

HACI ÖMER SABANCI HOLDİNG A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2020**

(ORIGINALLY ISSUED IN TURKISH)

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**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 2020 AND 31 DECEMBER 2019

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

			Unaudited Current Period	Audited Prior Period
	Note	31 March	31 March	31
	References	2020 USD (*)	2020	December
				2019
ASSETS				
Current Assets		34.602.491	225.469.832	206.970.925
Cash and Cash Equivalents		4.130.184	26.912.279	22.447.203
Financial Investments		4.525.554	29.488.505	28.210.697
- Fair Value Through Profit or Loss	5.a	1.195.083	7.787.160	7.289.522
- Fair Value Through Other Comprehensive Income	5.a	2.641.266	17.210.486	16.750.747
- At Amortised Cost	5.c	689.205	4.490.859	4.170.428
Trade Receivables		261.452	1.703.624	1.625.419
Receivables from Finance Sector Operations	22	17.293.624	112.685.255	117.257.770
Reserve Deposits with the Central Bank of the Republic of Turkey		6.264.940	40.822.348	26.541.745
Other Receivables	8	433.402	2.824.047	2.101.358
Derivative Financial Instruments	21	774.300	5.045.341	3.137.883
Inventories		551.986	3.596.741	3.124.669
Prepaid Expenses		203.532	1.326.217	893.037
Current Tax Assets	20	1.721	11.213	4.733
Other Current Assets	16	131.335	855.780	952.864
		34.572.030	225.271.350	206.297.378
Assets Clasified as Held for Sale	18	30.461	198.482	673.547
Non-current Assets		33.119.136	215.804.293	199.376.954
Financial Assets		10.327.300	67.292.683	62.169.382
- Fair Value Through Other Comprehensive Income	5.b	7.760.348	50.566.427	50.773.699
- At Amortised Cost	5.c	2.566.952	16.726.256	11.395.683
Trade Receivables		78	508	17
Receivables From Finance Sector Operations	22	16.793.408	109.425.844	100.134.183
Other Receivables	8	559.417	3.645.162	3.025.117
Derivative Financial Instruments	21	2.251.087	14.668.083	13.490.781
Investments Accounted Through Equity Method	9	1.093.674	7.126.377	7.335.503
Investment Property		32.525	211.934	191.035
Property, Plant and Equipment	10	1.154.490	7.522.659	7.295.877
Right On Use Assets	12	289.582	1.886.915	1.885.463
Intangible Assets		521.420	3.397.575	3.348.497
- Goodwill	13	229.141	1.493.083	1.475.337
- Other Intangible Asset	11	292.279	1.904.492	1.873.160
Prepaid Expenses		4.456	29.038	21.719
Deferred Tax Assets	20	73.806	480.922	353.154
Other Non-current Assets	16	17.893	116.593	126.226
Total Assets		67.721.627	441.274.125	406.347.879

* USD amounts presented above are translated from TRY for convenience purposes only, at the official TRY Exchange rate announced by CBRT at 31 March 2020, and therefore do not form part of these consolidated financial statements.

These consolidated financial statements have been approved for issue by the Board of Directors on 15 May 2020. 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 2019 AND 31 DECEMBER 2018

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

	Note References	31 March 2020 USD (*)	Unaudited Current Period 31 March 2020	Audited Prior Period 31 December 2019
LIABILITIES				
Current Liabilities		47.466.290	309.290.339	278.812.101
Short Term Borrowings	6	1.356.052	8.836.033	10.342.807
Current Portion of Long Term Borrowings	6	2.335.758	15.219.800	15.005.313
Liabilities From Leasing Transactions	7	51.063	332.725	306.876
Trade Payables		626.536	4.082.511	3.995.658
Payables from Finance Sector Operations	23	41.250.117	268.785.763	237.928.489
Payables related to Employee Benefits		18.041	117.554	62.430
Other Payables	8	839.718	5.471.601	6.078.721
Derivative Financial Instruments	21	370.639	2.415.084	1.790.818
Deferred Income		26.221	170.853	186.978
Income Taxes Payable	20	55.899	364.237	355.895
Short Term Provisions		126.596	824.898	900.438
- Short Term Provisions for Employee Benefits		59.189	385.677	422.063
- Other Short Term Provisions	14	67.407	439.221	478.375
Other Short Term Liabilities	16	409.116	2.665.799	1.854.561
		47.465.756	309.286.858	278.808.984
Liabilities Classified as Held for Sale	18	534	3.481	3.117
Long Term Liabilities		10.138.280	66.061.034	61.058.335
Long Term Borrowings	6	5.330.426	34.733.056	32.736.661
Liabilities From Leasing Transactions	7	260.738	1.698.972	1.677.959
Payables from Finance Sector Operations	23	2.524.299	16.448.334	14.463.018
Other Payables	8	542.810	3.536.952	3.374.173
Derivative Financial Instruments	21	1.305.975	8.509.731	7.271.155
Deferred Income		12.282	80.027	83.279
Long Term Provisions		104.945	683.819	669.814
- Long Term Provisions for Employee Benefits		87.155	567.900	547.820
- Other Long Term Provisions	14	17.790	115.919	121.994
Taxes and Funds Payable		-	-	5.094
Deferred Tax Liabilities	20	49.963	325.560	737.000
Other Long Term Liabilities	16	6.842	44.583	40.182
EQUITY		10.117.057	65.922.752	66.477.443
Equity Attributable To The Parent	17	5.036.066	32.815.016	33.258.317
Share Capital	17	313.138	2.040.404	2.040.404
Adjustments to Share Capital		525.899	3.426.761	3.426.761
Share Premium	17	3.413	22.237	22.237
Treasury shares (-)	17	(29.231)	(190.470)	(190.470)
Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss		(17.381)	(113.252)	(116.253)
- Actuarial Gain/Loss		(17.381)	(113.252)	(116.253)
Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss		(3.072.672)	(423.339)	531.823
- Currency Translation Reserve	17	(2.721.082)	1.867.620	1.688.674
- Gains/Losses on Hedge	17	(221.944)	(1.446.186)	(1.213.290)
- Revaluation Reserve	17	(129.646)	(844.773)	56.439
Restricted Reserves	17	187.658	1.222.777	1.173.886
Retained Earnings		6.929.315	25.636.692	22.590.193
Net Income for the Period		195.927	1.193.206	3.779.736
Non-controlling Interests		5.080.991	33.107.736	33.219.126
TOTAL EQUITY AND LIABILITIES		67.721.627	441.274.125	406.347.879

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**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 2020 AND 2019**

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

	Note References	1 January- 31 March 2020 (USD) (*)	Unaudited Current Period 1 January - 31 March 2020	Unaudited Prior Period 1 January - 31 March 2019
CONTINUING OPERATIONS				
Sales (net)	4	747.551	4.552.636	4.288.335
Cost of Sales (-)	4	(594.919)	(3.623.100)	(3.417.461)
Gross Profit from Non-Financial Operations		152.632	929.536	870.874
Interest,Premium,Commission and Other Income	4	1.490.314	9.076.115	10.662.441
Interest,Premium,Commission and Other Expense (-)	4	(812.581)	(4.948.673)	(6.948.161)
Gross Profit from Financial Operations		677.733	4.127.442	3.714.280
GROSS PROFIT		830.365	5.056.978	4.585.154
General and Administrative Expenses (-)		(372.049)	(2.265.803)	(1.854.245)
Marketing Expenses (-)		(96.303)	(586.491)	(555.272)
Research and Development Expenses (-)		(1.010)	(6.152)	(2.678)
Other Income from Operating Activities		149.643	911.334	334.346
Other Expense from Operating Activities (-)		(134.401)	(818.509)	(291.982)
Share of Profit of Investments Accounted for Using the Equity Method	9	80.339	489.271	384.638
OPERATING PROFIT		456.584	2.780.628	2.599.961
Income from Investing Activities		894	5.444	21.550
Expense from Investing Activities (-)		(82)	(497)	(439)
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		457.396	2.785.575	2.621.072
Financial Income	19	4.258	25.931	27.605
Financial Expenses (-)	19	(41.641)	(253.595)	(275.810)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS		420.013	2.557.911	2.372.867
Tax Expense from Continuing Operations				
Current Tax Expense	20	(52.609)	(320.395)	(106.877)
Deferred Tax Income/(Expense)	20	(25.824)	(157.268)	(338.025)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		341.580	2.080.248	1.927.965
DISCONTINUED OPERATIONS				
Income After Tax From Discontinued Operations	18	(4)	(23)	(22)
PROFIT FOR THE PERIOD		341.576	2.080.225	1.927.943
ALLOCATION OF PROFIT				
- Non-controlling Interests		145.650	887.019	870.931
- Owner of the Company		195.927	1.193.206	1.057.012
Earnings per share				
- hundredss of ordinary shares (TRY)		0,10	0,58	0,52
Earnings per share from continuing operations				
- hundredss of ordinary shares (TRY)		0,10	0,58	0,52

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HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2019 AND 2018

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

	Note References	Unaudited Current Period 1 January - 31 March 2020	Unaudited Prior Period 1 January - 31 March 2019
INCOME FOR THE PERIOD		2.080.225	1.927.943
Other Comprehensive Income / (Loss):			
Items that will not be Reclassified			
To Profit or Loss	20	1.059	(12.394)
Actuarial (losses) / gains		(3.856)	(12.212)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax		4.915	(182)
Items that will be Reclassified			
To Profit or Loss		(1.941.558)	(588.151)
Fair value gains/(losses) from financial assets through other comprehensive income		(2.099.258)	(806.968)
Currency translation differences	20	471.013	319.920
Cash flow hedges, after tax		70.301	69.424
Loss from the derivative financial assets related to the hedging of net investment in a foreign operation, after tax		(134.410)	(67.068)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax		(249.204)	(103.459)
OTHER COMPREHENSIVE INCOME (AFTER TAX)	20	(1.940.499)	(600.545)
TOTAL COMPREHENSIVE INCOME		139.726	1.327.398
ALLOCATION OF TOTAL COMPREHENSIVE INCOME			
- Non-controlling Interests		(101.319)	569.128
- Equity Holders of the Parent		241.045	758.270

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2020 AND 2019

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

	Accumulated Other Comprehensive Income or Loss That Will														
	Share capital	Adjustment to share capital	Treasury Shares (-)	Share Premium	Not be reclassified	Be reclassified				Restricted reserve	Retained earnings	Net income for the year	Equity attributable to the parent	Non-controlling interest	Total
					Actuarial gains / losses	Currency translation reserve	Hedge reserve	Revaluation funds							
Balance at 1 January 2019	2.040.404	3.426.761	(190.470)	22.237	(74.784)	1.382.776	(535.681)	(1.217.928)	1.050.078	19.556.239	3.830.335	29.289.967	27.105.829	56.395.796	
Transfers	-	-	-	-	-	-	-	-	86.710	3.743.625	(3.830.335)	-	-	-	
Dividends (*)	-	-	-	-	-	-	-	-	-	(660.845)	-	(660.845)	(112.462)	(773.307)	
Capital increase (**)	-	-	-	-	-	-	-	-	-	-	-	-	1.780.902	1.780.902	
Total comprehensive income	-	-	-	-	(5.415)	141.896	(69.286)	(365.937)	-	-	1.057.012	758.270	569.128	1.327.398	
Balances at 31 March 2019	2.040.404	3.426.761	(190.470)	22.237	(80.199)	1.524.672	(604.967)	(1.583.865)	1.136.788	22.639.019	1.057.012	29.387.392	29.343.397	58.730.789	
Balance at 1 January 2020	2.040.404	3.426.761	(190.470)	22.237	(116.253)	1.688.674	(1.213.290)	56.439	1.173.886	22.590.193	3.779.736	33.258.317	33.219.126	66.477.443	
Transfers	-	-	-	-	-	-	-	-	48.891	3.730.845	(3.779.736)	-	-	-	
Dividends (*)	-	-	-	-	-	-	-	-	-	(684.346)	-	(684.346)	(10.071)	(694.417)	
Total comprehensive income	-	-	-	-	3.001	178.946	(232.896)	(901.212)	-	-	1.193.206	241.045	(101.319)	139.726	
Balances at 31 March 2020	2.040.404	3.426.761	(190.470)	22.237	(113.252)	1.867.620	(1.446.186)	(844.773)	1.222.777	25.636.692	1.193.206	32.815.016	33.107.736	65.922.752	

(*) Dividends paid by the Holding per share with a TRY1 nominal value is TRY0.33 (2019: TRY0.30).

