67,258,898	54,529,896	54,529,896
Payables from finance sector operations	313,617,634	313,617,634	255,155,638	255,155,638
Derivative financial instruments	14,840,973	14,840,973	8,945,703	8,945,703
Other payables and other liabilities	18,525,012	18,525,012	13,528,746	13,528,746
<b>Total segment liabilities</b>	<b>414,242,517</b>	<b>414,242,517</b>	<b>332,159,983</b>	<b>332,159,983</b>

(\*) 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 31 December 2020, the cash flows from operating activities of the Bank is TRY (5,185,859) (31 December 2019: TRY 15,356,988).

As of 31 December 2020, the cash flows from investing activities of the Bank is TRY (10,300,952) (31 December 2019: TRY (22,163,365)).

As of 31 December 2020, the cash flows from financing activities of the Bank is TRY 6,774,018 (31 December 2019: TRY 3,820,442).

Banking segment consists of Akbank. Akbank’s accumulated non-controlling interests calculated from its financial statements amount to TRY 36,330,888 as of 31 December 2020 (31 December 2019: TRY 31,405,787).

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 4 - SEGMENT REPORTING (Continued)

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

##### ii) Financial services:

	Combined(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	3,250,898	--	2,925,064	-
Financial investments	4,019,101	--	2,639,316	-
Receivables from finance sector operations	1,327,774	--	1,003,875	-
Investments accounted through equity method (Note 13)	--	776,475	-	608,612
Property, plant and equipment	45,857	--	50,599	-
Right of use assets	49,680	--	61,862	-
Intangible assets	151,021	--	119,104	-
Other receivables and other assets	4,543,064	--	3,584,901	-
<b>Total segment assets</b>	<b>13,387,395</b>	<b>776,475</b>	<b>10,384,721</b>	<b>608,612</b>
Payables from finance sector operations	10,654,364	--	8,220,517	-
Other payables and other liabilities	721,771	--	589,182	-
<b>Total segment liabilities</b>	<b>11,376,135</b>	<b>--</b>	<b>8,809,699</b>	<b>-</b>

(\*) 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 4 - SEGMENT REPORTING (Continued)

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

##### iii) Energy:

	Combined(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	2,215,534	--	1,445,263	-
Financial investments	428,955	--	122,545	-
Trade receivables	3,967,365	--	3,622,499	-
Inventories	365,300	--	291,798	-
Investments accounted through equity method (Note 13)	--	6,157,834	-	5,763,312
Property, plant and equipment	10,431,824	--	10,129,083	-
Right of use assets	243,615	--	215,695	-
Intangible assets	4,899,073	--	5,279,489	-
Other receivables and other assets	16,697,609	--	15,865,366	-
<b>Total segment assets</b>	<b>39,249,275</b>	<b>6,157,834</b>	<b>36,971,738</b>	<b>5,763,312</b>
Financial liabilities	16,657,255	--	15,674,359	-
Trade payables	2,720,039	--	3,078,322	-
Other payables and other liabilities	6,125,647	--	5,327,626	-
<b>Total segment liabilities</b>	<b>25,502,941</b>	<b>--</b>	<b>24,080,307</b>	<b>-</b>

(\*) 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 4 - SEGMENT REPORTING (Continued)

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

##### iv) Industry:

	Combined(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	1,935,371	449,893	1,522,232	729,637
Financial investments	52,130	645	102,283	586
Trade receivables	1,854,034	1,091,112	1,637,792	969,211
Inventories	1,842,962	1,225,313	1,865,732	1,231,051
Investments accounted through equity method (Note 13)	339,158	883,093	200,670	592,049
Property, plant and equipment	4,381,708	2,533,463	4,065,751	2,220,492
Right of use assets	111,574	95,429	98,500	83,802
Intangible assets	1,058,349	951,037	878,506	797,889
Other receivables and other assets	2,780,635	1,347,718	2,653,596	1,198,041
<b>Total segment assets</b>	<b>14,355,921</b>	<b>8,577,703</b>	<b>13,025,062</b>	<b>7,822,758</b>
Financial liabilities	6,144,229	2,978,692	6,291,380	3,114,110
Trade payables	1,864,121	664,286	1,643,553	620,287
Other payables and other liabilities	1,346,668	763,256	1,158,872	681,385
<b>Total segment liabilities</b>	<b>9,355,018</b>	<b>4,406,234</b>	<b>9,093,805</b>	<b>4,415,782</b>

(\*) 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.

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#### NOTE 4 - SEGMENT REPORTING (Continued)

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

##### v) Retail:

	Combined(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	1,297,782	1,297,782	544,168	544,168
Trade receivables	180,567	180,567	130,564	130,356
Inventories	2,108,143	2,108,143	1,648,050	1,648,050
Investment property	29,222	29,222	29,222	29,222
Property, plant and equipment	705,223	705,223	697,516	697,516
Right of use assets	1,017,773	1,017,773	1,116,579	1,116,579
Intangible assets	91,768	91,768	82,865	82,865
Other receivables and other assets	1,106,050	1,166,884	1,025,798	1,086,841
<b>Total segment assets</b>	<b>6,536,528</b>	<b>6,597,362</b>	<b>5,274,762</b>	<b>5,335,597</b>
Financial liabilities(***)	2,681,937	2,681,937	2,525,031	2,525,031
Trade payables	3,569,076	3,569,076	2,921,264	2,921,264
Other payables and other liabilities	652,091	652,091	381,841	381,841
<b>Total segment liabilities</b>	<b>6,903,104</b>	<b>6,903,104</b>	<b>5,828,136</b>	<b>5,828,136</b>

(\*) 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	1,751,992	1,433,619	419,392	267,351
Financial investments	185,224	64	185,224	64
Trade receivables	950,153	507,869	830,052	460,976
Inventories	465,336	285,260	365,985	184,774
Investments accounted through equity method (Note 13)	--	397,334	-	371,530
Property, plant and equipment	3,008,741	2,155,891	2,952,999	2,129,718
Right of use assets	144,165	53,285	123,313	41,664
Intangible assets	61,335	16,967	60,539	18,035
Other receivables and other assets	779,587	518,249	686,256	470,882
<b>Total segment assets</b>	<b>7,346,533</b>	<b>5,368,538</b>	<b>5,623,760</b>	<b>3,944,994</b>
Financial liabilities	2,646,567	2,039,083	2,177,285	1,700,831
Trade payables	1,079,271	635,366	701,774	346,018
Other payables and other liabilities	507,232	316,146	461,966	311,769
<b>Total segment liabilities</b>	<b>4,233,070</b>	<b>2,990,595</b>	<b>3,341,025</b>	<b>2,358,618</b>

(\*) 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, Akçansa and CSC BV.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	1,851,658	1,851,658	2,312,456	2,312,456
Financial investments	13,733,773	7,043	12,964,462	25,104
Trade receivables	102,381	101,105	97,234	96,260
Inventories	142,639	142,639	60,794	60,794
Property, plant and equipment	251,346	215,282	254,943	218,879
Right of use assets	18,470	18,470	17,834	17,834
Intangible assets	24,635	24,635	21,218	21,218
Investments accounted through equity method (Note 13)	83,636	83,636	-	-
Other receivables and other assets	282,473	282,028	224,267	239,307
<b>Total segment assets</b>	<b>16,491,011</b>	<b>2,726,496</b>	<b>15,953,208</b>	<b>2,991,852</b>
Financial liabilities	19,141	19,141	31,509	31,509
Trade payables	199,952	198,177	136,725	135,365
Other payables and other liabilities	255,479	246,095	194,809	185,009
<b>Total segment liabilities</b>	<b>474,572</b>	<b>463,413</b>	<b>363,043</b>	<b>351,883</b>

(\*) 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.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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- 31 December 2020			1 January- 31 December 2019		
	Total Consolidation of Segments Before Elimination	Elimination Consolidation Adjustments	Consolidated	Total Consolidation of Segments Before Elimination	Elimination Consolidation Adjustments	Consolidated
<b>Total revenue</b>	<b>59,636,585</b>	<b>(282,797)</b>	<b>59,353,788</b>	<b>60,172,961</b>	<b>(306,295)</b>	<b>59,866,666</b>
Cost of sales and interest, premiums, commissions and other expenses	(38,366,121)	668,764	(37,697,357)	(42,386,464)	362,519	(42,023,945)
General administration expenses	(9,013,756)	65,779	(8,947,977)	(7,761,522)	89,072	(7,672,450)
Sales, marketing and distribution expenses	(2,414,905)	8,208	(2,406,697)	(2,200,952)	10,082	(2,190,870)
Research and development expenses	(27,375)	-	(27,375)	(19,486)	-	(19,486)
Other operating income/(expense) - net	153,885	1,455	155,340	10,010	1,432	11,442
Interest in income of joint ventures	1,532,631	-	1,532,631	1,466,691	-	1,466,691
<b>Operating profit</b>	<b>11,500,944</b>	<b>461,409</b>	<b>11,962,353</b>	<b>9,281,238</b>	<b>156,810</b>	<b>9,438,048</b>
Income/(expense) from investing activities - net	748,763	(606,353)	142,410	440,046	(341,087)	98,959
<b>Operating profit before financial expense</b>	<b>12,249,707</b>	<b>(144,944)</b>	<b>12,104,763</b>	<b>9,721,284</b>	<b>(184,277)</b>	<b>9,537,007</b>
Financial income/(expense) – net	(1,072,619)	144,757	(927,862)	(1,182,796)	190,131	(992,665)
<b>Income before tax</b>	<b>11,177,088</b>	<b>(187)</b>	<b>11,176,901</b>	<b>8,538,488</b>	<b>5,854</b>	<b>8,544,342</b>
Tax	(2,270,539)	-	(2,270,539)	(1,579,221)	-	(1,579,222)
Profit/(loss) after tax from discontinued operations	(7,109)	-	(7,109)	(152)	-	(152)
<b>Income for the period</b>	<b>8,899,440</b>	<b>(187)</b>	<b>8,899,253</b>	<b>6,959,115</b>	<b>5,854</b>	<b>6,964,968</b>
<b>Net income attributable to equity holders of the parent</b>			<b>4,767,573</b>			<b>3,779,736</b>



HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Interest, commission and other income	37,975,581	37,975,581	41,277,797	41,277,797
Interest, commission and other expenses	(21,299,485)	(21,299,485)	(27,493,622)	(27,493,622)
General administration expenses	(8,113,998)	(8,113,998)	(6,930,435)	(6,930,435)
Other operating income/(expense) - net	234,600	234,600	181,136	181,136
<b>Operating profit</b>	<b>8,796,698</b>	<b>8,796,698</b>	<b>7,034,876</b>	<b>7,034,876</b>
Income/(expense) from investing activities - net	66,700	66,700	32,954	32,954
<b>Income before tax</b>	<b>8,863,398</b>	<b>8,863,398</b>	<b>7,067,830</b>	<b>7,067,830</b>
Tax	(2,041,943)	(2,041,943)	(1,583,508)	(1,583,508)
<b>Net income</b>	<b>6,821,455</b>	<b>6,821,455</b>	<b>5,484,322</b>	<b>5,484,322</b>
<b>Net income attributable to equity holders of the parent</b>		<b>2,779,733</b>		<b>2,234,855</b>
EBITDA	9,465,774		7,548,604	

(\*) 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.

As of 31 December 2020, Akbank’s net income attributable to non-controlling interest is TRY4,041,712 (31 December 2019: TRY 3,249,461).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Gross premiums	4,001,053	-	3,152,586	-
- Gross written premiums	6,604,017	-	5,461,314	-
- Unearned premiums reserves	(2,602,964)	-	(2,308,728)	-
Premiums, commission and other expenses	(3,425,980)	-	(2,807,563)	-
General administration expenses	(699,179)	-	(603,422)	-
Other operating income/(expense) - net	1,126,709	-	911,135	-
Interest in income of joint ventures (Note 13)	-	293,358	-	210,964
<b>Operating profit</b>	<b>1,002,603</b>	<b>293,358</b>	<b>652,736</b>	<b>210,964</b>
Income/(expense) from investing activities - net	47,742	-	126,842	-
<b>Operating profit before financial expense</b>	<b>1,050,345</b>	<b>293,358</b>	<b>779,578</b>	<b>210,964</b>
Financial income/(expense) - net	(68,380)	-	(58,894)	-
<b>Profit before tax</b>	<b>981,965</b>	<b>293,358</b>	<b>720,684</b>	<b>210,964</b>
Tax	(211,176)	-	(162,316)	-
<b>Net income</b>	<b>770,789</b>	<b>293,358</b>	<b>558,368</b>	<b>210,964</b>
<b>Net income attributable to equity holders of the parent</b>		<b>293,358</b>		<b>210,964</b>
EBITDA	1,046,255		696,592	

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Sales revenue (net)	31,102,574	-	26,012,514	-
Cost of sales	(23,328,782)	-	(18,760,424)	-
General administration expenses	(2,683,555)	-	(2,277,481)	-
Other operating income/(expense) - net	(471,917)	-	39,381	-
Interest in income of joint ventures (Note 13)	-	916,585	-	999,499
<b>Operating profit/(loss)</b>	<b>4,618,320</b>	<b>916,585</b>	<b>5,013,990</b>	<b>999,499</b>
Income from investment activities -net	(2,311)	-	1,865	-
Financial income/(expense) - net	(2,191,881)	-	(2,342,691)	-
<b>Profit before tax</b>	<b>2,424,128</b>	<b>916,585</b>	<b>2,673,164</b>	<b>999,499</b>
Tax	(373,421)	-	(467,443)	-
<b>Net income</b>	<b>2,050,707</b>	<b>916,585</b>	<b>2,205,721</b>	<b>999,499</b>
<b>Net income attributable to equity holders of the parent</b>		<b>916,585</b>		<b>999,499</b>
EBITDA	5,726,625		5,773,285	

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

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

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(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(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Sales revenue (net)	8,673,849	4,536,336	9,690,933	6,132,584
Cost of sales	(6,693,656)	(3,732,513)	(7,686,630)	(4,967,890)
General administration expenses	(396,726)	(277,186)	(407,020)	(292,925)
Marketing expenses	(532,056)	(210,388)	(616,595)	(314,343)
Research and development expenses	(26,246)	(24,450)	(14,412)	(13,040)
Other operating income/(expense) - net	(8,912)	92,691	105,517	144,598
Interest in income of joint ventures (Note 13)	59,206	294,786	176,606	226,350
<b>Operating profit</b>	<b>1,075,459</b>	<b>679,276</b>	<b>1,248,399</b>	<b>915,334</b>
Income/(expense) from investing activities – net	12,382	18,751	15,382	17,324
<b>Operating profit before financial expense</b>	<b>1,087,841</b>	<b>698,027</b>	<b>1,263,781</b>	<b>932,658</b>
Financial income/(expense) – net	(377,777)	(222,606)	(549,088)	(284,649)
<b>Income before tax</b>	<b>710,064</b>	<b>475,421</b>	<b>714,693</b>	<b>648,009</b>
Tax	43,496	(21,170)	(73,835)	(71,437)
Profit after tax from discontinued operations	(7,109)	(7,109)	(152)	(152)
<b>Net income</b>	<b>746,451</b>	<b>447,142</b>	<b>640,706</b>	<b>576,420</b>
<b>Net income attributable to equity holders of the parent</b>		<b>401,359</b>		<b>448,314</b>
EBITDA	1,591,945		1,588,602	

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Sales revenue (net)	13,521,506	13,516,236	10,522,668	10,518,308
Cost of sales	(10,481,098)	(10,476,325)	(8,069,966)	(8,065,732)
General administration expenses	(232,005)	(231,404)	(219,448)	(219,363)
Marketing expenses	(2,151,449)	(2,151,449)	(1,851,491)	(1,851,491)
Other operating income/(expense) - net	(250,506)	(250,506)	(368,620)	(368,620)
<b>Operating profit</b>	<b>406,448</b>	<b>406,552</b>	<b>13,143</b>	<b>13,102</b>
Income/(expense) from investing activities – net	36,463	36,463	(2,755)	(2,755)
<b>Operating profit before financial expense</b>	<b>442,911</b>	<b>443,015</b>	<b>10,388</b>	<b>10,347</b>
Financial income/(expense) – net	(586,608)	(586,608)	(619,323)	(619,323)
<b>Income before tax</b>	<b>(143,697)</b>	<b>(143,593)</b>	<b>(608,935)</b>	<b>(608,976)</b>
Tax	(59,495)	(59,495)	117,220	117,220
<b>Net income</b>	<b>(203,192)</b>	<b>(203,088)</b>	<b>(491,715)</b>	<b>(491,756)</b>
<b>Net income attributable to equity holders of the parent</b>		<b>(94,618)</b>		<b>(263,230)</b>
EBITDA	1,133,766		811,606	

