

HACI ÖMER SABANCI HOLDİNG A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

(ORIGINALLY ISSUED IN TURKISH)



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

INDEPENDENT AUDITOR'S REPORT

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

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Hacı Ömer Sabancı Holding A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated balance sheet as at 31 December 2021, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

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

3. Key audit matters

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



Key Audit Matters	How the key audit matter was addressed in the audit
<p data-bbox="264 555 879 633">Impairment of receivables from finance sector operations in accordance with TFRS 9 (Note 33)</p> <p data-bbox="264 633 879 790">The Group has total provision for impairment of TL 19 billion in respect to receivables from finance sector operations of TL 406 billion which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2021.</p> <p data-bbox="264 790 879 1395">TFRS 9 is a complex accounting standard which requires considerable judgement and interpretation. These judgements are key in the development of the financial models built to measure the expected credit losses on loans recorded at amortized cost. In addition, the operation of the models requires large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit losses on loans. Impairment allowances are calculated on a collective basis for portfolios of receivables from finance sector operations of a similar nature and on individual basis for significant loans taking into account Management's best estimate at the balance sheet date and historical losses incurred. As of 31 December 2021, the impacts of COVID19 global pandemic have increased the importance of the estimations and assumptions used by the Group management in determination of the expected credit loan loss provision. The uncertainties arising from these impacts have been evaluated by the management in their judgements and estimations.</p> <p data-bbox="264 1395 879 1939">Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macroeconomic expectations, current conditions, historical loss experiences; the significance of the receivables from finance sector operations balances; the appropriateness of classification of receivables from finance sector operations as per their credit risk (staging) in accordance with applicable regulation and the importance of determination of the associated impairment allowances. Timely and correctly identification of loss event and the level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<p data-bbox="879 555 1497 891">Within our audit procedures, we assessed policies and procedures together with the overall governance established by the Group with respect to classification of receivables from finance sector operations and estimation of impairment in accordance with the applicable regulations considering also the impacts of COVID-19. We have tested the design and operating effectiveness of controls implemented by the Group in line with its governance, policies and procedures.</p> <p data-bbox="879 891 1497 1249">Together with our modelling specialists, we have evaluated and tested the methodologies used in building impairment models in line with the requirement of TFRS 9 and the Group's policies for the significant portfolio of loans. We have tested model calculations through re-performance together with our modelling specialists on a sample basis. We have independently assessed together with our related specialists methodologies used in the models with respect to segmentation, life time expected credit losses, losses given default and use of macroeconomic expectations that include the impacts of COVID-19.</p> <p data-bbox="879 1249 1497 1473">We have carried loan review on a selected sample of receivables from finance sector operations with the objective to identify whether the classification of loans is performed appropriately in accordance with the applicable regulation, whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the TFRS 9 framework.</p> <p data-bbox="879 1473 1497 1787">In addition, for non-performing receivables from finance sector operations and other significant loans that are subject to individual assessment based on the Group policies, we have evaluated the appropriateness of specific impairment provision with supportable input. Based on our discussions with the Group management, we have evaluated and challenged whether the key assumptions and other judgements, underlying the estimation of impairment were reasonable including the areas affected by the uncertainties related to COVID-19.</p> <p data-bbox="879 1787 1497 1939">We have reviewed the appropriateness and sufficiency of disclosures made in the financial statements of the Group with respect to receivables from finance sector operations and related impairment provision.</p>



Key Audit Matters	How the key audit matter was addressed in the audit
<p>Valuation of Pension Fund Obligations (Note 2.3.20)</p>	
<p>The Group has booked provision amounting to TL 295 million for Pension Fund Liabilities in the accompanying consolidated financial statements as at 31 December 2021.</p> <p>The Group’s Personnel Pension Fund Foundation (“Pension Fund”) is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). The President of the Republic of Turkey is authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumption for benefits to be transferred and for non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. The Group’s management uses external consulting firm for the purpose of valuations of pension obligations. The reason we focused on this area during our audit is; the importance of the actuarial and economic assumptions such as discount rates, salary increases, demographic assumptions used in the valuation of pension obligations with respect to social benefits and the significant impact that may arise from the possible change in the assumptions used in the evaluation of pension fund liabilities.</p>	<p>Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Group management to the external consulting firm for the purpose of evaluation pension obligation. In addition, we have verified the existence and values of the Pension Fund assets.</p> <p>Through use of actuarial specialists, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.</p> <p>In addition to the above procedures we have reviewed disclosures made with respect to pension fund.</p>



4. Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

5. Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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



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

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

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

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



B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2021 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 24 February 2022.