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

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**HACI ÖMER SABANCI HOLDİNG A.Ş.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31
MARCH 2020 AND 2019**

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

	Notes	Unaudited 1 January - 31 March 2020	Unaudited 1 January - 31 March 2019
Net income before tax from continuing operations		2.557.911	2.372.867
Net income before tax from discontinued operations		(23)	(22)
Adjustments to reconcile income before taxation to net cash provided by operating activities:			
Depreciation and amortization expenses	4	386.887	334.362
Provision for loan losses		1.196.416	1.293.790
Changes in the fair value of derivative instruments		(1.392.768)	(2.802.528)
Interest income and foreign currency gains		(2.138.770)	1.242.321
Interest expense		329.761	91.145
Provision for employment termination benefits		41.163	155.393
Impairment charge on property, plant and equipment, intangible assets and investment property		(1.072)	3.660
Impairment an assets held for sale		477.421	-
Income from sale of property, plant and equipment, intangible assets and investment property		(4.275)	(16.236)
Income from associates and joint ventures		(489.271)	(384.638)
Provision for / (reversal of) inventory impairment		3.974	3.694
Provision for / (reversal of) doubtful receivables		1.925	31.894
Unrealized foreign currency translation differences		(15.106)	(26.177)
Net cash provided by operating activities before changes in operating assets and liabilities		954.173	2.299.525
Changes in trade receivables		(80.621)	(44.933)
Changes in inventories		(475.200)	(248.436)
Changes in other receivables and other current assets		(1.366.586)	340.700
Changes in trade payables		86.853	315.069
Changes in other liabilities and other payables		(436.613)	1.034.508
Net cash provided in operating activities of assets classified as held for sale		36.581	8.436
Change in assets and liabilities in finance segment:			
Changes in securities held for trading		(498.550)	(168.318)
Changes in receivables from finance sector operations		(5.318.896)	(9.384.024)
Changes in payables from finance sector operations		33.070.628	23.701.982
Changes in Centrl Bank of the Republic of Turkey account		(16.522.717)	(6.647.272)
Income taxes paid	20	(399.147)	(107.205)
Employment termination benefits paid		(24.385)	(28.510)
Net cash provided from operating activities		9.025.520	11.071.522
Capital expenditures	4	(403.859)	(263.215)
Sale / (purchase) of available for sale and held to maturity financial assets		(8.771.037)	(7.389.910)
Proceeds from sale of nuncurrent assets held for sale, property, plant and equipment		78.615	44.053
Dividends received		143.485	174.347
Net cash provided from / (used in) investing activities		(8.952.796)	(7.434.725)
Cash inflow from financial liabilities		269.092	4.133.543
Share capital increase of subsidiaries		-	1.780.902
Dividends paid to noncontrolling interests		-	(18.967)
Net cash provided from / (used in) financing activities		269.092	5.895.478
Effect of change in foreign currency rates on cash and cash equivalents		1.881.579	(2.837.539)
Net increase / (decrease) in cash and cash equivalents		2.223.395	6.694.736
Cash and cash equivalents in the beginning of the period (*)		18.525.274	18.654.340
Cash and cash equivalents at the end of the period		20.748.669	25.349.076

(*) Cash and cash equivalents at the end of the period comprise interest accruals of TRY 4.757 (31 December 2019: TRY 5.190). At the beginning and at the end of the current period, restricted deposit is TRY 3.916.739 and TRY 6.158.853, respectively (31 December 2019: TRY 5.002.895 and TRY 3.916.739 respectively)

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HACI ÖMER SABANCI HOLDİNG A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD ENDED 31 MARCH 2020**

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

NOTE 1 - 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 2020 is 61.898 (31 December 2019: 62.051). Holding's registered address is as follows:

Sabancı Center, 4. Levent, İstanbul, Türkiye.

The Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on Borsa İstanbul ("BİST") (previously known as the Istanbul Stock Exchange ("ISE")) since 1997. As of 31 March 2020, the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 14):

	(%)
Sakıp Sabancı Holding A.Ş.	14,07
Serra Sabancı	7,22
Suzan Sabancı Dinçer	6,94
Çiğdem Sabancı Bilen	6,94
Diğer	64,83
	100,00

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

Subsidiaries

As of 31 March 2020, 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	16.529
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefoursa")	BİST	Trade	Retail	12.588
Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	BİST	Trade	Retail	2.384
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	BİST	Cement	Cement	2.296
Kordsa Teknik Tekstil Anonim Şirketi ("Kordsa")	BİST	Tire reinforcement	Industry	4.512
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa")	-	Trade	Other	51
Ankara Enternasyonel Otelcilik A.Ş. ("AEO")	-	Tourism	Other	2
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. ("Tursa")	-	Tourism	Other	3
Sabancı Dijital Teknoloji Hizmetleri A.Ş. ("SabancıDX")	-	Information Technology	Other	189

All affiliates are registered in Turkey.

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

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NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Joint Ventures

As of 31 March 2020, the nature of business and operating segments of the Joint Ventures which are accounted through equity method in the consolidated financial statements are as follows:

Joint Ventures	Traded Stock Market	Type of Activity	Business Segment	Ventures	Number of Employees
Aksigorta A.Ş. ("Aksigorta")	BİST	Insurance	Insurance	Ageas	664
Avivasa Emeklilik ve Hayat A.Ş. ("Avivasa")	BİST	Pension and Insurance	Insurance	Aviva	1.712
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa")	BİST	Tire	Industry	Bridgestone	2.947
Akçansa Çimento Sanayi ve Ticaret A.Ş. ("Akçansa")	BİST	Cement	Cement	Heidelberg	2.089
Enerjisa Enerji A.Ş. ("Enerjisa Enerji")	BİST	Energy	Energy	E.ON SE	11.459
Enerjisa Üretim Santralleri A.Ş. ("Enerjisa Üretim")	-	Energy	Energy	E.ON SE	1.081

All the Joint Ventures are registered in Turkey.

Associates

As at 31 March 2020, the nature of business and operating segments of the Affiliates which are accounted through equity method in the consolidated financial statements are as follows:

Joint Ventures	Traded Stock Market	Type of Activity	Business Segment	Ventures	Number of Employees
Philisa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (Philisa)	-	Tobacco products production	Industry	Philip Morris	2.877
Philip Morris Sabancı Pazarlama Satış A.Ş. ("Philip Morrissa")	-	Tobacco products Marketing and sales	Industry	Philip Morris	

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

All the Joint Ventures are registered in Turkey.

The COVID-19 pandemic caused serious effects on health systems and the economy as the virus spread to the world in the first quarter of 2020, widespread closure of businesses and unprecedented constraints in social interactions have significantly affected economic activity. Countries have taken measures to slow the spread of the pandemic, such as testing and treating patients, applying travel restrictions, quarantining citizens and canceling large meetings. Along with these social measures, comprehensive financial measures were taken simultaneously to reduce the negative effects on the economic outlook. Similarly, Turkey has implemented health and safety measures to support the households; fiscal and monetary measures to support the companies and regulators. Additional measures are being announced to tackle adverse impacts on companies and certain sectors. A limited time has passed to evaluate the reflections of the measures taken on economic activity regarding the reporting period that ended on March 31, 2020. The Group management closely monitors all developments and takes the necessary measures to effectively manage the negative effects of the COVID-19 outbreak on the Group's consolidated financial position, consolidated financial performance and consolidated cash flows. The Group management believes that despite the uncertain economic outlook, it can successfully manage its commercial risks and liquidity reserves.

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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.

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

2.1 Basis of Presentation (Continued)

2.1.2 New and Revised Turkish Accounting Standards

a) Standards, amendments and interpretations applicable as at 31 March 2020:

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

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

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

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

2.1 Basis of Presentation (Continued)

2.1.2 New and Revised Turkish Accounting Standards (continued)

a) Standards, amendments and interpretations applicable as at 31 March 2020 (continued):

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.

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

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

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

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

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

2.1 Basis of Presentation (Continued)

2.1.2 New and Revised Turkish Accounting Standards (continued)

a) Standards, amendments and interpretations applicable as at 31 March 2020 (continued):

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

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

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

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

(b) Standards, amendments and interpretations that are issued but not effective as at 31 March 2020::

IFRS 17, 'Insurance contracts'; effective from annual periods beginning on or after 1 January 2022. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Basis of Consolidation

a) The consolidated financial statements include the accounts of the parent company, Hacı Ömer Sabancı Holding A.Ş., its Subsidiaries and Joint Ventures (collectively referred to as the "Group") on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared at the date of the consolidated financial statements, and are prepared in accordance with CMB Financial Reporting Standards as explained in Note 2.1.1. The result of operations of Subsidiaries, Joint Ventures and Associates are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.

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

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

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

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Basis of Consolidation (Continued)

The table below sets out all consolidated Subsidiaries and shows the proportion of ownership interest and the effective interest of the Holding in these subsidiaries at 31 March 2020 and 31 December 2019:

	31 March 2020		31 December 2019	
	Direct and indirect ownership interest by the Holding and its subsidiaries	Proportion of ownership interest	Direct and indirect ownership interest by the Holding and its Subsidiaries	Proportion of ownership interest
Joint Ventures	(%)	(%)	(%)	(%)
AEO	76,85	76,85	76,85	76,85
Akbank	40,75	40,75	40,75	40,75
SabancıDX	100,00	100,00	100,00	100,00
Çimsa	63,52	58,10	63,52	58,10
Exsa	61,68	47,90	61,68	47,90
Kordsa	71,11	71,11	71,11	71,11
Teknosa	60,28	60,28	60,28	60,28
Tursa	100,00	100,00	100,00	100,00
Carrefoursa	50,61	50,61	50,61	50,61

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

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Basis of Consolidation (Continued)

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

The table below sets out the Joint Ventures and shows the proportion of ownership interest and effective interest of the Holding in these Joint Ventures at 31 March 2020 and 31 December 2019:

	31 March 2020		31 December 2019	
	Direct and indirect ownership interest by the Holding and its subsidiaries	Proportion of ownership interest	Direct and indirect ownership interest by the Holding and its Subsidiaries	Proportion of ownership interest
Joint Ventures	(%)	(%)	(%)	(%)
Akçansa	39,72	39,72	39,72	39,72
Aksigorta	36,00	36,00	36,00	36,00
Avivasa	40,00	40,00	40,00	40,00
Brisa	43,63	43,63	43,63	43,63
Enerjisa Enerji	40,00	40,00	40,00	40,00
Enerjisa Üretim	50,00	50,00	50,00	50,00

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

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Basis of Consolidation (Continued)

The table below sets out all Associates and shows the total interest of the Holding in these associates at 31 March 2020 and 31 December 2019.

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

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

2.1.4 Offsetting

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

2.1.5 Comparatives and Restatement of Prior Year Financial Statements

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 2020 comparatively with the consolidated balance sheet as of 31 December 2019; presented the consolidated statement of profit or loss as of 31 March 2020 comparatively with the consolidated statement of profit or loss as of 31 March 2019, statement of cash flows and statement of changes in equity for the year 1 January-31 March 2020 comparatively with the year 1 January-31 March 2019.

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

2.2 Changes in Accounting Policies and Estimates and Errors

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

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

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

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

2.2.1. IFRS 16 Leases

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

The Group – as a lessee

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

- a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and.
- d) the Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:

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

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

2.2.1. IFRS 16 Leases (continued)

- i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
- ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

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

Right of use asset

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

- a) amount of the initial measurement of the lease liability;
- b) any lease payments made at or before the commencement date, less any lease incentives received;
- c) any initial direct costs incurred by the Group; and
- d) The costs assumed by the Group related to the restoration of the underlying asset to bring it in line with the terms and conditions of the lease (except those assumed for manufacturing inventory).

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

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

The Group applies IAS 16 "Property, Plant and Equipment" to amortize the right of use asset and to assess for any impairment.

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

Lease Liability

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

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

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

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

2.2.1. IFRS 16 Leases (Continued)

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

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

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

Extension and termination options

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

Variable lease payments

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

Facilitative practices

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

The Group - as a lessor

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

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

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

2.3 Summary of Significant Accounting Policies

For the period ended 31 March 2020, the Group prepared its financial statements in accordance with TAS 34 Interim Financial Reporting Standard. The condensed interim consolidated financial statements do not contain all information required to be included in the annual financial statements and should be read in conjunction with the annual financial statements prepared as of 31 December 2019.

2.3.1 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).

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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.

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NOTE 3 - BUSINESS COMBINATIONS

The business combinations between the period 1 January and 31 March 2020 are as follows

None.

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

Kordsa Inc., residing in the USA and a 100% subsidiary of the Group, completed the acquisition of 95.86% of Axiom Materials Acquisition LLC on 23 July 2019, which provides advanced composite materials for next generation transportation vehicles as well as the space and aeronautics industry and was wholly owned by Axiom Materials Holdings LLC (Axiom), for USD3,493,365 and USD178,323,365 in cash and operating capital adjustments. The position of Axiom as a strong company offering high-quality composite production in the market and the fact that this company will add value to the Group's growth targets in the composite sector; forms the basis for the goodwill amount. Under the assumption that the acquisitions of Axiom, if purchased on January 1, 2019, consolidated revenue would have been impacted by TRY 36,243,057 (full amount) positively; consolidated profit would have been impacted by TRY 36.243.057 (full amount) negatively.