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Sales revenue (net)	4,237,578	2,270,470	3,552,301	1,726,196
Cost of sales	(3,398,420)	(1,763,257)	(2,995,986)	(1,422,876)
General administration expenses	(291,357)	(196,569)	(239,746)	(153,739)
Research and development expenses	(2,925)	(2,925)	(6,446)	(6,446)
Marketing expenses	(37,515)	(20,174)	(38,604)	(15,275)
Other operating income/(expense) - net	9,787	45,942	40,881	35,981
Interest in income of joint ventures	-	45,487	-	29,878
<b>Operating profit</b>	<b>517,148</b>	<b>378,974</b>	<b>312,400</b>	<b>193,719</b>
Income/(expense) from investing activities - net	42,525	39,393	117,843	47,210
<b>Operating profit before financial expense</b>	<b>559,673</b>	<b>418,367</b>	<b>430,243</b>	<b>240,929</b>
Financial income/(expense) - net	(281,883)	(240,942)	(403,311)	(271,433)
<b>Profit before tax</b>	<b>277,790</b>	<b>177,425</b>	<b>26,932</b>	<b>(30,504)</b>
Tax	(47,733)	(16,195)	4,392	16,737
<b>Net income</b>	<b>230,057</b>	<b>161,230</b>	<b>31,324</b>	<b>(13,767)</b>
<b>Net income attributable to equity holders of the parent</b>		<b>107,591</b>		<b>20,996</b>
EBITDA	735,071		512,247	

(\*) 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.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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(*) 31 December 2020	Consolidated(**) 31 December 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Sales revenue (net)	1,839,997	1,337,962	1,130,049	518,076
Cost of sales	(1,096,771)	(1,094,542)	(438,464)	(436,344)
General administration expenses	(201,705)	(194,599)	(178,021)	(165,060)
Marketing expenses	(33,216)	(32,894)	(20,117)	(19,843)
Other operating income/(expense) – net	39,692	31,157	24,842	16,915
Investments accounted through equity method (Note 13)	(17,585)	(17,585)	-	-
<b>Operating profit</b>	<b>530,412</b>	<b>29,499</b>	<b>518,289</b>	<b>(86,256)</b>
Income/(expense) from investing activities – net	595,340	587,456	352,481	345,313
<b>Operating profit before financial expense</b>	<b>1,125,752</b>	<b>616,955</b>	<b>870,770</b>	<b>259,057</b>
Financial income/(expense) – net	(22,464)	(22,464)	(7,391)	(7,391)
<b>Profit before tax</b>	<b>1,103,288</b>	<b>594,491</b>	<b>863,379</b>	<b>251,666</b>
Tax	(131,736)	(131,736)	(58,233)	(58,233)
<b>Net income</b>	<b>971,552</b>	<b>462,755</b>	<b>805,146</b>	<b>193,433</b>
<b>Net income attributable to equity holders of the parent</b>		<b>363,565</b>		<b>128,338</b>
EBITDA	566,981		552,808	

(\*) 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.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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:

	31 December 2020	31 December 2019
Banking	2,760,079	2,226,524
Financial Services	278,315	214,843
Industry	412,516	447,848
Building materials	109,130	3,938
Energy	1,315,231	1,062,705
Retail	(62,792)	(275,674)
Other	365,579	150,016
<b>Total</b>	<b>5,178,058</b>	<b>3,830,200</b>

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

	31 December 2020	31 December 2019
Adjusted net income for reported operating segments (Equity holders of the Parent)	5,178,058	3,830,200
One off income/(expenses) related to Carrefoursa - net	(30,659)	12,444
One off income/(expenses) related to Teknosa - net	(1,167)	-
One off income/(expenses) related to Enerjisa - net	(398,646)	(63,206)
One off income/(expenses) related to Avivasa - net	17,399	-
One off income/(expenses) related to Holding - net	(3,470)	(47,594)
One off income/(expenses) related to Exsa	1,456	25,914
One off income/(expenses) related to Cement	(1,540)	17,058
Other	6,142	4,920
<b>Net income (Equity holders of the Parent)</b>	<b>4,767,573</b>	<b>3,779,736</b>



HACI ÖMER SABANCI HOLDİNG A.Ş.

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31 DECEMBER 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

31 December 2020	Profit Before Tax	Depreciation Expenses	Income/ (expenses) from Investing Activities - net	Financial income/ (expense) - net	Operational Foreign Exchange Differences/ Interests	EBITDA
Banking	8,863,398	669,076	66,700	-	-	9,465,774
Industry	710,064	507,956	12,382	(377,777)	(8,530)	1,591,945
Building materials	277,790	260,809	42,525	(281,883)	42,886	735,071
Retail	(143,697)	484,582	36,463	(586,608)	(242,736)	1,133,766
Energy	2,424,128	958,520	(2,311)	(2,191,881)	(149,785)	5,726,625
Financial services	981,965	92,057	47,742	(68,380)	48,405	1,046,255
Other	1,103,288	44,053	595,340	(22,464)	7,484	566,981
31 December 2019	Profit Before Tax	Depreciation Expenses	Income/ (expenses) from Investing Activities - net	Financial income/ (expense) - net	Operational Foreign Exchange Differences/ Interests	EBITDA
Banking	7,067,830	513,727	32,954	-	-	7,548,604
Industry	714,693	424,142	15,382	(549,088)	83,939	1,588,602
Building materials	26,932	240,811	117,843	(403,311)	40,964	512,247
Retail	(608,935)	474,000	(2,755)	(619,323)	(324,463)	811,606
Energy	2,673,164	839,151	1,865	(2,342,691)	79,856	5,773,285
Financial services	720,684	55,139	126,842	(58,894)	11,283	696,592
Other	863,379	37,792	352,481	(7,391)	3,273	552,808

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 – 31 December 2020

	<u>Finance</u>							
	<b>Banking</b>	<b>Financial services</b>	<b>Industry</b>	<b>Building materials</b>	<b>Energy</b>	<b>Retail</b>	<b>Other</b>	<b>Total</b>
Depreciation and amortisation expenses	669,076	-	284,685	159,783	-	484,582	44,053	1,642,179
Capital expenditure	1,138,690	-	339,587	67,690	-	221,118	56,926	1,824,011

###### 1 January – 31 December 2019

	<u>Finance</u>							
	<b>Banking</b>	<b>Financial services</b>	<b>Industry</b>	<b>Building materials</b>	<b>Energy</b>	<b>Retail</b>	<b>Other</b>	<b>Total</b>
Depreciation and amortisation expenses	513,727	-	234,654	143,419	-	474,001	37,632	1,403,433
Capital expenditure	1,225,714	-	200,199	201,191	-	201,129	72,596	1,900,829

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 – 31 December 2020

	<u>Finance</u>							
	<u>Banking</u>	Financial services	Industry	Building materials	Energy	Retail	Other	Total
Depreciation and amortisation expenses	669,076	92,057	507,956	260,809	958,520	484,582	44,053	3,017,053
Capital expenditure	1,138,690	104,899	585,653	190,247	2,710,693	221,118	56,926	5,008,226

###### 1 January – 31 December 2019

	<u>Finance</u>							
	<u>Banking</u>	Financial services	Industry	Building materials	Energy	Retail	Other	Total
Depreciation and amortisation expenses	513,727	55,139	424,142	240,811	839,151	474,001	37,792	2,584,763
Capital expenditure	1,225,714	63,878	481,766	282,301	1,937,026	201,129	72,596	4,264,411

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 5 - CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents at 31 December 2020 and 2019 is as follows:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Cash		
- Banking	5,071,952	3,352,184
- Other companies	37,293	28,240
Bank - time deposit	2,193,712	4,558,212
Bank - demand deposit	12,014,069	14,115,717
Receivables from repo transactions	488,547	66,120
Other cash and cash equivalents	22,545	326,730
<b>Total</b>	<b>19,828,118</b>	<b>22,447,203</b>

Effective interest rates of USD, EUR and TRY denominated time deposits are 0.54% (31 December 2019: 1.41%), 0.47% (31 December 2019: 0.03%) and 17.36% (31 December 2019: 10.70%), respectively.

The maturity analysis as of 31 December 2020 and 2019 are as follows:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Demand deposit	17,145,859	17,822,871
Up to 3 months	2,682,259	4,624,332
<b>Total</b>	<b>19,828,118</b>	<b>22,447,203</b>

As of 31 December 2020, total amount of the restriction on the Group’s off- shore cash and cash equivalents, payment accounts related to floating interest rate bond issue, time and demand deposits in the banks is TRY4,342,775(31 December 2019: TRY 3,916,739).

#### NOTE 6 - 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:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Share notes	464,346	232,765
Government bonds	45,063	182,344
Eurobonds	144,874	92,378
Other (*)	8,560,219	6,782,035
<b>Total</b>	<b>9,214,502</b>	<b>7,289,522</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2020**

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**NOTE 6 - FINANCIAL INVESTMENTS (Continued)**

**a) Financial assets at fair value through profit and loss (Continued):**

(\*) 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. This amount was recognised under “Fixed Assets Held for Sale and Discontinued Operations”. The value of the monitored as a loans as of 31 December 2020 is TRY8,968,855(31 December 2019 TRY6,723,419) and it was recognised under “Other Financial Assets” under “Financial Assets for Which the Fair Value Difference is Reflected to Profit/Loss” in the financial statements. The recognised total fair impairment for the total amount turning into loans and capital is TRY3,042,035 (31 December 2019 TRY938,822). TRY1,416,090 (31 December 2019 TRY938,822) of this amount was recognised under “Fixed Assets Held for Sale and Discontinued Operations”, and TRY1,625,945 of it was recognised under “Other Financial Assets” under “Financial Assets for Which the Fair Value Difference is Reflected to Profit/Loss”.

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.

1.094.566 TL of other financial assets is composed of “Dördüncü Gayrimenkul Investment Fund” founded by Ak Portföy Yönetimi A.Ş, is revalued at fair value and valuation differences are reflected in profit and loss.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 INVESTMENTS (Continued)

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

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

	31 December 2020	31 December 2019
TRY	%14.92	%11.17

The Group's activities in the finance sector as collateral for the purchase and sale of financial assets is TRY9,995 (31 December 2019: TRY10,049).

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

	31 December 2020	31 December 2019
0 to 3 months	1,595,411	257,952
3 to 12 months	7,461,253	6,882,627
1 to 5 years	109,435	121,822
Over 5 years	48,403	27,121
<b>Total</b>	<b>9,214,502</b>	<b>7,289,522</b>

Period remaining to contractual repricing dates:

	31 December 2020	31 December 2019
No maturity	1,595,411	257,952
Up to 3 months	37,064	22,714
3 to 12 months	7,426,015	6,860,314
1 to 5 years	107,609	121,421
Over 5 years	48,403	27,121
<b>Total</b>	<b>9,214,502</b>	<b>7,289,522</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 INVESTMENTS (Continued)

##### b) Financial assets at fair value through other comprehensive income

	31 December 2020	31 December 2019
Debt securities		
- Government bonds	23,067,782	35,534,282
- Eurobonds	21,352,442	16,168,796
- Investment funds	490,329	424,665
- Other bonds denominated in foreign currency	13,277,208	15,374,312
<b>Sub-total</b>	<b>58,187,761</b>	<b>67,502,055</b>
Share notes		
- Traded in organized markets	138	138
- Not traded in organized markets	31,527	22,253
<b>Sub-total</b>	<b>31,665</b>	<b>22,391</b>
<b>Financial investments at fair value through other comprehensive income</b>	<b>58,219,426</b>	<b>67,524,446</b>

Effective interest rates of USD, EUR, JPY and TRY denominated available-for-sale securities are 5.20% (31 December 2019: 5.20%), %2.92 (31 December 2019: 2.70%), %3.09 (31 December 2019: %3.09) and 12.75% respectively (31 December 2019: 14.14%).

The Group's financial assets available for sale subject to funds provided from repo are TRY16,984,050 (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 TRY18,374,196 (31 December 2019: TRY17,108,499).

Akbank has Consumer Price Index ("CPI") linked government bonds under available-for-sale and held-to maturity portfolio. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the real payments is determined based on the inflation rates of two month before. The estimated inflation rate used is updated during the year when necessary. At the end of the year, the actual inflation rate is being used.

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

	31 December 2020			31 December 2019		
	Banking	Other Companies	Total	Banking	Other companies	Total
0 to 3 months	4,503,116	-	4,503,116	2,570,694	-	2,570,694
3 to 12 months	4,843,979	-	4,843,979	13,755,389	-	13,755,389
1 to 5 years	38,802,077	-	38,802,077	38,853,989	-	38,853,989
Over 5 years	9,579,925	-	9,579,925	11,919,710	-	11,919,710
No maturity	490,329	-	490,329	424,664	-	424,664
<b>Total</b>	<b>58,219,426</b>	<b>-</b>	<b>58,219,426</b>	<b>67,524,446</b>	<b>-</b>	<b>67,524,446</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 INVESTMENTS (Continued)

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

As of 31 December 2020 and 2019, according to the remaining period until the re-pricing date determined by the contract:

	31 December 2020			31 December 2019		
	Banking	Other companies	Total	Banking	Other companies	Total
0 to 3 months	14,823,787	-	14,823,787	11,244,537	-	11,244,537
3 to 12 months	10,414,147	-	10,414,147	20,937,235	-	20,937,235
1 to 5 years	24,195,511	-	24,195,511	25,225,086	-	25,225,086
Over 5 years	8,295,652	-	8,295,652	9,692,924	-	9,692,924
No maturity	490,329	-	490,329	424,664	-	424,664
<b>Total</b>	<b>58,219,426</b>	<b>-</b>	<b>58,219,426</b>	<b>67,524,446</b>	<b>-</b>	<b>67,524,446</b>

##### c) Financial assets carried at amortized cost:

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

	31 December 2020	31 December 2019
Government bonds	41,873,322	15,566,111
<b>Total</b>	<b>41,873,322</b>	<b>15,566,111</b>

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

	31 December 2020	31 December 2019
<b>Balance, 1 January</b>	<b>15,566,111</b>	<b>12,215,183</b>
Additions	25,884,971	5,397,163
Foreign exchange differences in monetary assets	4,715,654	414,623
Valuation effect	495,098	677,288
Disposals through sales and redemptions (*)	(4,774,521)	(3,214,759)
Allowance for impairment	(13,991)	76,613
<b>Total</b>	<b>41,873,322</b>	<b>15,566,111</b>

(\*) Including expected loss provision.

Effective interest rate of debt securities in USD, Euro and TRY are 5.86% 1.70% ve 12.18%. (31 December 2019: Effective interest rate of debt securities in USD, Euro and TRY are 5.22%, 3.46% and 14.74%).



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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 6 - FINANCIAL INVESTMENTS (Continued)

##### c) Financial assets carried at amortized cost (Continued):

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

	31 December 2020			31 December 2019		
	Banking	Other Companies	Total	Banking	Other companies	Total
3 to 12 months	16,731,294	-	16,731,294	4,170,428	-	4,170,428
1 to 5 years	18,779,765	644	18,780,409	10,735,539	586	10,736,125
Over 5 years	6,361,619	-	6,361,619	659,558	-	659,558
<b>Total</b>	<b>41,872,678</b>	<b>644</b>	<b>41,873,322</b>	<b>15,565,525</b>	<b>586</b>	<b>15,566,111</b>

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

	31 December 2020			31 December 2019		
	Banking	Other Companies	Total	Banking	Other companies	Total
Up to 3 months	11,113,691	-	11,113,691	3,989,518	-	3,989,518
3 to 12 months	19,059,290	-	19,059,290	6,008,502	-	6,008,502
1 to 5 years	10,522,797	644	10,523,441	4,907,947	586	4,908,533
Over 5 years	1,176,900	-	1,176,900	659,558	-	659,558
<b>Total</b>	<b>41,872,678</b>	<b>644</b>	<b>41,873,322</b>	<b>15,565,525</b>	<b>586</b>	<b>15,566,111</b>

##### c) Time deposit:

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

	31 December 2020	31 December 2019
3 to 12 months	16,348	-
<b>Total</b>	<b>16,348</b>	<b>-</b>

#### NOTE 7- FINANCIAL LIABILITIES

##### Short term funds, bank loans and issued debt securities:

	31 December 2020	31 December 2019
Short term	13,713,590	10,342,807
Short-term portion of long term	20,053,065	15,005,313
<b>Total short term</b>	<b>33,766,655</b>	<b>25,348,120</b>
<b>Long-term funds borrowed, bank borrowings and debt securities:</b>		
Long term	38,494,543	32,736,661
<b>Total</b>	<b>72,261,198</b>	<b>58,084,781</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 7 - FINANCIAL LIABILITIES (Continued)

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

	31 December 2020	31 December 2019
Up to 3 months	9,274,318	9,312,146
3 to 12 months	24,492,337	16,035,974
<b>Short term financial liabilities and short term portion of long term financial liabilities</b>	<b>33,766,655</b>	<b>25,348,120</b>
1 to 5 years	26,954,881	20,888,158
Over 5 years	11,539,662	11,848,503
<b>Long term financial liabilities</b>	<b>38,494,543</b>	<b>32,736,661</b>
<b>Total financial liabilities</b>	<b>72,261,198</b>	<b>58,084,781</b>

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

	31 December 2020	31 December 2019
1-2 years	8,902,970	5,951,036
2-3 years	6,286,796	6,822,421
3-4 years	4,715,311	4,620,070
4-5 years	7,049,804	3,494,631
Over 5 years	11,539,662	11,848,503
<b>Total</b>	<b>38,494,543</b>	<b>32,736,661</b>

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

	31 December 2020	31 December 2019
Up to 3 months	41,602,470	38,080,668
3 to 12 months	8,523,325	3,998,513
1 to 5 years	11,745,294	7,728,695
Over 5 years	10,390,109	8,276,905
<b>Total</b>	<b>72,261,198</b>	<b>58,084,781</b>

Financial liability movement as of 31 December 2020 and 2019 is as follows;

	2020	2019
1 January	58,084,781	65,764,148
Additions	19,051,336	4,175,560
Payments	(5,740,452)	(12,252,903)
Interest accruals	186,233	303,677
Foreign exchange effects	679,300	84,406
Interest capitalization during the period	--	9,893
<b>31 December</b>	<b>72,261,198</b>	<b>58,084,781</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 7 - FINANCIAL LIABILITIES (Continued)

The transactions related with the funds and loans as of 31 December 2020 are as follows:

##### Akbank - Syndicated Loan

As of 31 December 2020, there are two syndicated loans. The syndication credit with a one-year (EUR315.5 million and USD256 million) maturity was signed on 1 April 2020. The cost of the credit is Euribor + 200 bps and Libor + 225 bps. The syndication credit with a one-year (EUR348.5 million and USD388 million) maturity was signed on 13 October 2020. The cost of the credit is Euribor + 225 bps and Libor + 250 bps.