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

A handwritten signature in blue ink, appearing to read "B. Özpoyraz", is written over the printed name.

Burak Özpoyraz, SMMM
Partner

Istanbul, 24 February 2022

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HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2021 AND 2020

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

	Note	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
ASSETS	References		
Current Assets		465.289.463	269.491.344
Cash and Cash Equivalents	5	69.417.883	19.828.118
Balances with the Central Bank of the Republic Turkey		81.792.492	42.604.370
Financial Assets		40.134.206	35.799.568
- Fair Value Through Profit or Loss	6.a	11.288.001	9.214.502
- Fair Value Through Other Comprehensive Income	6.b	15.853.577	9.837.424
- Measured at Amortized Cost	6.c	12.629.008	16.731.294
- Time Deposit	6.d	363.620	16.348
Trade Receivables	9	4.254.881	1.845.555
- Trade receivables from related parties		203.792	112.248
- Trade receivables from non-related parties		4.051.089	1.733.307
Receivables from Finance Sector Operations	33	225.676.033	150.108.617
Other Receivables	10	3.753.288	4.497.536
Derivative Financial Instruments	32	23.646.983	8.463.520
Inventories	11	7.520.997	3.761.354
Prepaid Expenses	12	2.353.369	1.204.269
Deferred Commission Expenses		474.946	-
Assets Related to Current Tax		136.708	6.788
Other Current Assets	22	5.433.104	1.109.423
		464.594.890	269.229.118
Non-current Assets Held for Sale	24	694.573	262.226
		354.474.326	231.767.030
Non-Current Assets			
Financial Investments		131.979.497	73.524.030
- Fair Value through Other Comprehensive Income	6.b	87.077.994	48.382.002
- Measured at Amortized Cost	6.c	44.901.503	25.142.028
Trade Receivables	9	6.086	566
- Trade receivables from non-related parties		6.086	566
Receivables from Finance Sector Operations	33	160.936.678	116.970.690
Other Receivables	10	503.230	3.869.631
Derivative Financial Instruments	32	27.349.132	14.455.362
Investments Accounted Through Equity Method	13	8.763.569	8.298.372
Investment Property	14	383.871	235.062
Property, Plant and Equipment	15	10.569.872	7.959.621
Right of Use Assets	17	1.980.324	1.731.577
Intangible Assets		10.480.408	3.875.970
- Goodwill	18	2.522.764	1.600.690
- Other Intangible Assets	16	7.957.644	2.275.280
Prepaid Expenses	12	46.052	17.368
Deferred Commission Expenses		642.071	-
Deferred Tax Assets	31	660.696	719.275
Other Non-Current Assets	22	172.840	109.506
Total Assets		819.763.789	501.258.374

These consolidated financial statements have been approved for issue by the Board of Directors on 24 February 2022 and signed on its behalf by Cenk Alper, Member of Board of Directors and CEO and Nusret Orhun Köstem, CFO, General Assembly has the right to change these consolidated financial statements.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2021 AND 2020