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

The purchase fee, recognised assets and liabilities on the date of acquisition:

	Axiom Materials (Full TRY)
Intangible assets purchased	408,124,800
Other assets purchased	130,595,623
Liability purchased	(31,045,799)
Total identified net assets	507,674,624
Cash purchase fee	1,010,827,634
Cash and cash-like values acquired	11,881,892
Net cash outflow	998,945,743

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

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

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NOTE 4 - SEGMENT REPORTING

Holding key management reviews the results and performance of its reportable operating segments based on EBITDA (earnings before interest, foreign currency gains and losses and due date income and expenses as part of other operating income and expenses and depreciation and 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 2020	1 January - 31 March 2019
Banking	9.076.115	10.662.441
Industry	1.198.970	1.705.760
Retail	2.815.590	2.215.223
Cement	411.645	336.086
Other	126.431	31.266
Total (*)	13.628.751	14.950.776

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

b) Segment assets (Consolidated):

	31 March 2020	31 December 2019
Banking	419.002.424	384.499.463
Industry	7.275.732	7.223.360
Retail	5.567.195	5.335.597
Cement	4.181.026	3.573.333
Other	3.702.778	2.991.852
Segment assets	439.729.155	403.623.605
Assets classified as held for sale	198.482	673.547
Investments accounted through equity method (Note 9)	7.126.377	7.335.503
Unallocated assets	(237.555)	(638.417)
Less: intersegment eliminations	(5.542.334)	(4.646.359)
Total assets as per consolidated financial statements	441.274.125	406.347.879

c) Segment liabilities (Consolidated):

	31 March 2020	31 December 2019
Banking	366.389.851	332.159.983
Industry	4.412.737	4.412.665
Retail	6.185.253	5.828.136
Cement	2.998.564	2.358.618
Other	1.111.681	351.883
Segment liabilities	381.098.086	345.111.285
Liabilities related with asset classified as held for sale	3.481	3.117
Unallocated liabilities	(209.333)	(614.007)
Less: intersegment eliminations	(5.540.861)	(4.629.959)
Total liabilities as per consolidated financial statements	375.351.373	339.870.436

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NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment:

i) Banking:

	Combined(*)	Consolidated(**)	Combined(*)	Consolidated(**)
	31 March 2020	31 March 2020	31 December 2019	31 December 2019
Cash and cash equivalents	26.347.005	26.347.005	21.358.331	21.358.331
Financial assets	96.750.555	96.750.555	90.363.657	90.363.657
Derivative financial instruments	19.608.736	19.608.736	16.517.763	16.517.763
Reserve deposits with the Central Bank of Republic of Turkey	40.822.348	40.822.348	26.541.745	26.541.745
Receivables from finance sector operations	223.760.472	223.760.472	219.209.537	219.209.537
Property, plant and equipment	2.147.413	2.147.413	2.010.687	2.010.687
Right of use assets	632.980	632.980	625.584	625.584
Intangible assets	965.995	965.995	953.188	953.188
Other receivables and other assets	8.156.715	8.156.715	7.585.038	7.585.038
Total segment assets	419.192.219	419.192.219	385.165.530	385.165.530
Financial liabilities	54.144.202	54.144.202	54.529.896	54.529.896
Payables from finance sector operations	289.077.591	289.077.591	255.155.638	255.155.638
Derivative financial instruments	10.867.794	10.867.794	8.945.703	8.945.703
Other payables and other liabilities	12.300.264	12.300.264	13.528.746	13.528.746
Total segment liabilities	366.389.851	366.389.851	332.159.983	332.159.983

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

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

As of 31 March 2020, the cash flows from operating activities of the Bank is TRY 9.418.187 (31 March 2019: TRY 13.024.763).

As of 31 March 2020, the cash flows from investing activities of the Bank is TRY (6.680.199) (31 March 2019: TRY (7.283.982)).

As of 31 March 2020, the cash flows from financing activities of the Bank is TRY (1.324.893) (31 March 2019: TRY 7.111.371).

Banking segment consists of Akbank. Akbank's accumulated non-controlling interests calculated from its financial statements amount to TRY 31.285.403 as of 31 March 2020 (31 December 2019: TRY 31.405.787).

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NOTE 4 - SEGMENT REPORTING (Continued)

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

ii) Financial Services:

	Combined(*) 31 March 2020	Consolidated(**) 31 March 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	2.461.131	-	2.925.064	-
Financial assets	3.002.651	-	2.639.316	-
Receivables from finance sector operations	1.074.902	-	1.003.875	-
Investments accounted through equity method (Note 9)	-	491.855	-	608.612
Property, plant and equipment	51.062	-	50.599	-
Right of use assets	60.041	-	61.862	-
Intangible assets	123.608	-	119.104	-
Other receivables and other assets	3.825.892	-	3.584.901	-
Total segment assets	10.599.287	491.855	10.384.721	608.612
Payables from finance sector operations	8.744.471	-	8.220.517	-
Other payables and other liabilities	590.804	-	589.182	-
Total segment liabilities	9.335.275	-	8.809.699	-

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

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

Insurance segment consists of Aksigorta and Avivasa.

The financial services section includes the results of Aksigorta and Avivasa companies.

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NOTE 4 SEGMENT REPORTING (Continued)

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

iii) Energy:

	Combined(*) 31 March 2020	Consolidated(**) 31 March 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	2.694.701	-	1.445.263	-
Financial investments	155.952	-	122.545	-
Trade receivables	3.855.986	-	3.622.499	-
Inventories	315.953	-	291.798	-
Investments accounted through equity method (Note 9)	-	5.625.437	-	5.763.312
Property, plant and equipment	10.095.016	-	10.129.083	-
Right of use assets	229.374	-	215.695	-
Intangible assets	5.215.855	-	5.279.489	-
Other receivables and other assets	16.435.577	-	15.865.366	-
Total segment assets	38.998.414	5.625.437	36.971.738	5.763.312
Financial liabilities	17.614.556	-	15.674.359	-
Trade payables	1.969.761	-	3.078.322	-
Other payables and other liabilities	6.851.272	-	5.327.626	-
Total segment liabilities	26.435.589	-	24.080.307	-

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

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

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

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NOTE 4 SEGMENT REPORTING (Continued)

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

iv) Industry:

	Combined(*) 31 March 2020	Consolidated(**) 31 March 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	1.200.856	409.515	1.522.232	729.637
Financial investments	129.837	572	102.283	586
Trade receivables	1.931.507	1.003.260	1.637.792	969.211
Inventories	1.984.164	1.336.983	1.865.732	1.231.051
Investments accounted through equity method (Note 9)	231.817	665.869	200.670	592.049
Property, plant and equipment	4.134.376	2.310.602	4.065.751	2.220.492
Right of use assets	112.174	92.235	98.500	83.802
Intangible assets	905.413	816.967	878.506	797.889
Other receivables and other assets	3.043.199	1.314.156	2.653.596	1.198.041
Total segment assets	13.673.343	7.950.159	13.025.062	7.822.758
Financial liabilities	6.415.009	2.994.250	6.291.380	3.114.110
Trade payables	1.662.125	675.296	1.643.553	620.287
Other payables and other liabilities	1.482.852	746.672	1.158.872	681.385
Total segment liabilities	9.559.986	4.416.218	9.093.805	4.415.782

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

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

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

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NOTE 4 - SEGMENT REPORTING (Continued)

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

v) Retail:

	Combined(*) 31 March 2020	Consolidated(**) 31 March 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	607.388	607.388	544.168	544.168
Trade receivables	140.190	140.190	130.564	130.356
Inventories	1.843.049	1.843.049	1.648.050	1.648.050
Investment property	29.222	29.222	29.222	29.222
Property, plant and equipment	683.901	683.901	697.516	697.516
Right of use assets	1.097.217	1.097.217	1.116.579	1.116.579
Intangible assets	81.857	81.857	82.865	82.865
Other receivables and other assets	1.023.535	1.084.371	1.025.798	1.086.841
Total segment assets	5.506.359	5.567.195	5.274.762	5.335.597
Financial liabilities	3.006.739	3.006.739	2.525.031	2.525.031
Trade payables	2.795.016	2.795.016	2.921.264	2.921.264
Other payables and other liabilities	383.497	383.498	381.841	381.841
Total segment liabilities	6.185.252	6.185.253	5.828.136	5.828.136

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

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

Retail segment consists of Teknosa and Carrefoursa.

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NOTE 4 - SEGMENT REPORTING (Continued)

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

vi) Building Materials:

	Combined(*) 31 March 2020	Consolidated(**) 31 March 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	1.047.676	756.319	419.392	267.351
Financial assets	185.224	64	185.224	64
Trade receivables	819.398	514.273	830.052	460.976
Inventories	463.194	263.657	365.985	184.774
Investments accounted through equity method (Note 9)	-	343.216	-	371.530
Property, plant and equipment	2.986.168	2.147.030	2.952.999	2.129.718
Right of use assets	134.680	47.660	123.313	41.664
Intangible assets	59.087	17.411	60.539	18.035
Other receivables and other assets	669.559	434.740	686.256	470.882
Total segment assets	6.364.986	4.524.370	5.623.760	3.944.994
Financial liabilities	2.977.564	2.312.536	2.177.285	1.700.831
Trade payables	812.646	444.699	701.774	346.018
Other payables and other liabilities	395.580	241.329	461.966	311.769
Total segment liabilities	4.185.790	2.998.564	3.341.025	2.358.618

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

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

Building materials segment consists of Çimsa and Akçansa.

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NOTE 4 - SEGMENT REPORTING (Continued)

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

vii) Other:

	Combined(*) 31 March 2020	Consolidated(**) 31 March 2020	Combined(*) 31 December 2019	Consolidated(**) 31 December 2019
Cash and cash equivalents	2.635.547	2.635.547	2.312.456	2.312.456
Financial assets	12.969.354	29.997	12.964.462	25.104
Trade receivables	71.482	71.179	97.234	96.260
Inventories	153.052	153.052	60.794	60.794
Property, plant and equipment	246.466	210.402	254.943	218.879
Right of use assets	16.823	16.823	17.834	17.834
Intangible assets	22.297	22.297	21.218	21.218
Other receivables and other assets	564.897	563.481	224.267	239.307
Total segment assets	16.679.918	3.702.778	15.953.208	2.991.852
Financial liabilities	25.925	25.925	31.509	31.509
Trade payables	185.045	184.486	136.725	135.365
Other payables and other liabilities	911.870	901.270	194.809	185.009
Total segment liabilities	1.122.840	1.111.681	363.043	351.883

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

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

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

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NOTE 4 - SEGMENT REPORTING (Continued)

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

	1 January - 31 March 2020			1 January - 31 March 2019		
	Total Consolidation of Segments Before Elimination	Elimination Consolidation Adjustments	Consolidated	Total Consolidation of Segments Before Elimination	Elimination Consolidation Adjustments	Consolidated
Total revenue	13.705.307	(76.556)	13.628.751	15.037.936	(87.160)	14.950.776
Cost of sales and interest, premiums, commissions and other expenses	(8.775.548)	203.775	(8.571.773)	(10.525.883)	160.261	(10.365.622)
General administration expenses	(2.287.421)	21.618	(2.265.803)	(1.902.182)	47.937	(1.854.245)
Sales, marketing and distribution expenses	(586.491)	-	(586.491)	(555.339)	67	(555.272)
Research and development expenses	(6.153)	1	(6.152)	(2.679)	1	(2.678)
Other operating income/(expense) - net	90.324	2.501	92.825	39.341	3.023	42.364
Interest in income of joint ventures	489.272	(1)	489.271	384.639	(1)	384.638
Operating profit	2.629.290	151.338	2.780.628	2.475.833	124.128	2.599.961
Income/(expense) from investing activities – net	197.666	(192.719)	4.947	179.520	(158.409)	21.111
Operating profit before financial expense	2.826.956	(41.381)	2.785.575	2.655.353	(34.281)	2.621.072
Financial income/(expense) – net	(274.688)	47.024	(227.664)	(286.372)	38.167	(248.205)
Income before tax	2.552.268	5.643	2.557.911	2.368.981	3.886	2.372.867
Tax	(477.664)	1	(477.663)	(444.904)	2	(444.902)
Profit/(loss) after tax from discontinued operations	(23)	-	(23)	(22)	-	(22)
Income for the period	2.074.581	5.644	2.080.225	1.924.055	3.888	1.927.943
Net income attributable to equity holders of the parent			1.193.206			1.057.012

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NOTE 4 - SEGMENT REPORTING (Continued)

f) The income statement items by segment:

i) Banking:

	Combined(*) 31 March 2020	Consolidated(**) 31 March 2020	Combined(*) 31 March 2019	Consolidated(**) 31 March 2019
Interest, commission and other income	9.128.718	9.128.718	10.698.099	10.698.099
Interest, commission and other expenses	(5.148.340)	(5.148.340)	(7.106.491)	(7.106.491)
General administration expenses	(2.059.053)	(2.059.053)	(1.685.690)	(1.685.690)
Other operating income/(expense) - net	106.039	106.039	43.710	43.710
Operating profit	2.027.364	2.027.364	1.949.628	1.949.628
Income/(expense) from investing activities - net	235	235	3.993	3.993
Income before tax	2.027.599	2.027.599	1.953.621	1.953.621
Tax	(472.062)	(472.062)	(442.985)	(442.985)
Net income	1.555.537	1.555.537	1.510.636	1.510.636
Net income attributable to equity holders of the parent		633.880		615.583
EBITDA	2.179.867		2.071.158	

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

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

Akbank's net income attributable to non-controlling interest is TRY 921.656 (31 March 2019: TRY 895.053).