##### Issued securities:

Securities issued consist of USD and TRY assets.

The repayment plan for USD securities issued is summarized below:

	31 December 2020		31 December 2019	
	USD	TRY	USD	TRY
2020	-	-	1,044,191	6,181,611
2021	630,546	4,678,273	583,035	3,451,567
2022	1,068,575	7,928,186	1,005,694	5,953,708
2023	571,133	4,237,464	533,257	3,156,881
2024	599,240	4,446,001	516,762	3,059,231
2025	911,404	6,762,071	861,331	5,099,080
2026	428,422	3,178,634	79,035	467,887
2027	370,994	2,752,553	347,457	2,056,945
2028	257,937	1,913,738	241,635	1,430,479
<b>Total</b>	<b>4,838,251</b>	<b>35,896,920</b>	<b>5,212,397</b>	<b>30,857,389</b>

The balance amounting to USD 4,838,251 consists of securitization deals and USD denominated securities issued by the Bank.

	31 December 2020		31 December 2019	
	EUR	TRY	EUR	TRY
2020	-	-	45,883	304,649
2021	23,131	210,872	23,104	153,404
2022	377	3,438	362	2,404
2023	362	3,301	348	2,311
2024	348	3,173	335	2,224
2025	335	3,055	322	2,138
2026	322	2,936	309	2,052
2027	309	2,818	297	1,972
2028	297	2,708	286	1,899
2029	7,370	67,179	7,082	47,025
<b>Total</b>	<b>32,851</b>	<b>299,480</b>	<b>78,328</b>	<b>520,078</b>

The balance amounting to EUR 32,851 consists of securitization deals and EUR denominated securities issued by the Group.

Additionally, as of 31 December 2020, there are bonds issued by the Bank amounting to TRY933,926 with 1-3 months maturity, TRY123,854 with 3-6 months maturity, TRY 4,229,049 with 6-12 months maturity, TRY1,062,073 with 1-5 years maturity and TRY1,364,024 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).

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 8 - OBLIGATIONS FROM LEASING TRANSACTIONS

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

##### Liabilities arising from short term lease transactions as of 31 December 2020:

	Up to 3 months	Between 3-12 months	Total
TRY	147,418	169,132	316,550
USD	1,831	6,038	7,869
EUR	4,211	4,387	8,598
Other	287	1,119	1,406
<b>Total</b>	<b>153,747</b>	<b>180,676</b>	<b>334,423</b>

##### 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
<b>Total</b>	<b>101,944</b>	<b>204,932</b>	<b>306,876</b>

##### Liabilities arising from long term lease transactions as of 31 December 2020:

	Between 1-2 years	Between 2-3 years	Between 3-4 years	Between 4-5 years	5 years and more	Total
TRY	218,092	189,292	319,097	390,542	375,857	1,492,880
USD	8,714	6,736	5,562	5,085	53,544	79,641
EUR	1,248	1,363	1,485	1,468	17,803	23,367
Other	3,895	-	-	-	-	3,895
<b>Total</b>	<b>231,949</b>	<b>197,391</b>	<b>326,144</b>	<b>397,095</b>	<b>447,204</b>	<b>1,599,783</b>

##### 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
<b>Total</b>	<b>241,809</b>	<b>275,066</b>	<b>710,186</b>	<b>113,197</b>	<b>337,701</b>	<b>1,677,959</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 - TRADE RECEIVABLES AND PAYABLES

##### Short and long term trade receivables:

	31 December 2020	31 December 2019
Trade receivables	1,762,072	1,579,878
Notes and cheques	152,209	103,073
	<b>1,914,281</b>	<b>1,682,951</b>
Less: expected credit losses	(68,160)	(57,515)
<b>Total</b>	<b>1,846,121</b>	<b>1,625,436</b>

As of 31 December 2020 and 2019, the maturity analysis of the overdue and expected credit loss reserves within the trade receivables balance is as follows:

	31 December 2020	31 December 2019
Up to 3 months	64	-
Over 9 months	68,096	57,515
<b>Total</b>	<b>68,160</b>	<b>57,515</b>

##### Short and long term trade payables:

	31 December 2020	31 December 2019
Trade payables	5,021,745	3,995,164
Expense accruals	1,929	494
<b>Total</b>	<b>5,023,674</b>	<b>3,995,658</b>

#### NOTE 10 - OTHER RECEIVABLES AND PAYABLES

	31 December 2020	31 December 2019
<b>Other short term receivables:</b>		
Receivables from credit card payments	51,697	47,441
Other receivables(*)	4,445,839	2,053,917
<b>Total</b>	<b>4,497,536</b>	<b>2,101,358</b>

	31 December 2020	31 December 2019
<b>Other long term receivables:</b>		
Deposits and guarantees given	49,628	38,935
Other receivables(*)	3,820,003	2,986,182
<b>Total</b>	<b>3,869,631</b>	<b>3,025,117</b>

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

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 - OTHER RECEIVABLES AND PAYABLES (Continued)

<b>Other short term payables::</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Payables related to credit card transactions	4,984,275	4,287,406
Taxes and funds payable	618,891	563,572
Export deposits and transfer orders	68,699	31,963
Payment orders to correspondent banks	48,832	27,401
Financial lease payables	-	24,140
Other (*)	3,367,929	1,144,239
<b>Total</b>	<b>9,088,626</b>	<b>6,078,721</b>

  

<b>Other long term payables:</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Financial lease payables	3,325	5,281
Other (*)	4,427,826	3,368,892
<b>Total</b>	<b>4,431,151</b>	<b>3,374,173</b>

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

#### NOTE 11 - INVENTORIES

	<b>31 December 2020</b>	<b>31 December 2019</b>
Raw materials	694,980	551,780
Work in process	227,803	161,794
Finished goods and merchandises	2,609,969	2,244,043
Spare parts	96,316	75,230
Other	209,114	149,801
	<b>3,838,182</b>	<b>3,182,648</b>
Allowance for impairment on inventory (-)	(76,828)	(57,979)
<b>Total</b>	<b>3,761,354</b>	<b>3,124,669</b>

The movement table of allowance for impairment on inventory is as follows:

	<b>2020</b>	<b>2019</b>
1 January	(57,979)	(74,896)
Provisions	(18,760)	(16,938)
Provisions no longer required	2,662	33,855
Yabancı para çevrim farkı	(2,751)	-
<b>31 December</b>	<b>(76,828)</b>	<b>(57,979)</b>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 12 - PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2020	31 December 2019
<b>Short-term prepaid expenses:</b>		
Prepaid expenses	1,116,730	856,685
Advance given for inventory purchases	58,748	20,225
Other	28,791	16,127
<b>Total</b>	<b>1,204,269</b>	<b>893,037</b>
<b>Long-term prepaid expenses:</b>		
Advance given for property, plant and equipment purchases	8,056	10,862
Prepaid expenses	9,245	10,857
Other	67	-
<b>Total</b>	<b>17,368</b>	<b>21,719</b>
<b>Short term deferred income:</b>		
Unearned commission income	112,143	124,918
Advances received	48,456	31,276
Deferred income	47,697	30,449
Other	767	335
<b>Total</b>	<b>209,063</b>	<b>186,978</b>
<b>Long-term deferred income:</b>		
Unearned commission income	137,410	83,279
<b>Total</b>	<b>137,410</b>	<b>83,279</b>

#### NOTE 13 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Book value of Associates and Joint Ventures is as follows:

	31 December 2020	Share (%)	31 December 2019	Share (%)
Aksigorta	337,002	36,00	277,306	36.00
Avivasa	439,473	40,00	331,306	40.00
Brisa	627,568	43,63	391,379	43.63
Akçansa	397,334	39,72	371,530	39.72
Enerjisa Üretim Santralleri	3,296,513	50,00	3,033,693	50.00
Enerjisa Enerji	2,861,321	40,00	2,729,619	40.00
Philsa	130,474	25,00	111,882	25.00
Philip Morrissa	125,051	24,75	88,788	24.75
Temsa Ulaşım Araçları	83,636	50,00	-	-
<b>Total</b>	<b>8,298,372</b>		<b>7,335,503</b>	

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

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

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Aksigorta	134,620	111,453
Avivasa	158,738	99,511
Brisa	235,580	49,744
Akçansa	45,487	29,878
Enerjisa Üretim Santralleri	481,512	586,051
Enerjisa Enerji	435,073	413,448
Philsa	22,118	(8,197)
Philip Morrissa	37,088	173,437
Temsa Ulaşım Araçları	(17,585)	-
Temsa İş Makineleri (*)	-	11,366
<b>Total</b>	<b>1,532,631</b>	<b>1,466,691</b>

(\*) 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.

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

	<b>31 December 2020</b>		<b>31 December 2019</b>	
	<b>Total assets</b>	<b>Total liabilities</b>	<b>Total assets</b>	<b>Total liabilities</b>
Aksigorta	9,131,387	8,195,271	7,333,423	6,563,128
Avivasa	4,256,009	3,180,864	3,051,298	2,246,571
Brisa	6,387,170	4,948,783	5,575,065	4,678,023
Akçansa	2,255,730	1,242,475	1,930,697	982,407
Enerjisa Üretim Santralleri	14,573,769	7,980,742	13,573,530	7,506,145
Enerjisa Enerji	24,675,505	17,522,199	23,398,208	16,574,161
Philsa	3,986,358	3,464,463	3,687,791	3,240,265
Philip Morrissa	1,972,279	1,467,024	1,355,134	996,395
Temsa Ulaşım Araçları	2,124,755	1,758,264	-	-
<b>Total</b>	<b>69,362,962</b>	<b>49,760,085</b>	<b>59,905,146</b>	<b>42,787,095</b>



## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

##### Sales Income

	1 January - 31 December 2020	1 January- 31 December 2019
Aksigorta	5,272,142	4,473,560
Avivasa	1,331,875	987,754
Brisa	4,236,875	3,558,329
Akçansa	1,967,108	1,826,106
Enerjisa Üretim Santralleri	9,345,371	6,559,429
Enerjisa Enerji	21,757,203	19,453,085
Philsa (*)	31,062,222	28,489,226
Philip Morrissa	30,746,710	28,940,292
Temsa Ulaşım Araçları (**)	169,535	-

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

(\*\*) Refers to sales income after purchase date.

##### Net profit / (loss) for the period

	1 January - 31 December 2020	1 January- 31 December 2019
Aksigorta	373,944	309,590
Avivasa	396,845	248,778
Brisa	539,950	114,013
Akçansa	114,315	74,970
Enerjisa Üretim Santralleri	963,023	1,172,101
Enerjisa Enerji	1,087,683	1,033,621
Philsa	88,471	(32,789)
Philip Morrissa	149,851	700,756
Temsa Ulaşım Araçları (*)	(35,169)	--

(\*) Refers to net loss after purchase date.

The movement of the joint ventures is as follows;

	2020	2019
<b>Opening balance, 1 January</b>	<b>7,335,503</b>	<b>6,756,459</b>
Profit/(loss) share	1,532,631	1,466,691
Acquisitions (*)	83,636	-
Company disposals (**)	-	(116,995)
Dividend income from joint ventures	(455,446)	(549,171)
Other comprehensive income/(expense)	(197,952)	(221,481)
<b>Closing balance, 31 December</b>	<b>8,298,372</b>	<b>7,335,503</b>

(\*) As of 22 October 2020, Exsa which is the subsidiary of Group, acquired 50% shares of Temsa Ulaşım Araçları A.Ş. .

(\*\*) 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 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 - INVESTMENT PROPERTY

	1 January 2020	Additions	Disposals	Impairment (*)	Currency translation differences	Transfers	31 December 2020
<b>Cost:</b>							
Land	173,613	-	-	-	32,470	22,030	228,113
Buildings	18,466	12,220	-	-	-	(22,030)	8,656
<b>Total</b>	<b>192,079</b>	<b>12,220</b>	<b>-</b>	<b>-</b>	<b>32,470</b>	<b>-</b>	<b>236,769</b>

**Accumulated depreciation**

Buildings	(1,044)	(663)	-	-	-	-	(1,707)
<b>Net book value</b>	<b>191,035</b>						<b>235,062</b>

	1 January 2019	Additions	Disposals	Impairment (*)	Currency translation differences	Transfers	31 December 2019
<b>Cost:</b>							
Land	133,580	69	-	8,278	15,019	16,667	173,613
Buildings	3,962	12,876	-	-	-	1,628	18,466
<b>Total</b>	<b>137,542</b>	<b>12,945</b>	<b>-</b>	<b>8,278</b>	<b>15,019</b>	<b>18,295</b>	<b>192,079</b>

**Accumulated depreciation**

Buildings	(612)	(432)	-	-	-	-	(1,044)
<b>Net book value</b>	<b>136,930</b>						<b>191,035</b>

(\*) As of 31 December 2019, an independent valuation company determined the fair value of investment properties of PT Indo Kordsa, a Kordsa company in the Asia Pacific region which is a subsidiary of the group. The independent appraisal company is experienced enough and has the required qualifications to determine the fair value of properties in the relevant regions. The fair values of the pieces of land owned were determined using the market comparison method, which reflects the available transaction fees for similar properties. The highest value and the best available value in use were used to determine the fair value of the land. No other valuation technique was used in the current period. As of 31 December 2019, the fair value of investment properties was TRY259 million (total).

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the year ended 31 December 2020 is as follows:

	1 January 2020	Currency translation differences	Additions	Disposals	Transfers (*)	Impairment	31 December 2020
<b>Cost:</b>							
Land and land improvements	559.287	39.716	2.899	(6.197)	(91.164)	-	504.541
Buildings	3.459.621	195.418	70.471	(14.880)	109.571	(11.922)	3.808.279
Machinery and equipment	5.479.213	605.992	240.778	(41.910)	129.606	1.408	6.415.087
Motor vehicles	94.270	5.471	1.991	(9.189)	-	-	92.543
Furniture and fixtures	3.461.421	15.001	624.542	(56.595)	15.827	4.142	4.064.338
<b>Total</b>	<b>13.053.812</b>	<b>861.598</b>	<b>940.681</b>	<b>(128.771)</b>	<b>163.840</b>	<b>(6.372)</b>	<b>14.884.788</b>
<b>Construction in progress</b>	246.441	(44.280)	225.173	(6.371)	(178.441)	-	242.522
<b>Total</b>	<b>13.300.253</b>	<b>817.318</b>	<b>1.165.854</b>	<b>(135.142)</b>	<b>(14.601)</b>	<b>(6.372)</b>	<b>15.127.310</b>
<b>Accumulated depreciation:</b>							
Land and land improvements	(231.036)	(3.717)	(9.700)	1.051	-	-	(243.402)
Buildings	(990.425)	(66.627)	(129.449)	11.735	-	-	(1.174.766)
Machinery and equipment	(2.683.713)	(275.775)	(406.136)	13.293	-	(668)	(3.352.999)
Motor vehicles	(92.218)	(1.422)	(6.733)	7.830	-	-	(92.543)
Furniture and fixtures	(2.006.984)	(12.512)	(330.862)	48.598	-	(2.219)	(2.303.979)
<b>Total</b>	<b>(6.004.376)</b>	<b>(360.053)</b>	<b>(882.880)</b>	<b>82.507</b>	<b>-</b>	<b>(2.887)</b>	<b>(7.167.689)</b>
<b>Net book value</b>	<b>7.295.877</b>						<b>7.959.621</b>

(\*) TRY4,301 of the transfers from construction in progress in the current period is recognized in intangible assets.