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

	Note References	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
LIABILITIES			
Current Liabilities		606.207.659	351.320.596
Short Term Borrowings	7	26.193.026	13.713.590
Short Term Portion of Long Term Borrowings	7	27.179.115	20.053.065
Liabilities from Leasing Transactions	8	382.607	334.423
Trade Payables	9	8.739.683	5.023.674
- Trade payables to related parties		109.484	113.064
- Trade payables to non-related parties		8.630.199	4.910.610
Payables of Finance Sector Operations	34	495.202.504	292.375.186
Payables related to Employee Benefits	21	133.906	119.126
Other Payables	10	16.992.367	9.088.626
Derivative Financial Instruments	32	14.714.467	5.795.534
Deferred Income	12	248.442	209.063
Current Tax Liabilities	31	1.756.390	1.171.845
Short Term Provisions		11.151.910	1.209.636
- Short Term Provisions for Employee	21	768.587	522.275
- Insurance Technical Provisions	19	9.328.281	-
- Other Short Term Provisions	19	1.055.042	687.361
Other Short Term Liabilities	22	3.513.242	2.222.801
		606.207.659	351.316.569
Liabilities Related to Asset Group Held for Sale	24	-	4.027
Non-current Liabilities		109.951.948	73.154.884
Long Term Borrowings	7	64.396.093	38.494.543
Liabilities from Leasing Transactions	8	1.844.517	1.599.783
Payables of Finance Sector Operations	34	17.327.199	18.066.046
Other Payables	10	7.145.569	4.431.151
Derivative Financial Instruments	32	11.219.270	9.108.320
Deferred Income	12	221.404	137.410
Long Term Provisions		6.380.764	946.430
- Long Term Provisions for Employee Benefits	21	1.051.410	704.926
- Insurance Technical Provisions	19	4.766.880	-
- Other Long Term Provisions	19	562.474	241.504
Taxes and Funds Payable		10.233	-
Deferred Tax Liabilities	31	1.382.161	318.277
Other Long Term Liabilities	22	24.738	52.924
EQUITY		103.604.182	76.782.894
Equity Attributable To The Parent	23	51.416.916	37.996.499
Share Capital	23	2.040.404	2.040.404
Adjustments to Share Capital		3.426.761	3.426.761
Share Premium	23	22.237	22.237
Treasury shares (-)	23	(298.646)	(190.470)
Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss		(238.606)	(150.921)
- Actuarial Gain/Loss		(238.606)	(150.921)
Other Comprehensive Income or Expenses Will Be Reclassified to Profit or Loss		3.521.468	1.135.944
- Currency Translation Reserve	23	6.690.649	2.684.551
- Gains/Losses on Hedge	23	(2.450.148)	(1.755.742)
- Revaluation Reserve	23	(719.033)	207.135
Restricted Reserves	23	1.532.498	1.223.543
Retained Earnings		29.378.702	25.721.428
Net Income for the Period		12.032.098	4.767.573
Non-controlling Interests		52.187.266	38.786.395
TOTAL EQUITY AND LIABILITIES		819.763.789	501.258.374

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

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

	Note References	Audited Current Period 1 January - 31 December 2021	Audited Prior Period 1 January - 31 December 2020
CONTINUING OPERATIONS			
Sales (net)	4,25	30.570.352	21.529.210
Cost of Sales (-)	4,25	(24.024.838)	(17.005.423)
Gross Profit from Non-Financial Operations		6.545.514	4.523.787
Interest, Premium, Commission and Other Income	4,25	57.622.046	37.824.578
Interest, Premium, Commission and Other Expense (-)	4,25	(27.944.179)	(20.691.934)
Gross Profit from Financial Operations		29.677.867	17.132.644
GROSS PROFIT		36.223.381	21.656.431
General and Administrative Expenses (-)	26	(11.745.337)	(8.947.977)
Marketing Expenses (-)	26	(3.005.986)	(2.406.697)
Research and Development Expenses (-)	26	(46.937)	(27.375)
Other Income from Operating Activities	28	4.007.197	2.767.140
Other Expense from Operating Activities (-)	28	(2.864.189)	(2.611.800)
Share of Profit of Investments Accounted for Using the Equity Method	13	2.786.514	1.532.631
OPERATING PROFIT		25.354.643	11.962.353
Income from Investing Activities	29	1.847.361	147.553
Expense from Investing Activities (-)	29	(9.283)	(5.143)
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		27.192.721	12.104.763
Financial Income	30	124.809	57.332
Financial Expenses (-)	30	(1.463.942)	(985.194)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS		25.853.588	11.176.901
Tax Expense from Continuing Operations			
Current Tax Expense	31	(4.186.070)	(2.592.425)
Deferred Tax Income/(Expense)	31	(1.088.408)	321.886
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		20.579.110	8.906.362
DISCONTINUED OPERATIONS			
Income After Tax From Discontinued Operations			
Discontinued Operations	24	(7.942)	(7.109)
PROFIT FOR THE PERIOD		20.571.168	8.899.253
ALLOCATION OF PROFIT			
- Non-controlling Interests		8.539.070	4.131.680
- Owner of the Company		12.032.098	4.767.573
Earnings per share			
- hundreds of ordinary shares (TRY)		5,90	2,34
Earnings per share from continuing operations			
- hundreds of ordinary shares (TRY)		5,90	2,34

