HACI ÖMER SABANCI HOLDİNG A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2018

(ORIGINALLY ISSUED IN TURKISH)

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HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEET AT 31 MARCH 2018

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

	Note References	Unaudited Current Period 31 March 2018	Audited 31 December 2017
ASSETS			
Current Assets		**171.533.886**	**163.547.705**
Cash and Cash Equivalents		14.256.682	14.519.064
Financial Investments		8.038.214	8.832.334
- Held for Trading	4.a	157.336	39.890
- Available for Sale	4.b	4.752.431	4.190.446
- Held to Maturity	4.c	3.119.990	4.593.808
- Time Deposits	4.d	8.457	8.190
Trade Receivables		1.901.582	1.881.888
Receivables from Finance Sector Operations	19	104.026.350	97.520.756
Reserve Deposits with the Central Bank of Republic of Turkey		33.889.643	33.055.479
Other Receivables	6	3.071.605	2.464.026
Derivative Financial Instruments	18	1.933.759	1.812.017
Inventories		2.657.949	2.312.094
Prepaid Expenses		954.297	749.214
Current Tax Assets		3.589	9.093
Other Current Assets	13	778.095	370.559
		171.511.765	**163.526.524**
Assets Classified as Held for Sale	15	22.121	21.181
Non-Current Assets		**192.192.541**	**190.587.046**
Financial Investments		49.368.725	52.944.726
- Available for Sale	4.b	41.339.625	38.655.381
- Held to Maturity	4.c	8.029.100	14.289.345
Trade Receivables		95.928	121.678
Receivables from Finance Sector Operations	19	117.403.036	114.186.246
Other Receivables	6	1.023.970	998.184
Derivative Financial Instruments	18	9.568.115	7.698.970
Investments Accounted Through Equity Method	7	6.297.895	6.439.214
Investment Property		283.707	282.506
Property, Plant and Equipment	8	5.620.649	5.529.745
Intangible Assets		1.690.785	1.690.195
- Goodwill	10	873.097	873.097
- Other Intangible Assets	9	817.688	817.098
Prepaid Expenses		22.362	23.098
Deferred Tax Assets	17	692.486	552.671
Other Non-Current Assets	13	124.883	119.813
TOTAL ASSETS		**363.726.427**	**354.134.751**

These consolidated financial statements have been approved for issue by the Board of Directors on 7 May 2018. General Assembly has the right to change these consolidated financial statements.

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEET AT 31 MARCH 2018

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

	Note References	Unaudited Current Period 31 March 2018	Audited 31 December 2017
LIABILITIES			
Short Term Liabilities		**250.637.488**	**247.467.413**
Short Term Borrowings	5	11.932.478	13.917.173
Current Portion of Long Term Borrowings	5	12.313.862	16.018.279
Trade Payables		2.599.388	2.882.349
Payables From Finance Sector Operations	20	212.720.320	204.692.399
Payables Related with Employee Benefits		97.587	75.997
Other Payables	6	6.035.293	5.401.108
Derivative Financial Instruments	18	1.569.829	2.138.123
Deferred Income		190.974	217.393
Income Taxes Payable	17	583.879	802.451
Short Term Provisions		657.011	651.217
- Short Term Provisions for Employee Benefits		278.920	318.279
- Other Short Term Provisions	11	378.091	332.938
Other Short Term Liabilities	13	1.932.207	665.662
		250.632.828	**247.462.151**
Liabilities Classified as Held for Sale	15	4.660	5.262
Long Term Liabilities		**60.556.059**	**54.669.399**
Long Term Borrowings	5	32.165.097	25.322.315
Payables from Finance Sector Operations	20	21.374.009	23.664.909
Other Payables	6	1.707.201	1.541.534
Derivative Financial Instruments	18	4.518.154	3.375.454
Deferred Income		131.649	143.793
Long Term Provisions		420.440	416.977
- Long Term Provisions for Employee Benefits		415.735	412.364
- Other Long Term Provisions	11	4.705	4.613
Deferred Tax Liabilities	17	159.334	149.352
Other Long Term Liabilities	13	80.175	55.065
EQUITY		**52.532.880**	**51.997.939**
Equity Attributable To The Parent	**14**	**27.048.810**	**26.591.788**
Share Capital	14	2.040.404	2.040.404
Adjustments to Share Capital		3.426.761	3.426.761
Share Premium	14	22.237	22.237
Treasury shares (-)	14	(190.470)	(190.470)
Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss		(72.096)	(76.380)
- Actuarial Gain/Loss)		(72.096)	(76.380)
Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss		137.391	64.615
- Currency Translation Reserve	14	847.365	724.660
- Gains/Losses on Hedge	14	(331.952)	(349.708)
- Revaluation Reserve	14	(378.022)	(310.337)
Restricted Reserves	14	1.039.842	1.032.916
Retained Earnings		19.578.353	16.790.619
Net Income for the Period		1.066.388	3.481.086
Non-controlling Interests		**25.484.070**	**25.406.151**
TOTAL EQUITY AND LIABILITIES		**363.726.427**	**354.134.751**

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 MARCH 2018

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

	Notes References	Unaudited Current Period 1 January - 31 March 2018	Unaudited Prior Period 1 January - 31 March 2017
CONTINU1NG OPERATIONS			
Sales (net)	3	3.407.160	2.951.759
Cost of Sales (-)	3	(2.704.894)	(2.306.822)
Gross Profit from Non-Financial Operations		**702.266**	**644.937**
Interest, Premium, Commission and Other Income	3	7.914.655	6.148.268
Interest, Premium, Commission and Other Expense (-)	3	(4.325.367)	(3.159.441)
Gross Profit from Financial Operations		**3.589.288**	**2.988.827**
GROSS PROFIT		**4.291.554**	**3.633.764**
General and Administrative Expenses (-)		(1.480.864)	(1.251.838)
Marketing, Selling and Distribution Expenses (-)		(464.465)	(408.130)
Research and Development Expenses (-)		(2.429)	(1.508)
Other Income from Operating Activities		242.784	272.230
Other Expense from Operating Activities (-)		(167.085)	(163.886)
Share of Profit of Investments Accounted for using the Equity Method	7	149.873	(46.141)
OPERATING PROFIT		**2.569.368**	**2.034.491**
Income from Investing Activities		181.518	27.668
Expense from Investing Activities (-)		(352)	(397)
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		**2.750.534**	**2.061.762**
Financial Income	16	6.712	55.815
Financial Expenses (-)	16	(151.403)	(147.121)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS		**2.605.843**	**1.970.456**
Tax Expenses from Continuing Operations			
Current Tax Expenses		(351.683)	(470.615)
Deferred Tax Income	17	(163.086)	72.869
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**2.091.074**	**1.572.710**
DISCONTINUED OPERATIONS			
Profit After Tax From Discontinued Operations	15	25	-
PROFIT FOR THE PERIOD		**2.091.099**	**1.572.710**
ALLOCATION OF PROFIT			
- Non-controlling Interests		1.024.711	903.308
- Equity Holders of the Parent		1.066.388	669.402
Earnings per share			
- thousands of ordinary shares (TRY)		5,23	3,28
Earnings per share from continuing operations			
- thousands of ordinary shares (TRY)		5,23	3,28

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2018

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

	Note References	Unaudited Current Period 1 January - 31 March 2018	Unaudited Prior Period 1 January - 31 March 2017
INCOME FOR THE PERIOD		**2.091.099**	**1.572.710**
Other Comprehensive Income / (Loss):			
Items that will not be Reclassified To Profit or Loss	17	**7.712**	**547**
Actuarial (losses) / gains		8.241	(1.337)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax		(529)	1.884
Items that will be Reclassified To Profit or Loss		**42.858**	**651.769**
Gains/(losses) on available for sale financial assets transferred to the income statement, after tax		(312.837)	569.614
Currency translation differences	17	292.709	140.212
Cash flow hedges, after tax		147.297	7.753
Loss from the derivative financial assets related to the hedging of net investment in a foreign operation, after tax		(88.459)	(40.114)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax		4.148	(25.696)
OTHER COMPREHENSIVE INCOME (AFTER TAX)	**17**	**50.570**	**652.316**
TOTAL COMPREHENSIVE INCOME		**2.141.669**	**2.225.026**
ALLOCATION OF TOTAL COMPREHENSIVE INCOME			
- Non-controlling Interests		1.056.073	1.307.801
- Equity Holders of the Parent		1.085.596	917.225

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018

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

					Accumulated Other Comprehensive Income or Loss That Will									
					Not Be Reclassified Profit or Loss	Be Reclassified Other Comprehensive Profit or Loss								
	Share Capital capital	Adjustments to share capital	Treasury shares (-)	Share premium	Actuarial gains/ losses	Currency translation differences	Hedge Reserve	Revaluation funds	Restricted reserves	Retained earnings	Net income for the year	Equity attributable to the parent	Non-controlling interests	Total equity
Balances at 1 January 2017	**2,040,404**	**3,426,761**	**(190,470)**	**22,237**	**(59,814)**	**499,438**	**(323,312)**	**(444,676)**	**929,750**	**14,585,848**	**2,660,131**	**23,146,297**	**21,661,046**	**44,807,343**
Transfers	-	-	-	-	-	-	-	-	97,367	2,562,764	(2,660,131)	-	-	-
Dividends (*)	-	-	-	-	-	-	-	-	-	(429,696)	-	(429,696)	(640,309)	(1,070,005)
Total comprehensive income	-	-	-	-	1,067	53,783	(39,296)	232,269	-	-	669,402	917,225	1,307,801	2,225,026
Balances at 31 March 2017	**2,040,404**	**3,426,761**	**(190,470)**	**22,237**	**(58,747)**	**553,221**	**(362,608)**	**(212,407)**	**1,027,117**	**16,718,916**	**669,402**	**23,633,826**	**22,328,538**	**45,962,364**
Balances at 1 January 2018	**2,040,404**	**3,426,761**	**(190,470)**	**22,237**	**(76,380)**	**724,660**	**(349,708)**	**(310,337)**	**1,032,916**	**16,790,619**	**3,481,086**	**26,591,788**	**25,406,151**	**51,997,939**
Effect of changes in accounting policies	-	-	-	-	-	-	-	**57,591**	-	**(48,749)**	-	**8,842**	**20,888**	**29,730**
Revised amount as of 1 January 2018	**2,040,404**	**3,426,761**	**(190,470)**	**22,237**	**(76,380)**	**724,660**	**(349,708)**	**(252,746)**	**1,032,916**	**16,741,870**	**3,481,086**	**26,600,630**	**25,427,039**	**52,027,669**
Transfers	-	-	-	-	-	-	-	-	20,845	3,460,241	(3,481,086)	-	-	-
Dividends (*)	-	-	-	-	-	-	-	-	-	(639,523)	-	(639,523)	(999,042)	(1,638,565)
Joint venture initial public offering effect	-	-	-	-	696	-	-	(435)	(13,919)	15,765	-	2,107	-	2,107
Total comprehensive income	-	-	-	-	3,588	122,705	17,756	(124,841)	-	-	1,066,388	1,085,596	1,056,073	2,141,669
Balances at 31 March 2018	**2,040,404**	**3,426,761**	**(190,470)**	**22,237**	**(72,096)**	**847,365**	**(331,952)**	**(378,022)**	**1,039,842**	**19,578,353**	**1,066,388**	**27,048,810**	**25,484,070**	**52,532,880**

(*) Dividends paid by the Holding per share with a TRY 1 nominal value is TRY 0,30 (2017: 0,20 TRY).
(**) As of February 8, 2018, Enerjisa Enerji A.Ş., a joint venture of the Group, initial public offering is completed with a 20% share.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 MARCH 2018

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

	Note References	Unaudited Current Period 1 January- 31 March 2018	Unaudited Current Period 1 January- 31 March 2017
Net income before tax from continuing operations		2.605.843	1.970.456
Net income after tax from discontinued operations		25	-
Adjustments to reconcile income before taxation to net cash provided by operating activities:			
Depreciation and amortisation expenses		192.439	156.225
Provision for loan losses		566.805	473.682
Changes in the fair value of derivative instruments		(1.233.563)	234.951
Interest income and foreign currency gains		(800.158)	(1.040.260)
Interest expense		40.149	(7.099)
Provision for employment termination benefits		34.766	24.862
Capital gain on property, plant and equipment, intangible assets and investment property	4	(3.760)	(246)
Income from sale of property, plant and equipment, intangible assets and investment property		(51.397)	(25.777)
Income from associates and joint ventures	12	(149.873)	46.141
Income from share sales of joint ventures	12	(122.988)	-
Provision for / (reversal of) inventory impairment	10	(5.339)	(22.203)
Currency translation differences		196.710	95.534
Provision for/ (reversal of) doubtful receivables		430	222
Other		9.161	(937)
Net cash provided by operating activities before changes in operating assets and liabilities		**1.279.250**	**1.905.551**
Changes in trade receivables		5.626	(89.269)
Changes in inventories		(341.112)	(208.692)
Changes in other receivables and other current assets		(1.244.816)	(1.238.120)
Changes in trade payables		(282.961)	(109.679)
Changes in other liabilities and other payables		1.452.321	1.116.651
Net cash provided in operating activities of assets classified as held for sale		19.347	(15.399)
Changes in assets and liabilities in finance segment:			
Changes in securities		(308.016)	(2.511)
Changes in receivables from financial operations		(9.842.303)	(7.949.387)
Changes in payables from financial operations		5.690.662	1.745.788
Changes in reserve with the Central Bank of the Republic of Turkey		(632.724)	1.891.941
Income taxes paid	17	(802.498)	(348.525)
Employment termination benefits paid		(22.823)	(20.568)
Net cash used in operating activities		**(5.030.047)**	**(3.322.219)**
Cash flows from investing activities:			
Capital expenditures	3	(291.706)	(256.384)
Sale / (purchase) of available for sale and held to maturity financial assets		4.178.462	(3.195.079)
Cash provided from the share sale of joint ventures		738.168	-
Proceeds from sale of non current assets held for sale, property, plant and equipment and intangible assets		157.283	61.814
Dividends received		394.499	274.079
Capital increase of joint ventures		(714.000)	-
Net cash provided from / (used in) investing activities		**4.462.706**	**(3.115.570)**
Cash flows from financing activities:			
Changes in financial liabilities		1.046.471	4.226.008
Dividends paid to non-controlling interests		(999.042)	(640.309)
Net cash provided by / (used in) financing activities		**47.429**	**3.585.699**
Effect of change in foreign currency rates on cash and cash Equivalents		457.623	457.621
Net increase/(decrease) in cash and cash equivalents		(62.289)	(2.394.469)
Cash and cash equivalents at the beginning of the period (**)		9.975.545	7.235.675
Cash and cash equivalents at the end of the period		**9.913.256**	**4.841.206**

(*) Cash and cash equivalents at the end of the period comprise interest accruals of TRY 3.026 (31 December 2017: TRY 1.679). Restricted cash in the banks is not included in the cash and cash equivalents. At the beginning and at the end of the current period, restricted deposit is TRY 4.541.840 and TRY 4.340.400, respectively (31 December 2017: TRY 5.356.843 and TRY 4.541.840, respectively).