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NOTE 15 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movement in property, plant and equipment for the year ended 31 December 2019 is as follows:

	1 January 2019	Currency translation differences	Additions	Disposals	Transfers (*)	Subsidiary Addition Effect (**)	Subsidiary Disposal Effect (***)	Impairment	31 December 2019
<b>Cost:</b>									
Land and land improvements	504.524	14.372	3.051	(12.866)	80.050	-	(29.844)	-	559.287
Buildings	2.923.521	70.201	85.607	(101.620)	565.453	17.841	(100.822)	(560)	3.459.621
Financial leasing buildings	20.512	-	-	-	(20.512)	-	-	-	-
Machinery and equipment	4.921.161	319.738	189.723	(49.478)	356.425	24.422	(279.336)	(3.442)	5.479.213
Motor vehicles	122.132	1.243	2.390	(10.775)	59	-	(20.779)	-	94.270
Furniture and fixtures	3.336.710	10.502	620.789	(471.290)	13.043	-	(50.694)	2.361	3.461.421
<b>Total</b>	<b>11.828.560</b>	<b>416.056</b>	<b>901.560</b>	<b>(646.029)</b>	<b>994.518</b>	<b>42.263</b>	<b>(481.475)</b>	<b>(1.641)</b>	<b>13.053.812</b>
<b>Construction in progress</b>	<b>863.615</b>	<b>21.490</b>	<b>430.030</b>	<b>(10.650)</b>	<b>(1.054.186)</b>	<b>3.226</b>	<b>(7.084)</b>	<b>-</b>	<b>246.441</b>
<b>Total</b>	<b>12.692.175</b>	<b>437.546</b>	<b>1.331.590</b>	<b>(656.679)</b>	<b>(59.668)</b>	<b>45.489</b>	<b>(488.559)</b>	<b>(1.641)</b>	<b>13.300.253</b>
<b>Accumulated depreciation:</b>									
Land and land improvements	(239.584)	(1.637)	(1.058)	1.636	-	-	9.607	-	(231.036)
Buildings	(1.039.002)	(29.254)	(68.220)	99.873	-	-	45.910	268	(990.425)
Financial leasing buildings	(7.732)	-	-	-	7.732	-	-	-	-
Machinery and equipment	(2.429.790)	(155.709)	(350.731)	35.997	-	(17.555)	232.247	1.828	(2.683.713)
Motor vehicles	(102.139)	131	(5.415)	9.617	-	-	5.588	-	(92.218)
Furniture and fixtures	(2.247.250)	(7.642)	(255.082)	463.478	-	-	39.248	264	(2.006.984)
<b>Total</b>	<b>(6.065.497)</b>	<b>(194.111)</b>	<b>(680.506)</b>	<b>610.601</b>	<b>7.732</b>	<b>(17.555)</b>	<b>332.600</b>	<b>2.360</b>	<b>(6.004.376)</b>
<b>Net book value</b>	<b>6.626.678</b>								<b>7.295.877</b>

(\*) Transfers from Construction in progress during the period amounting of TRY 39,156 was accounted as intangible assets.

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

(\*\*\*) Include Temsa Ulaşım Araçları San. Tic. A.Ş. and Yünsa Yunlu Sanayi ve Ticaret A.Ş. the balances sold in 2019.

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#### NOTE 16 - INTANGIBLE ASSETS

The movements in intangible assets for the years ended 31 December 2020 and 2019 are as follows:

	1 January 2020	Currency translation differences	Additions	Impairment	Disposals	Transfers		31 December 2020
Cost (*)	2,874,779	109,730	645,937	24	(1,849)	4,301		3,632,922
Accumulated amortization (-)	(1,001,619)	(31,642)	(324,762)	(24)	405	-		(1,357,642)
<b>Net book value</b>	<b>1,873,160</b>							<b>2,275,280</b>

	1 January 2019	Currency translation differences	Additions	Impairment	Disposals	Transfers	Subsidiary purchase effect (**)	Company disposals (***)	31 December 2019
Cost (*)	2,530,399	54,273	556,294	(666)	(437,333)	20,861	426,664	(275,713)	2,874,779
Accumulated amortization (-)	(1,270,738)	(16,156)	(284,453)	316	430,446	-	-	138,966	(1,001,619)
<b>Net book value</b>	<b>1,259,661</b>								<b>1,873,160</b>

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

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

(\*\*\*) Include Temsa Ulaşım Araçları San. Tic. A.Ş. and Yünsa Yunlu Sanayi ve Ticaret A.Ş. the balances sold in 2019.

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#### NOTE 17- RIGHT OF USE ASSETS

Movement of right-of-use assets for the year ended 31 December 2020 is as follows:

	1 January 2020	Addition	Disposals	Currency translation differences	31 December 2020
<b>Cost</b>					
Property	2,187,816	367,194	(286,027)	48,673	2,317,656
Fixtures	595	-	(462)	119	252
Vehicles	38,758	29,020	(757)	1,420	68,441
Other	16,521	347	-	2,602	19,470
<b>Total</b>	<b>2,243,690</b>	<b>396,561</b>	<b>(287,246)</b>	<b>52,814</b>	<b>2,405,819</b>
<b>Accumulated depreciation</b>					
Property	(338,619)	(408,865)	128,070	(11,129)	(630,543)
Fixtures	(186)	(65)	264	(125)	(112)
Vehicles	(16,204)	(20,822)	707	(19)	(36,338)
Other	(3,218)	(4,122)	-	91	(7,249)
<b>Total</b>	<b>(358,227)</b>	<b>(433,874)</b>	<b>129,041</b>	<b>(11,182)</b>	<b>(674,242)</b>
<b>Net book value</b>	<b>1,885,463</b>	<b>(37,313)</b>	<b>(158,205)</b>	<b>41,632</b>	<b>1,731,577</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 - RIGHT TO USE ASSETS (Continued)

Movement of right-of-use assets for the year ended 31 December 2019 is as follows:

	1 January 2019	Subsidiary purchase effect (*)	Transfers (**)	Additions	Disposals	Other	31 December 2019
<b>Cost</b>							
Real estates	1,893,886	58,489	20,512	256,306	(77,616)	36,239	2,187,816
Fixtures	407	-	-	162	-	26	595
Motor vehicles	27,624	166	-	11,328	(635)	275	38,758
Other	11,973	-	-	4,136	-	412	16,521
<b>Total</b>	<b>1,933,890</b>	<b>58,655</b>	<b>20,512</b>	<b>271,932</b>	<b>(78,251)</b>	<b>36,952</b>	<b>2,243,690</b>
<b>Accumulated depreciation:</b>							
Real estates	-	-	(7,732)	(390,336)	63,593	(4,144)	(338,619)
Fixtures	-	-	-	(178)	-	(8)	(186)
Motor vehicles	-	-	-	(16,093)	-	(111)	(16,204)
Other	-	-	-	(3,099)	-	(119)	(3,218)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(7,732)</b>	<b>(409,706)</b>	<b>63,593</b>	<b>(4,382)</b>	<b>(358,227)</b>
<b>Net book value</b>	<b>1,933,890</b>	<b>58,655</b>	<b>12,780</b>	<b>(137,774)</b>	<b>(14,658)</b>	<b>32,570</b>	<b>1,885,463</b>

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

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

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 - GOODWILL

The movements of goodwill for the years ended on 31 December 2020 and 2019 are as follows:

	2020	2019
1 January	1,475,337	849,215
Additions (*)	-	40,898
Acquisitions (**) (Note 3)	-	503,153
Currency translation differences	125,353	82,071
<b>31 December</b>	<b>1,600,690</b>	<b>1,475,337</b>

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

(\*\*) 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 503.153.010 (full TRY) booked as goodwill.

#### NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short term provisions	31 December 2020	31 December 2019
Provision for liabilities	682.435	452,605
<i>Credit bonus provision</i>	69.473	58,926
<i>Litigation</i>	90.769	88,207
<i>Uncompensated and not encashed non-cash loans</i>	492.437	297,102
<i>Other short term provisions</i>	29.756	8,370
Other debt provisions	4.926	25,770
<b>Total</b>	<b>687,361</b>	<b>478,375</b>
Other long term provisions	31 December 2020	31 December 2019
Provision for liabilities	241,504	121,994
<i>Litigation</i>	49,666	35,218
<i>Other long-term provisions</i>	191,838	86,776
<b>Total</b>	<b>241,504</b>	<b>121,994</b>
Commitments - Banking segment	31 December 2020	31 December 2019
Letters of guarantee given	36,466,405	30,717,394
Letters of credit	4,649,260	4,398,221
Foreign currency acceptance credits	47,814	50,678
Other guarantees	8,259,644	6,541,435
<b>Total</b>	<b>49,423,123</b>	<b>41,707,728</b>



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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

#### NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Commitments – Other companies	31 December 2020	31 December 2019
Letters of guarantee given	880,540	1,317,516
Other guarantees given	1,583,897	1,016,434
Mortgages, guarantees and pledges for tangible assets	16,330	12,056
<b>Total</b>	<b>2,480,767</b>	<b>2,346,006</b>

#### Commitments for resale and repurchase of debt securities:

Commitments for the resale and repurchase of debt securities (government bonds, treasury bills and Eurobonds) at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Repurchase commitments	19,855,361	10,095,553
<b>Transactions for held for trading:</b>		
	31 December 2020	31 December 2019
Foreign currency purchases	6,658,885	7,573,795
Foreign currency sales	6,377,496	7,228,044
<b>Total</b>	<b>13,036,381</b>	<b>14,801,839</b>
	31 December 2020	31 December 2019
Currency swap purchases	121,885,178	118,346,112
Currency swap sales	138,390,998	120,827,669
Interest swap purchases	86,327,116	76,289,552
Interest swap sales	86,327,116	76,289,552
<b>Total</b>	<b>432,930,408</b>	<b>391,752,885</b>
	31 December 2020	31 December 2019
Spot purchases	3,053,071	2,934,998
Spot sales	3,054,727	2,934,711
<b>Total</b>	<b>6,107,798</b>	<b>5,869,709</b>
	31 December 2020	31 December 2019
Currency, interest and securities options purchases	13,271,378	15,793,725
Currency, interest and securities options sales	13,152,376	15,958,797
<b>Total</b>	<b>26,423,754</b>	<b>31,752,522</b>
	31 December 2020	31 December 2019
Other purchase transactions	26,581,999	14,417,136
Other sales transactions	7,978,827	7,763,410
<b>Total</b>	<b>34,560,826</b>	<b>22,180,546</b>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

	31 December 2020	31 December 2019
Future purchase transactions	2,657,066	85,946
Future sales transactions	2,827,998	85,005
<b>Total</b>	<b>5,485,064</b>	<b>170,951</b>

#### Types of derivative transactions held for hedges:

	31 December 2020	31 December 2019
Interest swap purchases	23,672,399	16,424,864
Interest swap sales	23,672,399	16,424,864
<b>Total</b>	<b>47,344,798</b>	<b>32,849,728</b>

	31 December 2020	31 December 2019
Currency swap purchases	-	155,171
<b>Total</b>	<b>-</b>	<b>155,171</b>

	31 December 2020	31 December 2019
Money swap purchases	22,678,665	18,824,262
Money swap sales	14,494,876	12,985,025
<b>Total</b>	<b>37,173,541</b>	<b>31,809,287</b>

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2020 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	16,747,460	19,718,945	36,466,405
Letters of credits	3,502,759	1,146,501	4,649,260
Acceptance credits	47,814	-	47,814
Other guarantees	2,416,094	5,843,550	8,259,644
<b>Total</b>	<b>22,714,127</b>	<b>26,708,996</b>	<b>49,423,123</b>

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
<b>Total</b>	<b>18,877,729</b>	<b>22,829,999</b>	<b>41,707,728</b>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

	<b>31 December 2020</b>	<b>31 December 2019</b>
Wholesale	9,445,709	7,653,743
Construction	8,671,929	8,130,380
Financial institutions	5,261,526	4,194,793
Other manufacturing	4,400,880	3,538,816
Small-scale retailers	3,703,770	3,129,987
Steel and mining	3,549,328	2,628,360
Electricity, gas and water	2,676,043	2,301,980
Chemicals	1,855,060	1,114,426
Transportation	1,744,525	1,019,990
Textile	1,679,855	1,533,427
Automotive	977,967	986,218
Food and beverage	944,397	1,207,821
Agriculture and forestry	385,570	274,728
Tourism	361,201	322,063
Telecommunications	349,336	255,455
Electronics	250,609	326,898
Other	3,165,418	3,088,643
<b>Total</b>	<b>49,423,123</b>	<b>41,707,728</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 - COMMITMENTS

Collaterals, pledges and mortgages (“CPM”) given by Subsidiaries at 31 December 2020 is as follows:

	31 December 2020				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	1,002,913	775,579	21,814	7,461	--
B, Collaterals given on behalf of fully consolidated companies	2,012,527	700,223	53,956	101,488	2,050
C, Collaterals given on behalf of the third parties’ debt for continuation of their economic activities	49,423,123	24,200,751	1,670,304	1,366,162	655,252
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	--	--	--	--	--
<b>Total Collaterals</b>	<b>52,438,563</b>	<b>25,676,553</b>	<b>1,746,074</b>	<b>1,475,111</b>	<b>657,302</b>
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	--	--	--	--	--
<b>Total Mortgages</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
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	--	--	--	--	--
<b>Total Pledges</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages (“CPM”) given by Joint Ventures at 31 December 2020 is as follows;

	31 December 2020				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	1,136,353	1,018,185	12,310	3,087	--
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	4,113	4,113	--	--	--
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	--	--	--	--	--
<b>Total Collaterals</b>	<b>1,140,466</b>	<b>1,022,298</b>	<b>12,310</b>	<b>3,087</b>	<b>--</b>
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	--	--	--	--	--
<b>Total Mortgages</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
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	--	--	--	--	--
<b>Total Pledges</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 - 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	1,313,215	539,799	101,429	25,698	--
B, Collaterals given on behalf of fully consolidated companies	2,007,722	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	--	--	--	--	--
<b>Total Collaterals</b>	<b>45,028,665</b>	<b>20,445,572</b>	<b>2,156,724</b>	<b>1,672,469</b>	<b>648,798</b>
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	--	--	--	--	--
<b>Total Mortgages</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
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	--	--	--	--	--
<b>Total Pledges</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 - 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	-	-	-	-	-
<b>Total Collaterals</b>	<b>819,596</b>	<b>807,989</b>	<b>567</b>	<b>1,239</b>	<b>-</b>
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	-	-	-	-	-
<b>Total Mortgages</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	-	-	-	-	-
<b>Total Pledges</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 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 – EMPLOYEE BENEFITS**

**Payables related to employee benefits**

	<b>31 December 2020</b>	<b>31 December 2019</b>
Due to personnel	86,970	55,340
Social security premiums payable	32,156	7,090
<b>Total</b>	<b>119,126</b>	<b>62,430</b>

**Short term provisions for employee benefits:**

	<b>31 December 2020</b>	<b>31 December 2019</b>
Unused vacation pay provision	160,708	159,152
Bonus provision	40,375	37,771
Other	321,192	225,140
<b>Total</b>	<b>522,275</b>	<b>422,063</b>

**Long term provisions for employee benefits:**

	<b>31 December 2020</b>	<b>31 December 2019</b>
Provision for employment termination benefits	652,408	504,049
Unused vacation pay provision	5,882	5,439
Other	46,636	38,332
<b>Total</b>	<b>704,926</b>	<b>547,820</b>

Provision for retirement pay liability:

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age. Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. At 31 December 2020, the amount payable consists of one month’s salary limited to a maximum of Full TRY7,117.17 (31 December 2019: Full TRY6,379.86) for each year of service.

There are no agreements for pension commitments other than the legal requirement as explained above. The liability is not funded, as there is no funding requirement

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 *Employee Benefits* stipulates the development of company’s liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2020, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. However the discount rate used in the calculation of the provisions differs for each subsidiary and associate, the average discount rate is 3.24% - 5.23% at the respective balance sheet date (31 December 2019: 3.90% - 5.40%). Severance pay ceiling is revised semi-annually. TRY7,638,96 severance pay ceiling, which is effective on 1 January 2021, has been considered in the provision for employment termination benefits calculations of the Group.