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

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

	Note References	Audited Current Period 1 January - 31 December 2021	Audited Prior Period 1 January - 31 December 2020
INCOME FOR THE YEAR		20.571.168	8.899.253
Other Comprehensive Income/(Loss):			
Items That Will Not Be Reclassified To Profit or Loss		(178.888)	(74.162)
Actuarial (losses)/gains	31	(163.450)	(70.204)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax	31	(15.438)	(3.958)
Items That Will Be Reclassified To Profit or Loss Profit or Loss		4.463.431	1.752.525
Fair value gains/(losses) from financial assets through other comprehensive income, after tax	31	(2.305.662)	338.361
Currency translation differences	31	8.234.664	2.398.840
Cash flow hedges after tax	31	2.354.470	412.129
Income/(loss) from the derivative financial assets related to net investment hedge in a foreign operation, after tax	31	(3.727.101)	(1.185.472)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax	31	(92.940)	(211.333)
OTHER COMPREHENSIVE INCOME/(LOSS) (AFTER TAX)		4.284.543	1.678.363
TOTAL COMPREHENSIVE INCOME		24.855.711	10.577.616
ALLOCATION OF TOTAL COMPREHENSIVE INCOME			
- Non-controlling Interests		10.555.109	5.240.590
- Equity Holders of the Parent		14.300.602	5.337.026

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(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													Total		
					Not be reclassified										Equity	Non-
					Be reclassified											
	Adjustment				Actuarial	Currency	Hedge	Revaluation	Restricted	Retained	Net income	attributable	controlling			
	Share capital	to share capital	Treasury shares	Share premium	gains / losses	translation reserve	reserve	funds	reserve	earnings	for the year	to the parent	interest			
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	-	-	-	-	-	-	-	-	49.657	3.730.079	(3.779.736)	-	-	-		
Dividends paid	-	-	-	-	-	-	-	-	-	(684.346)	-	(684.346)	(36.036)	(720.382)		
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	161.006	161.006		
Changes in subsidiary share ratio	-	-	-	-	-	-	-	-	-	85.502	-	85.502	201.709	287.211		
Total comprehensive income	-	-	-	-	(34.668)	995.877	(542.452)	150.696	-	-	4.767.573	5.337.026	5.240.590	10.577.616		
Balances at 31 December 2020	2.040.404	3.426.761	(190.470)	22.237	(150.921)	2.684.551	(1.755.742)	207.135	1.223.543	25.721.428	4.767.573	37.996.499	38.786.395	76.782.894		
Balance at 1 January 2021	2.040.404	3.426.761	(190.470)	22.237	(150.921)	2.684.551	(1.755.742)	207.135	1.223.543	25.721.428	4.767.573	37.996.499	38.786.395	76.782.894		
Transfers	-	-	-	-	-	-	-	-	201.768	4.565.805	(4.767.573)	-	-	-		
Dividends paid (*)	-	-	-	-	-	-	-	-	-	(733.591)	-	(733.591)	(454.876)	(1.188.467)		
Capital increase (**)	-	-	-	-	-	-	-	-	-	-	-	-	139.339	139.339		
Subsidiary acquisition (***)	-	-	-	-	-	-	-	-	(989)	(1.849)	-	(2.838)	3.178.518	3.175.680		
Changes in ownership interests in subsidiaries that do not result in a loss of control (****)	-	-	-	-	-	29.335	-	-	-	(64.915)	-	(35.580)	(17.219)	(52.799)		
Increase / (decrease) due to share buy back transactions (*****)	-	-	(108.176)	-	-	-	-	-	108.176	(108.176)	-	(108.176)	-	(108.176)		
Total comprehensive income	-	-	-	-	(87.685)	3.976.763	(694.406)	(926.168)	-	-	12.032.098	14.300.602	10.555.109	24.855.711		
Balances at 31 December 2021	2.040.404	3.426.761	(298.646)	22.237	(238.606)	6.690.649	(2.450.148)	(719.033)	1.532.498	29.378.702	12.032.098	51.416.916	52.187.266	103.604.182		