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

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

NOTE 1 - ORGANISATION AND OPERATIONS OF THE GROUP

Hacı Ömer Sabancı Holding A.Ş. (the "Holding") was established in 1967 to coordinate and perform liaison services regarding the activities of companies operating in various fields including mainly finance, manufacturing and trade. The Holding is registered in Turkey. The number of employees as of 31 March 2018 is 63.126 (31 December 2017: 63.152). 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 ("BIST") (previously known as the Istanbul Stock Exchange ("ISE")) since 1997. As of 31 March 2018, the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 14).

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

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 March 2018, the nature of the business of the Subsidiaries consolidated in these consolidated financial statements and, their respective business segments are as follows:

Subsidiaries	**Trade Stock Market**	**Type of Activity**	**Business Segment**	**Number of Employees**
Akbank T.A.Ş. ("Akbank")	BİST	Banking	Banking	17.848
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefoursa")	BİST	Trade	Retail	11.887
Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	BİST	Trade	Retail	2.573
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	BİST	Cement	Cement	2.594
Kordsa Teknik Tekstil Anonim Şirketi ("Kordsa")	BİST	Tire reinforcement	Industry	3.950
Temsa Global Sanayi ve Ticaret A.Ş. ("Temsa")	-	Automotive	Industry	1.735
Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("Yünsa")	BİST	Textile	Industry	1.155
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa")	-	Tourism	Other	9
Ankara Enternasyonel Otelcilik A.Ş. ("AEO")	-	Tourism	Other	2
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. ("Tursa")	-	Tourism	Other	4
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. ("Bimsa")	-	Trade of Information Technology Systems	Other	158

All affiliates are registered in Turkey.

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

For the purposes of segment information, Holding's stand-alone financial statements have been included within the "Other" business segment in Note 3.

Joint Ventures

As of 31 March 2018, the nature of business and operating segments of the Joint Ventures which are accounted through equity method in the consolidated financial statements are as follows:

Joint Ventures	Traded Stock Market	Type of Activity	Business Segment	Ventures	Number of Employees
Aksigorta A.Ş. ("Aksigorta")	BİST	Insurance	Insurance	Ageas	655
Avivasa Emeklilik ve Hayat A.Ş. ("Avivasa")	BİST	Individual Pension and Insurance	Insurance	Aviva	1.625
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa")	BİST	Tire	Industry	Bridgestone	2.305
Akçansa Çimento Sanayi ve Ticaret A.Ş. ("Akçansa")	BİST	Cement	Cement	Heidelberg	2.567
Enerjisa Enerji A.Ş. ("Enerjisa Enerji") (*)	BİST	Energy	Energy	E.ON SE	9.630
Enerjisa Üretim Santralleri A.Ş. ("Enerjisa Üretim") (*)	-	Energy	Energy	E.ON SE	623
Temsa İş Makinaları	-	Automotive	Industry	Marubeni	241

All the Joint Ventures are registered in Turkey.

(*) Enerjisa Enerji A.Ş., 50% - 50% joint venture of the Group with E.ON SE (established in Germany), transferred its subsidiaries that operate in electricity generation, wholesale trading and natural gas trading to a newly established company named Enerjisa Üretim Santralleri A.Ş. ("EÜSAŞ") by spin-off method. The spin-off of the mentioned subsidiaries to the newly established Enerjisa Üretim Santralleri A.Ş. ("EÜSAŞ") was completed on August 25, 2017. As a result of the spin-off process, Enerjisa Enerji A.Ş. ended up with the subsidiaries operating in electricity distribution and retail. As of February 8, 2018, Enerjisa Enerji A.Ş. initial public offering is completed and Enerjisa Enerji A.Ş. started to trade on Borsa Istanbul.

Associates

As at 31 March 2018, the nature of business and operating segments of the Affiliates which are accounted through equity method in the consolidated financial statements are as follows:

Joint Ventures	Traded Stock Market	Type of Activity	Business Segment	Ventures	Number of Employees
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (Philsa)		Tobacco products - Production	Industry	Philip Morris	3.084
Philip Morris Sabancı Pazarlama Satış A.Ş. ("Philip Morrissa")		Tobacco products Marketing and sales		Philip Morris	

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

All the Joint Ventures are registered in Turkey.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 *Basis of Presentation*

2.1.1 *Statement of compliance with TAS*

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

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

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.

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) Standards, amendments and interpretations applicable as at 31 March 2018:

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

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

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

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

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

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

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

2.1 ***Basis of Presentation (Continued)***

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

- **Annual improvements 2014-2016;** effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 standards:

  - IFRS 1, 'First time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19 and IFRS 10,
  - IAS 28, 'Investments in associates and joint venture' regarding measuring an associate or joint venture at fair value.

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

b) ***Standards, amendments and interpretations that are issued but not effective as at 31 March 2018:***

- **Amendment to IFRS 9, 'Financial instruments';** effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

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

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

2.1 *Basis of Presentation (Continued)*

- **IFRS 16, 'Leases';** effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15'Revenue from Contracts with Customers' is also applied. This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

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

2.1 *Basis of Presentation (Continued)*

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

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

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

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

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.

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

2.1 *Basis of Presentation (Continued)*

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

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

The companies which Holding has less that 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.

(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)*

The table below sets out all consolidated Subsidiaries and shows the proportion of ownership interest and the effective interest of the Holding in these subsidiaries at 31 March 2018 and 31 December 2017:

	31 March 2018		31 December 2017	
Subsidiaries	**Direct and indirect ownership interest by the Holding and its Subsidiaries (%)**	**Proportion of ownership interest (%)**	**Direct and indirect ownership interest by the Holding and its Subsidiaries (%)**	**Proportion of ownership interest (%)**
AEO	76,85	76,85	76,85	76,85
Akbank	40,75	40,75	40,75	40,75
Bimsa	100,00	100,00	100,00	100,00
Çimsa	58,41	53,00	58,41	53,00
Exsa	61,68	46,23	61,68	46,23
Kordsa	71,11	71,11	71,11	71,11
Teknosa	60,28	60,28	60,28	60,28
Temsa	48,71	48,71	48,71	48,71
Tursa	100,00	100,00	100,00	100,00
Yünsa	57,88	57,88	57,88	57,88
Carrefoursa	50,61	50,61	50,61	50,61

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.

(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)***

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 March 2018 and 31 December 2017:

	31 March 2018		31 December 2017	
Joint Ventures	**Direct and indirect ownership interest by the Holding and its Subsidiaries (%)**	**Proportion of Effective interest (%)**	**Direct and indirect ownership interest by the Holding and its Subsidiaries (%)**	**Proportion of Effective interest (%)**
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	50,00	50,00
Enerjisa Üretim	50,00	50,00	50,00	50,00
Temsa Mısır	73,75	73,75	73,75	73,75
Temsa İş Makinaları	51,00	24,84	51,00	24,84

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 March 2018 and 31 December 2017.

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

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

2.1 *Basis of Presentation (Continued)*

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

g) Available-for-sale financial assets that are not have significant effect on the Group or has no material significance in terms of financial statements, not traded in an organized market and whose fair values can not be reliably measured are reflected in the consolidated financial statements at cost, after deducting the amount of provision for impairment losses. Available-for-sale financial assets that are traded on organized markets and whose fair value can be reliably measured are accounted at fair value.

2.1.4 *Offsetting*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the 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*

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

In order to allow for the determination of the financial situation and performance trends, the Group's consolidated financial statements have been presented comparatively with the prior year. The Group presented the consolidated balance sheet as of 31 March 2018 comparatively with the consolidated balance sheet as of 31 December 2017; presented the consolidated statement of profit or loss as of 31 March 2018 comparatively with the consolidated statement of profit or loss as of 31 March 2017, statement of cash flows and statement of changes in equity for the year 1 January-31 March 2018 comparatively with the year 1 January-31 March 2017.

First transition to IFRS 15 "Revenue arising from agreements made with customers"

The Group recognised IFRS 15 "Revenue arising from agreements made with customers", which replaced TAS 18, using the cumulative impact method as of 01 January 2018, the date of first implementation. Using this method, the Group registered the cumulative impact concerning the first transition to IFRS 15 with retained earnings on the date of first implementation. Therefore, there was no need to restate the previous years' consolidated financial statements, and the financial statements were presented in line with TAS 18. The transition impact of the standard was recognised using the to the simplified method. As per this transition method, the Group accounted the effect of the agreements that are effective from 01 January 2018, the date of first implementation, and recognised the cumulative impact under equity.

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

2.1 *Basis of Presentation (Continued)*

First transition to IFRS 9 "Financial instruments" standard

The Group applied IFRS 9 "Financial instruments", which replaced TAS 39, as of 01 January 2018, the date of first implementation. The standard includes obligations concerning the classification and measurement of financial assets and liabilities and the expected credit risk model, which will replace the currently used realised impairment model. The transition impact of the standard was recognised using to the simplified method. Using this method, the Group registered the cumulative impact concerning the first transition to IFRS 9 with the equity on the date of first implementation. Therefore, there was no need to restate the previous years' consolidated financial statements, and the financial statements were presented in line with TAS 39.

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.

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

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

2.2.1 Financial assets:

The Group classifies and recognises its financial assets as "Financial Assets Fair Value Difference is Reflected to Profit/Loss", "Financial Assets Whose Fair Value Difference is Reflected to Other Comprehensive Income" or "Financial Assets Measured by Amortised Cost". The financial assets are Recognized or Unrecognized in records according to "Recognized or Unrecognized in Financial Statements" set forth in the third section of "IFRS 9 Financial Assets", which relates to the classification and measurement of financial assets and was promulgated in Official Gazette No. 29953, dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured using their fair value when they are first included in financial statements. Transaction costs are also included in the fair value during the first measurement of financial assets other than "Financial Assets Whose Fair Value Difference is Reflected to Profit/Loss". The Group includes a financial asset in the financial statements only when the Group is a party to agreement provisions concerning the financial instrument. The business model determined by bank management and the characteristics of the cash flows of the financial asset subject to agreement are considered when a financial asset is included in financial statements for the first time. When the business model determined by bank management is changed, all financial asset affected by the change are reclassified prospectively. In these cases, no adjustment is made for revenue, loss or interest previously included in financial statements.

a. Financial assets whose fair value difference is accounted under profit/loss:

Financial assets whose fair value difference is accounted under profit/loss are those which are managed by a model other than a model aiming to hold assets to collect cash flows subject to agreement, a model aiming to collect cash flows subject to agreement and sell the asset and the financial assets acquired to make a profit on the price and other fluctuations in the market in the short run, or which are part of a portfolio aiming to make a profit in the short-run regardless of acquiring the asset if the agreement conditions regarding the financial asset do not drive cash flows including interest payments arising only from the principal and the principal balance on specific dates. Financial assets whose fair value difference is reflected to profit/loss are recognised at their fair value and are valued based on their fair value. Gains and losses emerging as a result of a valuation are included in the profit/loss accounts.

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

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

b. Financial assets whose fair value difference is accounted under other comprehensive income:

If the financial asset is held within the scope of a business model aiming to collect cash flows subject to agreement and to sell the financial asset, and the agreement conditions regarding the financial asset cause cash flows that include interest payments which only arise from principal and principal balance on specific dates, then the financial asset is classified as a financial asset whose fair value difference is accounted under other comprehensive income. Financial assets whose fair value difference is accounted under other comprehensive income are recognised by adding transaction costs to acquisition cost reflecting the fair value. Financial assets whose fair value difference is accounted under other comprehensive income are valued based on their fair value after they are recognised. The interest income by using the effective rate method of financial assets whose fair value difference is accounted under other comprehensive income and dividend income of securities representing the share in capital are reflected on the income statement.

The difference between the fair value and amortised costs of financial assets whose fair value difference is accounted under other comprehensive income, namely, "Unrealized profit and loss", is reflected in the income statement of the relevant period until either the price of the financial asset is collected or the asset is sold, disposed of or weakened, and is tracked under "Other Accumulated Comprehensive Income or Expenses to be Reclassified in Profit or Loss" under equity. When the securities are collected or disposed of, the cumulative fair value differences reflected to equities are reflected on the income statement. Securities representing the share of capital classified as financial assets whose fair value difference is reflected to other comprehensive income are recognised using their fair value if they are traded in organised markets and/or their fair value is determined in a reliable manner. If they are not traded in organised markets and their fair value is not determined in a reliable manner, they are reflected on financial statements using their cost after the provision for impairment is deducted.

When recognising them in financial statements for the first time, the company may choose to make a irreversible choice to present future changes in the fair value of an investment in an equity instrument which is not held for sale under other comprehensive income. In this case, dividends earned from the said investment are transferred to financial statements as profit or loss.

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

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

c. Financial assets measured by amortised cost:

If the financial asset is held within the scope of a business model aiming to collect cash flows subject to agreement, and the agreement conditions regarding the financial asset cause cash flows that include interest payments which only arise from principal and principal balance on specific dates, then the financial asset is classified as a financial asset which is measured by amortised cost. Financial assets measured by amortised cost are first recognised by adding transaction costs to acquisition cost reflecting their fair value, and then are measured by amortised cost using the "efficient interest (internal rate of return) method". Interest income concerning financial assets measured by amortised cost are reflected in the income statement. There are bonds index-linked to consumer prices ("CPI") in the securities portfolio for which the fair value difference is reflected to other comprehensive income and which are measured by amortized cost.

The securities are valued and recognised according to the effective interest method and are based on the index calculated considering real coupon rates, the reference inflation index on the date of issuance and estimated inflation rates. Reference indexes used to calculate the actual coupon payment amounts of the securities are created based on CPIs from two months prior. The bank sets the estimated inflation rate in line with the reference indexes. The estimated inflation rate used is updated during the year when necessary. The real inflation rate is used at the end of the year.

d. Derivative Assets:

The Group's derivative transactions generally consist of foreign currency swaps and interest swaps, cross currency swaps, currency options and future contracts. The Group's derivative instruments are classified as "Derivative Financial Instruments Whose Fair Value Difference is Reflected to Profit Loss" or "Derivative Financial Instruments Whose Fair Value Difference is Reflected to Other Comprehensive Income" as per "IFRS 9 Derivative Instruments" ("IFRS 9").

Receivables and liabilities arising in derivatives transactions are recognised in memorandum accounts based on contractual amounts. Derivatives transactions are valued based on their fair value after they are recognised.

If the fair value of a derivative instrument is positive, it is classified under "Fair Value Difference of Derivative Assets Which is Reflected Under Profit Loss" or "Fair Value Difference of Derivative Assets Which is Reflected Under Other Comprehensive Income", and if the fair value is negative, it is classified under "Fair Value Difference of Derivative Liabilities Which is Reflected Under Profit Loss" or "Fair Value Difference of Derivative Liabilities Which is Reflected Under Other Comprehensive Income". Differences in the fair value of derivative assets reflected under profit/loss are recognised under profit/loss from derivative financial transactions in the profit/loss item on the income statement. The fair values of derivatives are calculated according to market value or discounted cash flow.