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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 - EMPLOYEE BENEFITS (Continued)

##### Provision for retirement pay liability (Continued):

Movements in the provision for employment termination benefits for the years ended 31 December 2020 and 2019 are as follows:

	<b>2020</b>	<b>2019</b>
1 January	504,049	416,591
Charge for the period	122,312	139,163
Payments	(65,691)	(102,435)
Interest cost	7,874	3,576
Foreign currency translation adjustments	(2,911)	51
Company disposals	-	(57,749)
Actuarial (loss)/gain	86,775	104,852
<b>31 December</b>	<b>652,408</b>	<b>504,049</b>

#### NOTE 22 - OTHER ASSETS AND LIABILITIES

<b>Other Current Assets</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Cheques in clearance	852,507	702,265
Deductible, deferred and other VAT	200,743	133,747
Other current Assets	56,173	116,852
<b>Total</b>	<b>1,109,423</b>	<b>952,864</b>

<b>Other Non-Current Assets</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Long term tax claims and other legal receivables	17,725	29,861
Deductible, deferred and other VAT	1,050	1,583
Other non-current assets	90,731	94,782
<b>Total</b>	<b>109,506</b>	<b>126,226</b>

<b>Other Short Term Liabilities</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Cheques in clearance	1,683,800	1,410,474
Saving deposits insurance	119,637	93,838
Other short term liabilities	419,364	350,249
<b>Total</b>	<b>2,222,801</b>	<b>1,854,561</b>

	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Other Long Term Liabilities</b>		
Other long term liabilities	52,924	40,182
<b>Total</b>	<b>52,924</b>	<b>40,182</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 - 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 31 December 2020 and 2019 is as follows:

<b>Shareholders:</b>	<b>Share (%)</b>	<b>31 December 2020</b>	<b>Share (%)</b>	<b>31 December 2019</b>
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
<b>Share capital</b>	<b>100.00</b>	<b>2,040,404</b>	<b>100.00</b>	<b>2,040,404</b>
<b>Repurchased shares (-)</b>		<b>(190,470)</b>		<b>(190,470)</b>
<b>Share premium</b>		<b>22,237</b>		<b>22,237</b>

As a result of the Board of Directors decision dated 22 December 2015, EXSA Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (Exsa) has started acquiring publicly traded shares of Sabancı Holding in Borsa İstanbul. With these transactions Exsa’s share in Sabancı Holding’s share capital has reached 1.17% as of 31 December 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:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Legal reserves	879,056	829,399
Investments sales income	344,487	344,487
<b>Total</b>	<b>1,223,543</b>	<b>1,173,886</b>

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#### NOTE 23 - EQUITY (Continued)

##### Dividend Distribution

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

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

##### 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
<b>Balance as of 1 January 2019</b>	<b>(1,217,928)</b>	<b>(150,767)</b>	<b>(384,914)</b>	<b>1,382,776</b>
Increases/(decreases) during the period)	1,495,759	(932,150)	(81,044)	305,898
Gains transferred to income statement	300,933	144,495	-	-
Net gains & losses included in the ..income statement due to transfer of available for sale financial assets into held to maturity assets	(162,888)	-	-	-
Tax effect	(359,437)	173,260	17,830	-
<b>Balance as of 31 December 2019</b>	<b>56,439</b>	<b>(765,162)</b>	<b>(448,128)</b>	<b>1,688,674</b>

	Fair Value Revaluation Fund	Cash Flow Hedge Fund	Net Investment Hedge Fund	Currency Translation Effect
<b>Balance as of 1 January 2020</b>	<b>56,439</b>	<b>(765,162)</b>	<b>(448,128)</b>	<b>1,688,674</b>
Increases/(decreases) during the period)	430,554	(795,470)	(619,333)	995,877
Gains transferred to income statement	154,245	719,353	-	-
Net gains & losses included in the ..income statement due to transfer of available for sale financial assets into held to maturity assets	(391,599)	-	-	-
Tax effect	(42,504)	16,745	136,253	-
<b>Balance as of 31 December 2020</b>	<b>(207,135)</b>	<b>(824,534)</b>	<b>(931,208)</b>	<b>2,684,551</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 24 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

##### 1 January - 31 December 2020

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 Full TRY7,108,997 as of 31 December 2020. (31 December 2019: Full TRY 152,057 loss) In 31 December 2020 and 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 Total TRY2,925,808 as of 31 December 2020 (31 December 2019: Total TRY7,347,731). The amount recognised under “Liabilities Held For Sale” is Total TRY4,026,883 as of 31 December 2020 (31 December 2019: Total TRY3,116,610).

The sale of the lands which are not used actively of Çimsa, one of the subsidiaries of the Group, continues and the remaining part amounting to Total TRY 8,522,648 has been classified as fixed assets held for sale (31 December 2019: Total TRY 131,850 )

##### Information on other assets held for sale:

	31 December 2020	31 December 2019
Cost	250,782	666,140
Accumulated Depreciation (-)	4	73
<b>Net Book Value</b>	<b>250,778</b>	<b>666,067</b>

	31 December 2020	31 December 2019
<b>Net book value at the beginning of the term</b>	<b>673,547</b>	<b>278,604</b>
Acquisitions (*)	265,721	1,575,616
Disposals (-), net	184,122	235,066
Impairment (-)	496,888	938,867
Other	3,968	(6,740)
<b>Net Book Value</b>	<b>262,226</b>	<b>673,547</b>

(\*) 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 “Acquired” 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.

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 25 - REVENUE AND COST OF SALES

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Domestic sales	19,625,105	16,642,186
Foreign sales	2,618,047	2,760,345
Less: Discounts	(713,942)	(619,543)
<b>Total</b>	<b>21,529,210</b>	<b>18,782,988</b>

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Cost of raw materials and merchandises	(13,730,368)	(12,015,299)
Change in finished good work in process inventory and merchandises	(668,103)	(439,341)
Personnel expenses	(663,215)	(668,524)
Depreciation and amortization expenses	(377,277)	(336,031)
Other	(1,566,460)	(1,415,486)
<b>Total</b>	<b>(17,005,423)</b>	<b>(14,874,681)</b>

#### NOTE 26 - EXPENSES BY NATURE

##### Research and development expenses:

Allocation of research and development expenses on nature basis for the years ended 31 December 2020 and 2019 are as follows:

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Personnel expenses	(18,662)	(8,236)
Consultancy expenses	(4,796)	(9,578)
Depreciation and amortization expenses	(2,952)	(862)
Repair and maintenance expenses	(558)	(194)
Other	(407)	(616)
<b>Total</b>	<b>(27,375)</b>	<b>(19,486)</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 26 - EXPENSES BY NATURE (Continued)

##### Marketing expenses:

Allocation of marketing, selling and distribution expenses on nature basis for the years ended 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	(1,029,814)	(894,805)
Depreciation and amortization expenses	(443,010)	(421,707)
Rent expenses	(192,133)	(149,641)
Energy expenses	(163,126)	(147,807)
Transportation, logistic and distribution expenses	(157,366)	(136,679)
Advertisement expenses	(108,294)	(112,881)
Outsourced services	(56,381)	(48,537)
Maintenance and repair expenses	(55,923)	(44,731)
Consultancy expenses	(41,799)	(52,995)
Material expenses	(4,279)	(1,363)
Insurance expenses	(3,638)	(5,565)
Communication expenses	(1,896)	(1,870)
Other	(149,038)	(172,289)
<b>Total</b>	<b>(2,406,697)</b>	<b>(2,190,870)</b>

##### General administrative expenses:

Allocation of general administrative expenses on nature basis for the years ended 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	(3,710,887)	(3,123,937)
Credit card and banking service expenses	(949,364)	(835,319)
Depreciation and amortization expenses	(818,940)	(644,963)
Repair and maintenance expenses	(683,169)	(623,686)
Saving deposit insurance fund expenses	(464,074)	(308,896)
Taxes, duties and charges	(303,781)	(239,094)
Consultancy expenses	(267,958)	(319,505)
Communication expenses	(237,282)	(191,025)
Advertisement expenses	(157,153)	(150,655)
Energy expenses	(97,968)	(88,589)
Material expenses	(62,892)	(47,058)
Insurance expenses	(14,451)	(7,865)
Outsourced services	(1,388)	(1,432)
Other	(1,178,670)	(1,090,426)
<b>Total</b>	<b>(8,947,977)</b>	<b>(7,672,450)</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 27 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2020 and 2019 are as follows:

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Foreign currency gains resulting from operations	2,299,052	660,325
Due date income from trade receivables	54,591	90,449
Other income	413,497	317,722
<b>Total</b>	<b>2,767,140</b>	<b>1,068,496</b>

The details of other expenses from operating activities for the years ended 31 December 2020 and 2019 are as follows

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Foreign currency losses resulting from operations	(1,878,809)	(466,432)
Due date expense from trade receivables	(288,411)	(367,739)
Provision expense	(15,881)	(21,305)
Other expenses	(428,699)	(201,578)
<b>Total</b>	<b>(2,611,800)</b>	<b>(1,057,054)</b>

#### NOTE 28 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

##### Income from investing activities

The details of other income from investing activities for the years ended 31 December 2020 and 2019 are as follows:

	<b>1 January - 31 December 2020</b>	<b>1 January - 31 December 2019</b>
Profit from sales on property, plant and equipment	125,978	74,432
Interest income on time deposits	12,991	4,171
Dividend income	5,903	10,123
Gain on sale of associates	-	76,524
Time deposit exchange differences	-	3,564
Other	2,681	6,689
<b>Total</b>	<b>147,553</b>	<b>175,503</b>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 28 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES (Continued)

##### Income from investing activities (Continued)

The details of other expenses from investing activities for the years ended 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Loss on sale of fixed assets	(5,143)	(9,003)
Loss on sale of subsidiary	-	(66,494)
Time deposit exchange differences	-	(1,047)
<b>Total</b>	<b>(5,143)</b>	<b>(76,544)</b>

#### NOTE 29 - FINANCIAL INCOME AND EXPENSE

	1 January - 31 December 2020	1 January - 31 December 2019
<b>Financial income</b>		
Foreign currency gains	39,903	56,340
Interest income	326	12,092
Other financial income	17,103	-
<b>Total</b>	<b>57,332</b>	<b>68,432</b>
<b>Financial expenses</b>		
Foreign currency losses	(179,741)	(158,600)
Interest expense	(622,766)	(737,236)
Other financial expenses	(182,687)	(165,261)
<b>Total</b>	<b>(985,194)</b>	<b>(1,061,097)</b>

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



## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 30 - TAX ASSETS AND LIABILITIES

	31 December 2020	31 December 2019
Corporate and income taxes payable	2,837,819	1,690,444
Less: prepaid taxes	(1,672,762)	(1,339,282)
<b>Total taxes payable</b>	<b>1,165,057</b>	<b>351,162</b>

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, 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. As of January 1, 2021, the effective corporate tax rate is 20%, so the Group has set a 20% deferred tax asset or liability over its temporary differences.

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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2020**

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**NOTE 30 - 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.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

The tax charges for comprehensive income statement items for the periods ended 31 December 2020 and 2019 are as follows:

	31 December 2020			31 December 2019		
	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax
Fair value of financial assets transferred to the other comprehensive income	449,951	(98,989)	350,962	3,988,937	(877,566)	3,111,371
Cash flow hedges	244,226	(53,730)	190,496	(1,551,392)	341,306	(1,210,086)
Financial assets related to the hedging of net investment in a foreign operation, after tax	(1,519,836)	334,364	(1,185,472)	(198,879)	43,753	(155,126)
Change in currency translation differences	2,396,539	-	2,396,539	706,580	-	706,580
Actuarial loss/gain	(95,080)	20,918	(74,162)	(108,110)	23,784	(84,326)
<b>Other Comprehensive Income</b>	<b>1,475,800</b>	<b>202,563</b>	<b>1,678,363</b>	<b>2,837,136</b>	<b>(468,723)</b>	<b>2,368,413</b>

	31 December 2020	31 December 2019
Profit before tax included in the consolidated financial Statements	11,176,901	8,544,341
Expected tax charge according to parent company's tax rate 22% (2019: 22%)	(2,458,918)	(1,879,755)
Tax rate differences of subsidiaries	(8,897)	3,055
<b>Expected tax charge of the Group</b>	<b>(2,467,815)</b>	<b>(1,876,700)</b>
Revenue that is exempt from taxation	156,144	51,307
Non-deductible expenses	(308,750)	(56,514)
Utilizing carryforward tax losses that are not subject to deferred tax	1,258	1,606
Impact of profits from investments valued by equity method	337,179	322,672
Investment incentives impact	-	16,385
Other	11,445	(37,978)
<b>Current year tax charge of the Group</b>	<b>(2,270,539)</b>	<b>(1,579,222)</b>

#### 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.

#### NOTE 30 - TAX ASSETS AND LIABILITIES (Continued)

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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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 year ended 31 December 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.

At 31 December 2020, the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TRY1,132,506 which can be offset against future taxable profits for a period of five years (31 December 2019: TRY1,174,440). As of 31 December 2020 and 2019 carry forward tax losses and the latest annual periods are as follows:

	<b>31 December 2020</b>	<b>31 December 2019</b>
2021	-	361,220
2022	428,185	439,217
2023	48,623	344,107
2024	469,619	29,896
2025	186,079	-
<b>Total</b>	<b>1,132,506</b>	<b>1,174,440</b>

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

	<b>31 December 2020</b>	<b>31 December 2019</b>
Deferred Tax Assets	719,275	353,154
Deferred Tax Liabilities	(318,277)	(737,000)
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>400,998</b>	<b>(383,846)</b>

The movements in deferred income tax assets/(liabilities) for the periods ended 31 December 2020 and 2019 are as follows:

	<b>2020</b>	<b>2019</b>
1 January	(383,846)	187,136
Charged to equity	351,770	(685,472)
Change in foreign currency translation differences	16,568	(110,184)
Company disposals	-	(130,356)
Charged to statement of profit or loss	321,886	376,509
Other	94,620	(21,479)
<b>31 December</b>	<b>400,998</b>	<b>(383,846)</b>

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

#### NOTE 31 - DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2020	Fair Value	
	Asset	Liability
<b>Derivative instruments held for trading:</b>		
<b>Foreign exchange derivative instruments:</b>		
Currency and interest rate swaps purchases and sales transactions	11,394,200	13,005,806
Forward currency purchases and sales transactions	467,640	294,644
Currency purchases and sales options	152,494	163,566
Other purchases and sales transactions	2,928,325	-
<b>Total derivative instruments held for trading</b>	<b>14,942,659</b>	<b>13,464,016</b>
<b>Derivative instruments held for hedging:</b>		
Currency and interest rate swap purchases and sales transactions	7,969,203	1,439,838
Forward currency purchases and sales transactions	7,020	-
<b>Total derivative instruments held for hedging</b>	<b>7,976,223</b>	<b>1,439,838</b>
<b>Total derivative instruments</b>	<b>22,918,882</b>	<b>14,903,854</b>
<b>31 December 2019</b>	<b>Fair Value</b>	
<b>Derivative instruments held for trading:</b>	<b>Asset</b>	<b>Liability</b>
<b>Foreign exchange derivative instruments</b>		
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
<b>Total derivative instruments held for trading</b>	<b>11,269,700</b>	<b>7,897,833</b>
<b>31 December 2019</b>	<b>Asset</b>	<b>Liability</b>
<b>Derivative instruments held for hedging:</b>		
Currency and interest rate swap purchases and sales transactions	5,350,817	1,164,140
Forward currency purchases and sales transactions	8,147	-
<b>Total derivative instruments held for hedging</b>	<b>5,358,964</b>	<b>1,164,140</b>
<b>Total derivative instruments</b>	<b>16,628,664</b>	<b>9,061,973</b>

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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### NOTE 32 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

#### Banking

Loans and advances to customers	31 December 2020	31 December 2019
Consumer loans and credit cards receivables	65,300,985	50,475,117
Project finance loans	53,711,159	50,398,684
Construction	26,515,968	20,827,726
Financial institutions	17,325,559	17,022,629
Small-scale enterprises	14,278,017	15,521,011
Chemicals	13,815,777	3,818,271
Other manufacturing industries	8,985,032	6,546,945
Mining	7,713,671	7,801,926
Textile	7,102,241	6,212,710
Automotive	7,075,284	3,653,900
Food and beverage, wholesale and retail	7,046,798	6,482,757
Telecommunication	1,380,550	1,342,522
Other	48,214,932	34,854,517
<b>Total loans and advances to customers</b>	<b>278,465,973</b>	<b>224,958,715</b>
Provision for loan losses	5,582,849	5,140,318
Credit risk provision	(16,969,515)	(12,707,080)
<b>Net loans and advances to customers</b>	<b>267,079,307</b>	<b>217,391,953</b>

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.