(*) Dividends paid by the Holding per share with a TRY1 nominal value is TRY0.35 (2020: TRY0.33).

(**) Teknosa İç ve Dış Ticaret A.Ş., a subsidiary of the Group, increased its issued capital of full TRY110.000.000 by full TRY91.000.000, to TRY201.000.000, with contributions composed entirely of cash. The entire net cash inflow is full TRY 275.654.824 obtained from the capital increase. The capital contribution ended on 18 June 2021 with the registration of capital.

(***) The Group signed an amendment to its Shareholder Agreement for Aksigorta and Agesa as of 1 July 2021. With respect to these amendments the Group started to consolidate these entities after this date.

(****) Subsidiary shares which operates the foreign white cement operations of Çimsa Çimento Sanayi ve Ticaret A.Ş. were sold to CSC BV and the Holding's proportion of effective ownership interest ratio in these companies increased from 58,10% to 83,24%. In addition, Kordsa, a subsidiary of the Group, has been purchased portion of non-controlling interests on Axiom Materials Acquisition LLC.

(*****) Considering the transactions that were cleared as of 31 December 2021, shares with a nominal value of full TL 8.000.000 corresponding to 0,3921% of Company's share capital were repurchased.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

	Note references	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
Net income from continuing operations		20.579.110	8.906.362
Net income from discontinued operations		(7.942)	(7.109)
Adjustments to reconcile income before taxation to net cash provided by operation activities:			
Tax expense/income		5.274.478	2.270.539
Depreciation and amortization expenses	14,15,16,17	2.124.470	1.642.179
Provision for loan losses	33	5.555.027	6.488.159
Changes in the fair value of derivative instruments		(1.377.897)	(204.111)
Interest income/expense and foreign currency gains		(7.359.526)	(3.588.062)
Provision for employment termination benefits		207.004	122.312
Impairment charge on property, plant and equipment,intangible assets and investment property	14,15,16	1.345	9.259
Impairment an assets held for sale		1.517	496.888
Income from sale of property, plant and equipment,intangible assets and investment property		(293.921)	(120.835)
Income from associates and joint ventures	13	(2.786.514)	(1.532.631)
Provision for /(reversal of) inventory impairment	11	34.011	18.760
Provision for /(reversal of) doubtful receivables		4.212	9.844
Unrealized foreign currency translation differences		(6.095.482)	175.006
Other adjustments related to reconciliation of profit/(loss)		(1.359.258)	-
Net cash provided by operation activities before changes in operating assets and liabilities		14.500.634	14.686.560
Changes in trade receivables		(2.424.063)	(230.529)
Changes in inventories		(3.739.421)	(650.030)
Changes in other receivables		4.110.056	(1.507.337)
Changes in prepaid expenses		(439.246)	(306.881)
Changes in derivative financial instruments		(17.047.350)	(1.017.569)
Changes in other assets		(6.044.923)	(829.081)
Changes in trade payables		3.457.571	1.028.016
Changes in other liabilities and other payables		26.682.148	3.626.765
Net cash provided in operating activities of assets classified as held for sale		(258.043)	181.064
Changes in assets and liabilities in finance segment:			
Changes in financial investments		(10.748.503)	(1.924.395)
Changes in receivables from finance sector operations		(117.612.356)	(54.397.863)
Changes in payables from finance sector operations		190.620.687	58.987.863
Changes in Central Bank of the Republic of Turkey account		(39.188.122)	(16.488.661)
Income taxes paid	31	(3.731.445)	(2.023.924)
Employment termination benefits paid		(60.114)	(65.691)
Net cash provided from operating activities		38.077.510	(931.693)
Cash flow from investing activities			
Sale / (Proceed) of fair value through other comprehensive income or amortized cost at financial asset		(56.891.095)	(17.532.621)
Capital expenditures		(2.520.221)	(1.811.791)
Proceeds from sales of property, plant, equipment and intangible assets		703.398	318.704
Cash inflows (outflows) related to purchase from the sale of investment property		(5.550)	(12.220)
Proceeds from related to purchases to gain control of subsidiaries		3.499.068	-
Share sale of subsidiaries		-	316.070
Acquisition of subsidiaries, associates and joint ventures		(202.799)	(83.264)
Dividends received		1.322.325	428.922
Other cash inflows/outflows (*)		(1.350.705)	-
Net cash provided from / (used in) investing activities		(55.445.579)	(18.376.200)
Cash flow from financing activities			
Proceeds from changes in ownership interests in subsidiaries that do not result in loss of control		139.339	161.006
Cash inflows from financial liabilities		48.841.128	19.051.336
Cash outflows from repayments of borrowings		(6.401.341)	(5.039.370)
Cash outflows from payments of lease liabilities		(838.749)	(701.082)
Cash outflows from repurchased shares		(108.176)	-
Interest received		5.810	-
Dividends paid		(1.188.467)	(720.382)
Net cash provided from / (used in) financing activities		40.449.544	12.751.508
Effect of change in foreign currency rates on cash and cash equivalents		13.209.138	3.516.122
Net increase / (decrease) in cash and cash equivalents		36.290.613	(3.040.263)
Cash and cash equivalents in the beginning of the period (**)		15.485.011	18.525.274
Cash and cash equivalents at the end of the period		51.775.624	15.485.011