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

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

e. Borrowings:

Loans are financial assets which have fixed or specifiable payments and are not listed in an active market. The said held-to-maturity loans cost is first recognised by adding transaction costs to acquisition cost, reflecting their fair value, and then are measured along with the amortised amount using the "effective interest (internal efficiency) rate method". All Group loans are tracked under "Amortized Costs".

f. Explanations on expected loss provisions:

The Group allocates expected loss provisions for amortised costs and financial assets whose fair value differences are measured by reflecting them to other comprehensive income. As per the "Regulation on Classification of Loans and Procedures and Principles for Provisions to be Allocated for Loans" promulgated in Official Gazette No. 29750, dated 22 June 2016, the Group began allocating impairment provisions in line with IFRS 9 as of 01 January 2018. Within this scope, the method for allocating loan provisions as per the relevant legislation dated 31 December 2017 was changed with the implementation of the expected loan losses model as per IFRS 9. The estimate of expected credit loss includes information which is objective, weighted based on possibility and supported by past, current and future economic conditions.

g. Explanations on IFRS 9 Financial Instruments Standard

The "IFRS 9 Financial Instruments" standard, regarding the classification and measurement of financial instruments, promulgated by the Public Oversight Accounting and Auditing Standards Authority in Official Gazette No. 29953 dated 19 January 2017, replaced the "TMS 39 Financial Instruments: Recognition and Measurement" standard as of 01 January 2018. The IFRS 9 standard sets forth new principals regarding classification and measurement of financial instruments, expected loss provisions for financial instruments and hedge accounting.

Classification and measurement of financial instruments

According to the IFRS 9 standard, financial assets are classified and measured based on the business model with which the financial asset is managed and whether the assets depend on contractual cash flows including interest payments for only the principal and principal balance.

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

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

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

Information about cases where contractual cash flows only include interest payments concerning the principal and principal balance:

"Principal" is defined as the fair value when the financial asset is initially recognised in financial statements. "Interest" considers the loan risk related with the time value of money for a specific period, the other main loan risks and the costs related to the profit margin (e.g. liquidity risk and administrative costs). The Group considers the contractual conditions of the financial asset when evaluating contractual cash flows including only principal and interest payments concerning principal. This includes evaluating whether there is any contractual condition that may change the timing or amount of the contractual cash flows of the financial asset. The Group considers the following when making the evaluation:

- incidents that may change the amount and timing of cash flows,
- leverage features,
- down payment and extension conditions,
- conditions that limit the Group's access to cash flow arising from specific assets,
- things that must be considered when measuring the time value of money (e.g. resetting interest rates periodically).

The Group meets balance sheet classification and measurement criteria by implementing the above-mentioned procedures for all its financial assets. When recognised in financial statements for the first time, each financial asset is classified by reflecting its fair value in profit or loss based on its recognized cost or by reflecting the fair value change to other comprehensive income. Implementation of provisions in TAS 39 do not significantly change for the classification and measurement of financial assets. The following section includes the Group's explanations concerning the implementation of IFRS 9.

Reconciliation of the statement of financial positions of classified financial assets during transition to IFRS 9:

Amortized cost	Before IFRS 9 Book Value 31 December 2017	Reclassifications	Remeasurements	IFRS 9 Book Value 1 January 2018
Before reclassifications (held-to-maturity)	18,883,153	-	-	-
Fair value effect reclassified under other comprehensive income	-	(4,927,185)	-	-
Book value after reclassification	-	-	-	13,955,968
Fair value effect reclassified under profit/loss				
Before reclassifications (held for purchase and sale)	39,890	-	-	-
Classified from held for sales	-	84,865	-	-
Book value after reclassification	-	-	-	124,755
Fair value effect accounted under other comprehensive income				
Before reclassifications (held for sales)	42,845,827	-	-	-
Classified from held-to-maturity	-	4,927,185	-	-
Valuation effect of asset held for sales	-	-	142,269	
Fair value effect accounted under profit/loss	-	(84,865)	-	-
Book value after reclassification	-	-	-	47,830,416

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

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

The reasons for classification of some financial assets held by the Group in accordance with IFRS 9 terms as above are explained below:

1) Financial assets that have fair value differences accounted under other comprehensive income:

The Group reassessed the management model for the collection of contractual cash flows in the security portfolio, the sale of the financial asset and the contractual cash flows of the investment securities. The Bank classifies securities of TL 4.927.185 previously classified as held-to-maturity and measured at amortized cost, the fair value difference from the date of transition is measured by reflecting the other comprehensive income as it is for the purpose of selling the cash flow or selling the financial asset.

2) Securities for which the fair value difference represents the share of capital accounted under profit/loss:

The Group classified its securities, previously classified as available-for-sale financial assets and which represent a capital share amounting to 84,865 TRY, under Fair Value Difference Accounted under Profit/Loss as of the first implementation day of IFRS 9.

3) Classification of financial instruments based on equity:

The Group irreversibly classified the strategic investments in financial instruments based on equity under "Fair Value Difference Reflected to Other Comprehensive Income" and not traded at organised markets and classified as available-for-sale. When the said securities are disposed of, the changes in their fair value will not be reclassified under profit or loss.

4) Reclassification of categories no longer in use without changing the measurement:

In addition to the above, since the previous categories under TAS 39 following debt securities are no longer in use, they are reclassified in the scope of IFRS 9 without changing basis for measurement.

(i) Those classified as available-for-sale, and those classified as Financial Assets Whose Fair Value Difference is Accounted under Other Comprehensive Income as of 1 January 2018, and

(ii) those classified as held-to-maturity and those classified as measured by amortised cost as of 1 January 2018.

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

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

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

5) Equity impact of transition to IFRS 9 and IFRS 15:

The impact of the changes concerning the implementation of IFRS 9 on the summary consolidated financial statements dated 1 January 2018 is as follows:

	1 January 2018 Restated	**IFRS 9**	**31 December 2017 Reported**
Consolidated financial statements			
Financial Investments	61.919.329	142.269	61.777.060
Receivables from Finance Sector Operations	211.594.810	(112.192)	211.707.002
Deferred tax assets - net	396.702	(6.617)	403.319
Current year tax liability	814.246	11.795	802.451

The impact of the transition to IFRS 9 and IFRS 15 on equity dated 1 January 2018 is as below:

IFRS 9 impact related to subsidiaries	35.255
IFRS 9 impact related to joint ventures	12.034
IFRS 15 impact related to joint ventures	(17.559)
Total impact on equity	**29.730**

2.2.2. Information on previous period accounting policies that are not effective during the current period:

As of 1 January 2018, the "IFRS 9 Financial Instruments" standard replaced the "TAS 39 Financial Instruments: Recognition and Measurement" standard. Below are the accounting policies that are invalid after the transition to IFRS 9. The Group classifies and recognises its financial assets as "financial assets whose fair value difference is reflected to profit/loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". The trading transactions of the said financial assets are recorded and removed from the records in accordance with the "delivery date ". The classifications of financial assets are decided upon on the date of their acquisition, considering bank management's purpose for the acquisition.

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

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

2.2.2. Information on previous period accounting policies that are not effective during the current period (Continued):

a. Financial assets whose fair value difference is accounted under profit/loss:

This category has two subcategories: "Financial assets held for trading" and "financial assets classified as financial assets whose fair value difference is reflected to profit/loss" during the initial recording period. Available-for-sale financial assets are acquired to gain profit from the short-term fluctuations in prices and such, or, independent of the reason for acquisition, are part of a portfolio aimed at gaining short-term profit. Financial assets held for trading are recognised at their fair value and are valued based on their fair value. Gains and losses emerging as a result of a valuation are included in the profit/loss accounts. Interest gained from financial assets held for trading is recorded as interest income, and profit shares gained are recorded as dividend income. Unless derivative financial instruments are defined as hedging instruments, they are classified as financial assets held for trading.

The Group does not own financial assets classified as financial assets whose fair value difference is reflected to profit/loss.

b. Financial assets available for sale:

Available-for-sale financial assets include those other than loans and receivables, assets held-to-maturity, financial assets whose the fair value is reflected in profit/loss and financial assets that are not derivative financial assets. Available-for-sale financial assets are recognised by adding transaction costs to acquisition costs reflecting fair value. Available-for-sale financial assets are valued at fair value after they are recorded. Interest income of available-for-sale debt securities calculated using the effective interest method and dividend income of securities representing a share of capital are reflected on the income statement. The "unrealized profit and loss" arising from the amortised cost of available-for-sale financial assets and changes in fair value is not reflected to the period statement until either the price of the financial asset is collected or the asset is sold, disposed of or weakened and tracked under "real estate valuation differences" under equities. When the said securities are collected or disposed of, the cumulative fair value difference reflected to equities is reflected to the income statement.

Securities representing the share in capital classified as available-for-sale financial assets are recognised at fair value if they are traded in organised markets and/or their fair value is determined in a reliable manner. If they are not traded in organised markets and their fair value is not determined in a reliable manner, they are reflected on financial statements at cost after the depreciation provision is deducted.

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

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

2.2.2. Information on previous period accounting policies that are not effective during the current period (Continued):

c. Loans and receivables:

Loans and receivables are financial assets whose fair value difference is reflected in profits/losses, which have fixed and specifiable payments and are not quoted on an active market, which are not shown as "available-for-sale" in records and are not derivative financial instruments. The cost of the said held-to-maturity loans and receivables are first recognised by adding transaction cost to acquisition cost reflecting their fair value, and then are valued at a discounted amount by using the "efficient interest (internal rate of return) method". Fees and other similar expenses paid in relation to assets acquired as collateral for the mentioned loans and receivables are not considered part of transaction costs and are not reflected on expense accountsetermining the Characteristics of Loans and Other Receivables and Provisions Set Aside For Them", promulgated in Official Gazette No. 26333 dated 1 November 2006, and other regulations and statements from the BRSA, and classifies its loans and receivables in the relevant groups and allocates special or general provisions depending on the Group the loans and receivables are tracking. Allocated special provisions are recognised under "Provision for impairment of loan and other receivables" and recorded as expenses in the relevant year. When the receivables for which a provision is allocated in the same year, they are deducted from the "Provision for impairment of loan and other receivables" account. Receivables collected from allocated provisions from previous years are reflected as income under "Other operation income". Non-collectible receivables are deleted from the records after all legal processes are complete.

d. Held-to-maturity investments:

Held-to-maturity financial assets are assets that are held until maturity with custody intentions, with regard to which the conditions required for being held to maturity, including funding capability, are fulfilled; which have fixed terms with fixed and definable payments and are not loans or receivables; for which the fair value difference is reflected in profits/losses during initial recognition; which are not shown as "available-for-sale" in records; and are not derivative financial instruments. Financial assets held-to-maturity are first recognised by adding transaction costs to acquisition cost reflecting their fair value and then are valued at amortised cost value using the "effective interest rate (internal rate of return) method". Interest income related to held-to-maturity financial assets is reflected in the income statement. The Group does not own financial assets classified as held-to-maturity securities but which cannot be subjected to this classification due to a failure to comply with the classification principles. The Group's securities portfolios, which are ready to be sold and are held-to-maturity, have CPI-indexed bonds. The said securities are valued and recognised according to the effective interest method and are based on the index calculated considering real coupon rates, the reference inflation index on the date of issuance and estimated inflation rates. Reference indexes used to calculate the actual coupon payment amounts of the securities are created based on CPIs from two months prior. The Group sets the estimated inflation rate in line with the reference indexes. The estimated inflation rate used is updated during the year when necessary.

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

2.3 *Summary of Significant Accounting Policies*

The condensed consolidated interim financial statements for the period ended 31 March 2018 have been prepared in accordance with TAS 34, the standard on the preparation and presentation of interim period financial statements. The accounting policies used in the preparation of the condensed interim consolidated financial statements for the period ended 31 March 2018 are consistent with those used in the preparation of consolidated financial statements for the year ended 31 December 2017. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the consolidated statements for the year ended 31 December 2017.

2.3.1 Goodwill

Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination of goodwill. Each unit or unit group in which the goodwill is distributed is the smallest asset group of the business in which the goodwill is monitored for internal business purposes. Goodwill impairment is made more frequently once a year, or when the event or condition changes indicate a possibility of impairment. The book value of the goodwill is compared with the recoverable amount which is the greater of the fair value of the deducted value and the extinguishing costs. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of profit or loss and an impairment loss recognized for goodwill is not reversed in subsequent periods.

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

2.3.2 Loan loss provisions

The Bank monitors the impairment of loans at each reporting period and accounts for any impairment in the income statement. In this context, management assesses the amounts and the periods of the future cash flows of the loans using various estimates. During this assessment, the Bank considers the financial position of the borrower and the net realizable value of the collateral. Loan impairment can be assessed on an individual basis, as well as low consistency loans with similar characteristics. The assessment for the credit portfolio focuses on risk and economic benefits (Note 19).

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

2.3 *Summary of Significant Accounting Policies (Continued)*

2.3.3 The fund

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

2.3.4 Deferred tax

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

2.3.5 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.

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

NOTE 3 - SEGMENT REPORTING

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

a) External revenues (Consolidated):

	1 January - 31 March 2018	1 January - 31 March 2017
Banking	7.914.655	6.148.268
Industry	1.067.021	943.030
Retail	1.953.001	1.733.394
Cement	360.729	248.488
Other	26.409	26.847
Total (*)	**11.321.815**	**9.100.027**

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

b) Segment assets (Consolidated):

	31 March 2018	31 December 2017
Banking	346.303.044	337.538.775
Industry	5.201.904	4.816.631
Retail	3.789.813	4.083.814
Cement	2.979.577	3.042.382
Other	3.681.983	2.600.516
Segment Assets	**361.956.321**	**352.082.118**
Assets classified as held for sale	22.121	21.181
Investments accounted through equity method (Note 7)	6.297.895	6.439.214
Unallocated assets	(182.091)	(955.871)
Less: intersegment eliminations	(4.367.819)	(3.451.891)
Total assets as per consolidated financial statements	**363.726.427**	**354.134.751**

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

NOTE 3 - SEGMENT REPORTING (Continued)

c) Segment liabilities (Consolidated):

	31 March 2018	31 December 2017
Banking	306.594.682	297.938.890
Industry	2.859.290	2.562.011
Retail	3.751.725	3.996.899
Cement	1.816.551	1.834.398
Other	769.373	195.468
Segment Liabilities	**315.791.621**	**306.527.666**
Liabilities related with asset classified as held for sale	4.660	5.262
Unallocated liabilities	(238.855)	(946.791)
Less: intersegment eliminations	(4.363.879)	(3.449.325)
Total liabilities as per consolidated financial statements	**311.193.547**	**302.136.812**

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

NOTE 3 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment:

i) Banking:

	Combined(*) 31 March 2018	Consolidated(**) 31 March 2018	Combined(*) 31 December 2017	Consolidated(**) 31 December 2017
Cash and cash equivalents	13.942.934	13.942.934	13.881.582	13.881.582
Financial assets	57.394.570	57.394.570	61.764.823	61.764.823
Derivative financial instruments	11.437.355	11.437.355	9.452.332	9.452.332
Reserve deposits with the Central Bank of Republic of Turkey	33.889.643	33.889.643	33.055.479	33.055.479
Receivables from finance sector operations	222.572.305	222.572.305	212.706.935	212.706.935
Property, plant and equipment	1.027.114	1.027.114	973.573	973.573
Intangible assets	482.727	482.727	478.542	478.542
Other receivables and other assets	5.556.396	5.556.396	5.225.509	5.225.509
Total segment assets	**346.303.044**	**346.303.044**	**337.538.775**	**337.538.775**
Financial liabilities	52.885.461	52.885.461	51.890.944	51.890.944
Payables from finance sector operations	237.271.749	237.271.749	230.770.592	230.770.592
Derivative financial instruments	6.062.626	6.062.626	5.498.740	5.498.740
Other payables and other liabilities	10.374.846	10.374.846	9.778.614	9.778.614
Total segment liabilities	**306.594.682**	**306.594.682**	**297.938.890**	**297.938.890**

(*) 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.