Current period	Commercial Loans		Consumer Loans		Credit Cards		Financial Lease		Total	
	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss
31 December 2020										
<b>Loans</b>	<b>213,080,984</b>	<b>13,773,709</b>	<b>42,847,537</b>	<b>1,571,173</b>	<b>22,537,452</b>	<b>1,230,180</b>	<b>5,582,849</b>	<b>394,453</b>	<b>284,048,822</b>	<b>16,969,515</b>
Stage 1	175,448,432	978,222	38,965,704	211,707	20,426,242	282,995	4,584,793	49,022	239,425,171	1,521,946
Stage 2	22,596,095	3,891,095	2,482,738	232,741	1,234,179	179,518	430,345	50,977	26,743,357	4,354,331
Stage 3	15,036,457	8,904,392	1,399,095	1,126,725	877,031	767,667	567,711	294,454	17,880,294	11,093,238
<b>Financial Asset</b>	<b>114,316,005</b>	<b>283,486</b>	-	-	-	-	-	-	<b>114,316,005</b>	<b>283,486</b>
<b>Other</b>	<b>14,935,139</b>	<b>69,540</b>	-	-	-	-	-	-	<b>14,935,139</b>	<b>69,540</b>
<b>Noncash loans</b>	<b>51,435,652</b>	<b>492,436</b>	-	-	-	-	-	-	<b>51,435,652</b>	<b>492,436</b>
Stage 1&2	50,496,556	124,855	-	-	-	-	-	-	50,496,556	124,855
Stage 3	939,096	367,581	-	-	-	-	-	-	939,096	367,581
<b>Total</b>	<b>393,767,780</b>	<b>14,619,171</b>	<b>42,847,537</b>	<b>1,571,173</b>	<b>22,537,452</b>	<b>1,230,180</b>	<b>5,582,849</b>	<b>394,453</b>	<b>464,735,618</b>	<b>17,814,977</b>

31 December 2019	Commercial Loans		Consumer Loans		Credit Cards		Financial Lease		Total	
	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss
<b>Loans</b>	<b>174.937.877</b>	<b>9.980.877</b>	<b>32.871.448</b>	<b>1.362.081</b>	<b>17.149.390</b>	<b>962.411</b>	<b>5.140.318</b>	<b>401.711</b>	<b>230.099.033</b>	<b>12.707.080</b>
Stage 1	137.566.735	486.248	27.841.519	59.540	14.579.181	57.358	4.082.393	46.066	184.069.828	649.212
Stage 2	25.146.239	3.188.196	3.427.255	100.130	1.540.707	67.061	484.459	63.171	30.598.660	3.418.558
Stage 3	12.224.903	6.306.433	1.602.674	1.202.411	1.029.502	837.992	573.466	292.474	15.430.545	8.639.310
<b>Financial Asset</b>	<b>101.850.036</b>	<b>185.359</b>	-	-	-	-	-	-	<b>101.850.036</b>	<b>185.359</b>
<b>Other</b>	<b>12.222.751</b>	<b>53.097</b>	-	-	-	-	-	-	<b>12.222.751</b>	<b>53.097</b>
<b>Non cash loans</b>	<b>42.699.025</b>	<b>297.102</b>	-	-	-	-	-	-	<b>42.699.025</b>	<b>297.102</b>
Stage 1&2	42.440.518	232.314	-	-	-	-	-	-	42.440.518	232.314
Stage 3	258.507	64.788	-	-	-	-	-	-	258.507	64.788
<b>Total</b>	<b>331.709.689</b>	<b>10.516.435</b>	<b>32.871.448</b>	<b>1.362.081</b>	<b>17.149.390</b>	<b>962.411</b>	<b>5.140.318</b>	<b>401.711</b>	<b>386.870.845</b>	<b>13.242.638</b>

Effective annual interest rates on loans and advances to customers in US Dollar, Euro, Yen and Turkish Lira is consecutively 5.15% (31 December 2019: 6.88%), 3.78% (31 December 2019: 4.45%), 7.69% (31 December 2019 7.19%) and 13.21% (31 December 2019: 15.47%).

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#### NOTE 32 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

As of 31 December 2020, credit risk provision of banking industry segment is as follows:

	Stage 1	Stage 2	Stage 3
<b>Balance at 31 December 2019</b>	<b>649,216</b>	<b>3,418,554</b>	<b>8,639,310</b>
Additions (*)	812,953	2,006,294	650,022
Disposals (**)	(242,522)	(994,097)	(470,437)
Foreign exchange rate effect	61,199	404,039	-
<b>Stage 1 and Stage 2</b>			
Stage 1 both period (model change)	233,705	-	-
Stage 1 both period (amount change)	26,073	-	-
From Stage 1 to Stage 2 (stage and amount changes)	(39,217)	256,418	-
Stage 2 both period (model change)	-	405,454	-
Stage 2 both period (amount change)	-	(62,298)	-
From Stage 2 to Stage 1 (stage and amount changes)	38,046	(104,929)	-
<b>Stage 3</b>			
From Stage 1 to Stage 3	(17,507)	-	696,080
From Stage 2 to Stage 3	-	(437,260)	2,024,894
Stage 3 both period (amount and model change)	-	-	358,418
Effect of outstanding loans	-	(537,844)	(805,049)
<b>Balance at 31 December 2020</b>	<b>1,521,946</b>	<b>4,354,331</b>	<b>11,093,238</b>

(\*) These are the loans that were not included in the loan portfolio as of December 31, 2019, but were included in the loan portfolio on December 31, 2020 and the provision was calculated.

(\*\*) These are the loans that were included in the loan portfolio as of December 31, 2019 and the provision was calculated, but was not included in the loan portfolio as of December 31, 2020.

(\*\*\*) Additions and disposals were considered and the transitions between the records in both periods were calculated.

As of 31 December 2020, the movement table of credit risk provision of banking industry segment by asset classes is as follows:

	Corporate	Consumer	Rental Receivables	Total
<b>1 January 2020</b>	<b>9,980,877</b>	<b>2,324,492</b>	<b>401,711</b>	<b>12,707,080</b>
Gross provisions	4,995,025	1,316,920	176,214	6,488,159
Collections	(916,709)	(414,812)	(89,154)	(1,420,675)
Written off	(285,484)	(425,247)	(94,318)	(805,049)
<b>31 December 2020</b>	<b>13,773,709</b>	<b>2,801,353</b>	<b>394,453</b>	<b>16,969,515</b>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 32 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

As of 31 December 2019, the movement table of credit risk provision of banking industry segment by asset classes is as follows:

	Corporate	Consumer	Rental Receivables	Total
<b>1 January 2020</b>	<b>5,576,750</b>	<b>2,404,514</b>	<b>501,182</b>	<b>8,482,446</b>
Gross provisions	6,203,867	844,337	89,479	7,137,683
Collections	(561,958)	(464,870)	(45,998)	(1,072,826)
Written off	(1,237,782)	(459,489)	(142,952)	(1,840,223)
<b>31 December 2019</b>	<b>9,980,877</b>	<b>2,324,492</b>	<b>401,711</b>	<b>12,707,080</b>

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

	31 December 2020	31 December 2019
Up to 3 months	82,574,733	75,181,405
3 to 12 months	65,679,464	40,330,281
<b>Current</b>	<b>148,254,197</b>	<b>115,511,686</b>
1 to 5 years	90,581,839	75,734,797
Over 5 years	22,660,422	21,005,152
<b>Non-current</b>	<b>113,242,261</b>	<b>96,739,949</b>
<b>Total</b>	<b>261,496,458</b>	<b>212,251,635</b>

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

	31 December 2020	31 December 2019
Up to 3 months	124,011,508	97,452,545
3 to 12 months	61,397,260	43,842,267
1 to 5 years	70,433,572	65,290,494
Over 5 years	5,654,118	5,666,329
<b>Total</b>	<b>261,496,458</b>	<b>212,251,635</b>

Aging analysis for overdue but not impaired receivables (\*):

	31 December 2020	31 December 2019
30-60 days	598.530	1.253.357
60-90 days	421.459	1.554.869
Over 90 days	1.165.481	-
<b>Toplam</b>	<b>2.185.470</b>	<b>2.808.226</b>

\* Within the scope of the decisions taken by the BDKK, the delay time foreseen for classification in the Second Group due to delay days has been moved from the 30th day to the end of the 90th delay day, and the delay for classification as non-performing loans from the 90th delay to the end of the day 180th. The relevant issue will be valid until 30 June 2021 according to the decision of the BDDK dated 8 December 2020 and numbered 9312.



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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 33 - PAYABLES FROM FINANCE SECTOR OPERATIONS

##### Banking

	31 December 2020			31 December 2019		
	Demand	Time	Total	Demand	Time	Total
Saving deposits	53,209,481	129,356,513	182,565,994	29,769,128	118,639,877	148,409,005
Commercial deposits	36,839,963	53,537,708	90,377,671	20,861,510	61,873,309	82,734,819
Bank deposits	280,804	12,293,003	12,573,807	1,555,546	5,220,007	6,775,553
Funds provided from repo transactions	-	20,478,250	20,478,250	-	9,955,766	9,955,766
Other	1,394,100	3,051,410	4,445,510	1,410,044	3,106,320	4,516,364
<b>Total</b>	<b>91,724,348</b>	<b>218,716,884</b>	<b>310,441,232</b>	<b>53,596,228</b>	<b>198,795,279</b>	<b>252,391,507</b>

Annual effective interest rate of deposit accounts in USD, Euro and TRY are 1,83% (31 December 2019: 2.15%), 0.72% (31 December 2019: 0.05%) and 16,30% (31 December 2019: 9.43%).

The following is the analysis of remaining time of debts to deposit and money markets for maturity dates in the agreement as of 31 December 2020 and 2019:

	31 December 2020	31 December 2019
No maturity	237,766,328	198,360,298
Up to 3 months	39,246,102	25,385,879
3 to 12 months	15,362,756	14,182,312
1 to 5 years	13,801,620	11,553,901
Over 5 years	4,264,426	2,909,117
<b>Total</b>	<b>310,441,232</b>	<b>252,391,507</b>

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

	31 December 2020	31 December 2019
No maturity	91,724,348	53,596,228
Up to 3 months	192,614,949	176,547,906
3 to 12 months	15,404,683	13,797,294
1 to 5 years	9,612,044	7,469,389
Over 5 years	1,085,208	980,690
<b>Total</b>	<b>310,441,232</b>	<b>252,391,507</b>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 34 - EARNINGS PER SHARE

Earnings per share (parent company share) stated in the consolidated profit or loss statement is determined by dividing the net period profit by the weighted average number of shares issued within the relevant period.

	31 December 2020	31 December 2019
Earnings per share total TRY		
- ordinary share (‘00)	2.34	1.85
Earnings per share from continuing operations total TRY		
- ordinary share (‘00)	2.34	1.85
Number of treasury shares	(190,470,000)	(190,470,000)
Earnings per share excluding treasury shares (total TRY)		
- ordinary share (‘00)	2.34	1.85
Earnings per share from continuing operations excluding treasury shares (total TRY)		
- ordinary share (‘00)	2.34	1.85
Weighted average number of shares as of the reporting date (per share of Kr 1 nominal value)		
-ordinary share	204,040,393,100	204,040,393,100

#### NOTE 35 - RELATED PARTY DISCLOSURES

##### Key management personnel compensation:

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

The detailed schedule of compensation paid or payable to key management for the periods ended 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Short term benefits	45,742	38,081
Benefits resulted from discharge	913	1,096
Other long term benefits	505	375
<b>Total</b>	<b>47,160</b>	<b>39,552</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2020**

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**NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL  
INSTRUMENTS**

**36.1 Financial Instruments and Financial Risk Management**

**36.1.1 Financial Risk Management**

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

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

**36.1.1.1 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.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

##### 36.1 Financial Instruments and Financial Risk Management (Continued)

##### 36.1.1 Financial Risk Management (Continued)

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations as at 31 December 2020 and 31 December 2019 in terms of TRY are as follows:

	31 December 2020	31 December 2019
Assets	216,553,239	184,702,062
Liabilities	(272,353,612)	(214,694,810)
<b>Net foreign currency balance sheet position</b>	<b>(55,800,373)</b>	<b>(29,992,748)</b>
Off-balance sheet derivative financial instruments position	63,151,207	34,764,951
<b>Net foreign currency balance sheet and off-balance sheet position</b>	<b>7,350,834</b>	<b>4,772,203</b>

31 December 2020	Total TRY Equivalent	USD TRY Equivalent	EUR TRY Equivalent	GBP TRY Equivalent	Other TRY Equivalent
<b>Assets:</b>					
Cash and Cash Equivalents	17,750,024	10,962,166	4,987,731	193,784	1,606,343
Financial Investments	49,719,043	42,214,779	5,917,748	-	1,586,516
Receivables from Financial Operations	96,737,391	37,300,579	59,375,937	170	60,705
Reserve Deposits at Central Bank	39,976,266	21,355,079	16,583,250	-	2,037,937
Trade Receivables	773,171	358,785	349,153	503	64,730
Other Current Assets	11,597,344	7,434,192	4,115,677	68	47,407
<b>Total assets</b>	<b>216,553,239</b>	<b>119,625,580</b>	<b>91,329,496</b>	<b>194,525</b>	<b>5,403,638</b>
<b>Liabilities:</b>					
Funds Borrowed and Debt					
Securities in Issue	60,313,498	48,383,812	11,884,595	-	45,091
Customer Deposits	202,387,245	114,548,411	63,647,373	4,828,016	19,363,445
Trade Payables	489,811	345,958	117,179	1,278	25,396
Other Payables and Provisions	9,163,058	5,285,955	3,684,809	118,462	73,832
<b>Total liabilities</b>	<b>272,353,612</b>	<b>168,564,136</b>	<b>79,333,956</b>	<b>4,947,756</b>	<b>19,507,764</b>
<b>Net foreign currency asset/ (liability) position of off-balance sheet derivative</b>					
	<b>63,151,207</b>	<b>58,006,131</b>	<b>(13,695,693)</b>	<b>4,683,301</b>	<b>14,157,468</b>
<b>Net foreign currency asset/ (liability) position of off-balance sheet derivative</b>					
	<b>7,350,834</b>	<b>9,067,575</b>	<b>(1,700,153)</b>	<b>(69,930)</b>	<b>53,342</b>

Net profit effect of the consolidated to the total net foreign currency position is TRY1,138,291 in the long term as of 31 December 2020 (Akbank and Philsa-Philip Morrissa excluded).

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

##### 36.1 Financial Instruments and Financial Risk Management (Continued)

##### 36.1.1 Financial Risk Management (Continued)

##### 36.1.1.1 Foreign Exchange Risk (Continued)

31 December 2019	Total TRY Equivalent	USD TRY Equivalent	EUR TRY Equivalent	GBP TRY Equivalent	Other TRY Equivalent
<b>Assets:</b>					
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
<b>Total assets</b>	<b>184,702,062</b>	<b>105,240,687</b>	<b>74,476,812</b>	<b>2,046,651</b>	<b>2,937,912</b>
<b>Liabilities:</b>					
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
<b>Total liabilities</b>	<b>214,694,810</b>	<b>134,508,338</b>	<b>70,261,510</b>	<b>4,064,323</b>	<b>5,860,639</b>
<b>Net foreign currency asset/ (liability)</b>					
<b>position of off-balance sheet derivative</b>	<b>34,764,951</b>	<b>31,083,116</b>	<b>(1,258,919)</b>	<b>2,012,918</b>	<b>2,927,836</b>
<b>Net foreign currency asset/ (liability)</b>					
<b>position of off-balance sheet derivative</b>	<b>4,772,203</b>	<b>1,815,465</b>	<b>2,956,383</b>	<b>(4,754)</b>	<b>5,109</b>

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 Morrissa excluded).