(*) Cash outflow related to Bunol asset acquisition.

(**) Cash and cash equivalents include interest rediscount of TRY1.491 (31 December 2020: TRY332) in the current period. The blocked deposit was by TRY4.342.775 at the beginning of the current period, and it was TRY17.642.259 at the end of the period (31 December 2020: respectively TRY3.916.739 and TRY4.342.775).

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

Hacı Ömer Sabancı Holding A.Ş. (the "Holding") was established in 1967 to coordinate and perform liaison services regarding the activities of companies operating in various fields including mainly finance, manufacturing and trade. The Holding is registered in Turkey. The number of employees in 2021 is 65.054 (31 December 2020: 63.412). Holding's registered address is as follows:

Sabancı Center, 4. Levent, İstanbul, Türkiye.

The Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on Borsa Istanbul ("BİST") (previously known as the Istanbul Stock Exchange ("ISE")) since 1997. As of 31 December 2021 the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 23):

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

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

Subsidiaries

The nature of the business of the consolidated Subsidiaries in these consolidated financial statements and their respective business segments are as follows as of 31 December 2021;

Subsidiaries	Traded Stock Market	Type of Activity	Business Segment	Number of Employees	Country of Registration
Akbank T.A.Ş. ("Akbank")	BİST	Banking	Banking	17.231	Turkey
Aksigorta A.Ş. ("Aksigorta") (*)	BİST	Insurance	Financial Services	665	Turkey
Agesa Hayat ve Emeklilik A.Ş. ("Agesa") (*)	BİST	Pension and Insurance	Financial Services	1.958	Turkey
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefoursa")	BİST	Trade	Retailing	12.118	Turkey
Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	BİST	Trade	Retailing	2.303	Turkey
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	BİST	Cement	Building Materials	2.510	Turkey
Çimsa Sabancı Cement BV ("CSC BV")	-	Cement	Building Materials	208	Holland
Kordsa Teknik Tekstil Anonim Şirketi ("Kordsa")	BİST	Clinker Tire	Industry	4.721	Turkey
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa")	-	Trade	Other	7	Turkey
Ankara Enternasyonal Otelcilik A.Ş. ("AEO")	-	Tourism	Other	2	Turkey
Temsa Motorlu Araçlar Pazarlama ve Dağıtım Şirketi ("Temsa Motorlu Araçlar")	-	Automotive	Other	43	Turkey
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. ("Tursa")	-	Tourism	Other	2	Turkey
Sabancı Dijital Teknoloji Hizmetleri A.Ş. ("SabancıDX")	-	Information Technologies	Other	315	Turkey