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NOTE 4 - SEGMENT REPORTING (Continued)

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

ii) Financial Services:

	Combined(*) 31 March 2020	Consolidated(**) 31 March 2020	Combined(*) 31 March 2019	Consolidated(**) 31 March 2019
Gross premiums	962.831	-	641.977	-
- Gross written premiums	1.561.533	-	1.235.648	-
- Unearned premiums reserves	(598.702)	-	(593.671)	-
Premiums, commission and other expenses	(884.917)	-	(596.157)	-
General administration expenses	(166.345)	-	(147.281)	-
Other operating income/(expense) - net	298.437	-	289.724	-
Interest in income of joint ventures (Note 9)	-	65.881	-	49.817
Operating profit	210.006	65.881	188.263	49.817
Income/(expense) from investing activities – net	12.474	-	(465)	-
Operating profit before financial expense	222.480	65.881	187.798	49.817
Financial income/(expense) – net	(13.341)	-	(16.796)	-
Profit before tax	209.139	65.881	171.002	49.817
Tax	(37.299)	-	(39.239)	-
Net income	171.840	65.881	131.763	49.817
Net income attributable to equity holders of the parent		65.881		49.817
EBITDA	223.284		168.677	

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

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NOTE 4 - SEGMENT REPORTING (Continued)

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

iii) Energy:

	Combined(*) 31 March 2020	Consolidated(**) 31 March 2020	Combined(*) 31 March 2019	Consolidated(**) 31 March 2019
Sales revenue (net)	7.864.722	-	5.831.139	-
Cost of sales	(5.660.372)	-	(4.014.954)	-
General administration expenses	(638.840)	-	(534.614)	-
Other operating income/(expense) - net	(54.606)	-	41.970	-
Interest in income of joint ventures (Note 9)	-	368.960	-	320.648
Operating profit/(loss)	1.510.904	368.960	1.323.541	320.648
Income / (expense) from investment activities –net	57	-	-	-
Finance income/(expense) –net	(560.430)	-	(472.411)	-
Operating profit before financial expense	950.531	368.960	851.130	320.648
Tax	(144.396)	-	(150.350)	-
Net income	806.135	368.960	700.780	320.648
Net income attributable to equity holders of the parent		368.960		320.648
EBITDA	1.768.448		1.502.971	

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

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NOTE 4 - SEGMENT REPORTING (Continued)

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

iv) Industry:

	Combined(*) 31 March 2020	Consolidated(**) 31 March 2020	Combined(*) 31 March 2019	Consolidated(**) 31 March 2019
Sales revenue (net)	2.175.872	1.198.970	2.482.407	1.705.785
Cost of sales	(1.702.500)	(983.726)	(1.978.031)	(1.378.230)
General administration expenses	(115.229)	(69.734)	(114.036)	(92.749)
Marketing expenses	(122.112)	(52.756)	(184.193)	(110.003)
Research and development expenses	(5.395)	(4.716)	(2.552)	(2.328)
Other operating income/(expense) - net	(12.965)	27.470	35.313	72.739
Interest in income of joint ventures (Note 9)	30.974	64.233	7.502	6.343
Operating profit	248.645	179.741	246.410	201.557
Income/(expense) from investing activities – net	1.236	1.230	1.076	1.097
Operating profit before financial expense	249.881	180.971	247.486	202.654
Financial income/(expense) – net	(77.175)	(49.425)	(162.786)	(113.420)
Income before tax	172.706	131.546	84.700	89.234
Tax	(3.683)	(5.495)	(10.605)	(13.766)
Profit after tax from discontinued operations	(23)	(23)	(22)	(22)
Net income	169.000	126.028	74.073	75.446
Net income attributable to equity holders of the parent		106.161		48.110
EBITDA	388.622		310.474	

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

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

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NOTE 4 - SEGMENT REPORTING (Continued)

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

v) Retail:

	Combined(*) 31 March 2020	Consolidated(**) 31 March 2020	Combined(*) 31 March 2019	Consolidated(**) 31 March 2019
Sales revenue (net)	2.819.210	2.818.194	2.217.177	2.216.658
Cost of sales	(2.176.299)	(2.175.288)	(1.696.687)	(1.696.187)
General administration expenses	(62.396)	(62.358)	(57.209)	(55.466)
Marketing expenses	(521.997)	(521.997)	(440.276)	(440.276)
Other operating income/(expense) - net	(66.516)	(66.516)	(89.604)	(89.604)
Operating profit	(7.998)	(7.965)	(66.599)	(64.875)
Income/(expense) from investing activities – net	(355)	(355)	(228)	(228)
Operating profit before financial expense	(8.353)	(8.320)	(66.827)	(65.103)
Financial income/(expense) – net	(145.700)	(145.700)	(125.220)	(125.220)
Income before tax	(154.053)	(154.020)	(192.047)	(190.323)
Tax	28.058	28.058	40.156	40.156
Net income/(loss)	(125.995)	(125.962)	(151.891)	(150.167)
Net income/(loss) attributable to equity holders of the parent		(66.754)		(81.922)
EBITDA	168.567		130.418	

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

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NOTE 4 - SEGMENT REPORTING (Continued)

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

vi) Building materials:

	Combined(*) 31 March 2020	Consolidated(**) 31 March 2020	Combined(*) 31 March 2019	Consolidated(**) 31 March 2019
Sales revenue (net)	796.637	411.678	743.510	336.190
Cost of sales	(711.091)	(345.909)	(641.891)	(268.904)
General administration expenses	(77.432)	(50.819)	(51.034)	(29.979)
Research and development expenses	(1.437)	(1.437)	(351)	(351)
Marketing expenses	(9.502)	(5.351)	(9.563)	(3.361)
Other operating income/(expense) - net	23.564	28.355	11.507	11.411
Interest in income of joint ventures	-	(9.803)	-	7.830
Operating profit	20.739	26.714	52.178	52.836
Income/(expense) from investing activities - net	4.351	3.889	57.698	16.615
Operating profit before financial expense	25.090	30.603	109.876	69.451
Financial income/(expense) - net	(92.345)	(76.876)	(78.712)	(47.149)
Profit before tax	(67.255)	(46.273)	31.164	22.302
Tax	12.283	6.346	3.399	1.014
Net income	(54.972)	(39.927)	34.563	23.316
Net income attributable to equity holders of the parent		(24.073)		20.274
EBITDA	59.502		93.960	

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

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

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NOTE 4 - SEGMENT REPORTING (Continued)

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

vii) Other:

	Combined(*) 31 March 2020	Consolidated(**) 31 March 2020	Combined(*) 31 March 2019	Consolidated(**) 31 March 2019
Sales revenue (net)	640.996	147.747	775.511	81.204
Cost of sales	(122.826)	(122.285)	(76.394)	(76.071)
General administration expenses	(47.575)	(45.457)	(43.176)	(38.298)
Marketing expenses	(6.500)	(6.387)	(1.727)	(1.699)
Other operating income/(expense) - net	3.025	(5.025)	8.474	1.086
Operating profit	467.120	(31.407)	662.688	(33.778)
Income/(expense) from investing activities - net	200.550	192.666	165.210	158.043
Operating profit before financial expense	667.670	161.259	827.898	124.265
Financial income/(expense) - net	(2.687)	(2.687)	(583)	(583)
Profit before tax	664.983	158.572	827.315	123.682
Tax	(34.511)	(34.511)	(29.323)	(29.323)
Net income	630.472	124.061	797.992	94.359
Net income attributable to equity holders of the parent		109.151		84.503
EBITDA	478.676		669.010	

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

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NOTE 4 - SEGMENT REPORTING (Continued)

g) Detail of net income/(loss) attributable to equity holders of the parent

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

	31 March 2020	31 March 2019
Banking	633.880	615.583
Financial Services	46.998	49.817
Industry	102.711	49.660
Building Materials	(23.067)	152
Energy	368.961	320.648
Retail	(66.754)	(92.295)
Other	109.148	84.501
Total	1.171.877	1.028.066

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

	31 March 2020	31 March 2019
Adjusted net income for reported operating segments (Equity holders of the Parent)	1.171.877	1.028.066
One off income/(expenses) related to Carrefoursa	-	10.373
One off income/(expenses) related to Avivasa	18.883	-
Other	2.446	18.573
Net income (Equity holders of the Parent)	1.193.206	1.057.012

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NOTE 4 - SEGMENT REPORTING (Continued)

h) Combined EBITDA Detail

31 March 2020	Profit Before Tax	Depreciation Expenses	Income/ (expenses) from Investing Activities - net	Financial income/ (expense) - net	Operational Foreign Exchange Differences/ Interests	EBITDA
Banking	2.027.599	152.503	235	-	-	2.179.867
Industry	172.706	121.595	1.236	(77.175)	(18.382)	388.622
Building Materials	(67.255)	63.480	4.351	(92.345)	24.717	59.502
Retail	(154.053)	120.085	(355)	(145.700)	(56.480)	168.567
Energy	950.531	223.802	57	(560.430)	(33.742)	1.768.448
Financial Services	209.139	18.784	12.474	(13.341)	5.506	223.284
Other	664.983	10.623	200.550	(2.687)	(933)	478.676
31 March 2019	Profit Before Tax	Depreciation Expenses	Income/ (expenses) from Investing Activities - net	Financial income/ (expense) - net	Operational Foreign Exchange Differences/ Interests	EBITDA
Banking	1.953.621	121.530	3.993	-	-	2.071.158
Industry	84.699	100.724	1.076	(162.786)	36.659	310.474
Building Materials	31.164	55.959	57.698	(78.712)	14.177	93.960
Retail	(192.047)	115.809	(228)	(125.220)	(81.208)	130.418
Energy	851.130	193.791	-	(472.411)	14.361	1.502.971
Financial Services	171.002	11.924	(465)	(16.796)	31.510	168.677
Other	827.315	8.575	165.210	(583)	2.253	669.010

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NOTE 4 - SEGMENT REPORTING (Continued)

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

1 January - 31 March 2020

	Finance							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortisation expenses	152.503	-	65.156	38.519	-	120.086	10.623	386.887
(Impairment) / reversal of impairment of property, plant and equipment and investment properties	-	-	-	-	-	1.072	-	1.072
Capital expenditure	312.865	-	30.421	9.549	-	36.121	14.903	403.859

1 January - 31 March 2019

	Finance							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortisation expenses	121.530	-	55.538	32.941	-	115.809	8.544	334.362
(Impairment) / reversal of impairment of property, plant and equipment and investment properties	-	-	-	-	-	3.673	-	3.673
Capital expenditure	113.990	-	55.448	61.074	-	26.385	6.318	263.215

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NOTE 4 - SEGMENT REPORTING (Continued)

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

1 January – 31 March 2020

	Finance							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortisation expenses	152.503	18.784	121.595	63.479	223.802	120.086	10.623	710.872
(Impairment) / reversal of impairment of property, plant and equipment and investment properties	-	-	-	-	-	1.072	-	1.072
Capital expenditure	312.865	19.591	68.746	43.595	775.936	36.121	14.903	1.271.757

1 January – 31 March 2019

	Finance							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortization	121.530	11.924	100.724	55.990	193.791	115.809	8.544	608.312
Impairment/(reversal of impairment) of property, plant and equipment and investment properties	-	-	-	-	-	3.673	-	3.673
Capital expenditures	113.990	51.871	116.488	74.314	742.405	26.385	6.318	1.131.771

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NOTE 5 - FINANCIAL ASSETS

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

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

	31 March 2020	31 December 2019
Share certificates	213.655	232.765
Government bonds	70.841	182.344
Eurobonds	198.248	92.378
Other (*)	7.304.416	6.782.035
Total	7.787.160	7.289.522

(*) In the previous period, the syndication loans provided to Ojer Telekomünikasyon A.Ş. (OTAŞ) were restructured. In this scope, LYY Telekomünikasyon A.Ş. (former name: Levent Yapılandırma Yönetimi A.Ş.), which the creditors are direct or indirect partners of, was established as a special purpose company to protect the creditors and act as a warranty for these loans, and LYY Telekomünikasyon A.Ş. completed the takeover of 192,500,000,000 A Group shares, which made up 55% of Türk Telekom's issued capital, on 21 December 2018. The bank held 35.56% of LYY Telekomünikasyon A.Ş., which is its share of OTAŞ receivables. In the Ordinary General Assembly of LYY Telekomünikasyon A.Ş. on 23 September 2019 it was decided that a portion of the loan will be turned into capital and added to LYY Telekomünikasyon A.Ş., and the nominal value of the bank's shares of LYY Telekomünikasyon A.Ş. increased from TRY18 to TRY1,416,090. This increased amount is displayed in the "Assets Held for Sale and Discontinued Operations" row of the financial statements. The value of the portion followed up as a loan was TRY7,594,385 as of 31 March 2020, and was classified under "Other Financial Assets" under "Financial Assets for Which the Fair Value Difference is Reflected to Profit/Loss" in the financial statements. The total fair value decrease recognised for the loan and turned into capital is TRY1,809,806; an amount of TRY 1.416.090 was classified under "Assets Held for Sale and Discontinued Operations", remaining amount TRY 393.716 is classified under Financial Assets (Fair Value Through Profit or Loss).