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

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

##### 36.1 Financial Instruments and Financial Risk Management (Continued)

##### 36.1.1.1 Foreign Exchange Risk (Continued)

The foreign exchange risk of Group companies other than that of the banking segment for the years ended 31 December 2020 and 2019 is summarized as follows:

31 December 2020	Profit/loss	
	Appreciation of foreign currency	Appreciation of foreign currency
Change in USD against TRY by 20%		
USD net assets/liabilities	251,290	(251,290)
Hedged items (-)	-	-
<b>USD net effect</b>	<b>251,290</b>	<b>(251,290)</b>
Change in EUR against TRY by 20%		
EUR net assets/liabilities	(31,351)	31,351
Hedged items (-)	-	-
<b>EUR net effect</b>	<b>(31,351)</b>	<b>31,351</b>
Change in GBP against TRY by 20%		
GBP net assets/liabilities	(152)	152
Hedged items (-)	-	-
<b>GBP net effect</b>	<b>(152)</b>	<b>152</b>
Change in other currency against TRY by 20%		
Other currency net assets/liabilities	(2)	2
Hedged items (-)	-	-
<b>Other currency net effect</b>	<b>(2)</b>	<b>2</b>
<b>31 December 2019</b>		
	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TRY by 20%		
USD net assets/liabilities	306,608	(306,608)
Hedged items (-)	-	-
<b>USD net effect</b>	<b>306,608</b>	<b>(306,608)</b>
Change in EUR against TRY by 20%		
EUR net assets/liabilities	21,565	(21,565)
Hedged items (-)	-	-
<b>EUR net effect</b>	<b>21,565</b>	<b>(21,565)</b>
Change in GBP against TRY by 20%		
GBP net assets/liabilities	1,045	(1,045)
Hedged items (-)	-	-
<b>GBP net effect</b>	<b>1,045</b>	<b>(1,045)</b>
Change in other currency against TRY by 20%		
Other currency net assets/liabilities	(700)	700
Hedged items (-)	-	-
<b>Other currency net effect</b>	<b>(700)</b>	<b>700</b>

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**NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS  
(Continued)**

**36.1.1.2 Interest Rate Risk**

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. In addition to the natural hedges that arise from offsetting interest rate sensitive assets and liabilities, the Group also manages this risk through derivative transactions for hedging purposes.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. During 2020 and 2019, the Group’s borrowings at floating rates are denominated in TRY, USD, EUR and GBP.

As of 31 December 2020 and 2019, the interest position table of the Group's non-banking industrial segments is as follows:

	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Fixed interest rate financial instruments</b>		
Financial assets	1,047,202	566,479
Time deposits	1,047,202	566,479
Financial liabilities	3,790,031	3,559,543
<b>Floating interest rate financial instruments</b>		
Financial liabilities	1,754,828	619,496

Renewing existing positions for non-banking industrial segments by the Group. Various scenarios were prepared for bank loans with floating interest rates taking into account alternative financing and hedging. According to this scenarios:

At 31 December 2020, if the annual interest rate of variable interest loans in TRY were 10% higher/lower and all other variables remained constant; There is no current period loss before tax as a result of high interest expenses consisting of variable loans. (31 December 2019: 0 TRY).

At 31 December 2020, if the annual interest rate on USD denominated floating rate borrowings had been higher/lower by 1% with all other variables held constant, income before tax for the year would have been TRY(6.452) (31 December 2019: TRY(6.195)) lower/higher, mainly as a result of higher interest expense on floating rate borrowings.

At 31 December 2020, if the annual interest rate of variable interest loans in Euro unit was 1% higher/lower and all other variables remained constant; There is no current period loss before tax as a result of high interest expense, which consists of variable loans (31 December 2019: 0 TRY).

Within the scope of the Main Indicative Interest Rates Reform, reference interest rates will be transformed as of the beginning of 2021, and alternative interest rates, which will be accepted as new, will be used instead of the current benchmark interest rates, especially Libor. In addition to floating rate assets such as securities indexed to benchmark interest rates and loans, banks' financial statements include liabilities such as securities issued, borrowed loans and derivative transactions, and off-balance sheet instruments. With the regulations published in September 2019 and December 2020 regarding the implementation of the aforementioned reform, early implementation of the amendments was allowed, while temporary exemption was given to the practices related to the determination of the cash flows of hedge accounting and the termination of the transactions. A working group was established to evaluate the impact of the interest rate reform on financial statements and to adapt to the reform. Reform changes have not been early adopted, and developments are followed by the working group.

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**NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS  
(Continued)**

**36.1.1.3 Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Group aims to maintaining flexibility in funding by keeping committed credit lines available.

*i) Banking industrial segment*

A major objective of Akbank’s asset and liability management is to ensure that sufficient liquidity is available to meet Akbank’s commitments to customers and to satisfy Akbank’s own liquidity needs. The ability to fund the existing and prospective debt requirements is managed by maintaining sufficient cash and marketable securities. The primary funding sources of Akbank are equity placed in interest bearing assets, well-distributed and stable deposits and medium to long term borrowings obtained from international markets.

In spite of a substantial portion of deposits from individuals being short-term, diversification of these deposits by number and type of depositors together with the past experience of Akbank indicate that these deposits will provide a long-term and stable source of funding for Akbank.

As of 31 December 2020 and 2019 the contractual cash flows of the non-derivative financial liabilities in accordance agreement of the Group companies banking segment are as follows:

Liabilities	31 December 2020						
	Book value	Contractual cash flows	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Customer deposits	310,441,232	311,656,800	238,502,036	39,246,102	15,362,755	15,181,382	3,364,525
Funds borrowed and debt securities in issue	67,258,898	74,562,435	3,337,823	4,759,521	22,995,826	30,732,416	12,736,849
Interbank money market deposits	429,862	429,862	429,862	-	-	-	-
<b>Total</b>	<b>378,129,992</b>	<b>386,649,097</b>	<b>242,269,721</b>	<b>44,005,623</b>	<b>38,358,581</b>	<b>45,913,798</b>	<b>16,101,374</b>

  

Liabilities	31 December 2019						
	Book value	Contractual cash flows	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Customer deposits	252,391,507	253,584,157	198,801,601	25,385,879	14,182,312	12,294,248	2,920,117
Funds borrowed and debt securities in issue	54,529,896	60,236,410	4,913,399	4,262,874	15,586,740	22,513,357	12,960,040
Interbank money market deposits	150,754	150,754	150,754	-	-	-	-
<b>Total</b>	<b>307,072,157</b>	<b>313,971,321</b>	<b>203,865,754</b>	<b>29,648,753</b>	<b>29,769,052</b>	<b>34,807,605</b>	<b>15,880,157</b>



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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

##### 36.1.1.3 Liquidity Risk (Continued)

###### ii) Other industrial segments

The table below depicts the cash outflows the cash outflows of the Group's non-banking industrial segments for the balance sheet liabilities as of the balance sheet date. The amounts shown in the table are the contractual undiscounted cash flow amounts and the Group considers the liquidity management based on the expected undiscounted cash flows.

As of 31 December 2020 and 2019, the Group's analysis of non-derivative financial liabilities of non-banking business segments according to their contractual maturity dates as follows:

Liabilities	31 December 2020					
	Book value	Contractual cash flows	Up to 3 month	3-12 months	1-5 years	Over 5 years
Financial liabilities	4,768,602	4,940,018	838,337	2,384,212	1,717,469	-
Financial lease obligations	1,312,348	2,136,242	108,390	341,840	1,163,872	522,140
Trade payables	4,903,252	5,003,087	4,036,029	967,058	-	-
Other payables	105,281	105,281	78,605	26,676	-	-
<b>Total</b>	<b>11,089,483</b>	<b>12,184,628</b>	<b>5,061,361</b>	<b>3,719,786</b>	<b>2,881,341</b>	<b>522,140</b>

Liabilities	31 December 2019					
	Book value	Contractual cash flows	Up to 3 month	3-12 months	1-5 years	Over 5 years
Financial liabilities	4,179,039	4,798,940	1,618,542	914,386	2,266,012	-
Financial lease obligations	1,231,902	2,112,521	102,686	325,407	578,788	1,105,640
Trade payables	3,995,658	3,991,324	3,239,712	751,612	-	-
Other payables	129,079	121,511	86,160	15,826	19,525	-
<b>Total</b>	<b>9,535,678</b>	<b>11,024,296</b>	<b>5,047,100</b>	<b>2,007,231</b>	<b>2,864,325</b>	<b>1,105,640</b>

##### 36.1.1.4 Credit Risk

###### i) Banking industrial segment

Credit risk of the banking industrial segment is the risk that the counterparties of Akbank may be unable to meet the terms of their agreements. Akbank sets credit limits to counterparties in order to limit the risk of credit risk to credit limitations and does not extend credit limits beyond these limits. Credit risks are determined for each individual customer, enterprise, business group and risk groups separately. While determining credit risk, criteria such as the customers' financial strength, commercial capacities, sectors, geographic areas and capital structure are evaluated. Analyses of the financial position of the customers are based on the statements of account and other information in accordance with the related legislation. Previously defined credit limits are constantly revised as a result of assessing general economic developments and monitoring changes in customers' financial information and activities. Loan limits are provided on the basis of customer-specific types and amounts of guarantees

Limits determined on the basis of products and customers are taken as a basis in credit transactions, and risk and limit information is constantly checked.

There are risk control limits established against credit risk and market risks on positions held in terms of futures and options contracts and other similar contracts.

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**NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS  
(Continued)**

**36.1.1.4 Credit Risk (Continued)**

*i) Banking industrial segment (Continued)*

In order to meet and control the credit risks that may arise from fluctuations in foreign exchange and interest rates, futures are also carried out when necessary.

Non-cash loans transformed into cash loans are included in the same risk group as cash loans which are not collected upon maturity. Credit risk management is applied for all positions involving counterparty risk.

Rescheduled or restructured loans are followed by Akbank according to Akbank's credit risk management and follow-up principles. The financial status and business activities of the relevant customer are analyzed continuously and the related units are monitored whether principal and interest payments are made according to the renewed plan.

Within the framework of Akbank's risk management approach, it is assumed that long-term commitments are exposed to more credit risk than short-term commitments and that risk factors such as risk limits and guarantees for long-term risks are covered more broadly than short-term risks.

Akbank's banking activities in foreign countries and credit transactions do not constitute an important risk in terms of the related countries' economic conditions and activities of customers and companies.

When considered within the financial activities of other financial institutions, Akbank as an active participant in the national and international banking market is not exposed to a significant credit risk when evaluated together with the financial activities of other financial institutions.

Akbank assesses the credit quality and assigns an internal risk rating to all borrowers and other counterparties based on Basel II Advanced Internal Rating Based Approach (Advanced IRB Approach).

With the help of scoring systems created for customers with different features, the probability of counterparty default is calculated and separate rating systems are created for corporate, commercial, SME, consumer and credit card.

Akbank calculates the probability of customers falling into default through the rating systems created for different types of customers. In the table below, concentration information of loans classified using rating systems is given.

	<b>31 December 2020</b>	<b>31 December 2019</b>
Above average	41.66%	43.72%
Average	38.21%	41.21%
Below average	15.92%	11.11%
Unrated	4.21%	3.96%

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#### NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

##### 36.1.1.4 Credit Risk (Continued)

###### i) Banking industrial segment (Continued)

Maximum exposure to credit risk of banking industrial segment is as follow:

	31 December 2020	31 December 2019
Loans and advances to banks	55,626,018	44,547,892
Loans and advances	267,079,307	217,391,953
<i>Consumer loans and advances</i>	62,583,636	48,541,904
<i>Corporate loans and advances</i>	199,307,274	164,111,441
<i>Financial lease receivables</i>	5,188,397	4,738,608
Financial assets at fair value through profit and loss	9,179,412	7,264,839
Derivative financial assets at fair value through profit and loss	14,889,163	11,166,945
Derivative transactions held for hedges financial assets	7,969,203	5,350,817
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	100,092,103	83,089,971
Other assets	6,923,738	4,511,155
<b>Toplam</b>	<b>461,758,944</b>	<b>373,323,572</b>

Marketable securities of the banking industrial segment as of 31 December 2020 and 2019. Moody's rating analysis of available-for-sale financial assets and held-to-maturity financial assets is as follows:

31 December 2019	Financial assets through profit or loss	Financial assets through other comprehensive income	Financial assets at amortized cost	Total
Aaa	-	2,164,729	-	2,164,729
Aa1, Aa2, Aa3	-	368,419	-	368,419
A1, A2, A3	-	132,687	-	132,687
Baa1, Baa2, Baa3	-	182,920	-	182,920
Ba1	-	94,248	-	94,248
Ba2	-	56,374	-	56,374
Ba3	19,470	1,323	-	20,793
B1, B2, B3	252,771	55,149,071	41,872,678	97,274,520
C and below	3,941	-	-	3,941
NR	-	69,655	-	69,655
<b>Total</b>	<b>276,182</b>	<b>58,219,426</b>	<b>41,872,678</b>	<b>99,695,765</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

#### 36.1.1.4 Credit Risk (Continued)

##### i) Banking industrial segment (Continued)

31 December 2019	Financial assets through profit or loss	Financial assets through other comprehensive income	Financial assets at amortized cost	Total
Aaa	170,485	2,319,297	334,259	2,824,041
Aa1, Aa2, Aa3	-	275,375	-	275,375
A1, A2, A3	-	272,190	-	272,190
Baa1, Baa2, Baa3	-	132,165	-	132,165
Ba1	-	-	-	-
Ba2	-	-	-	-
Ba3	-	-	-	-
B1, B2, B3	137,668	64,525,419	15,231,266	79,894,353
<b>Total</b>	<b>308,153</b>	<b>67,524,446</b>	<b>15,565,525</b>	<b>83,398,124</b>

The geographical distribution of the financial assets of banking industrial segment for the years ended 31 December 2020 and 2019 are summarized as follows:

	Turkey	USA	EU Countries	Non-Eu Countries	Total
Loans and advances to banks	43,253,151	2,519,706	9,445,313	407,848	55,626,018
Loans and advances	255,218,651	106,034	11,158,825	595,797	267,079,307
Consumer loans and advances	62,583,636	-	-	-	62,583,636
Corporate loans and advances	187,446,618	106,034	11,158,825	595,797	199,307,274
Financial lease receivables	5,188,397	-	-	-	5,188,397
Financial assets at fair value through profit and loss	9,179,412	-	-	-	9,179,412
Derivative financial assets at fair value through profit and loss	7,293,386	-	7,548,958	46,819	14,889,163
Derivative transactions held for hedges financial assets	33,881	-	7,935,322	-	7,969,203
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	97,149,101	2,164,719	778,274	-	100,092,104
Other assets	6,923,737	-	-	-	6,923,737
<b>Total</b>	<b>419,051,319</b>	<b>4,790,469</b>	<b>36,866,692</b>	<b>1,050,464</b>	<b>461,758,944</b>

31 December 2019	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	27,579,823	4,634,554	11,893,974	439,541	44,547,892
Loans and advances	208,508,507	2,428	8,327,859	553,159	217,391,953
Consumer loans and advances	48,541,904	-	-	-	48,541,904
Corporate loans and advances	155,227,995	2,428	8,327,859	553,159	164,111,441
Financial lease receivables	4,738,608	-	-	-	4,738,608
Financial assets at fair value through profit and loss	7,264,839	-	-	-	7,264,839
Derivative financial assets at fair value through profit and loss	5,378,666	1,118	5,734,846	52,315	11,166,945
Derivative transactions held for hedges financial assets	-	-	5,350,817	-	5,350,817
Financial assets at fair value through other comprehensive income and financial assets measured at amortized cost	79,750,267	2,319,297	816,138	204,269	83,089,971
Other assets	4,511,154	-	-	-	4,511,154
<b>Total</b>	<b>332,993,256</b>	<b>6,957,397</b>	<b>32,123,634</b>	<b>1,249,284</b>	<b>373,323,571</b>

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#### NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

##### 36.1.1.4 Credit Risk (Continued)

###### *i) Banking industrial segment (Continued)*

The industrial distribution of the financial assets of banking sector for the years ended 31 December 2020 and 2019 are summarized as follows:

	Financial institutions	Public sector	Wholesale and retail trade	Manufacturing	Other	Individual	Total
Loans and advances to banks	55,626,018	-	-	-	-	-	55,626,018
Loans and advances	16,310,380	4,200,482	31,929,420	87,549,284	64,506,105	62,583,636	267,079,307
Consumer loans and advances	16,235,571	4,200,278	31,615,548	85,208,254	62,047,623	-	199,307,274
Corporate loans and advances	-	-	-	-	-	62,583,636	62,583,636
Financial lease receivables	74,809	204	313,872	2,341,030	2,458,482	-	5,188,397
Financial assets at fair value through profit and loss	243,561	189,938	-	-	8,745,913	-	9,179,412
Derivative financial assets at fair value through profit and loss	7,607,792	-	-	-	7,261,550	19,821	14,889,163
Derivative instruments	7,969,203	-	-	-	-	-	7,969,203
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	10,583,726	86,782,757	-	2,460,508	265,113	-	100,092,104
Other assets	6,923,737	-	-	-	-	-	6,923,737
<b>31 December 2020</b>	<b>105,264,417</b>	<b>91,173,177</b>	<b>31,929,420</b>	<b>90,009,792</b>	<b>80,778,681</b>	<b>62,603,457</b>	<b>461,758,944</b>
<b>31 December 2019</b>	<b>91,154,236</b>	<b>69,657,501</b>	<b>27,207,406</b>	<b>68,064,873</b>	<b>68,658,025</b>	<b>48,581,530</b>	<b>373,323,571</b>

###### *ii) Other industrial segments*

Credit risk for the other than that of the banking segment arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

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#### NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

##### 36.1.1.4 Credit Risk (Continued)

The Group's exposure to types of financial instruments of other industrial segments as of 31 December 2020 and 2019 is as follows.