(*) The Group started to consolidate Aksigorta and Agesa starting from 1 July 2021.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

Subsidiaries (Continued)

Additionally, A.R.T.S. Ltd. is not a subsidiary of Bank; however, Bank has 100% control power on it. A.R.T.S. Ltd. established as “Structured Enterprise” in November 1999 in order to provide long-term financing from abroad has been included in the consolidation by full consolidation method.

For the purposes of segment information, Holding’s stand-alone financial statements have been included within the “Other” business segment (Note 4).

Joint Ventures

As at 31 December 2021, 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
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. (“Brisa”)	BİST	Tire	Industry	Bridgestone	3.196
Akçansa Çimento Sanayi ve Ticaret A.Ş. (“Akçansa”)	BİST	Cement	Building Materials	Heidelberg	2.112
Enerjisa Enerji A.Ş. (“Enerjisa Enerji”)	BİST	Energy	Energy	E.ON SE	12.349
Enerjisa Üretim Santralleri A.Ş. (“Enerjisa Üretim”)	-	Energy	Energy	E.ON SE	847
Temsa Skoda Sabancı Ulaşım Araçları A.Ş. (“Temsa Ulaşım Araçları”)	-	Automotive	Other	PPF Industry CO. B.V.	1.443

All joint ventures are registered in Turkey.

Associates

As at 31 December 2021, the nature of business and operating segments of the Affiliates which are accounted through equity method in the consolidated financial statements are as follows:

Affiliates	Traded Stock Markets	Type of Activity	Business Segment	Ventures	Number of Employees
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (Philsa)(*)	-	Tobacco products production	Industry	Philip Morris	2.582
Philip Morris Sabancı Pazarlama Satış A.Ş. (“Philip Morrissa”) (*)	-	Tobacco products marketing and sales	Industry	Philip Morris	

(*) Presented as held for sale in the consolidated balance sheets as of 31 December 2021.

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

All affiliates are registered in Turkey.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

1.1 Impact of the Covid-19 Outbreak on Group Activities

The COVID-19 pandemic caused serious effects on health systems and the economy as the virus spread to the world in the first quarter of 2020, widespread closure of businesses and unprecedented constraints in social interactions have significantly affected economic activity. Countries have taken measures to slow the spread of the pandemic, such as testing and treating patients, applying travel restrictions, quarantining citizens and canceling large meetings. Along with these social measures, comprehensive financial measures were taken simultaneously to reduce the negative effects on the economic outlook. Similarly, Turkey has implemented health and safety measures to support the households; fiscal and monetary measures to support the companies and regulators. Additional measures are being announced to tackle adverse impacts on companies and certain sectors. The Group management closely monitors all developments and takes the necessary measures to effectively manage the negative effects of the COVID-19 outbreak on the Group's consolidated financial position, consolidated financial performance and consolidated cash flows. The Group management believes that despite the uncertain economic outlook, it can successfully manage its commercial risks and liquidity reserves. There is no risk in the activities of the Group as of 31 December 2021.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Statement of Compliance with TFRS

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

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 Financial Reporting Standards and interpretations (“TFRS”) 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 15 April 2019. 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.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

2.1 Basis of Presentation (Continued)

2.1.1 *Statement of Compliance with TFRS (Continued)*

Functional and Presentation Currency

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

2.1.2 *New and Revised Turkish Accounting Standards*

The accounting policies applied in the preparation of the consolidated financial statements as of 31 December 2021 are consistent with those applied in the preparation of the consolidated financial statements as of 31 December 2020 except for the new and amended TFRS standards which are valid as of 1 January 2021 and Turkey Financial Reporting Interpretations Committee’s (“TFRIC”) interpretations summarized below.