Banking segment consists of Akbank. Akbank's accumulated non-controlling interests calculated from its financial statements amount to TRY 23.528.277 as of 31 March 2018(31 December 2017: TRY 23.464.002).

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

ii) Insurance:

	Combined(*) 31 March 2018	Consolidated(**) 31 March 2018	Combined(*) 31 December 2017	Consolidated(**) 31 December 2017
Cash and cash equivalents	1.794.630	-	1.941.785	-
Financial assets	1.194.997	-	1.068.201	-
Receivables from finance sector operations	871.995	-	711.505	-
Investments accounted through equity method (Note 7)	-	387.942	-	435.071
Property, plant and equipment	48.430	-	45.619	-
Intangible assets	81.830	-	79.147	-
Other receivables and other assets	2.531.842	-	2.074.898	-
Total segment assets	**6.523.724**	**387.942**	**5.921.155**	**435.071**
Payables from finance sector operations	5.172.425	-	4.473.101	-
Other payables and other liabilities	353.753	-	326.724	-
Total segment liabilities	**5.526.178**	**-**	**4.799.825**	**-**

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

Insurance segment consists of Aksigorta and Avivasa.

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

iii) Energy:

	Combined(*) 31 March 2018	Consolidated(**) 31 March 2018	Combined(*) 31 December 2017	Consolidated(**) 31 December 2017
Cash and cash equivalents	1.435.043	-	208.188	-
Financial assets	836	-	836	-
Trade receivables	3.215.711	-	2.685.139	-
Inventories	282.598	-	217.618	-
Investments accounted through equity method (Note 7)	-	4.965.795	-	4.960.285
Property, plant and equipment	10.030.366	-	10.116.942	-
Intangible assets	5.663.616	-	5.715.215	-
Other receivables and other assets	12.454.237	-	13.748.493	-
Total segment assets	**33.082.407**	**4.965.795**	**32.692.431**	**4.960.285**
Financial liabilities	15.818.117	-	14.820.651	-
Trade payables	1.293.854	-	1.859.818	-
Other payables and other liabilities	4.884.344	-	6.091.392	-
Total segment liabilities	**21.996.315**	**-**	**22.771.861**	**-**

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

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

iv) Industry:

	Combined(*) 31 March 2018	Consolidated(**) 31 March 2018	Combined(*) 31 December 2017	Consolidated(**) 31 December 2017
Cash and cash equivalents	240.599	79.123	227.760	33.244
Financial investments	147	147	141	141
Trade receivables	2.304.933	1.392.832	2.185.680	1.354.018
Inventories	1.697.535	1.304.015	1.536.591	1.143.366
Investments accounted through equity method (Note 7)	262.131	588.700	367.944	666.147
Property, plant and equipment	3.371.790	1.661.344	3.305.540	1.593.964
Intangible assets	277.934	211.038	268.799	207.776
Other receivables and other assets	1.065.379	575.526	872.574	505.302
Total segment assets	**9.220.448**	**5.812.725**	**8.765.029**	**5.503.958**
Financial liabilities	3.676.206	1.599.691	3.420.139	1.390.144
Trade payables	1.205.842	625.334	1.211.520	624.032
Other payables and other liabilities	949.144	638.925	792.793	553.097
Total segment liabilities	**5.831.192**	**2.863.950**	**5.424.452**	**2.567.273**

(*) 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.

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

v) Retail

	Combined(*) 31 March 2018	Consolidated(**) 31 March 2018	Combined(*) 31 December 2017	Consolidated(**) 31 December 2017
Cash and cash equivalents	283.550	283.550	584.336	584.336
Trade receivables	111.867	110.729	118.254	117.720
Inventories	1.126.381	1.126.381	1.020.866	1.020.866
Investment property	153.294	153.294	186.962	186.962
Property, plant and equipment	829.070	829.070	904.493	904.493
Intangible assets	93.257	93.257	99.139	99.139
Other receivables and other assets	1.131.559	1.193.532	1.108.927	1.170.298
Total segment assets	**3.728.978**	**3.789.813**	**4.022.977**	**4.083.814**
Financial liabilities	1.634.537	1.634.537	1.599.951	1.599.951
Trade payables	1.702.592	1.702.067	1.939.207	1.938.672
Other payables and other liabilities	414.597	415.121	457.737	458.276
Total segment liabilities	**3.751.726**	**3.751.725**	**3.996.895**	**3.996.899**

(*) 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.

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

vi) Cement:

	Combined(*) 31 March 2018	Consolidated(**) 31 March 2018	Combined(*) 31 December 2017	Consolidated(**) 31 December 2017
Cash and cash equivalents	54.407	29.914	255.014	217.946
Financial assets	195.569	64	162.783	64
Trade receivables	970.882	481.905	999.154	513.467
Inventories	407.712	226.954	297.729	146.775
Investments accounted through equity method	-	355.458	-	377.711
Property, plant and equipment	2.738.460	1.900.252	2.682.867	1.855.212
Intangible assets	58.925	16.272	59.260	16.841
Other receivables and other assets	494.874	324.217	483.487	292.077
Total segment assets	**4.920.829**	**3.335.036**	**4.940.294**	**3.420.093**
Financial liabilities	1.827.055	1.397.282	1.762.257	1.376.837
Trade payables	552.838	243.478	578.203	290.768
Other payables and other liabilities	350.486	175.791	308.403	166.793
Total segment liabilities	**2.730.379**	**1.816.551**	**2.648.863**	**1.834.398**

(*) 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.

Cement segment consists of Çimsa and Akçansa.

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

vii) Other:

	Combined(*) 31 March 2018	Consolidated(**) 31 March 2018	Combined(*) 31 December 2017	Consolidated(**) 31 December 2017
Cash and cash equivalents	3.098.869	3.098.869	2.216.076	2.216.076
Financial assets	11.849.120	12.158	11.788.296	12.032
Trade receivables	38.100	37.705	46.315	46.098
Inventories	599	599	1.087	1.087
Property, plant and equipment	220.350	184.286	219.983	183.920
Intangible assets	14.430	14.430	14.835	14.835
Other receivables and other assets	503.533	333.936	164.698	126.468
Total segment assets	**15.725.001**	**3.681.983**	**14.451.290**	**2.600.516**
Trade payables	36.792	36.747	43.501	43.482
Other payables and other liabilities	743.742	732.626	181.490	151.986
Total segment liabilities	**780.534**	**769.373**	**224.991**	**195.468**

(*) 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 Bimsa.

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

	1 January – 31 March 2018			1 January – 31 March 2017		
	Total Consolidation of Segments Before Elimination	**Elimination Consolidation Adjustments**	**Consolidated**	**Total Consolidation of Segments Before Elimination**	**Elimination Consolidation Adjustments**	**Consolidated**
Total revenue	**11.403.295**	**(81.480)**	**11.321.815**	**9.118.247**	**(18.220)**	**9.100.027**
Cost of sales and interest, premiums, commissions and other expenses	(7.160.089)	129.828	(7.030.261)	(5.524.561)	58.298	(5.466.263)
General administration expenses	(1.514.293)	33.429	(1.480.864)	(1.262.118)	10.280	(1.251.838)
Sales, marketing and distribution expenses	(464.612)	147	(464.465)	(408.462)	332	(408.130)
Research and development expenses	(2.429)	-	(2.429)	(1.508)	-	(1.508)
Other operating income/(expense) - net	75.402	297	75.699	112.863	(4.519)	108.344
Income in interest of joint ventures	149.873	-	149.873	(46.141)	-	(46.141)
Operating profit	**2.487.147**	**82.221**	**2.569.368**	**1.988.320**	**46.171**	**2.034.491**
Income/(expense) from investing activities - net	311.546	(130.380)	181.166	90.671	(63.400)	27.271
Operating profit before financial expense	**2.798.693**	**(48.159)**	**2.750.534**	**2.078.991**	**(17.229)**	**2.061.762**
Financial income/(expense) – net	(192.906)	48.215	(144.691)	(108.042)	16.736	(91.306)
Income before tax	**2.605.787**	**56**	**2.605.843**	**1.970.949**	**(493)**	**1.970.456**
Tax	(514.769)	-	(514.769)	(397.746)	-	(397.746)
Profit/(loss) after tax from discontinued operations	25	-	25	-	-	-
Income for the period	**2.091.043**	**56**	**2.091.099**	**1.573.203**	**(493)**	**1.572.710**
Net income attributable to equity holders of the parent			**1.066.388**			**669.402**

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

i) Banking:

	Combined(*) 31 March 2018	**Consolidated(**) 31 March 2018**	**Combined(*) 31 March 2017**	**Consolidated(**) 31 March 2017**
Interest, commission and other income	7.961.782	7.961.782	6.158.623	6.158.623
Interest, commission and other expenses	(4.454.380)	(4.454.380)	(3.216.565)	(3.216.565)
General administration expenses	(1.358.069)	(1.358.069)	(1.142.950)	(1.142.950)
Other operating income/(expense) - net	29.096	29.096	43.068	43.068
Operating profit	**2.178.429**	**2.178.429**	**1.842.176**	**1.842.176**
Income/(expense) from investing activities - net	1.666	1.666	908	908
Income before tax	**2.180.095**	**2.180.095**	**1.843.084**	**1.843.084**
Tax	(483.257)	(483.257)	(380.264)	(380.264)
Net income	**1.696.838**	**1.696.838**	**1.462.820**	**1.462.820**
Net income attributable to equity holders of the parent		**691.460**		**596.102**
EBITDA	2.256.875	2.256.875	1.905.725	1.905.725

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

Akbank's net income attributable to non-controlling interest is TRY 1.005.380 as of 31 March 2018 (31 March 2017: TRY 866.729).

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

ii) Insurance:

	Combined(*) 31 March 2018	Consolidated(**) 31 March 2018	Combined(*) 31 March 2017	Consolidated(**) 31 March 2017
Gross premiums	517.295	-	250.000	-
- Gross written premiums	1.072.597	-	727.835	-
- Unearned premiums reserves	(555.302)	-	(477.835)	-
Premiums, commission and other expenses	(443.116)	-	(188.043)	-
General administration expenses	(117.038)	-	(100.221)	-
Other operating income/(expense) - net	143.950	-	107.610	-
Interest in income of joint ventures (Note 7)	-	31.264	-	23.283
Operating profit	**101.091**	**31.264**	**69.346**	**23.283**
Income/(expense) from investing activities - net	14.361	-	7.793	-
Operating profit before financial expense	**115.452**	**31.264**	**77.139**	**23.283**
Financial income/(expense) - net	(7.004)	-	291	-
Profit before tax	**108.448**	**31.264**	**77.430**	**23.283**
Tax	(25.637)	-	(15.890)	-
Net income	**82.811**	**31.264**	**61.540**	**23.283**
Net income attributable to equity holders of the parent		**31.264**		**23.283**
EBITDA	104.024		69.665	

(*) 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..

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

iii) Energy:

	Combined(*) 31 March 2018	Consolidated(**) 31 March 2018	Combined(*) 31 March 2017	Consolidated(**) 31 March 2017
Sales revenue (net)	5.157.789	-	3.482.183	-
Cost of sales	(3.964.977)	-	(2.626.055)	-
General administration expenses	(438.160)	-	(424.982)	-
Sales, marketing and distribution expenses	-	-	-	-
Other operating income/(expense) - net	13.779	-	36.913	-
Interest in income of joint ventures (Note 7)	-	50.262	-	(139.558)
Operating profit/(loss)	**768.431**	**50.262**	**468.059**	**(139.558)**
Income / (expense) from investment activities -net	-	-	(281.197)	-
Operating profit before financial expense	**768.431**	**50.262**	**186.862**	**(139.558)**
Financial income/(expense) – net	(554.952)	-	(518.869)	-
Income before tax	**213.479**	**50.262**	**(332.007)**	**(139.558)**
Tax	(64.382)	-	52.887	-
Net income	**149.097**	**50.262**	**(279.120)**	**(139.558)**
Net income attributable to equity holders of the parent		**50.262**		**(139.558)**
EBITDA	958.945		615.131	

(*) 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.

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

iv) Industry:

	Combined(*) 31 March 2018	**Consolidated(**) 31 March 2018**	**Combined(*) 31 March 2017**	**Consolidated(**) 31 March 2017**
Sales revenue (net)	1.761.073	1.066.978	1.416.307	943.216
Cost of sales	(1.394.538)	(861.415)	(1.103.359)	(758.148)
General administration expenses	(72.218)	(46.248)	(58.996)	(37.400)
Marketing expenses	(130.233)	(63.092)	(106.344)	(49.125)
Research and development expenses	(1.888)	(1.571)	(3.707)	(1.508)
Other operating income/(expense) - net	59.572	49.916	43.057	32.434
Interest in income of joint ventures (Note 7)	49.327	54.301	52.393	63.163
Operating profit	**271.095**	**198.869**	**239.351**	**192.632**
Income/(expense) from investing activities - net	1.008	890	5.004	4.854
Operating profit before financial expense	**272.103**	**199.759**	**244.355**	**197.486**
Financial income/(expense) – net	(131.928)	(70.696)	(82.269)	(45.446)
Income before tax	**140.175**	**129.063**	**162.086**	**152.040**
Tax	(15.811)	(10.853)	(10.630)	(14.006)
Profit after tax from discontinued operations	25	25	-	-
Net income	**124.389**	**118.235**	**151.456**	**138.034**
Net income attributable to equity holders of the parent		**91.284**		**105.717**
EBITDA	291.603	191.462	254.155	196.061

(*) 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.

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

.**NOTE 3 - SEGMENT REPORTING (Continued)**

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

v) Retail:

	Combined(*) 31 March 2018	Consolidated(**) 31 March 2018	Combined(*) 31 March 2017	Consolidated(**) 31 March 2017
Sales revenue (net)	1.956.713	1.955.274	1.735.918	1.734.814
Cost of sales	(1.525.718)	(1.524.299)	(1.329.809)	(1.328.795)
General administration expenses	(59.198)	(59.173)	(39.237)	(39.147)
Marketing expenses	(396.920)	(396.920)	(356.014)	(356.014)
Other operating income/(expense) - net	(29.107)	(29.107)	(14.083)	(14.083)
Operating profit	**(54.230)**	**(54.225)**	**(3.225)**	**(3.225)**
Income/(expense) from investing activities – net	50.784	50.784	21.442	21.442
Operating profit before financial expense	**(3.446)**	**(3.441)**	**18.217**	**18.217**
Financial income/(expense) – net	(70.904)	(70.904)	(53.022)	(53.022)
Income before tax	**(74.350)**	**(74.345)**	**(34.805)**	**(34.805)**
Tax	16.470	16.470	12.877	12.877
Net income	**(57.880)**	**(57.875)**	**(21.928)**	**(21.928)**
Net income attributable to equity holders of the parent		**(29.757)**		**(11.005)**
EBITDA	23.090	23.095	54.091	54.091

(*) 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.