The financial asset for which the fair value difference was reflected in the profit/loss and assets, which was turned into capital and was worth TRY7,200,669 was measured at fair value in the scope of the TFRS 9 Financial Instruments Standard and TFRS 5 Assets Held-for-Sale and Discontinued Operations. The results of a study of an independent valuation company was used to determine this value. For the said valuation study, the fair value was defined by considering the average of various methods (discounted cash flows, similar market factors, similar transaction factors in the same industry, market value and analyst reports). The financial asset for which the fair value difference is reflected in profit/loss, is followed up on as Level 3 in the scope of TFRS 13. Potential changes in the basic assumptions in the said valuation study will affect the carrying value of the amount turned into capital and the financial asset for which the fair value difference is reflected in profit/loss.

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NOTE 5 - FINANCIAL ASSETS (continued)

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

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

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

	31 March 2020	31 December 2019
TRY	% 10,41	% 11,17

The Group's activities in the finance sector as collateral for the purchase and sale of financial assets is TRY 10.310 (31 December 2019: TRY 10.049).

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

	31 March 2020	31 December 2019
0 to 3 months	259.288	257.952
3 to 12 months	7.402.567	6.882.627
1 to 5 years	80.656	121.822
Over 5 years	44.649	27.121
Total	7.787.160	7.289.522

Period remaining to contractual repricing dates:

	31 March 2020	31 December 2019
On demand	259.288	257.952
Up to 3 months	183.481	22.714
3 to 12 months	7.228.006	6.860.314
1 to 5 years	71.736	121.421
Over 5 years	44.649	27.121
Total	7.787.160	7.289.522

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NOTE 6 - FINANCIAL ASSETS (Continued)

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

	31 March 2020	31 December 2019
Debt securities		
- Government bonds	33.944.685	35.534.282
- Eurobonds	16.157.301	16.168.796
- Investment funds	349.588	424.665
- Other bonds denominated in foreign currency	17.300.048	15.374.312
Sub-total	67.751.622	67.502.055
Equity securities		
- Listed	138	138
- Unlisted	25.153	22.253
Sub-total	25.291	22.391
Financial assets at fair value through other comprehensive income	67.776.913	67.524.446

Effective interest rates of USD, EUR, JPY and TRY denominated available-for-sale securities are 5.30% (31 December 2019: 5.20%), 2.77% (31 December 2019: 2.70%), 3.09% (31 December 2019: 3.09%) and 14.28% (31 December 2019: 14.14%), respectively.

The Group's financial assets through other comprehensive income subject to funds provided from repo are TRY13,167,513 (31 December 2019: TRY8,422,563). Financial assets through other comprehensive income that are given as collateral because of the Group's financing activities are amounting to TRY14,249,333 (31 December 2019: TRY17,108,499).

There are bonds index-linked to consumer prices ("CPI") in the securities portfolio of Akbank for which the fair value difference is reflected to other comprehensive income and which are measured by amortized cost. These securities are valued and recognised using the effective interest method and are based on the index calculated using 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.

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

	31 March 2020			31 December 2019		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	6.741.722	-	6.741.722	2.570.694	-	2.570.694
3 to 12 months	10.119.177	-	10.119.177	13.755.389	-	13.755.389
1 to 5 years	39.612.828	-	39.612.828	38.853.989	-	38.853.989
Over 5 years	10.953.599	-	10.953.599	11.919.710	-	11.919.710
On demand	349.587	-	349.587	424.664	-	424.664
Total	67.776.913	-	67.776.913	67.524.446	-	67.524.446

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NOTE 5 - FINANCIAL ASSETS (Continued)

b) Financial Assets Through Other Comprehensive Income:

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

	31 March 2020			31 December 2019		
	Banking	Other companies	Total	Banking	Other companies	Total
0 to3 months	16.302.409	-	16.302.409	11.244.537	-	11.244.537
3 to 12 months	15.522.561	-	15.522.561	20.937.235	-	20.937.235
1 to 5 years	26.946.513	-	26.946.513	25.225.086	-	25.225.086
Over 5 years	8.655.843	-	8.655.843	9.692.924	-	9.692.924
No maturity	349.587	-	349.587	424.664	-	424.664
Total	67.776.913	-	67.776.913	67.524.446	-	67.524.446

c) Financial Assets at Amortised Cost:

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

	31 March 2020	31 December 2019
Government bonds	21.217.115	15.566.111
Total	21.217.115	15.566.111

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

	31 March 2020	31 December 2019
Balance, 1 January	15.566.111	12.215.183
Additions	5.796.651	5.397.163
Foreign exchange differences in monetary assets	428.118	414.623
Valuation effect	154.277	677.288
Disposals through sales and redemptions (*)	(713.021)	(3.214.759)
Allowance for impairment (**)	(15.021)	76.613
Total	21.217.115	15.566.111

(*) 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 TRY4,927.185 for the purpose of collecting the cash flow of the appropriate management model or for selling the financial asset, classified the fair value under other comprehensive income

(**) Expected loss provision is included in the balance.

Effective interest rate of debt securities in USD, Euro and TRY are 5,19% 1,58% ve 13,74%.
(31 December 2019: Effective interest rate of debt securities in USD, Euro and TRY are 5,22%, 3,46% and 14,74%).

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NOTE 5 - FINANCIAL ASSETS (Continued)

c) Financial Assets at Amortised Cost (Continued):

Period remaining to contractual maturity dates for held to maturity financial assets as at 31 March 2020 and 31 December 2019 is as follows:

	31 March 2020			31 December 2019		
	Other			Other		
	Banking	companies	Total	Banking	companies	Total
3 to 12 months	4.490.859	-	4.490.859	4.170.428	-	4.170.428
1 to 5 years	12.948.706	572	12.949.278	10.735.539	586	10.736.125
Over 5 years	3.776.978	-	3.776.978	659.558	-	659.558
Total	21.216.543	572	21.217.115	15.565.525	586	15.566.111

Period remaining to contractual repricing dates for investment security, held to maturity financial assets at 31 March 2020 and 31 December 2019 is as follows:

	31 March 2020			31 December 2019		
	Other			Other		
	Banking	companies	Total	Banking	companies	Total
Up to 3 months	3.079.739	-	3.079.739	3.989.518	-	3.989.518
3 to 12 months	10.400.168	-	10.400.168	6.008.502	-	6.008.502
1 to 5 years	6.999.422	572	6.999.994	4.907.947	586	4.908.533
Over 5 years	737.214	-	737.214	659.558	-	659.558
Total	21.216.543	572	21.217.115	15.565.525	586	15.566.111

NOTE 6 - FINANCIAL LIABILITIES

Short term funds, bank loans and issued debt securities:

	31 March 2020	31 December 2019
Short term	8.836.033	10.342.807
Short-term portion of long term	15.219.800	15.005.313
Total short term	24.055.833	25.348.120
Long-term funds borrowed, bank borrowings and debt securities:		
Long term	34.733.056	32.736.661
Total	58.788.889	58.084.781

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NOTE 6 - FINANCIAL LIABILITIES

The maturity schedule of financial liabilities at 31 March 2020 and 31 December 2019 is summarized below:

	31 March 2020	31 December 2019
Up to 3 months	10.785.194	9.312.146
3 to 12 months	13.270.639	16.035.974
Short term financial liabilities and short term portion of long term financial liabilities	24.055.833	25.348.120
1 to 5 years	25.599.707	20.888.158
Over 5 years	9.133.349	11.848.503
Long term financial liabilities	34.733.056	32.736.661
Total financial liabilities	58.788.889	58.084.781

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

	31 March 2020	31 December 2019
1-2 years	6.308.553	5.951.036
2-3 years	7.585.444	6.822.421
3-4 years	5.145.509	4.620.070
4-5 years	6.560.202	3.494.631
5 years and above	9.133.348	11.848.503
Total	34.733.056	32.736.661

As of 31 March 2020 and 31 December 2019, the remaining period until the repricing date of the loans determined by the contract:

	31 March 2020	31 December 2019
Up to 3 months	37.745.369	38.080.668
3 to 12 months	3.742.376	3.998.513
1 to 5 years	11.326.731	7.728.695
Over 5 years	5.974.413	8.276.905
Total	58.788.889	58.084.781

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

Akbank - Funds borrowed via syndicated credit

As of 31 March 2020, Akbank has two outstanding syndicated loan. EUR 303 million and USD 356 million with a maturity of 1 year were obtained through the loan agreement signed on 26 March 2019. The cost of maturity loan is Euribor + 240 and Libor +250. EUR373.5 million and USD402 million with maturities of 1 year were obtained through the loan agreement signed on 7 October 2019. The cost of loans are Euribor +210 and Euribor +225 bps.

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NOTE 6 - FINANCIAL LIABILITIES (Continued)

Issued securities:

Securities issued consist of USD and TRY assets.

The repayment plan for USD securities issued is summarized below:

	31 March 2020		31 December 2019	
	USD	TRY	USD	TRY
2020	447.932	2.929.475	1.044.191	6.181.611
2021	581.207	3.801.094	583.035	3.451.567
2022	1.009.822	6.604.236	1.005.694	5.953.708
2023	531.105	3.473.427	533.257	3.156.881
2024	514.463	3.364.588	516.762	3.059.231
2025	869.194	5.684.529	861.331	5.099.080
2026	79.519	520.054	79.035	467.887
2027	353.083	2.309.163	347.457	2.056.945
2028	245.628	1.606.406	241.635	1.430.479
Total	4.631.953	30.292.972	5.212.397	30.857.389

The balance amounting to USD4,631,953 consists of securitization deals and USD denominated securities issued by the Bank.

	31 March 2020		31 December 2019	
	EUR	TRY	EUR	TRY
2020	45.679	327.893	45.883	304.649
2021	11.744	84.301	23.104	153.404
2022	366	2.627	362	2.404
2023	352	2.527	348	2.311
2024	338	2.426	335	2.224
2025	325	2.333	322	2.138
2026	312	2.240	309	2.052
2027	300	2.153	297	1.972
2028	288	2.067	286	1.899
2029	7.152	51.344	7.082	47.025
Total	66.856	479.911	78.328	520.078

The balance amounting to EUR66,856 consists of securitization deals and EUR denominated securities issued by the Group.

In addition, as of 31 March 2020, the Group issued bonds with 1-3 months maturity of TRY2,744,275, 3-6 months maturity of TRY245,829, 1-5 years maturity of TRY750,932 and over 5 years maturity of TRY1,431,557. (31 December 2019: 1-3 months term TRY1,840,532, 3-6 months term TRY723,846, 1-5 years term TRY678,966 and over 5 years term TRY1,853,449).

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NOTE 7 - LIABILITIES FROM LEASING TRANSACTIONS

The maturity and currency breakdown of the Group's liabilities regarding leasing transactions in accordance with TFRS 16 are as follows:

Liabilities from short-term lease transactions as of 31 March 2020:

	Up to 3 months	3 to 12 months	Total
TRY	136.056	162.521	298.577
USD	9.789	16.802	26.591
EUR	2.351	4.609	6.960
Other	97	500	597
Total	148.293	184.432	332.725

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

	Up to 3 months	3 to 12 months	Total
TRY	96.816	195.825	292.641
USD	3.798	1.727	5.525
EUR	1.235	6.818	8.053
Other	95	562	657
Total	101.944	204.932	306.876

Liabilities from long-term lease transactions as of 31 March 2020:

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
TRY	223.543	202.034	359.926	473.603	323.029	1.582.135
USD	12.299	3.593	3.881	4.220	63.188	87.181
EUR	4.649	1.083	9.400	1.060	13.112	29.304
Other	246	106	-	-	-	352
Total	240.737	206.816	373.207	478.883	399.329	1.698.972

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

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
TRY	222.828	261.460	705.927	100.304	269.491	1.560.010
USD	11.378	3.073	3.335	3.556	53.072	74.414
EUR	7.359	10.429	924	9.337	15.138	43.187
Other	244	104	-	-	-	348
Total	241.809	275.066	710.186	113.197	337.701	1.677.959

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NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other short term receivables:	31 March 2020	31 December 2019
Receivables from credit card payments	19.470	47.441
Other receivables(*)	2.804.577	2.053.917
Total	2.824.047	2.101.358

Other long term receivables:	31 March 2020	31 December 2019
Deposits and guarantees given	42.620	38.935
Other receivables(*)	3.602.542	2.986.182
Total	3.645.162	3.025.117

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

Other short term payables::	31 March 2020	31 December 2019
Payables related to credit card transactions	3.855.462	4.287.406
Taxes and funds payable	440.347	563.572
Export deposits and transfer orders	80.513	31.963
Payment orders to correspondent banks	37.661	27.401
Financial lease payables	1.254	24.140
Other(*)	1.056.364	1.144.239
Total	5.471.601	6.078.721

Other long term payables:	31 March 2020	31 December 2019
Financial lease payables	3.325	5.281
Other(*)	3.533.627	3.368.892
Total	3.536.952	3.374.173

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

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NOTE 9 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Book value of Associates and Joint Ventures is as follows:

	31 March 2020	Pay (%)	31 December 2019	Pay (%)
Aksigorta	208.493	36,00	277.306	36,00
Avivasa	283.362	40,00	331.306	40,00
Brisa	434.052	43,63	391.379	43,63
Akçansa	343.216	39,72	371.530	39,72
Enerjisa Üretim Santralleri	3.001.533	50,00	3.033.693	50,00
Enerjisa Enerji	2.623.904	40,00	2.729.619	40,00
Philsa	145.053	25,00	111.882	25,00
Philip Morrissa	86.764	24,75	88.788	24,75
Total	7.126.377		7.335.503	

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

	1 January - 31 March 2020	1 January - 31 March 2019
Aksigorta	25.701	25.999
Avivasa	40.180	23.818
Brisa	33.260	(1.158)
Akçansa	(9.803)	7.830
Enerjisa Üretim Santralleri	232.533	201.679
Enerjisa Enerji	136.427	118.969
Philsa	33.046	(3.600)
Philip Morrissa	(2.073)	2.854
Temsa Mısır	-	(33)
Temsa İş Makineleri (*)	-	8.280
Total	489.271	384.638

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

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NOTE 9 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

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

	31 March 2020		31 December 2019	
	Total assets	Total Liabilities	Total assets	Total liabilities
Aksigorta	7.331.241	6.752.094	7.333.423	6.563.128
Avivasa	3.268.046	2.583.181	3.051.298	2.246.571
Brisa	6.138.618	5.143.769	5.575.065	4.678.023
Akçansa	2.064.232	1.187.227	1.930.697	982.407
Enerjisa Üretim Santralleri	14.541.512	8.538.446	13.573.530	7.506.145
Enerjisa Enerji	24.456.902	17.897.143	23.398.208	16.574.161
Philisa	4.024.394	3.444.181	3.687.791	3.240.265
Philip Morrissa	1.559.710	1.209.149	1.355.134	996.395
Total	63.384.655	46.755.190	59.905.146	42.787.095

Sales

	1 January - 31 March 2020	1 January - 31 March 2019
Aksigorta	1.233.591	1.058.222
Avivasa	327.941	177.426
Brisa	976.902	775.942
Akçansa	384.959	407.320
Enerjisa Üretim Santralleri	2.085.643	1.347.503
Enerjisa Enerji	5.779.079	4.483.636
Philisa (*)	6.802.693	6.573.833
Philip Morrissa	6.498.568	6.324.332
Temsa İş Makineleri	-	185.256

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

Net profit/(loss)

	1 January - 31 March 2020	1 January - 31 March 2019
Aksigorta	71.390	72.218
Avivasa	100.450	59.546
Brisa	76.232	(2.653)
Akçansa	(24.850)	19.077
Enerjisa Üretim Santralleri	465.067	403.357
Enerjisa Enerji	341.068	297.423
Philisa	132.186	(14.401)
Philip Morrissa	(8.375)	11.530
Temsa İş Makineleri (*)	-	16.237

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

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

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

	1 January 2020	Currency translation differences	Additions	Disposals	Transfers (*)	Impairment	31 March 2020
Cost:							
Land and land improvements	559.287	22.050	706	(8.372)	135	-	573.806
Buildings	3.459.621	73.853	12.052	(2.105)	1.260	-	3.544.681
Leased buildings	5.479.213	185.419	11.306	(5.741)	70.352	-	5.740.549
Motor vehicles	94.270	1.121	385	(1.879)	-	-	93.897
Furnitures and fixtures	3.461.421	1.863	246.640	(49.695)	1.289	1.538	3.663.056
Total	13.053.812	284.306	271.089	(67.792)	73.036	1.538	13.615.989
Construction in progress	246.441	2.631	35.592	(1.674)	(73.833)	-	209.157
Total	13.300.253	286.937	306.681	(69.466)	(797)	1.538	13.825.146
Accumulated depreciation:							
Land and land improvements	(231.036)	(2.356)	(2.916)	1.048	-	-	(235.260)
Buildings	(990.425)	(29.921)	(60.678)	179	-	-	(1.080.845)
Machinery and equipment	(2.683.713)	(92.021)	(66.117)	2.888	-	-	(2.838.963)
Motor vehicles	(92.218)	(1.072)	(1.588)	981	-	-	(93.897)
Furnitures and fixtures	(2.006.984)	(2.935)	(72.522)	29.385	-	(466)	(2.053.522)
Total	(6.004.376)	(128.305)	(203.821)	34.481	-	(466)	(6.302.487)
Net book value	7.295.877						7.522.659

(*) TRY797 of the transfers from construction in progress in the current period is recognized in intangible assets.

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

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

	1 January 2019	Currency translation differences	Additions	Disposals	Transfers (*)	Impairment	31 March 2019
Cost:							
Land and land improvements	504.524	9.431	273	(7.164)	(161)	-	506.903
Buildings	2.923.521	34.326	1.377	(289)	2.404	-	2.961.339
Leased buildings	20.512	-	-	-	(20.512)	-	-
Machinery and equipment	4.921.161	159.988	7.966	(4.225)	14.040	-	5.098.930
Motor vehicles	122.132	652	2.224	(1.662)	-	-	123.346
Furnitures and fixtures	3.336.710	6.020	63.646	(13.980)	3.273	-	3.395.669
Total	11.828.560	210.417	75.486	(27.320)	(956)	-	12.086.187
Construction in progress	863.615	13.270	118.509	(1)	(30.676)	-	964.717
Total	12.692.175	223.687	193.995	(27.321)	(31.632)	-	13.050.904
Accumulated depreciation:							
Land and land improvements	(239.584)	(1.079)	(2.173)	78	-	-	(242.758)
Buildings	(1.039.002)	(14.696)	(16.368)	169	-	-	(1.069.897)
Leased buildings	(7.732)	-	-	-	7.732	-	-
Machinery and equipment	(2.429.790)	(79.874)	(56.852)	4.580	-	-	(2.561.936)
Motor vehicles	(102.139)	(330)	(2.158)	825	-	-	(103.802)
Furnitures and fixtures	(2.247.250)	(4.446)	(79.960)	10.562	-	3.660	(2.317.434)
Total	(6.065.497)	(100.425)	(157.511)	16.214	7.732	3.660	(6.295.827)
Net book value	6.626.678						6.755.077

(*) TRY11.120 of the transfers from construction in progress in the current period is recognized in intangible assets.

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NOTE 11 - INTANGIBLE ASSETS

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

	1 January 2020	Currency translation differences	Additions	Impairment	Transfers	31 March 2020
Cost	2.874.743	41.923	89.525	(27.500)	797	2.979.488
Accumulated amortization (-)	(1.001.583)	(10.884)	(75.580)	13.051	-	(1.074.996)
Net book value	1.873.160					1.904.492

	1 January 2019	Currency translation differences	Additions	Impairment	Transfers	31 March 2019
Cost (*)	2.530.363	28.917	69.220	(1.323)	11.120	2.638.297
Accumulated amortization (-)	(1.270.702)	(8.330)	(78.895)	532	-	(1.357.395)
Net book value	1.259.661					1.280.902

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

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NOTE 12 - RIGHT OF USE ASSETS

Movement table of right of use assets as of 31 March 2020 is as follows:

	1 January 2020	Addition	Disposals	Currency translation difference	31 March 2020
Cost					
Real estates	2.187.816	108.900	(50.252)	12.867	2.259.331
Fixtures	595	-	(401)	31	225
Motor vehicles	38.758	11.835	-	913	51.506
Other	16.521	222	-	1.405	18.148
Total	2.243.690	120.957	(50.653)	15.216	2.329.210
Accumulated depreciation:					
Real estates	(338.619)	(102.229)	25.421	(3.151)	(418.578)
Fixtures	(186)	(13)	-	(86)	(285)
Motor vehicles	(16.204)	(3.568)	-	142	(19.630)
Other	(3.218)	(839)	230	25	(3.802)
Total	(358.227)	(106.649)	25.651	(3.070)	(442.295)
Net book value	1.885.463				1.886.915

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NOTE 12 - RIGHT OF USE ASSETS (Continued)

Movement table of right of use assets as of 31 March 2019 is as follows:

	1 January 2019	Transfers (*)	Additions	Disposals	Other	31 March 2019
Cost						
Real estates	1.855.171	20.512	156.147	(58.048)	(7.869)	1.965.913
Fixtures	407	-	-	-	-	407
Motor vehicles	28.320	-	4.698	4	-	33.022
Other	11.781	-	-	-	-	11.781
Total	1.895.679	20.512	160.845	(58.044)	(7.869)	2.011.123
Accumulated depreciation:						
Real estates	-	(7.732)	(87.166)	19.158	-	(75.740)
Fixtures	-	-	(1.060)	-	-	(1.060)
Motor vehicles	-	-	(1.125)	(4)	-	(1.129)
Other	-	-	(446)	-	-	(446)
Total	-	(7.732)	(89.797)	19.154	-	(78.375)
Net book value	1.895.679					1.932.748

(*) During the period, TRY12,780 of property, plant and equipment has been transferred to Right to Use Assets.

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NOTE 13 - GOODWILL

The movements in goodwill for the years ended 31 March 2020 and 2019 are as follows:

	2020	2019
1 January	1.475.337	849.215
Currency translation differences	17.746	12.529
31 March	1.493.083	861.744

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short term provisions	31 March 2020	31 December 2019
Provision for liabilities	438.451	452.605
<i>Credit bonus provision</i>	58.364	58.926
<i>Provisions for litigation</i>	86.752	88.207
<i>Uncompensated and not encashed non-cash loans</i>	283.923	297.102
<i>Other short-term provisions</i>	9.412	8.370
Other debt provisions	770	25.770
Total	439.221	478.375

Other long term provisions	31 March 2020	31 December 2019
Provision for liabilities	115.919	121.994
<i>Provisions for litigation</i>	38.191	35.218
<i>Other long-term provisions</i>	77.728	86.776
Total	115.919	121.994

Commitments - banking segment	31 March 2020	31 December 2019
Letters of guarantee given	30.813.560	30.717.394
Letters of credit	4.513.553	4.398.221
Foreign currency acceptance	54.751	50.678
Other guarantees given	6.292.949	6.541.435
Total	41.674.813	41.707.728

Commitments - other companies	31 March 2020	31 December 2019
Letters of guarantee given	1.286.519	1.317.516
Other guarantees given	1.170.399	1.016.434
Mortgages, guarantees and pledges for tangible assets	13.079	12.056
Total	2.469.997	2.346.006

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

Commitments for resale and repurchase of debt securities:

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

	31 March 2020	31 December 2019
Repurchase commitments	18.561.882	10.095.553
Transactions for held for trading		
	31 March 2020	31 December 2019
Foreign currency purchases	6.378.280	7.573.795
Foreign currency sales	6.301.307	7.228.044
Total	12.679.587	14.801.839
	31 March 2020	31 December 2019
Currency swap purchases	102.062.269	118.346.112
Currency swap sales	104.757.623	120.827.669
Interest swap purchases	81.223.489	76.289.552
Interest swap sales	81.223.489	76.289.552
Total	369.266.870	391.752.885
	31 March 2020	31 December 2019
Spot purchases	2.122.849	2.934.998
Spot sales	2.123.697	2.934.711
Total	4.246.546	5.869.709
	31 March 2020	31 December 2019
Currency, interest and securities options purchases	17.328.854	15.793.725
Currency, interest and securities options sales	17.503.393	15.958.797
Total	34.832.247	31.752.522
	31 March 2020	31 December 2019
Future purchase transactions	17.373.675	14.417.136
Future sales transactions	9.131.158	7.763.410
Total	26.504.833	22.180.546
	31 March 2020	31 December 2019
Other purchase transactions	381.834	85.946
Other sales transactions	388.241	85.005
Total	770.075	170.951

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

Types of derivative transactions held for hedges:

	31 March 2020	31 December 2019
Interest swap purchases	18.114.921	16.424.864
Interest swap sales	18.114.921	16.424.864
Total	36.229.842	32.849.728

	31 March 2020	31 December 2019
Foreign currency purchases	-	155.171
Total	-	155.171

	31 March 2020	31 December 2019
Money swap purchases	21.252.942	18.824.262
Money swap sales	15.096.846	12.985.025
Total	36.349.788	31.809.287

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

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	13.294.215	17.519.345	30.813.560
Letters of credits	3.643.095	870.458	4.513.553
Acceptance credits	54.751	-	54.751
Other guarantees	1.703.396	4.589.553	6.292.949
Total	18.695.457	22.979.356	41.674.813

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

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	13.661.607	17.055.787	30.717.394
Letters of credits	3.121.595	1.276.626	4.398.221
Acceptance credits	50.678	-	50.678
Other guarantees	2.043.849	4.497.586	6.541.435
Total	18.877.729	22.829.999	41.707.728