31 December 2020	Trade receivables	Receivables from insurance operations	Other receivables (*)	Bank deposits	Derivative instruments
<b>Maximum credit risk exposure as of reporting date (A+B+C+D)</b>	<b>1,846,121</b>	-	<b>156,927</b>	<b>1,796,846</b>	<b>60,516</b>
Collateralized or secured with guarantees part of maximum credit					
A. Restructured otherwise accepted as past due and impaired	1,587,382	-	156,927	1,796,846	60,516
B. Past due but not impaired net book value	258,739	-	-	-	-
C. Net book value of impaired assets		-	-	-	-
- Past due (Gross amount)	68,160	-	-	-	-
- Impairment	(68,160)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-
<b>31 December 2019</b>	<b>Trade receivables</b>	<b>Receivables from insurance operations</b>	<b>Other receivables (*)</b>	<b>Bank deposits</b>	<b>Derivative instruments</b>
<b>Maximum credit risk exposure as of reporting date (A+B+C+D)</b>	<b>1,625,436</b>	-	<b>157,343</b>	<b>733,902</b>	<b>110,902</b>
Collateralized or secured with guarantees part of maximum credit					
A. Restructured otherwise accepted as past due and impaired	1,493,247	-	157,343	733,902	110,902
B. Past due but not impaired net book value	132,189	-	-	-	-
C. Net book value of impaired assets		-	-	-	-
- Past due (Gross amount)	57,515	-	-	-	-
- Impairment	(57,515)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-

(\*) Does not include tax and other legal receivables.

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**NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS  
(Continued)**

**36.1.1.5 Value at risk**

Stress tests provide indications of the extent of the damage that may occur in unusual circumstances. The stress test conducted by the Akbank Risk Management department includes the interest rate stress test as predicted by Akbank's market risk policies. For all banking transactions except for the trading portfolio, the interest rate risk is monitored under the interest rate risk arising from banking accounts. The results of the stress test are analyzed by the Asset and Liability Committee (ALCO).

Calculation and reporting of interest rate risk arising from banking accounts the monthly rate is calculated in accordance with the "Regulation on Measurement and Evaluation of Interest Rate on Banking Accounts Based on Standard Shock" published in the Official Gazette dated 23 August 2011 and numbered 28034.

As of 31 December 2020 and 2019, the fair value changes of Turkish Lira and foreign exchange after performing 500 and 200 basis points in the account balances subject to the calculation is as follows;

Currency	Applied Shock (+/- x basis points)	31 December 2020		31 December 2019	
		Gains /Losses	Gains /Shareholders Equity-Losses /Shareholders Equity	Gains /Losses	Gains /Shareholders Equity-Losses /Shareholders Equity
TRY	(400)	3,613,453	%4.97	3,588,028	%5.69
TRY	500	(4,110,166)	%(5.65)	(4,027,453)	%(6.38)
USD	(200)	231,365	%(0.32)	922,614	%(1.46)
USD	200	(359,087)	%(0.49)	(882,350)	%(1.40)
EUR	(200)	1	%(0.00)	(35,477)	%(0.06)
EUR	200	45,437	%(0.06)	(828,729)	%(1.31)
<b>Total (for negative shocks)</b>		<b>3,844,819</b>	<b>%5.29</b>	<b>4,475,165</b>	<b>%7.09</b>
<b>Total (for positive shocks)</b>		<b>(4,423,816)</b>	<b>%(6.08)</b>	<b>(5,738,532)</b>	<b>%(9.09)</b>

Akbank considers foreign exchange risk and interest rate risk as two significant factors of market risk. Market risk is measured by two method named as "inherent method" and "standard method".

According to the "inherent method", the market risk related to the trading portfolio is measured through the Value at Risk (VaR) approach, which takes into consideration diverse risk factors. To calculate the VaR, the Bank uses the variance-covariance, historical simulation and Monte Carlo simulation methods. The software used for this purpose is able to make calculations based on forward efficiency curves and volatility models. The VaR model is based on the assumption of a 99% confidence interval and a 10-day retention period. VaR analyses are reported daily to senior management and are also used as a risk parameter and limit management tool for the bond portfolio. The Risk Management Committee sets risk limits for market risk and closely monitors the risk limits in the light of market conditions. The risk limits are under authorization boundaries and control efficiency is increased.

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**NOTE 36 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS  
(Continued)**

**36.1.1.5 Value at risk (Continued)**

RMD analyzes are supported by scenario analyzes and stress tests, which are unexpected and unlikely to occur, but take into account the effects of major events and fluctuations in the market. Retrospective testing of model outputs is regularly carried out.

According to the “standard method”, market risk is measured on securities portfolio basis in a way that includes the Group's exchange risk daily and weekly, and reported to the senior management.

**36.1.2 Capital risk management**

The Group manages its capital to ensure that entities in the Group’s objectives are to maintain the Group ability to operate in order maintain optimal capital structure in order to benefit other shareholders and reduce capital cost.

In order to maintain or recapitalize the capital structure, the Group will determine the dividend payable to shareholders, issue new shares and sell its assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and tax liabilities (current period and deferred income tax liabilities).

The net liability/invested capital ratios at 31 December 2020 and 2019 are as follows:

Thousand TRY	31 December 2020	31 December 2019
Total financial liabilities	424,475,480	339,870,436
Cash and cash equivalents	19,828,118	22,447,203
Net liability	404,647,362	317,423,233
Equity	76,782,894	66,477,443
Invested capital(*)	481,430,256	383,900,676
Net liability/invested capital ratio	84%	83%

(\*) The capital invested consists of equity and net debt total.

**36.1.3 Explanations on Hedging Transactions**

**a) Information on net investment hedge accounting:**

The Group implements a net investment hedging strategy in order to protect itself from the foreign exchange risk arising from the net investment value of Akbank AG, its subsidiary, amounting to EUR 787 million (31 December 2019: EUR 320 million). 787 million EURO of syndicated loans used by the Bank is defined as “hedging instrument”.

**b) Information on fair value hedge accounting:**

In the measurements made as of December 31, 2020, it is determined that the fair value hedging transactions are effective. On the other hand, the amounts related to the transactions whose hedge accounting is discontinued due to the termination of the hedging instrument, its realization, sale, the termination of the hedge accounting or the results of the effectiveness tests are at non-material levels.

**c) Information on transactions for hedging cash flow risk:**

In the measurements made as of December 31, 2020, it has been determined that the cash flow hedging transactions are effective. On the other hand, the amounts related to the transactions whose hedge accounting is discontinued due to the termination of the hedging instrument, its realization, sale, the termination of the hedge accounting or the results of the effectiveness tests are not material.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**NOTE 37 - FINANCIAL INSTRUMENTS**

**Fair Value of Financial Instruments**

The estimated fair values of financial instruments have been determined by the Holding and its Subsidiaries and Joint Ventures using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Holding and its subsidiaries and joint ventures could realise in a current market transaction.

The following methods and assumptions were used in estimating the fair value of the financial instruments for which the fair value of the Group can be determined:

Financial assets

The fair value of the foreign currency denominated amounts, which are translated by using the exchange rates prevailing at period-end, is considered to approximate their fair value.

The fair values of certain financial assets carried at cost including cash and due from banks, deposits with banks and other financial assets are considered to approximate their respective carrying values due to their short-term nature. The fair value of investment securities has been estimated based on the market prices at balance sheet dates.

The trade receivables along with the related allowances for doubtful receivables uncollectibility are carried at amortised cost using the effective yield method, and hence are accepted to approximate their fair values.

Financial liabilities

The fair value of short-term funds borrowed and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Long-term borrowings, which are principally at floating rates and denominated in foreign currencies, are translated at year-end exchange rates and accordingly their carrying amounts approximate their fair values.

Trade payables are valued at amortized cost using the effective interest method and are thus considered to approximate their fair values.

Derivative financial instruments

The fair value of forward foreign exchange contracts and currency/interest rate swaps is estimated based on quoted market rates prevailing at the balance sheet date.

Fair values of the financial assets and liabilities of the Group's banking segment as of 31 December 2020 and 2019 are as follows:

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

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

## HACI ÖMER SABANCI HOLDİNG A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 37 - FINANCIAL INSTRUMENTS (Continued)

##### Fair Value of Financial Instruments (Continued)

###### *Banking*

Fair values of the financial assets and liabilities of the Group's banking segment as of 31 December 2020 and 2019 are as follows:

<b>Current Year- 31 December 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	189,938	-	-	189,938
- Marketable Securities Representing Capital Share	305,711	-	-	305,711
- Other Financial Assets*	280,008	1,095,936	7,342,909	8,718,853
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	44,420,223	-	-	44,420,223
- Other Financial Assets	11,758,112	2,041,091	-	13,799,203
Time Deposit	16,348	-	-	16,348
Derivative Financial Assets at				
- Fair Value Through Other Comprehensive Income	-	4,738,479	-	4,738,479
- Fair Value Through Profit or Loss	1,897	18,178,506	-	18,180,403
Borrowings	-	267,079,307	-	267,079,307
Financial Assets measured at amortized cost (Net)				
- Government Debt Securities	41,444,027	-	-	41,444,027
- Other Financial Assets	428,651	-	-	428,651
<b>Total Assets</b>	<b>98,844,915</b>	<b>293,133,319</b>	<b>7,342,909</b>	<b>399,321,143</b>
Derivative Financial Liabilities	54	14,903,800	-	14,903,854
- Reflected on Other Comprehensive Income	-	678,869	-	678,869
- Reflected on Profit or Loss	54	14,224,931	-	14,224,985
Financial Liabilities at Fair Value				
- Customer Deposit	-	239,101,954	-	239,101,954
-Interbank money market deposits, fund borrowed and debt securities in issue	-	71,339,278	-	71,339,278
<b>Total Liabilities</b>	<b>54</b>	<b>325,345,032</b>	<b>-</b>	<b>325,345,086</b>

(\*) The fair value of the loan, which is considered as Level 3, has been determined based on the results of the study, which includes various valuation methods. Possible changes in the basic assumptions in the said valuation study may affect the carrying value of the loan.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### NOTE 37 - FINANCIAL INSTRUMENTS (Continued)

##### Fair Value of Financial Instruments (Continued)

###### Banking

Previous Year- 31 December 2019	Level 1	Level 2	Level 3	Total
<b>Financial Assets at Fair Value Through Profit or Loss</b>				
- Government Debt Securities	274,722	-	-	274,722
- Marketable Securities Representing Capital Share	232,764	-	-	232,764
- Other Financial Assets*	58,216	401	6,723,419	6,782,036
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>				
- Government Debt Securities	51,703,078	-	-	51,703,078
- Other Financial Assets	13,803,815	2,017,553	-	15,821,368
<b>Derivative Financial Assets at</b>				
- Fair Value Through Other Comprehensive Income	-	2,127,012	-	2,127,012
- Fair Value Through Profit or Loss	774	14,500,878	-	14,501,652
Borrowings(*)	-	217,391,953	-	217,391,953
<b>Financial Assets measured at amortized cost (Net)</b>				
- Government Debt Securities	14,030,740	-	-	14,030,740
- Other Financial Assets	1,534,785	-	-	1,534,785
<b>Total Assets</b>	<b>81,638,894</b>	<b>236,037,797</b>	<b>6,723,419</b>	<b>324,400,110</b>
<b>Derivative Financial Liabilities</b>				
- Reflected on Other Comprehensive Income	-	901,104	-	901,104
- Reflected on Profit or Loss	311	8,160,558	-	8,160,869
<b>Financial Liabilities at Fair Value</b>				
- Customer Deposit	-	198,306,881	-	198,306,881
-Interbank money market deposits, fund borrowed and debt securities in issue	-	54,084,626	-	54,084,626
<b>Total Liabilities</b>	<b>311</b>	<b>261,453,169</b>	<b>-</b>	<b>261,453,480</b>

(\*) The fair value of the loan, which is considered as Level 3, has been determined based on the results of the study, which includes various valuation methods. Possible changes in the basic assumptions in the said valuation study may affect the carrying value of the loan.

The table below shows the movement table of Level 3 financial assets:

	31 December 2020	31 December 2019
<b>Balance at the beginning of the period</b>	<b>6,723,419</b>	<b>6,690,208</b>
Valuation difference (*)	619,490	652,702
Transfers	-	(726,443)
<b>Balance at the end of the period</b>	<b>7,342,909</b>	<b>6,723,419</b>

(\*) When evaluated with the decrease in value of LYY Telekomünikasyon A.Ş. in the current period in Assets Held for Sale of 477,249 TL, there is an increase of 142,241 TL in the asset net worth.

The shares classified in financial assets whose fair value is not traded in the organized markets and whose fair values cannot be determined reliably are reflected in the consolidated financial statements after deducting the provision related to the depreciation, if any, over the value loss. There was no transfer between the levels in the current year and the past year.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### NOTE 37 – FINANCIAL INSTRUMENTS (Continued)

#### Classification of financial instruments and fair value

31 December 2020	Note	Financial Assets at Amortised Cost	Loans and receivables (cash and cash equivalents included)	Financial assets through other comprehensive income	Financial liabilities measured at amortized cost	Book value	Fair value
<b>Financial Assets</b>							
Cash and cash equivalents	5	-	19,828,118	-	-	19,828,118	19,828,118
Trade receivables	9	-	1,846,121	-	-	1,846,121	1,846,121
Other financial asset (*)	6,10	41,873,322	8,383,515	58,219,426	-	108,476,263	108,554,879
Receivables from financial operations	32	-	267,079,307	-	-	267,079,307	281,976,440
<b>Financial Liabilities</b>							
Loans	7	-	-	-	72,261,198	72,261,198	72,261,198
Trade payables	9	-	-	-	5,023,674	5,023,674	5,023,674
Other financial liabilities (**)	10	-	-	-	13,519,777	13,519,777	13,519,777
Payables from financial operations	33	-	-	-	310,441,232	310,441,232	310,577,115
<b>31 December 2019</b>							
	Note	Financial Assets at Amortised Cost	Loans and receivables (cash and cash equivalents included)	Financial assets through other comprehensive income	Financial liabilities measured at amortized cost	Book value	Fair value
<b>Financial Assets</b>							
Cash and cash equivalents	5	-	22,447,203	-	-	22,447,203	22,447,203
Trade receivables	9	-	1,625,436	-	-	1,625,436	1,625,436
Other financial asset (*)	6,10	15,566,111	5,792,542	67,524,446	-	88,883,099	88,894,295
Receivables from financial operations	30	-	217,391,953	-	-	217,391,953	228,831,850
<b>Financial Liabilities</b>							
Loans	7	-	-	-	58,084,781	58,084,781	58,084,781
Trade payables	9	-	-	-	3,995,658	3,995,658	3,995,658
Other financial liabilities (**)	10	-	-	-	9,452,894	9,452,894	9,452,894
Payables from financial operations	33	-	-	-	252,391,507	252,391,507	252,169,296

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

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

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**NOTE 38 - EVENTS AFTER THE REPORTING PERIOD**

In the public disclosure dated 22.02.2021, our Group Company Teknosa İç ve Dış Ticaret A.Ş. (Teknosa) have announced, apart from other things, that their Board of Directors adopted a resolution to increase the current issued share capital of Teknosa from TRY 110,000,000 to TRY 201,000,000 in cash by issuing shares with TRY 91,000,000 nominal value, without restricting pre-emptive rights of current shareholders for the capital increase by allowing the use of pre-emptive rights for a consideration of TRY 3 for each batch of 100 shares with TRY 1 nominal value in total. It is predicted that at least 273 million TL gross public offering income will be obtained from the paid capital increase. In the material event statement dated the same, Sabancı Holding announced that it will provide Teknosa with a minimum capital of 136.5 million Turkish Liras, by undertaking that Teknosa's right to buy new shares will be used in full and in cash.

A Share Purchase Agreement dated 23.02.2021 was signed by and among Ageas Group and Aviva Group, and accordingly Ageas agreed to acquire all AvivaSA (A Joint Venture of the Group) shares from Aviva with TRY 72,000,006.72 nominal value representing 40% of the share capital. Upon the completion of closing procedures that are set forth in the Share Purchase Agreement, AvivaSA shares belonging to Aviva will be transferred to Ageas. The validity of the Shareholders Agreement signed between Sabancı Holding and Ageas depends on the fulfillment of the closing conditions specified in the relevant agreements, including obtaining the necessary permissions and approvals, and the entire process is expected to be completed by the end of 2021 at the latest. When the process is completed, Avivasa Emeklilik ve Hayat A.Ş. will be consolidated in the Group financial statements by full consolidation method within the scope of TFRS 10.