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

vi) Cement:

	Combined(*) 31 March 2018	Consolidated(**) 31 March 2018	Combined(*) 31 March 2017	Consolidated(**) 31 March 2017
Sales revenue (net)	748.358	360.735	546.622	248.493
Cost of sales	(584.253)	(266.895)	(443.072)	(192.504)
General administration expenses	(38.455)	(21.694)	(32.084)	(16.621)
Research and development expenses	(858)	(858)	-	-
Marketing expenses	(7.560)	(3.018)	(7.125)	(2.050)
Other operating income/(expense) - net	21.526	19.589	1.310	4.825
Interest in income of joint ventures	-	14.046	-	6.970
Operating profit	**138.758**	**101.905**	**65.651**	**49.113**
Income/(expense) from investing activities - net	9.300	1.728	6.354	531
Operating profit before financial expense	**148.058**	**103.633**	**72.005**	**49.644**
Financial income/(expense) - net	(65.568)	(51.502)	(18.854)	(9.430)
Profit before tax	**82.490**	**52.131**	**53.151**	**40.214**
Tax	(17.577)	(8.790)	(10.145)	(7.395)
Net income	**64.913**	**43.341**	**43.006**	**32.819**
Net income attributable to equity holders of the parent		**30.882**		**21.616**
EBITDA	160.802	104.421	96.121	59.212

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

vii) Other:

	Combined(*) 31 March 2018	Consolidated(**) 31 March 2018	Combined(*) 31 March 2017	Consolidated(**) 31 March 2017
Sales revenue (net)	1.272.277	58.526	810.868	33.100
Cost of sales	(53.187)	(53.099)	(28.621)	(28.548)
General administration expenses	(31.039)	(29.109)	(27.182)	(26.001)
Marketing expenses	(1.582)	(1.582)	(1.274)	(1.274)
Other operating income/(expense) - net	6.044	5.907	46.736	46.621
Operating profit	**1.192.513**	**(19.357)**	**800.527**	**23.898**
Income/(expense) from investing activities - net	256.478	256.478	62.935	62.936
Operating profit before financial expense	**1.448.991**	**237.121**	**863.462**	**86.834**
Financial income/(expense) - net	196	196	(144)	(144)
Profit before tax	**1.449.187**	**237.317**	**863.318**	**86.690**
Tax	(28.339)	(28.339)	(8.968)	(8.968)
Net income	**1.420.848**	**208.978**	**854.350**	**77.722**
Net income attributable to equity holders of the parent		**200.993**		**73.246**
EBITDA	1.199.331	(12.699)	806.702	30.000

(*) 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.

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

NOTE 3 - SEGMENT REPORTING (Continued)

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 Mach 2018	31 March 2017
Banking	691.460	596.102
Insurance	31.264	23.283
Industry	91.180	102.794
Cement	30.882	21.616
Energy	30.294	(27.079)
Retail	(59.593)	(25.990)
Other	78.120	30.991
Total	**893.607**	**721.717**

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

	31 March 2018	31 March 2017
Adjusted net income for reported operating segments (Equity holders of the Parent)	893.607	721.717
One off income/(expenses) related to Carrefoursa	29.836	12.804
One off income/(expenses) related to Teknosa	-	2.181
One off income/(expenses) related to Enerjisa	19.968	(112.479)
One off income/(expenses) related to Holding	122.872	42.255
Other	105	2.924
Net income (Equity holders of the Parent)	**1.066.388**	**669.402**

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

NOTE 3 - SEGMENT REPORTING (Continued)

h) Combined EBITDA Detail

31 March 2018	Profit Before Tax	Depreciation Expenses	Income/ (expenses) from Investing Activities - net	Financial income/ (expense) - net	Operational Foreign Exchange Differences/ Interests	EBITDA
Banking	2.180.095	78.446	1.666	-	-	2.256.875
Industry	140.175	76.491	1.008	(131.928)	55.983	291.603
Cement	82.490	45.552	9.300	(65.568)	23.508	160.802
Retail	(74.350)	43.591	50.784	(70.904)	(33.729)	23.090
Energy	213.479	169.684	-	(554.952)	(20.830)	958.945
Insurance	108.448	7.673	14.361	(7.004)	4.740	104.024
Other	1.449.187	7.110	256.478	196	292	1.199.331

31 March 2017	Profit Before Tax	Depreciation Expenses	Income/ (expenses) from Investing Activities - net	Financial income/ (expense) - net	Operational Foreign Exchange Differences/ Interests	EBITDA
Banking	1.843.084	63.549	908	-	-	1.905.725
Industry	162.086	55.292	5.004	(82.269)	40.488	254.155
Cement	53.151	37.112	6.354	(18.854)	6.642	96.121
Retail	(34.805)	35.235	21.442	(53.022)	(22.081)	54.091
Energy	(332.007)	157.818	(281.197)	(518.869)	10.745	615.131
Insurance	77.430	5.263	7.793	291	4.944	69.665
Other	863.318	6.696	62.935	(144)	521	806.702

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

NOTE 3 - SEGMENT REPORTING (Continued)

1 January – 31 March 2018

	Finance							
	Banking	**Insurance**	**Industry**	**Cement**	**Energy**	**Retail**	**Other**	**Total**
Depreciation and amortisation expenses	78.446	-	38.848	24.604	-	43.591	6.950	192.439
(Impairment) / reversal of impairment of property, plant and equipment and investment properties	429	-	(200)	-	-	3.531	-	3.760
Capital expenditure	139.903	-	58.500	62.659	-	23.594	7.050	291.706

1 January – 31 March 2017

	Finance							
	Banking	**Insurance**	**Industry**	**Cement**	**Energy**	**Retail**	**Other**	**Total**
Depreciation and amortization	63.549	-	33.677	17.143	-	35.235	6.621	156.225
Impairment/(reversal of impairment) of property, plant and equipment and investment properties	(1.473)	-	(2.179)	-	-	3.898	-	246
Capital expenditures	47.202	-	55.976	133.882	-	12.040	7.284	256.384

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

NOTE 3 - SEGMENT REPORTING (Continued)

1 January – 31 March 2018

	Finance							
	Banking	**Insurance**	**Industry**	**Cement**	**Energy**	**Retail**	**Other**	**Total**
Depreciation and amortisation expenses	78.446	7.673	76.491	45.552	169.684	43.591	7.110	428.547
(Impairment) / reversal of impairment of property, plant and equipment and investment properties	429	-	(200)	-	-	3.531	-	3.760
Capital expenditure	139.902	13.167	106.896	94.460	533.019	23.594	7.050	918.088

1 January – 31 March 2017

	Finance							
	Banking	**Insurance**	**Industry**	**Cement**	**Energy**	**Retail**	**Other**	**Total**
Depreciation and amortisation expenses	63.549	5.263	55.292	37.112	157.818	35.235	6.696	360.965
(Impairment) / reversal of impairment of property, plant and equipment and investment properties	(1.473)	-	(2.179)	-	-	3.898	-	246
Capital expenditure	47.203	8.149	197.373	162.446	469.212	12.040	7.284	903.707

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

NOTE 4 - FINANCIAL ASSETS

a) Held for trading securities:

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

	31 March 2018
Share certificates	120.077
Government bonds	9.969
Other	27.290
Total	**157.336**

The details of financial assets for trading as of 31 December 2017 are as follows;

	31 December 2017
Share certificates	23.432
Government bonds	9.525
Other	6.933
Total	**39.890**

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

	31 March 2018	**31 December 2017**
TRY	% 16,13	% 16,16

The Group's activities in the finance sector as collateral for the purchase and sale of financial assets is TRY 10.180 (31 December 2017: TRY 9.731).

The maturity analysis of financial assets at fair value through profit and loss as of 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018	**31 December 2017**
3 to 12 months	18.292	16.459
1 to 5 years	118	-
No maturity	138.926	23.431
Total	**157.336**	**39.890**

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

NOTE 4 - FINANCIAL ASSETS (Continued)

Period remaining to contractual repricing dates:

	31 March 2018	31 December 2017
Up to 3 months	8.649	2.060
3 to 12 months	9.761	14.399
No maturity	138.926	23.431
Total	**157.336**	**39.890**

b) Available for sale securities:

The details of available for sale securities as of 31 March 2018 is as follows:

	31 March 2018
Debt securities	
- Government bonds	23.028.749
- Eurobonds	15.645.883
- Investment funds	277.953
- Other bonds denominated in foreign currency	7.121.704
Sub-total	**46.074.289**
Equity securities	
- Listed	116
- Unlisted	17.651
Sub-total	**17.767**
Total	**46.092.056**

The details of available for sale securities as of 31 December 2017 is as follows:

	31 December 2017
Debt securities	
- Government bonds	23.159.176
- Eurobonds	13.657.442
- Investment funds	277.987
- Other bonds denominated in foreign currency	5.648.781
Sub-total	**42.743.386**
Equity securities	
- Listed	116
- Unlisted	102.325
Sub-total	**102.441**
Total financial investments available for sale	**42.845.827**

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

NOTE 4 - FINANCIAL ASSETS (Continued)

Effective interest rates of USD, EUR, JPY and TRY denominated available-for-sale securities are 4,21% (31 December 2017: 4,20%), 2,50% (31 December 2017: 2,47%), 3,09% (31 December 2017: 3,09%) and 11,32% respectively. (31 December 2017: 12,48%). The Group's financial assets available for sale subject to funds provided from repo are TRY 19.237.562 (31 December 2017: TRY 20.055.533). Available for sale financial assets that are given as collateral because of the Group's financing activities are amounting to TRY 5.198.249 (31 December 2017: TRY 3.470.880). As of 31 March 2018, no available for sale financial asset exists whose risk is undertaken by insurance policy holders (31 December 2017: None).

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.

The maturity analysis in accordance with expiring date as at 31 March 2018 and 31 December 2017 is as follows:

	31 March 2018			31 December 2017		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
3 to 12 months	3.283.898	-	3.283.898	3.086.122	-	3.086.122
1 to 5 years	29.313.439	11.765	29.325.204	25.783.774	-	25.783.774
Over 5 years	12.014.421	-	12.014.421	12.871.607	-	12.871.607
No maturity	1.468.533	-	1.468.533	1.104.324	-	1.104.324
Total	**46.080.291**	**11.765**	**46.092.056**	**42.845.827**	**-**	**42.845.827**

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

	31 March 2018			31 December 2017		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
Up to 3 months	10.125.286	-	10.125.286	6.936.341	-	6.936.341
3 to 12 months	9.716.926	-	9.716.926	11.749.801	-	11.749.801
1 to 5 years	19.331.097	11.765	19.342.862	16.298.430	-	16.298.430
Over 5 years	6.615.663	-	6.615.663	7.485.228	-	7.485.228
No maturity	291.319	-	291.319	376.027	-	376.027
Total	**46.080.291**	**11.765**	**46.092.056**	**42.845.827**	**-**	**42.845.827**

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

NOTE 4 - FINANCIAL ASSETS (Continued)

c) Financial assets held to maturity:

	31 March 2018
Government bonds	11.149.090
Total	**11.149.090**

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

	31 December 2017
Government bonds	18.883.153
Total	**18.883.153**

The movement table of held-to-maturity securities is as follows:

	31 March 2018	**31 December 2017**
Balance, 1 January	**18.883.153**	**17.976.984**
Additions (*)	-	226
Foreign exchange differences in monetary assets	364.595	1.223.819
Valuation effect	(373.794)	523.600
Disposals through sales and redemptions	(7.732.600)	(766.185)
Allowance for impairment	7.736	(75.291)
Total	**11.149.090**	**18.883.153**

(*) The Group reassessed its management model for securities in accordance with IFRS 9 standard and reviewed the securities previously classified as held-to-maturity and measured at amortized cost of TL 4.926.184 for the purpose of collecting the cash flow of the appropriate management model or for selling the financial asset, classified the fair value under other comprehensive income.

Effective interest rate of debt securities in USD, Euro and TRY are 4,10%, 3,57% and 12,11% respectively. (31 December 2017: Effective interest rate of debt securities in USD, Euro and TRY are 4,11%, 3,62% and 13,22%).

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

NOTE 4 - FINANCIAL ASSETS (Continued)

Period remaining to contractual maturity dates for held to maturity financial assets as at 31 March 2018 and 31 December 2017 is as follows:

	31 March 2018			31 December 2017		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
3 to 12 months	3.119.869	121	3.119.990	4.593.687	122	4.593.809
1 to 5 years	6.527.662	-	6.527.662	12.668.937	-	12.668.937
Over 5 years	1.501.438	-	1.501.438	1.620.407	-	1.620.407
Total	**11.148.969**	**121**	**11.149.090**	**18.883.031**	**122**	**18.883.153**

Period remaining to contractual repricing dates for investment security, held to maturity financial assets at 31 March 2018 and 31 December 2017 is as follows:

	31 March 2018			31 December 2017		
	Banking	**Other companies**	**Total**	**Banking**	**Other companies**	**Total**
Up to 3 months	2.074.907	-	2.074.907	6.403.521	-	6.403.521
3 to 12 months	4.842.440	121	4.842.561	2.623.044	122	2.623.166
1 to 5 years	3.410.747	-	3.410.747	8.897.479	-	8.897.479
Over 5 years	820.875	-	820.875	958.987	-	958.987
Total	**11.148.969**	**121**	**11.149.090**	**18.883.031**	**122**	**18.883.153**

d) Time deposits:

The breakdown of maturities of time deposits over 3 months is as follows:

	31 March 2018	31 December 2017
3 to 12 months	8.457	8.190
Total	**8.457**	**8.190**

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

NOTE 5 - FINANCIAL LIABILITIES

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

	31 March 2018	31 December 2017
Short term	11.932.478	13.917.173
Short-term portion of long term	12.313.862	16.018.279
Total short term	**24.246.340**	**29.935.452**
Long-term funds borrowed, bank borrowings and debt securities:		
Long term	32.165.097	25.322.315
Total	**56.411.437**	**55.257.767**

The maturity schedule of financial liabilities at 31 March 2018 and 31 December 2017 is summarized below:

	31 March 2018	31 December 2017
Up to 3 months	8.032.549	14.837.249
3 to 12 months	16.213.791	15.098.203
Short term financial liabilities and short term portion of long term financial liabilities	**24.246.340**	**29.935.452**
1 to 5 years	21.501.894	16.168.062
Over 5 years	10.663.203	9.154.253
Long term financial liabilities	**32.165.097**	**25.322.315**
Total financial liabilities	**56.411.437**	**55.257.767**

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

NOTE 5 - FINANCIAL LIABILITIES (Continued)

The repayment schedule of long term financial liabilities at 31 March 2018 and 31 December 2017 is summarized below:

	31 March 2018	**31 December 2017**
2018	-	5.296.171
2019	11.835.710	5.029.825
2020	2.986.521	2.191.491
2021	2.447.764	3.650.575
2022 and after	14.895.102	9.154.253
Total	**32.165.097**	**25.322.315**

The repricing schedule of borrowings at 31 March 2018 and 31 December 2017 is summarized below:

	31 March 2018	**31 December 2017**
Up to 3 months	31.726.244	33.182.206
3 to 12 months	11.389.505	9.872.514
1 to 5 years	6.495.538	7.133.178
Over 5 years	6.800.150	5.069.869
Total	**56.411.437**	**55.257.767**

The transactions related with the funds and loans as of 31 March 2018 are as follows:

Akbank - Funds borrowed via syndicated credit facilities

As of 31 March 2018, Akbank has four outstanding syndicated loan. On 18 August 2016, the first syndicated loan was signed and raised EUR 787.8 million and USD 327 million consisting of 1 year and 3 year maturities. The current amount is EUR 90 million. The cost of 3 year maturity loan is Euribor + 215 bps. The second syndicated loan of EUR 738.3 million and USD 404.5 million with a maturity of 1 year and 2 years was obtained through the loan agreement signed on 22 March 2017. The current amount is USD 185 million. the cost of 2 years maturity loan is Euribor + 220 bps. The third syndicated loan of USD 335 million with a maturity of 3 year was obtained through the loan agreement signed on 9 July 2015. The cost of the loan is Euribor + 185 bps. The fourth syndicated loan of EUR 515.1 million and USD 542.6 million with a maturity of 1 year and 2 years was obtained through the loan agreement signed on 15 August 2017. The cost of 1 year maturity loan is Euribor + 125 and Euribor + 135 bps and the cost of 2 year maturity loan is Euribor + 220 bps. The fifth syndicated loan of EUR 483 million and USD 604.5 million with a maturity of 1 year and 2 years was obtained through the loan agreement signed on 26 March 2018. The cost of 1 year maturity loan is Euribor + 120 bps and Libor + 130 bps and the cost of 2 year maturity loan is Libor + 210 bps.