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

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

	31 March 2020	31 December 2019
Construction	7.892.517	8.130.380
Wholesale	7.862.353	7.653.743
Financial institutions	4.028.896	4.194.793
Steel and mining	3.149.710	2.301.980
Small-scale retailers	3.114.628	3.129.987
Other manufacturing	2.921.195	3.538.816
Electricity, gas and water	2.718.960	2.628.360
Chemicals	1.667.599	1.114.426
Textile	1.610.233	1.533.427
Food and beverage	1.356.989	1.207.821
Automotive	1.088.506	986.218
Transportation	689.953	1.019.990
Tourism	389.513	322.063
Electronics	304.718	326.898
Telecommunications	268.096	255.455
Agriculture and forestry	201.101	274.728
Other	2.409.846	3.088.643
Total	41.674.813	41.707.728

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NOTE 15 - COMMITMENTS

Collaterals, pledges and mortgages ("CRM") given by the Subsidiaries at 31 March 2020 is as follows:

	31 March 2020				
	Total TRY Equivalent	TRY	USD	EUR	Other
A. Total amounts of the Collaterals given for its own legal entity	693.978	465.567	26.212	7.985	-
B. Collaterals given on behalf of fully consolidated companies	1.419.151	491.797	65.922	68.324	4.390
C. Collaterals given on behalf of the third parties' debt for continuation of their economic activities	41.674.813	19.185.399	1.641.027	1.559.309	546.071
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	43.787.942	20.142.763	1.733.161	1.635.618	550.461
A. Total amounts of the Mortgages given for its own legal entity	-	-	-	-	-
B. Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C. Mortgages given on behalf of the 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 amounts of the pledges given for its own legal entity	-	-	-	-	-
B. Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C. Pledges given on behalf of the third parties' debt for continuation of their economic activities	-	-	-	-	-
D.Total amount of other pledges					
i.Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii.Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

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NOTE 15 – COMMITMENTS (Continued)

As of 31 March 2020, the collateral / pledge / mortgage ("TRF") position of the Joint Ventures is as follows;

	31 March 2020				
	Total TRY Equivalent	TRY	USD	EUR	Other
A. Total amounts of the Collaterals given for its own legal entity	839.452	827.147	517	1.239	-
B. Collaterals given on behalf of fully consolidated companies	-	-	-	-	-
C. Collaterals given on behalf of the third parties' debt for continuation of their economic activities	6.279	6.279	-	-	-
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	845.731	833.426	517	1.239	-
A. Total amounts of the Mortgages given for its own legal entity	-	-	-	-	-
B. Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C. Mortgages given on behalf of the 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 amounts of the pledges given for its own legal entity	-	-	-	-	-
B. Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C. Pledges given on behalf of the third parties' debt for continuation of their economic activities	-	-	-	-	-
D.Total amount of other pledges					
i.Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii.Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

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NOTE 15 – COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("TRI") given by the Subsidiaries at 31 December 2019 is as follows:

	31 December 2019				
	Total TRY Equivalent	TRY	USD	EUR	Other
A. Total amounts of the Collaterals given for its own legal entity	1.313.267	539.799	101.429	25.698	-
B. Collaterals given on behalf of fully consolidated companies	2.007.732	299.619	173.609	101.173	3.970
C. Collaterals given on behalf of the third parties' debt for continuation of their economic activities	41.707.428	19.606.154	1.881.686	1.545.598	644.828
D.Total amount of other collaterals					
i.Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii.Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	45.028.427	20.445.572	2.156.724	1.672.469	648.798
A. Total amounts of the Mortgages given for its own legal entity	-	-	-	-	-
B. Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C. Mortgages given on behalf of the 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 amounts of the pledges given for its own legal entity	-	-	-	-	-
B. Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C. Pledges given on behalf of the third parties' debt for continuation of their economic activities	-	-	-	-	-
D.Total amount of other pledges					
i.Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii.Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

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NOTE 15 – COMMITMENTS (Continued)

As of 31 December 2019, the collateral / pledge / mortgage ("TRI") position of the Joint Ventures is as follows;

	31 December 2019				
	Total TRY Equivalent	TRY	USD	EUR	Other
A. Total amounts of the Collaterals given for its own legal entity	816.793	805.185	567	1.239	-
B. Collaterals given on behalf of fully consolidated companies	-	-	-	-	-
C. Collaterals given on behalf of the third parties' debt for continuation of their economic activities	2.803	2.803	-	-	-
D.Total amount of other collaterals					
i.Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii.Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	819.596	807.988	567	1.239	-
A. Total amounts of the Mortgages given for its own legal entity	-	-	-	-	-
B. Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C. Mortgages given on behalf of the 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 amounts of the pledges given for its own legal entity	-	-	-	-	-
B. Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C. Pledges given on behalf of the third parties' debt for continuation of their economic activities	-	-	-	-	-
D.Total amount of other pledges					
i.Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii.Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

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NOTE 16 - OTHER ASSETS AND LIABILITIES

Other Current Assets	31 March 2020	31 December 2019
Cheques in clearance	650.838	702.265
Deductible, deferred and other VAT	148.027	133.747
Other Current Assets	56.915	116.852
Total	855.780	952.864

Other Non-Current Assets	31 March 2020	31 December 2019
Long term tax claims and other legal receivables	22.402	29.861
Deductible, deferred and other VAT	-	1.583
<i>Other non-current assets</i>	94.191	94.782
Total	116.593	126.226

Other Short Term Liabilities	31 March 2020	31 December 2019
Cheques in clearance	1.361.136	1.410.474
Saving deposits insurance	98.165	93.838
Other short term liabilities	1.206.498	350.249
Total	2.665.799	1.854.561

Other Long Term Liabilities		
Other long term liabilities	44.583	40.182
Total	44.583	40.182

NOTE 17 - EQUITY

Hacı Ömer Sabancı Holding A.Ş.'s authorised and issued capital consists of 204.040.393.100 (31 December 2019: 204.040.393.100) shares of Kr 1 each.

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

Shareholders:	Share (%)	31 March 2020	Pay (%)	31 December 2019
Sakıp Sabancı Holding A.Ş.	14,07	287.100	14,07	287.100
Serra Sabancı	7,22	147.341	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
Diğer	64,83	1.322.829	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

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NOTE 17 - EQUITY (Continued)

According to Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (Exsa)'s Board of Director decision on 22 December 2015, company has started to make share buyback at BİST (İstanbul Stock Market). Hence; with these transactions Exsa's share at Sabancı Holding reached at 1.17% as of 31 March 2020. These shares are shown in consolidated equity as capital adjustments due to treasury shares.

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The Company, reserves 5% of the historical statutory profit as first legal reserve, until the total reserve reaches 20% of the historical 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 2020	31 December 2019
Legal reserves	878.290	829.399
Subsidiary sales profit	344.487	344.487
Total	1.222.777	1.173.886

Dividend Distribution

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

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

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NOTE 17 - EQUITY (Continued)

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

	Fair Value Revaluation Fund	Cash Flow Hedge Fund	Net Investment Hedge Fund	Currency Translation Effect
Balance as of 1 January 2019	(1.217.928)	(150.767)	(384.914)	1.382.776
Increases/(decreases) during the period	(283.668)	(199.162)	(35.038)	141.896
Gains transferred to income statement	(149.035)	145.371	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	(36.447)	-	-	-
Tax effect	103.213	11.835	7.708	-
Balance as of 31 March 2019	(1.583.865)	(192.723)	(412.244)	1.524.672

	Fair Value Revaluation Fund	Cash Flow Hedge Fund	Net Investment Hedge Fund	Currency Translation Effect
Balance as of 1 January 2020	56.439	(765.162)	(448.128)	1.688.674
Increases/(decreases) during the period	(1.326.402)	(370.183)	(70.221)	178.946
Gains transferred to income statement	344.825	141.819	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	(173.823)	-	-	-
Tax effect	254.188	50.240	15.449	-
Balance as of 31 March 2020	(844.773)	(943.286)	(502.900)	1.867.620

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

1 January - 31 March 2020

Nile Kordsa Company for Industrial Fabrics S.A.E., a subsidiary of Kordsa, which is a subsidiary of the Group, had a full period profit amounting to Total TRY22.827 as of 31 March 2020 (31 March 2019: TRY25.267). For the year ended 31 March 2020 and 31 March 2019, 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 TRY8.557.740 as of 31 March 2020 (31 December 2019: Total TRY7.347.731). The amount recognised under "Liabilities Held For Sale" is Total TRY3.480.754 as of 31 March 2020 (31 December 2019: Total TRY3.116.610).

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**NOTE 24 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED
OPERATIONS (Continued)**

Information on assets held for sale:

	31 March 2020	31 December 2019
Cost	189.865	666.140
Accumulated depreciation (-)	71	73
Net book value	189.794	666.067

	31 March 2020	31 December 2019
Beginning, net book value	666.067	264.384
Acquired (*)	38.573	1.575.616
Disposed of (-), net	37.425	235.066
Impairment (-)	477.421	938.867
Closing, net book value	189.794	666.067

(*) Akbank, one of the subsidiaries of the Group, has participated in the newly established LYY Telekomünikasyon A.Ş. at a rate of 35.56% and classified the share of TRY18 under the assets held for sale in the previous period. In the current period, the share of LYY Telekomünikasyon A.Ş. in the capital increased from TRY18 to TRY1.416.090. This amount is shown in the "Acquired" line in the table above.

Remaining part of the assets held for sale includes the real estates that the bank has acquired due to its receivables.

1 January - 31 March 2019

Nile Kordsa Company for Industrial Fabrics S.A.E., a subsidiary of Kordsa, which is a subsidiary of the Group, had a full period profit amounting to Total TRY21.736 as of 31 March 2019 . For the period ended 31 March 2019, 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 TRY7.714.308 as of 31 March 2019. The amount recognised under “Liabilities Held For Sale” is Total TRY6.204.017 as of 31 March 2019.

NOTE 19 - FINANCIAL INCOME AND EXPENSE

	1 Ocak- 31 March 2020	1 Ocak- 31 March 2019
Financial income		
Foreign currency gains	25.931	26.993
Interest Income	-	612
Total	25.931	27.605
Financial expenses		
Foreign currency losses	(44.380)	(39.642)
Interest expense	(149.314)	(208.866)
Other financial expenses	(59.901)	(27.302)
Total	(253.595)	(275.810)

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

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NOTE 20 - TAX ASSETS AND LIABILITIES

	31 March 2020	31 December 2019
Corporate and income taxes payable	401.009	1.690.444
Less: prepaid taxes	(47.985)	(1.339.282)
Total taxes payable	353.024	351.162

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

The Corporate Tax Law was amended as of 13 June 2006 with Law No 5520. The majority of the clauses of Law No 5520 are effective as of 1 January 2006. The effective tax rate of the fiscal year 2019 is 22% (2018: 22%). Corporation tax is payable at a rate of 20% on the total income of the Holding after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc. and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

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

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 accordance with the "Law on the Amendment of Certain Tax Acts and Some Other Laws" numbered 7061 and published in Official Gazette on 5 December 2017; the corporate tax rate for the years 2018, 2019 and 2020 has been increased from 20% to 22%. Therefore, deferred tax assets and liabilities are calculated with 22% tax rate for the temporary differences and will be realised in 2018, 2019 and 2020.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods. There are numerous exemptions in the Corporate Tax Law concerning the corporations. Those related to Group are as follows:

Affiliation Privilege

Dividend income from participation in shares of capital of another full-fledged taxpayer corporation (except for dividends from investment funds participation certificates and investment partnerships shares) are exempt from corporate tax

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.

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NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

Exemption for participation into foreign subsidiaries

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

Exemption for sale of participation shares and property

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which have remained in assets for more than two full years are exempt from corporate tax. As of 1 January 2019, the exemption for real estate has been revised to 50%. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The proceed related to the sale transaction has to be collected up until the end of the second calendar year following the year the sale was realized. Brokerage houses and real estate companies who are dealing with the trading and the leasing of the real estate cannot benefit from this exemption.

Investment incentives

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

Tax amounts related to comprehensive income items in the consolidated statement of other comprehensive profit or loss for the period ended 31 March 2020 and 31 March 2019 are as follows:

	31 March 2020			31 March 2019		
	Before Tax	Tax Expense	After tax	Before Tax	Tax Expense	After tax
Fair value gains/(losses) from financial assets through other comprehensive income	(2.750.092)	605.020	(2.145.072)	(1.046.215)	230.167	(816.048)
Cash flow hedges, after tax	(170.850)	37.587	(133.263)	(32.153)	7.074	(25.079)
Financial assets related to the hedging of net investment in a foreign operation, after tax	(172.321)	37.911	(134.410)	(85.985)	18.917	(67.068)
Currency translation differences	471.187	-	471.187	320.044	-	320.044
Actuarial (losses)/gains	1.357	(298)	1.059	(15.890)	3.496	(12.394)
Other comprehensive income	(2.620.719)	680.220	(1.940.499)	(860.199)	259.654	(600.545)

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NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

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.

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

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

For the period ended 31 March 2020, tax on the income generated for the three-month periods are paid at the rate of 22% (2019: 22%) according to tax legislation and the amounts paid in this manner are deducted from the tax calculated on the annual earnings. With the amendment made in the law, this ratio was set at 22% for the years 2018, 2019 and 2020.