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

NOTE 5 - FINANCIAL LIABILITIES (Continued)

Issued securities:

Securities issued consist of USD and TRY assets.

The repayment plan for USD securities issued is summarized below:

	31 March 2018		31 December 2017	
	USD	TRY	USD	TRY
2018	577.443	2.263.575	1.208.548	4.519.968
2019	379.678	1.488.338	452.230	1.691.340
2020	896.884	3.515.785	848.888	3.174.841
2021	450.918	1.767.599	516.436	1.931.471
2022	824.007	3.230.107	773.845	2.894.180
2023	396.337	1.553.641	464.207	1.736.134
2024	406.477	1.593.390	482.772	1.805.567
2025	713.066	2.795.219	426.707	1.595.884
2026	281.225	1.102.402	63.293	236.716
2027	325.187	1.274.733	293.150	1.096.381
2028	246.820	967.534	9.893	37.000
2029	20.631	80.874	-	-
2030	15.393	60.341	-	-
2031	4.762	18.667	-	-
Total	**5.538.828**	**21.712.205**	**5.539.969**	**20.719.482**

The balance amounting to USD 5.538.828 consists of securitization deals and USD denominated securities issued by the Bank.

	31 March 2018		31 December 2017	
	EUR	TRY	EUR	TRY
2018	11.636	56.220	75.260	336.963
2019	34.471	166.554	93.331	417.871
2020	34.456	166.481	45.817	205.136
2021	34.442	166.413	23.075	103.314
2022	11.701	56.536	334	1.495
2023	324	1.565	321	1.437
2024	312	1.507	309	1.383
2025	300	1.450	297	1.330
2026	288	1.392	285	1.276
2027	277	1.338	274	1.227
2028	266	1.285	263	1.178
2029	6.608	31.928	6.543	29.295
Total	**135.081**	**652.669**	**246.109**	**1.101.905**

The balance amounting to EUR 135.081 consists of securitization deals and EUR denominated securities issued by the Group.

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NOTE 5 - FINANCIAL LIABILITIES (Continued)

	31 March 2018		31 December 2017	
	RON	**TRY**	**RON**	**TRY**
2018	81.690	84.271	80.994	77.398
2019	54.580	56.305	54.049	51.649
Total	**136.270**	**140.576**	**135.043**	**129.047**

The balance amounting to RON 136.270 consists of securization deals and RON denominated securities issued by the Group.

	31 March 2018		31 December 2017	
	HUF	**TRY**	**HUF**	**TRY**
2019	742.163	11.578	782.916	11.431
Total	**742.163**	**11.578**	**782.916**	**11.431**

The balance amounting to HUF 742.163 consists of securization deals and HUF denominated securities issued by the Group.

	31 March 2018		31 December 2017	
	JPY	**TRY**	**JPY**	**TRY**
2018	4.795	177	9.925	329
2019	995.025	36.647	992.585	32.894
Total	**999.820**	**36.824**	**1.002.510**	**33.223**

The balance amounting to JPY 999.820 consists of securization deals and JPY denominated securities issued by the Group.

Additionally, as of 31 March 2018, there are bonds issued by the Bank amounting to TRY 2.263.780 with 1-3 months maturity, TRY 2.184.093 with 3-6 months maturity and TRY 1.907.233 with 5 years and over maturity.(31 December 2017: TRY 3.533.520 with 3 months maturity, TRY 1.122.952 with 4 months maturity and TRY 2.480.799 with 5 years and over maturity).

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

NOTE 6 - OTHER RECEIVABLES AND PAYABLES

Other short term receivables:	**31 March 2018**	**31 December 2017**
Receivables from credit card payments	41.450	38.266
Other receivables	3.030.155	2.425.760
Total	**3.071.605**	**2.464.026**

Other long term receivables:	**31 March 2018**	**31 December 2017**
Other receivables	1.023.970	998.184
Total	**1.023.970**	**998.184**

Other short term payables:	**31 March 2018**	**31 December 2017**
Payables related to credit card transactions	4.029.671	3.988.420
Taxes and funds payable	552.555	420.915
Export deposits and transfer orders	203.249	71.952
Payment orders to correspondent banks	215.525	268.028
Financial lease payables	28.675	31.976
Other	1.005.618	619.817
Total	**6.035.293**	**5.401.108**

Other long term payables::	**31 March 2018**	**31 December 2017**
Financial lease payables	57.197	59.490
Taxes and funds payable	6.283	3.981
Other	1.643.721	1.478.063
Total	**1.707.201**	**1.541.534**

NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Recorded value of Associates and Joint Ventures is as follows:

	31 March 2018	**Share (%)**	**31 December 2017**	**Share (%)**
Aksigorta	184.438	36,00	205.889	36,00
Avivasa	203.504	40,00	229.182	40,00
Brisa	326.571	43,63	298.202	43,63
Akçansa	355.458	39,72	377.711	39,72
Enerjisa Üretim Santralleri	2.656.790	50,00	2.020.084	50,00
Enerjisa Enerji (*)	2.309.005	40,00	2.940.201	50,00
Philsa	139.408	25,00	207.015	25,00
Philip Morrissa	19.241	24,75	51.490	24,75
Temsa Mısır	(2.567)	73,75	(1.248)	73,75
Temsa İş Makineleri	106.047	24,84	110.688	24,84
Total	**6.297.895**		**6.439.214**	

(*) After the public offering of Enerjisa Enerji A.Ş., a joint venture of the Group, as of February 8, 2018, the shares of the Group decreased to 40%.

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

NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

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

	1 January - 31 March 2018	1 January - 31 March 2017
Aksigorta	16.750	11.998
Avivasa	14.514	11.286
Brisa	4.973	10.768
Akçansa	14.046	6.970
Enerjisa Üretim Santralleri (*)	(46.883)	-
Enerjisa Enerji (*)	97.145	(139.558)
Philsa	32.049	22.380
Philip Morrissa	10.959	28.098
Temsa Mısır	(87)	(335)
Temsa İş Makineleri	6.407	2.252
Total	**149.873**	**(46.141)**

(*) Enerjisa Enerji A.Ş., 50% - 50% joint venture of the Group with E.ON SE (established in Germany), transferred its subsidiaries that operate in electricity generation, wholesale trading and natural gas trading to a newly established company named Enerjisa Üretim Santralleri A.Ş. ("EÜSAŞ") by spin-off method. The spin-off of the mentioned subsidiaries to the newly established Enerjisa Üretim Santralleri A.Ş. ("EÜSAŞ") was completed on August 25, 2017. As a result of the spin-off process, Enerjisa Enerji A.Ş. ended up with the subsidiaries operating in electricity distribution and retail.

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

	31 March 2018		31 December 2017	
	Total assets	Total Liabilities	Total assets	Total Liabilities
Aksigorta	4.596.059	4.083.733	4.098.960	3.527.045
Avivasa	1.927.665	1.442.445	1.822.195	1.272.780
Brisa	3.715.675	2.967.175	3.540.658	2.857.178
Akçansa	1.821.655	913.828	1.778.315	814.465
Enerjisa Üretim Santralleri	14.114.307	8.800.727	12.649.409	8.609.240
Enerjisa Enerji	18.968.099	13.195.587	20.043.023	14.162.620
Philsa	3.502.878	2.945.245	3.276.178	2.448.119
Philip Morrissa	1.497.547	1.419.805	1.529.981	1.321.939
Temsa Mısır	19.800	23.280	23.120	24.814
Temsa İş Makineleri	623.132	455.819	551.677	374.999
Total	**50.786.817**	**36.247.644**	**49.313.516**	**35.413.199**

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NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

Sales

	1 January - 31 March 2018	1 January - 31 March 2017
Aksigorta	932.143	615.378
Avivasa	140.454	112.457
Brisa	694.095	473.092
Akçansa	387.622	298.130
Enerjisa Üretim Santralleri (*)	1.087.486	-
Enerjisa Enerji (*)	4.070.303	3.482.183
Philsa (**)	5.257.240	3.294.405
Philip Morrissa	5.180.173	4.434.998
Temsa İş Makineleri	203.906	154.225

Net Income/(loss) for the period

	1 January - 31 March 2018	1 January - 31 March 2017
Aksigorta	46.527	33.326
Avivasa	36.285	28.214
Brisa	11.399	24.680
Akçansa	41.682	34.383
Enerjisa Üretim Santralleri (*)	(93.765)	-
Enerjisa Enerji (*)	242.862	(279.116)
Philsa	128.197	89.519
Philip Morrissa	44.278	113.528
Temsa Mısır	(118)	(454)
Temsa İş Makineleri	12.563	4.416

(*) Enerjisa Enerji A.Ş., 50% - 50% joint venture of the Group with E.ON SE (established in Germany), transferred its subsidiaries that operate in electricity generation, wholesale trading and natural gas trading to a newly established company named Enerjisa Üretim Santralleri A.Ş. ("EÜSAŞ") by spin-off method. The spin-off of the mentioned subsidiaries to the newly established Enerjisa Üretim Santralleri A.Ş. ("EÜSAŞ") was completed on August 25, 2017. As a result of the spin-off process, Enerjisa Enerji A.Ş. ended up with the subsidiaries operating in electricity distribution and retail.

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

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NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the period ended 31 March 2018 is as follows:

	1 January 2018	Currency translation differences	Additions	Disposals	Transfers (*)	Impairment	31 March 2018
Cost:							
Land and land improvements	549.569	1.957	1.255	(25.965)	(169)	-	526.647
Buildings	2.688.983	21.791	4.128	(39.934)	5.580	429	2.681.517
Machinery and equipment	3.906.821	85.605	7.564	(407)	50.550	(158)	4.049.975
Motor vehicles	111.243	326	398	(1.724)	9	-	110.252
Furniture and fixtures	3.143.030	2.993	78.816	(94.123)	1.678	8.329	3.140.723
Total	**10.399.646**	**112.672**	**92.161**	**(161.613)**	**57.648**	**8.600**	**10.509.114**
Construction in progress	644.620	(908)	146.962	(16)	(76.133)	-	714.525
Total	**11.044.266**	**111.764**	**239.123**	**(161.629)**	**(18.485)**	**8.600**	**11.223.639**
Accumulated depreciation:							
Land and land improvements	(235.214)	(356)	(1.884)	-	7.976	-	(229.438)
Buildings	(977.040)	(9.801)	(14.464)	16.473	-	-	(984.832)
Machinery and equipment	(1.990.166)	(38.544)	(44.444)	389	-	-	(2.072.765)
Motor vehicles	(95.743)	(195)	(1.463)	673	-	-	(96.728)
Furniture and fixtures	(2.216.358)	(2.994)	(68.281)	73.246	-	(4.840)	(2.219.227)
Total	**(5.514.521)**	**(51.890)**	**(130.496)**	**90.781**	**7.976**	**(4.840)**	**(5.602.990)**
Net book value	**5.529.745**						**5.620.649**

(*) TRY 10.509 of the transfers from the construction in progress during the period are recognised under intangible fixed assets.

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NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

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

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

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

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NOTE 9 - INTANGIBLE ASSETS

The movements in intangible assets for the periods ended 31 March 2018 and 2017 are as follow:

	1 January 2018	Currency Translation Differences	Additions	Impairment	Disposals	Transfers	31 March 2018
Cost	1.827.717	638	52.582	154	(3.302)	10.509	1.888.298
Accumulated amortisation (-)	(1.010.619)	155	(61.038)	(154)	1.046	-	(1.070.610)
Net book value	**817.098**						**817.688**

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

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

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NOTE 10 - GOODWILL

The movements of goodwill for the three month period ended on 31 March 2018 and 2017 are as follows:

	2018	**2017**
1 January	873.097	1.014.815
Additions	-	-
31 March	**873.097**	**1.014.815**

NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short term provisions	**31 March 2018**	**31 December 2017**
Provision for liabilities	293.363	241.673
Credit bonus provision	*56.256*	*69.960*
Litigation	*78.185*	*97.249*
Uncompensated and not encashed non-cash loans	*154.413*	*67.754*
Onerous contracts	*4.260*	*4.260*
Other short-term provisions	*250*	*2.450*
Other	84.728	91.265
Total	**378.091**	**332.938**

Other long term provisions	**31 March 2018**	**31 December 2017**
Provision for liabilities	4.705	4.613
Other long-term provisions	*4.705*	*4.613*
Total	**4.705**	**4.613**

Commitments - Banking segment	**31 March 2018**	**31 December 2017**
Letters of guarantee given	34.736.971	34.576.533
Letters of credit	7.451.168	6.579.073
Foreign currency acceptance	4.652.736	3.757.710
Other guarantees given	5.496.896	5.914.738
Total	**52.337.771**	**50.828.054**

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

Commitments - Non-banking segment	**31 March 2018**	**31 December 2017**
Letters of guarantee given	792.210	649.971
Other guarantees given	267.958	294.789
Mortgages, guarantees and pledges for tangible assets	24.857	25.185
Total	**1.085.025**	**969.945**

Commitments for resale and repurchase of debt securities:

Commitments for the resale and repurchase of debt securities (government bonds, treasury bills and Eurobonds) at 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018	**31 December 2017**
Repurchase commitments	26.627.933	29.229.448

Transactions for held for trading

	31 March 2018	**31 December 2017**
Foreign currency purchases	12.980.683	10.601.547
Foreign currency sales	12.955.655	10.564.713
Total	**25.936.338**	**21.166.260**

	31 March 2018	**31 December 2017**
Currency swap purchases	125.049.506	111.502.891
Currency swap sales	119.501.304	106.924.680
Interest swap purchases	51.363.903	46.369.365
Interest swap sales	51.363.903	46.369.365
Total	**347.278.616**	**311.166.301**

	31 March 2018	**31 December 2017**
Spot purchases	14.122.275	5.034.625
Spot sales	14.178.532	5.050.637
Total	**28.300.807**	**10.085.262**

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

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

	31 March 2018	31 December 2017
Currency, interest and securities options purchases	57.369.348	50.144.128
Currency, interest and securities options sales	57.548.464	50.460.763
Total	**114.917.812**	**100.604.891**

	31 March 2018	31 December 2017
Other purchase transactions	6.244.002	6.225.924
Other sales transactions	8.996.316	8.623.132
Total	**15.240.318**	**14.849.056**

Types of derivative transactions held for hedges:

	31 March 2018	31 December 2017
Interest swap purchases	11.883.234	11.759.837
Interest swap sales	11.883.234	11.759.837
Total	**23.766.468**	**23.519.674**

	31 March 2018	31 December 2017
Foreign currency purchases	19.699	31.708
Foreign currency sales	44.079	97.386
Total	**63.778**	**129.094**

	31 March 2018	31 December 2017
Currency swap purchases	8.040.721	3.482.506
Currency swap sales	6.803.397	2.507.376
Total	**14.844.118**	**5.989.882**

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

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	6.263.571	28.473.400	34.736.971
Letters of credits	5.995.990	1.455.178	7.451.168
Acceptance credits	3.638.472	1.014.264	4.652.736
Other guarantees	1.963.968	3.532.928	5.496.896
Total	**17.862.001**	**34.475.770**	**52.337.771**

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

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

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

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	6.616.284	27.960.249	34.576.533
Letters of credits	5.188.695	1.390.378	6.579.073
Acceptance credits	2.900.710	857.000	3.757.710
Other guarantees	2.497.120	3.417.618	5.914.738
Total	**17.202.808**	**33.625.246**	**50.828.054**

The economic sector risk concentrations of the commitments of the Banking segment at 31 March 2018 and 2017 are as follows:

	31 March 2018	31 December2017
Financial institutions	7.323.665	7.006.200
Construction	6.459.438	6.252.263
Chemicals	2.467.152	2.791.301
Wholesale	11.093.782	9.970.378
Small-scale retailers	4.572.506	4.806.478
Steel and mining	3.038.103	3.152.082
Food and beverage	891.373	798.144
Electricity, gas and water	1.891.760	1.926.591
Automotive	927.428	855.703
Other manufacturing	3.018.248	2.965.513
Electronics	525.409	676.712
Textile	1.409.354	1.423.271
Transportation	636.800	621.471
Telecommunications	220.220	224.582
Tourism	355.969	278.993
Agriculture and forestry	215.495	165.071
Other	7.291.069	6.913.301
Total	**52.337.771**	**50.828.054**

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

Aksigorta, one of the Group's joint ventures, has been subjected to a tax investigation by the T.C. Ministry of Finance Tax Audit Board that started in 24 June 2014. As a result of this limited tax investigation related to Banking Insurance Transaction Tax covering years 2009, 2010, 2011 and 2012; Total TRY 1,8 Million tax and Total TRY 2,8 Million tax penalty for year 2009, Total TRY 2 Million tax and Total TRY 3 Million tax penalty for year 2010, Total TRY 3 Million tax and Total TRY 4,6 Million tax penalty for year 2011, Total TRY 4,3 Million tax and Total TRY 6,4 Million tax penalty for year 2012, and totally TRY 27,9 Million tax and tax penalty has been charged to the company for the claim recovery and salvage operations of the banking and insurance transactions that were not subject to tax. The Company has not booked any provision on financial statements. On 16 January 2015, the Company filed a reconciliation request for the year 2009 and on 20 February 2015 filed a reconciliation request for the years 2010,2011 and 2012 to the Large Taxpayers Office Commission of Reconciliation. The negotiations with the Ministry of Finance Central Reconciliation Commission at the date of 15 February 2018 has not reached a reconciliation. At this stage, no payment will be made regarding to the mentioned tax rights and tax penalties and legal proceedings will be started by the Company.

The Competition Authority resolved to start an investigation by the resolution numbered 15-08/108-M and dated 19 February 2015 against Teknosa which is a subsidiary of the Group and other companies mentioned in the resolution requesting their deference in order to detect if the Act no. 4054 is violated or not. By the resolution numbered 15-28/319-M and dated 7 July 2015, the investigation was extended as consumer electronics and was merged with former investigation. Teknosa submitted its written defence for this investigation. Verbal defense is also provided on 25 October 2016. Similarly, by the resolution numbered 15-28/319-M and dated 7 July 2015 Kliksa which was %100 owned by Teknosa in the previous periods was included to the investigation and Teknosa submitted the written defense on behalf of Kliksa. The final decision of the Competition Authority was published on its official website for these two investigations on 11 November 2016. In accordance with decision, the Competition Authority claimed administrative fine by Total TRY 18.025.556 to Teknosa and Kliksa. Actual settlement was declared by the Competition Authority to Teknosa on 8 March 2017. Teknosa paid 3/4 of this fine amounting to Total TRY 13.519.167 by using early payment discount with a payment notice on 6 April 2017. Legal action has been initiated on 5 May 2017 during the legal term of 60 days period.

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

NOTE 12 - COMMITMENTS

Collaterals, pledges and mortgages ("CPM") given by Subsidiaries at 31 March 2018 is as follows;

	31 March 2018				
	Total TRY Equivalent	**TRY**	**USD**	**EUR**	**Other**
A. Total amount of the collaterals given for its own legal entity	1.013.567	220.629	135.652	52.643	1.034
B. Collaterals given on behalf of fully consolidated companies	1.165.196	273.497	42.033	148.409	3.359
C. Collaterals given on behalf of the third parties'debt for continuation of their economic activities	52.337.771	21.758.752	4.588.330	2.485.522	362.380
D. Total amount of other collaterals					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	**54.516.534**	**22.252.878**	**4.766.015**	**2.686.574**	**366.773**
A. Total amount of the mortgages given for its own legal entity	-	-	-	-	-
B. Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C. Mortgages given on behalf of third parties 'debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other mortgages					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	**-**	**-**	**-**	**-**	**-**
A. Total amount of the pledges given for its own legal entity	-	-	-	-	-
B. Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C. Pledges given on behalf of third parties 'debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other pledges					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	**-**	**-**	**-**	**-**	**-**

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

NOTE 12 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by Joint Ventures at 31 March 2018 is as follows;

	31 March 2018				
	Total TRY Equivalent	**TRY**	**USD**	**EUR**	**TRY Equivalent Other**
A. Total amount of the collaterals given for its own legal entity	755.780	754.364	198	130	-
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	386	386	-	-	-
D. Total amount of other collaterals					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	**756.166**	**754.750**	**198**	**130**	**-**
A. Total amount of the mortgages given for its own legal entity	-	-	-	-	-
B. Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C. Mortgages given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other mortgages					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	**-**	**-**	**-**	**-**	**-**
A. Total amount of the pledges given for its own legal entity	-	-	-	-	-
B. Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C. Pledges given on behalf of third parties 'debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other pledges					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	**-**	**-**	**-**	**-**	**-**

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

NOTE 12 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries at 31 December 2017 is as follows:

	31 December 2017				
	Total TRY Equivalent	**TRY**	**USD**	**EUR**	**TRY Equivalent Other**
A. Total amount of the Collaterals given for its own legal entity	1.295.945	434.563	133.887	78.704	987
B. Collaterals given on behalf of fully consolidated companies	1.135.741	276.886	64.605	135.303	3.528
C. Collaterals given on behalf of the third parties' debt for continuation of their economic activities	50.828.054	21.370.968	4.744.023	2.471.376	385.992
D. Total amount of other Collaterals					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	**53.259.740**	**22.082.417**	**4.942.515**	**2.685.383**	**390.507**
A. Total amount of the mortgages given for its own legal entity	97.082	-	-	21.500	-
B. Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C. Mortgages given on behalf of third parties' debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other Mortgages					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	**97.082**	**-**	**-**	**21.500**	**-**
A. Total amount of the pledges given for its own legal entity	-	-	-	-	-
B. Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C. Pledges given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other Pledges					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	**-**	**-**	**-**	**-**	**-**

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

NOTE 12 - COMMITMENTS (Continued)

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

	31 December 2017				
	Total TRY Equivalent	**TRY**	**USD**	**EUR**	**TRY Equivalent Other**
A. Total amount of the Collaterals given for its own legal entity	895.128	893.057	393	130	-
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	495	495	-	-	-
D. Total amount of other Collaterals					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	**895.623**	**893.552**	**393**	**130**	**-**
A. Total amount of the mortgages given for its own legal entity	-	-	-	-	-
B. Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C. Mortgages given on behalf of third parties' debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other Mortgages					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	**-**	**-**	**-**	**-**	**-**
A. Total amount of the pledges given for its own legal entity	-	-	-	-	-
B. Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C. Pledges given on behalf of third parties'debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other Pledges					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	**-**	**-**	**-**	**-**	**-**

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

NOTE 13 - OTHER ASSETS AND LIABILITIES

Other Current Assets	**31 March 2018**	**31 December 2017**
Cheques in clearance	522.475	149.829
Deductible, deferred and other VAT	166.707	156.615
Other Current Assets	88.913	64.115
Total	**778.095**	**370.559**

Other Non-Current Assets	**31 March 2018**	**31 December 2017**
Long term tax claims and other legal receivables	27.005	26.941
Deductible, deferred and other VAT	5.709	4.928
Other non-current assets	92.169	87.944
Total	**124.883**	**119.813**

Other Short Term Liabilities	**31 March 2018**	**31 December 2017**
Cheques in clearance	987.069	291.353
Saving deposits insurance	51.276	50.641
Other short term liabilities	893.862	323.668
Total	**1.932.207**	**665.662**

Other Long Term Liabilities		
Other long term liabilities	80.175	55.065
Total	**80.175**	**55.065**

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

NOTE 14 - EQUITY

Hacı Ömer Sabancı Holding A.Ş.'s authorised and issued capital consists of 204.040.393.100 (31 December 2017: 204.040.393.100) shares of Kr 1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 31 March 2018 and 31 December 2017 is as follows:

Shareholders:	**Share (%)**	**31 March 2018**	**Share (%)**	**31 December 2017**
Sakıp Sabancı Holding A.Ş.	14,07	287.100	14,07	287.100
Serra Sabancı	7,21	147.160	7,21	147.160
Suzan Sabancı Dinçer	6,94	141.567	6,94	141.567
Çiğdem Sabancı Bilen	6,94	141.567	6,94	141.567
Other	64,84	1.323.010	64,84	1.323.010
Share capital	**100,00**	**2.040.404**	**100,00**	**2.040.404**
Capital adjustments due to cross-ownership (-)		**(190.470)**		**(190.470)**
Share Premium		**22.237**		**22.237**

As a result of the Board of Directors decision dated 22 December 2015, EXSA Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (Exsa) has started acquiring publicly traded shares of Sabancı Holding in Borsa İstanbul. With these transactions Exsa's share in Sabancı Holding's share capital has reached 1,17% as of 31 March 2018. These shares is classified as capital adjustments due to cross-ownership in equity.

Restricted Reserves

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

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

The details of restricted reserves mentioned above are as follows:

	31 March 2018	**31 December 2017**
Legal reserves	706.473	699.547
Investments sales income	333.369	333.369
Total	**1.039.842**	**1.032.916**

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NOTE 14 - 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 February 1, 2014.

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

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

	Fair Value Revaluation Fund	Cash Flow Hedge Fund	Net Investment Hedge Fund	Currency translation differences
Balance as of 1 January 2017	**(444.676)**	**(177.288)**	**(146.024)**	**499.438**
Increases/(decreases) during the period	286.437	(32.088)	(20.434)	53.783
Gains transferred to income statement	5.582	3.544	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	(1.825)	-	-	-
Tax effect	(57.925	5.595	4.087	-
Balance as of 31 March 2017	**(212.407)**	**(200.237)**	**(162.371)**	**553.221**
Balance as of 1 January 2018	**(310.337)**	**(121.522)**	**(228.186)**	**724.660**
Increases/(decreases) during the period	(55.983)	50.681	(46.214)	122.705
Gains transferred to income statement	(36.981)	18.297	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	6.302	-	-	-
Tax effect	18.977	(15.175)	10.167	-
Balance as of 31 March 2018	**(378.022)**	**(67.719)**	**(264.233)**	**847.365**

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

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

1 January - 31 March 2018

As of 31 March 2018, Temsa, a subsidiary of the Group acquired a real estate with value of TRY 9.986.395 in return of receivables as a guarantee which is accounted under "Assets Held for Sale" (31 December 2017: Total TRY 9.986.395).

Nile Kordsa Company for Industrial Fabrics S.A.E., a subsidiary of Kordsa, which is a subsidiary of the Group, had a full period profit amounting to Total TRY 25.267 as of 31 March 2018 (31 March 2017: None). In 31 March 2018 and 31 March 2017, operating results of this company reclassified as income/expense from the discontinued operations in consolidated financial statements. The amount recognised under "Assets Held For Sale" is Total TRY 12.134.862 as of 31 March 2018 (31 December 2017: Total TRY 11.194.785). The amount recognised under "Liabilities Held For Sale" is Total TRY 4.659.707 as of 31 December 2017 (31 December 2017: Total TRY 5.261.866).

1 January - 31 March 2017

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

A subsidiary of the Group, Kordsa Global's subsidiary Nile Kordsa Company for Industrial Fabrics S.A.E's has no loss for the period. In 31 March 2018 consolidated financial statements the operating result of this company is classified as income/expense from discontinued operations.

NOTE 16 - FINANCE INCOME/EXPENSES

	1 January- 31 March 2018	1 January- 31 March 2017
Financial income		
Foreign currency gains	2.734	55.815
Interest Expense	3.978	-
Total	**6.712**	**55.815**
Financial expenses		
Foreign currency losses	(45.535)	(73.913)
Interest expense	(93.159)	(58.530)
Other financial expenses	(12.709)	(14.678)
Total	**(151.403)**	**(147.121)**

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

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

NOTE 17 - TAX ASSETS AND LIABILITIES

	31 March 2018	31 December 2017
Corporate and income taxes payable	583.926	1.705.443
Less: prepaid taxes	(47)	(902.992)
Total taxes payable	**583.879**	**802.451**

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 2018 is 22% (2017: %20). 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.

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.

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

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

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

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 2018, 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 revoked phrase "only attributable to 2006, 2007 and 2008" stated in Provisional Article 69 of Income Tax Law No: 193 with the effect of Article 5 of Law No: 6009 after having published in the Official Gazette No: 27659 as at 1 August 2010 and the Constitutional Court's issued resolution no: 2009/144 published in the Official Gazette as at 8 January 2010 has been revised. The revised regulation allows companies to continue to benefit from the exception of undeductible and carry forward investment incentive due to insufficient earnings irrespective of having any time constraints. However, deductible amount for investment incentive exception used in the determination of tax base cannot exceed 25% of the related period's income. In addition, companies that opt to use the investment incentive exemption are allowed to apply 22% of income tax, instead of 30% under the related revised regulation.

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

With regard to the 25% limit added to the provisional article 69 of the Law No. 6009, the amount to be deducted as an investment reduction exception in the determination of the tax bases shall not exceed 25% of the relevant income, contrary to the Constitution The Constitutional Court dated February 9, 2012 and published in the Official Gazette dated February 18, 2012 and numbered 28208 and E: 2010/93. K: Canceled by Decision No. 2012/9 (Suspension of Execution). The justified decision of the Constitutional Court regarding the issue has been published in the Official Gazette dated 26 July 2013 and numbered 28719.