At 31 March 2020, the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TRY1,304,062 which can be offset against future taxable profits for a period of five years (31 December 2019: TRY1,174,440). As of 31 March 2020 and 31 December 2019 carry forward tax losses and the latest annual periods are as follows:

	31 March 2020	31 December 2019
2021	407.265	361.220
2022	393.172	439.217
2023	129.669	344.107
2024	373.956	29.896
Total	1.304.062	1.174.440

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

	31 March 2020	31 December 2019
Deferred tax assets	480.922	353.154
Deferred tax liabilities	(325.560)	(737.000)
Net Deferred Tax Assets	155.362	(383.846)

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NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax (continued)

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

	2020	2019
1 January	(383.846)	187.136
Charged to equity	713.731	(108.024)
Change in foreign currency translation differences	(16.977)	(11.098)
Charged to statement of profit or loss	(157.268)	(338.025)
Other	(278)	(29.494)
31 March	155.362	(299.505)

NOTE 21 - DERIVATIVE FINANCIAL INSTRUMENTS

31 March 2020

Derivative instruments held for trading:

Foreign exchange derivative instruments

	Fair Value	
	Assets	Liabilities
Currency and interest rate swaps purchases and sales transactions	10.494.759	8.783.814
Forward currency purchases and sales transactions	418.028	428.815
Currency purchases and sales options	96.114	112.715
Other purchases and sales transactions	2.704.987	322
Total derivative instruments held for trading	13.713.888	9.325.666

Derivative instruments held for hedging:

Currency and interest rate swap purchases and sales transactions	5.929.847	1.599.149
Currency purchases and sales transactions	69.689	-
Total derivative instruments held for hedging	5.999.536	1.599.149

Total derivative instruments	19.713.424	10.924.815
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31 December 2019

Derivative instruments held for trading:

Foreign exchange derivative instruments

	Fair value	
	Assets	Liabilities
Currency and interest rate swaps purchases and sales transactions	7.835.600	7.537.430
Forward currency purchases and sales transactions	585.732	260.172
Currency purchases and sales options	71.902	100.197
Other purchases and sales transactions	2.776.466	34
Total derivative instruments held for trading	11.269.700	7.897.833

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NOTE 21 - DERIVATIVE FINANCIAL INSTRUMENTS (continued)

31 December 2019

Derivative instruments held for hedging:	Assets	Liability
Currency and interest rate swap purchases and sales transactions	5.350.817	1.164.140
Currency purchases and sales transactions	8.147	-
Total derivative instruments held for hedging	5.358.964	1.164.140

Total derivative instruments	16.628.664	9.061.973
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Akbank hedges against cash flow risk through the use of interest rate swaps against the cash flow risk arising from its financial debts.

NOTE 22 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

Banking

Loans and advances to customers	31 March 2020	31 December 2019
Consumer loans and credit cards receivables	54.242.508	50.475.117
Project finance loans	53.864.104	50.398.684
Construction	23.656.496	20.827.726
Small-scale enterprises	12.852.249	15.521.011
Financial institutions	11.064.205	12.259.613
Chemicals	10.235.383	8.581.287
Other manufacturing industries	8.590.549	6.546.945
Textile	6.564.129	6.212.710
Mining	6.397.740	7.801.926
Food and beverage, wholesale and retail	5.515.480	6.482.757
Automotive	4.349.529	3.653.900
Telecommunication	333.114	1.342.522
Other	32.896.173	34.854.517
Total loans and advances to customers	230.561.659	224.958.715
Leasing receivables	5.109.836	5.140.318
Provision for loan losses	(13.560.396)	(12.707.080)
Net loans and advances to customers	222.111.099	217.391.953

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

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NOTE 22 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

Banking (Continued)

Annual effective interest rates of loans and advances granted to clients in USD, EUR, JPY, TRY are as follows respectively 6,62% (31 December 2019: 6,88%), 4,16% (31 December 2019: 4,45%), 7,19% (31 December 2019: 7,19%) and 13,81% (31 December 2019: 15,47%).

The movement of loan loss provision of banking segment as of 31 March 2019 by class is as follows:

	Corporate	Consumer	Rental Receivables	Total
1 January 2020	9.980.877	2.324.492	401.711	12.707.080
Gross provisions	881.748	317.330	(2.662)	1.196.416
Recoveries	(210.801)	(127.503)	(2.177)	(340.481)
Extracted from financial statements	(127)	(1.805)	(687)	(2.619)
31 March 2020	10.651.697	2.512.514	396.185	13.560.396

The movement of loan loss provision of banking segment as of 31 March 2019 by class is as follows:

	Corporate	Consumer	Rental Receivables	Total
1 January 2019	5.576.750	2.404.514	501.181	8.482.445
Gross provisions	1.079.642	208.702	5.446	1.293.790
Recoveries	(108.476)	(116.754)	(4.936)	(230.166)
Extracted from financial statements	(129)	(1.873)	-	(2.002)
31 March 2019	6.547.787	2.494.589	501.691	9.544.067

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

	31 March 2020	31 December 2019
Up to 3 months	65.141.516	75.181.405
3 to 12 months	45.822.091	40.330.281
Current	110.963.607	115.511.686
1 to 5 years	84.328.717	75.734.797
Over 5 years	21.708.939	21.005.152
Non-current	106.037.656	96.739.949
Total	217.001.263	212.251.635

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NOTE 22 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

Banking (Continued)

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

	31 March 2020	31 December 2019
Up to 3 months	98.240.136	97.452.545
3 to 12 months	49.954.404	43.842.267
1 to 5 years	63.469.086	65.290.494
Over 5 years	5.337.637	5.666.329
Total	217.001.263	212.251.635

NOTE 23 - PAYABLES FROM FINANCE SECTOR OPERATIONS

Banking

	31 March 2020			31 December 2019		
	Demand	Time	Total	Demand	Time	Total
Saving deposits	35.011.058	124.599.680	159.610.738	29.769.128	118.639.877	148.409.005
Commercial deposits	26.501.282	70.767.970	97.269.252	20.861.510	61.873.309	82.734.819
Bank deposits	714.499	4.864.374	5.578.873	1.555.546	5.220.007	6.775.553
Funds provided from repo transactions	-	17.819.595	17.819.595	-	9.955.766	9.955.766
Other	1.363.766	3.591.873	4.955.639	1.410.044	3.106.320	4.516.364
Total	63.590.605	221.643.492	285.234.097	53.596.228	198.795.279	252.391.507

Annual effective interest rate of deposit accounts in USD, Euro and TRY are 2,16% (31 December 2019: 2,15%), 0,09% (31 December 2019: 0,05%) and 8,18% (31 December 2019 9,43%).

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

	31 March 2020	31 December 2019
No maturity	63.590.605	53.596.228
Up to 3 months	193.847.209	176.547.906
3 to 12 months	17.798.273	13.797.294
1 to 5 years	8.826.921	7.469.389
Over 5 years	1.171.089	980.690
Total	285.234.097	252.391.507

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NOTE 24 - RELATED PARTY DISCLOSURES

Key management personnel compensation:

The Group defined its key management as board of directors, general manager, general secretary, group chiefs, head of departments and group 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 2020 and 2019 are as follows:

	31 March 2020	31 March 2019
Short term benefits	17.136	15.976
Benefits resulted from discharge	290	1.096
Other long term benefits	109	81
Total	17.535	17.153

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

25.1 Financial Instruments and Financial Risk Management

25.1.1 Financial Risk Management

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

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

25.1.1.1 Foreign Exchange Risk

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

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

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

25.1.1.1 Foreign Exchange Risk (Continued)

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

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

	31 March 2020	31 December 2019
Assets	204.394.561	184.702.062
Liabilities	(233.499.786)	(214.694.810)
Net foreign currency balance sheet position	(29.105.225)	(29.992.748)
Off-balance sheet derivative financial instruments position	31.459.122	34.764.951
Net foreign currency balance sheet and off-balance sheet position	2.353.897	4.772.203

31 March 2020	Total TRY Equivalent	USD TRY Equivalent	EUR TRY Equivalent	GBP TRY Equivalent	Other TRY Equivalent
Assets:					
Cash and Cash Equivalents	23.161.393	14.738.798	5.900.320	1.965.977	556.298
Financial Assets	45.024.680	36.899.920	7.071.346	0	1.053.414
Receivables from Financial Operations	89.394.511	35.222.618	54.092.555	724	78.614
Reserve Deposits at Central Bank	34.995.422	16.444.772	16.062.978	0	2.487.672
Trade Receivables	678.546	299.258	333.094	2.090	44.104
Other Current Assets	11.140.009	6.922.440	4.127.633	74	89.862
Total assets	204.394.561	110.527.806	87.587.926	1.968.865	4.309.964
Liabilities:					
Funds Borrowed and Debt					
Securities in Issue	49.465.491	40.279.555	9.177.570	0	8.366
Customer Deposits	176.281.338	98.171.370	65.211.586	4.551.587	8.346.795
Trade Payables	436.475	331.553	84.055	388	20.479
Other Payables and Provisions	7.316.482	4.184.701	2.878.809	195.016	57.956
Total liabilities	233.499.786	142.967.179	77.352.020	4.746.991	8.433.596
Net foreign currency asset/ (liability) position of off-balance sheet derivative	31.459.122	31.162.915	(6.690.095)	2.799.747	4.186.555
Net foreign currency asset/ (liability) position	2.353.897	(1.276.458)	3.545.811	21.621	62.923

Net profit effect of the consolidated to the total net foreign currency position is TRY 2.157.812 in the long term as of 31 March 2020 (Akbank and Philsa-Philip Morris excluded).

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

25.1.1.1 Foreign Exchange Risk (Continued)

31 December 2019	Total TRY Equivalent	USD TRY Equivalent	EUR TRY Equivalent	GBP TRY Equivalent	Other TRY Equivalent
Assets:					
Cash and Cash Equivalents	22.368.133	11.720.587	8.006.380	2.044.154	597.012
Financial Assets	42.169.122	35.762.261	5.451.050	-	955.811
Receivables from Financial Operations	85.166.689	36.364.679	48.704.558	21	97.431
Reserve Deposits at Central Bank	25.808.586	15.377.023	9.277.376	-	1.154.187
Trade Receivables	674.130	303.192	330.038	2.391	38.509
Other Current Assets	8.515.402	5.712.945	2.707.410	85	94.962
Total assets	184.702.062	105.240.687	74.476.812	2.046.651	2.937.912
Liabilities:					
Funds Borrowed and Debt					
Securities in Issue	49.960.071	41.136.439	8.814.696	-	8.936
Customer Deposits	158.867.209	90.653.462	58.377.522	4.061.118	5.775.107
Trade Payables	412.303	288.168	103.806	367	19.962
Other Payables and Provisions	5.455.227	2.430.269	2.965.486	2.838	56.634
Total liabilities	214.694.810	134.508.338	70.261.510	4.064.323	5.860.639
Net foreign currency asset/ (liability) position of off-balance sheet derivative	34.764.951	31.083.116	(1.258.919)	2.012.918	2.927.836
Net foreign currency asset/ (liability) position	4.772.203	1.815.465	2.956.383	(4.754)	5.109

Net profit effect of the consolidated to the total net foreign currency position is TRY 1.831.974 as of 31 December 2019 (Akbank and Philsa-Philip Morris excluded).

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

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

25.1.1.1 Foreign Exchange Risk (Continued)

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

31 March 2020	Profit/loss	
	Appreciation of foreign currency	Appreciation of foreign currency
Change in USD against TRY by 20%		
USD net assets/liabilities	305.300	(305.300)
Hedged items (-)	-	-
USD net effect	305.300	(305.300)
Change in EUR against TRY by 20%		
EUR net assets/liabilities	16.065	(16.065)
Hedged items (-)	-	-
EUR net effect	16.065	(16.065)
Change in GBP against TRY by 20%		
GBP net assets/liabilities	918	(918)
Hedged items (-)	-	-
GBP net effect	918	(918)
Change in other currency against TRY by 20%		
Other currency net assets/liabilities	(381)	381
Hedged items (-)	-	-
Other currency net effect	(381)	381
31 March 2019		
	Profit/loss	
	Appreciation of foreign currency	Appreciation of foreign currency
Change in USD against TRY by 20%		
USD net assets/liabilities	283.631	(283.631)
Hedged items (-)	-	-
USD net effect	283.631	(283.631)
Change in EUR against TRY by 20%		
EUR net assets/liabilities	16.974	(16.974)
Hedged items (-)	-	-
EUR net effect	16.974	(16.974)
Change in GBP against TRY by 20%		
GBP net assets/liabilities	344	(344)
Hedged items (-)	-	-
GBP net effect	344	(344)
Change in other currency against TRY by 20%		
Other currency net assets/liabilities	438	(438)
Hedged items (-)	-	-
Other currency net effect	438	(438)

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NOTE 26 – EVENTS AFTER THE BALANCE SHEET DATE

With the decision of the Board of Directors dated January 21, 2020; one of the subsidiaries of the Group, Afyon Çimento has increased its issued capital, from TRY 100 million to TRY 400 million within the registered capital ceiling of TRY 450 million, by 300%, by covering 300% of its total capital. Within this process, an application was made to the Capital Markets Board on February 27, 2020 with an offering circular regarding the capital increase. At the meeting of the Capital Markets Board dated April 2, 2020 and numbered 19/434, the circular regarding the paid capital increase was approved.