The tax charges for comprehensive income statement items for the periods ended 31 March 2018 and 2017 are as follows:

	31 March 2018			31 March 2017		
	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax
Fair value of financial assets transferred to the other comprehensive income	(389.831)	85.763	(304.068)	711.263	(142.253)	569.010
Cash flow hedges	182.918	(40.242)	142.676	(21.674)	4.335	(17.339)
Income/ (loss) from the derivative financial assets related to the hedging of net investment in a foreign operation	(113.409)	24.950	(88.459)	(50.143)	10.029	(40.114)
Change in currency translation differences	292.709	-	292.709	140.212	-	140.212
Actuarial loss/gain	887	(2.175)	7.712	684	(137)	547
Other Comprehensive Income	**(17.726)**	**68.296**	**50.570**	**780.342**	**(128.026)**	**652.316**

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, the tax ratio will be applied as 22% for the periods 2018, 2019, 2020.

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

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax (continued)

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

For the period ended 31 March 2018, tax on the income generated for the three-month periods are paid at the rate of 22% (2017: 20%) 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 March 2018, the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TRY 1.243.463 which can be offset against future taxable profits for a period of five years (31 December 2017: TRY 1.142.324) As of 31 March 2018 and 31 December 2017 carry forward tax losses and the latest annual periods are as follows:

	31 March 2018	**31 December 2017**
2019	11.238	11.970
2020	42.076	41.345
2021	741.504	741.504
2022	353.068	347.505
2023	95.577	-
Total	**1.243.463**	**1.142.324**

Deferred tax assets/(liabilities) for the periods ended 31 March 2018 and 31 December 2017 are as follows:

	31 March 2018	**31 December 2017**
Deferred Tax Assets	692.486	552.671
Deferred Tax Liabilities	(159.334)	(149.352)
Net Deferred Tax Assets	**533.152**	**403.319**

The movements in deferred income tax assets/(liabilities) for the periods ended 31 March 2018 and 2017 are as follows:

	2018	**2017**
1 January	403.319	496.251
Charged to equity	294.514	(73.767)
Change in foreign currency translation differences	(8.597)	(2.249)
Charged to statement of profit or loss	(163.086)	72.869
Other	7.002	1.553
31 March	**533.152**	**494.657**

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

NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS

31 March 2018	**Fair Value**	
Derivative instruments held for trading:	**Asset**	**Liability**
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales transactions	7.390.549	5.225.386
Forward currency purchases and sales transactions	473.516	517.622
Currency purchases and sales options	265.333	285.160
Other purchases and sales transactions	1.613.522	469
Total derivative instruments held for trading	**9.742.920**	**6.028.637**
Derivative instruments held for hedging:		
Currency and interest rate swap purchases and sales transactions	1.695.247	36.142
Forward currency purchases and sales transactions	25.612	23.204
Currency purchases and sales transactions	38.095	-
Total derivative instruments held for hedging	**1.758.954**	**59.346**
Total derivative instruments	**11.501.874**	**6.087.983**

31 December 2017	**Fair Value**	
Derivative instruments held for trading:	**Asset**	**Liability**
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales transactions	6.104.829	4.722.590
Forward currency purchases and sales transactions	421.897	457.597
Currency purchases and sales options	203.603	242.212
Other purchases and sales transactions	1.587.534	5.092
Total derivative instruments held for trading	**8.317.863**	**5.427.491**
Derivative instruments held for hedging:		
Currency and interest rate swap purchases and sales transactions	1.136.284	75.710
Forward currency purchases and sales transactions	19.817	10.376
Currency purchases and sales transactions	37.023	-
Total derivative instruments held for hedging	**1.193.124**	**86.086**
Total derivative instruments	**9.510.987**	**5.513.577**

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

NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Akbank, Brisa, Yünsa, Carrefoursa and Enerjisa are protected from cash flow risk through the use of interest rate swaps against the cash flow risk arising from financial borrowings.Within the scope of cash flow hedge accounting, effective portion of the fair value changes of the hedging instrument is recognized under hedge reserves within equity. Akbank is also protected against cross-currency swaps and Turkish currency fixed interest rate financial assets and foreign currency financial debt arising from fair value risk.

NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

Banking

Loans and advances to customers	**31 March 2018**	**31 December 2017**
Consumer loans and credit cards receivables	48.880.021	48.763.903
Project finance loans (*)	37.051.589	35.328.282
Construction	30.673.358	29.093.069
Financial institutions	29.691.909	28.290.165
Small-scale enterprises	18.373.498	17.271.905
Mining	6.025.952	6.746.537
Telecommunication	7.121.116	6.804.962
Other manufacturing industries	8.404.391	6.418.826
Food and beverage, wholesale and retail	5.590.163	5.392.196
Textile	5.977.747	5.273.075
Chemicals	4.134.248	4.099.549
Automotive	3.635.351	3.616.780
Other	16.607.363	15.759.297
Total loans and advances to customers	**222.166.706**	**212.858.546**
Provision for loan losses	(6.559.643)	(6.963.538)
Leasing receivables	5.822.323	5.811.994
Net loans and advances to customers	**221.429.386**	**211.707.002**

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.

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

NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

(*) As of 31 March 2018 and 31 December 2017, the Bank has a cash loan risk worth USD 1,708 billion under acquisition finance of a company operating in telecommunications sector and within the framework of syndication participation which is done through pledge of share collateral resulting from other local and foreign banks. Company's partners, creditors, banks and relevant public intuitions started negations about restructuring the loan risks which are overdue according to balance sheet date and they also want to include shareholder change of the current main partner. These negotiations are expected to conclude positively. Respective loan is classified "loans and other receivables" under close monitoring as of 31 March 2018.

Annual effective interest rates of loans and advances granted to clients in USD, EUR, JPY, TRY are as follows respectively 6,14% (31 December 2017: 5,93%), 3,82% (31 December 2017: 3,73%), 4,23% (31 December 2017: 4,24%) and 15,79%'dur (31 December 2017: 14,55%).

The movement of loan loss provision of banking segment as of 31 March 2018 by class is as follows:

	Corporate	Commercial	Total
1 January 2018	**3.942.225**	**3.021.313**	**6.963.538**
Gross provisions	359.691	207.114	566.805
Recoveries	(95.111)	(100.129)	(195.240)
Written-off (*)	(235.154)	(540.306)	(775.460)
31 March 2018	**3.971.651**	**2.587.992**	**6.559.643**

(*) The Bank has sold TRY 774 million (total TRY amount) of non-performing loans portfolio to Güven Varlık Yönetimi A.Ş., Efes Varlık Yönetim A.Ş. and Hayat Varlık Yönetimi A.Ş. for 36 million (total TRY amount) worth.

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NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

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

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

The maturity schedule of loans and advances to customers at 31 March 2018 and 31 December 2017 are summarized below:

	31 March 2018	31 December 2017
Up to 3 months	61.237.892	52.114.105
3 to 12 months	40.547.460	43.286.730
Current	**101.785.352**	**95.400.835**
1 to 5 years	90.748.412	86.445.812
Over 5 years	23.073.299	24.048.361
Non-current	**113.821.711**	**110.494.173**
Total	**215.607.063**	**205.895.008**

The repricing schedule of loans and advances to customers at 31 March 2018 and 31 December 2017 are summarized below:

	31 March 2018	31 December 2017
Up to 3 months	84.461.892	76.335.391
3 to 12 months	50.603.266	48.493.144
1 to 5 years	71.438.048	71.314.084
Over 5 years	9.103.857	9.752.389
Total	**215.607.063**	**205.895.008**

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

NOTE 20 - PAYABLES FROM FINANCE SECTOR OPERATIONS

Banking

	31 March 2018			31 December 2017		
	Demand	**Time**	**Total**	**Demand**	**Time**	**Total**
Saving deposits	18.683.588	93.574.949	112.258.537	17.851.983	89.346.331	107.198.314
Commercial deposits	18.300.490	61.041.224	79.341.714	17.616.473	57.209.394	74.825.867
Bank deposits	1.221.821	11.729.343	12.951.164	1.187.569	12.741.468	13.929.037
Funds provided from repo transactions	-	25.656.830	25.656.830	-	28.850.276	28.850.276
Other	821.799	3.064.285	3.886.084	546.072	3.007.742	3.553.814
Total	**39.027.698**	**195.066.631**	**234.094.329**	**37.202.097**	**191.155.211**	**228.357.308**

Annual effective interest rate of deposit accounts in USD, Euro and TRY are 2,30% (31 December 2017: 1,97%), 0,72% (31 December 2017: 0,49%) and 12,77% (31 December 2017 10,81%).

The following is the analysis of remaining time of debts to deposit and money markets for term and repricing in the agreement as of 31 March 2018 and 31 December 2017:

	31 March 2018	**31 December 2017**
No maturity	36.378.441	35.239.920
Up to 3 months	166.391.744	166.467.421
3 to 12 months	23.410.575	19.360.469
1 to 5 years	7.270.553	6.693.448
Over 5 years	643.016	596.050
Total	**234.094.329**	**228.357.308**

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NOTE 21 - RELATED PARTY DISCLOSURES

Key management personnel compensation:

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

The detailed schedule of compensation paid or payable to key management for the periods ended 31 March 2018 and 2017 are as follows:

	31 March 2018	31 March 2017
Short term benefits	10.008	8.580
Benefits resulted from discharge	1.199	1.620
Other long term benefits	63	65
Total	**11.270**	**10.265**

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

22.1 Financial Instruments and Financial Risk Management

22.1.1 Financial Risk Management

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

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

22.1.1.1 Foreign Exchange Risk

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

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

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

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

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

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations as at 31 March 2018 and 31 December 2017 in terms of TRY are as follows:

	31 March 2018	**31 December 2017**
Assets	169.422.245	161.104.048
Liabilities	(190.987.412)	(182.835.953)
Net foreign currency balance sheet position	**(21.565.167)**	**(21.731.905)**
Off-balance sheet derivative financial instruments position	26.135.166	25.034.376
Net foreign currency balance sheet and off-balance sheet position	**4.569.999**	**3.302.471**

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

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

31 March 2018	**Total TRY Equivalent**	**USD TRY Equivalent**	**EUR TRY Equivalent**	**GBP TRY Equivalent**	**Other TRY Equivalent**
Assets:					
Cash and Cash Equivalents	11.267.172	7.647.034	3.283.347	69.084	267.707
Financial Assets	30.266.231	23.538.413	6.083.030	-	644.788
Receivables from Financial Operations	89.775.952	43.424.563	46.242.322	9.319	99.748
Reserve Deposits at Central Bank	30.705.038	19.971.154	5.217.828	-	5.516.056
Trade Receivables	1.230.881	395.321	669.349	14.438	151.773
Other Current Assets	6.176.971	4.432.624	1.610.124	69	134.154
Total assets	**169.422.245**	**99.409.109**	**63.106.000**	**92.910**	**6.814.226**
Liabilities:					
Funds Borrowed and Debt Securities in Issue	46.734.529	35.716.718	10.809.418	4.295	204.098
Customer Deposits	138.826.260	90.361.753	43.889.854	2.258.448	2.316.205
Trade Payables	538.976	413.614	78.465	918	45.979
Other Payables and Provisions	4.887.647	1.548.211	3.212.499	5.610	121.327
Total liabilities	**190.987.412**	**128.040.296**	**57.990.236**	**2.269.271**	**2.687.609**
Net foreign currency asset/ (liability) position of off-balance sheet derivative	**26.135.166**	**32.458.255**	**(4.481.741)**	**2.181.909**	**(4.023.257)**
Net foreign currency asset/ (liability) position	**4.569.999**	**3.827.068**	**634.023**	**5.548**	**103.360**

Net profit effect of the consolidated to the total net foreign currency position is TRY 192.307 in the long position as of 31 March 2018 (Akbank and Philsa-Philip Morrissa excluded).

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

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

31 December 2017	**Total TRY Equivalent**	**USD TRY Equivalent**	**EUR TRY Equivalent**	**GBP TRY Equivalent**	**Other TRY Equivalent**
Assets:					
Cash and Cash Equivalents	12.318.462	7.893.806	4.145.078	52.544	227.034
Financial Assets	32.180.170	25.185.618	6.392.315	-	602.237
Receivables from Financial Operations	83.896.510	41.048.634	42.768.170	11.770	67.936
Reserve Deposits at Central Bank	26.021.620	15.713.902	5.189.660	-	5.118.058
Trade Receivables	1.121.971	376.046	606.215	8.308	131.402
Other Current Assets	5.565.315	4.003.835	1.376.868	135	184.477
Total assets	**161.104.048**	**94.221.841**	**60.478.306**	**72.757**	**6.331.144**
Liabilities:					
Funds Borrowed and Debt Securities in Issue	45.039.292	32.586.221	12.256.491	4.043	192.537
Customer Deposits	133.504.077	84.394.537	44.909.486	2.020.256	2.179.798
Trade Payables	511.452	335.149	126.560	432	49.311
Other Payables and Provisions	3.781.132	1.378.168	2.238.673	6.000	158.291
Total liabilities	**182.835.953**	**118.694.075**	**59.531.210**	**2.030.731**	**2.579.937**
Net foreign currency asset/ (liability) position of off-balance sheet derivative	**25.034.376**	**26.382.824**	**314.075**	**1.961.391**	**(3.623.914)**
Net foreign currency asset/ (liability) Position	**3.302.471**	**1.910.590**	**1.261.171**	**3.417**	**127.293**

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

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

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

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

The foreign exchange risk of Group companies other than that of the banking segment for the years ended 31 March 2018 and 31 March 2017 is summarized as follows:

31 March 2018	**Profit/loss**	
	Appreciation of foreign currency	**Depreciation of foreign currency**
Change in USD against TRY by 10%		
USD net assets/liabilities	93.021	(93.021)
Hedged items (-)	-	-
USD net effect	**93.021**	**(93.021)**
Change in EUR against TRY by 10%		
EUR net assets/liabilities	11.791	(11.791)
Hedged items (-)	-	-
EUR net effect	**11.791**	**(11.791)**
Change in GBP against TRY by 10%		
GBP net assets/liabilities	465	(465)
Hedged items (-)	-	-
GBP net effect	**465**	**(465)**
Change in other currency against TRY by 10%		
Other currency net assets/liabilities	655	(655)
Hedged items (-)	-	-
Other currency net effect	**655**	**(655)**

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

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

31 March 2017	**Profit/loss**	
	Appreciation of foreign currency	**Depreciation of foreign currency**
Change in USD against TRY by 10%		
USD net assets/liabilities	47.967	(47.967)
Hedged items (-)	-	-
USD net effect	**47.967**	**(47.967)**
Change in EUR against TRY by 10%		
EUR net assets/liabilities	29.086	(29.086)
Hedged items (-)	-	-
EUR net effect	**29.086**	**(29.086)**
Change in GBP against TRY by 10%		
GBP net assets/liabilities	47	(47)
Hedged items (-)	-	-
GBP net effect	**47**	**(47)**
Change in other currency against TRY by 10%		
Other currency net assets/liabilities	(251)	251
Hedged items (-)	-	-
Other currency net effect	**(251)**	**251**

NOTE 23 - EVENTS AFTER THE REPORTING PERIOD

On 6 April 2018 Hacı Ömer Sabancı Holding A.Ş. acquired 6,908,922 lot shares of Çimsa Çimento Sanayi ve Ticaret A.Ş., the equivalent of 5.11% of its capital, for 12.78 TRY per lot. With this acquisition, the share of Çimsa Çimento Sanayi ve Ticaret A.Ş. held by Hacı Ömer Sabancı Holding A.Ş. increased from 49.42% to 54.53%.