Standards, amendments and interpretations applicable as at 31 December 2021:

Amendments to TFRS 7 and TFRS 16 Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific TAS 39 and TFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Standards, amendments and interpretations that are issued but not effective as at 31 December 2021:

Amendment to TFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the Practical expedient; as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to TFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

2.1.2 *New and Revised Turkish Accounting Standards (Continued)*

Amendments to TAS 1, Presentation of financial statements’ on classification of liabilities; effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to TAS 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 TAS 1 means when it refers to the ‘settlement’ of a liability.

A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16; effective from Annual periods beginning on or after 1 January 2022.

- **Amendments to TFRS 3,** ‘Business combinations’ update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to TAS 16,** ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- **Amendments to TAS 37,** ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to TFRS 1, ‘First-time Adoption of TFRS, TFRS 9, ‘Financial instruments’, TAS 41, ‘Agriculture’ and the Illustrative Examples accompanying TFRS 16, ‘Leases’.

Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; from annual periods beginning on or after 1 January 2023. These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Basis of Consolidation

- a) The consolidated financial statements include the accounts of the parent company, Hacı Ömer Sabancı Holding A.Ş., its Subsidiaries and Joint Ventures (collectively referred to as the “Group”) on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared at the date of the consolidated financial statements, and are prepared in accordance with Turkish 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 in which the Holding has the power to control the financial and operating policies for the benefit of the Holding either through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or certain Sabancı family members and companies whereby the Holding exercises control over the voting rights of the shares held by them.
- 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 TFRS). 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 Financial Instruments, 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.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Basis of Consolidation (Continued)

The table below sets out all consolidated Subsidiaries and shows the proportion of ownership interest and the effective interest of the Holding in these subsidiaries at 31 December 2021 and 2020:

	31 December 2021		31 December 2020	
	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
Subsidiaries	(%)	(%)	(%)	(%)
AEO	76,85	76,85	76,85	76,85
Akbank	40,75	40,75	40,75	40,75
Aksigorta	36,00	36,00	36,00	36,00
Agesa	40,00	40,00	40,00	40,00
SabancıDX	100,00	100,00	100,00	100,00
Çimsa	63,52	58,10	63,52	58,10
Exsa	61,68	47,90	61,68	47,90
Kordsa	71,11	71,11	71,11	71,11
Teknosa	50,00	50,00	50,00	50,00
Temsa Motorlu Araçlar	100,00	47,90	100,00	47,90
Tursa	100,00	100,00	100,00	100,00
Carrefoursa	57,12	57,12	57,12	57,12
CSC BV	100,00	83,24	100,00	83,24

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Basis of Consolidation (Continued)

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

The table below sets out the Joint Ventures and shows the proportion of ownership interest and effective interest of the Holding in these Joint Ventures at 31 December 2021 and 31 December 2020:

	31 Dcember 2021		31 December 2020	
	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
Brisa		43,63		43,63
Enerjisa Enerji		40,00		40,00
Enerjisa Üretim		50,00		50,00
Temsa Ulaşım Araçları		50,00		23,95

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

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

The table below sets out all Associates and shows the total interest of the Holding in these associates at 31 December 2021 and 31 December 2020:

Associates	Proportion of effective 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

(*) These companies are classified as asset held for sale in the consolidated balance sheets as of 31 December 2021.

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

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

2.1 Basis of Presentation (Continued)

2.1.4 Comparatives and Restatement of Prior Year Financial Statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. Comparative information is reclassified when deemed necessary in order to comply with the presentation of the current period consolidated financial statements.

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. The Group doesn't have any significant changes in accounting policy or accounting estimates in the current period.

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.

2.3 Summary of Significant Accounting Policies

2.3.1 Leases

The Group - as a lessee

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

- a) The contract involved the use of an identified asset - this may be specified explicitly or implicitly.

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

2.3 Summary of Significant Accounting Policies (Continued)

- b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) The Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
 - i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

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

Right of use asset

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

- a) Amount of the initial measurement of the lease liability,
- b) Any lease payments made at or before the commencement date, less any lease incentives received;
- c) Any initial direct costs incurred by the Group; and
- d) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

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)

2.3 Summary of Significant Accounting Policies (Continued)

2.3.1 Lease Liability (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.

Options to extend and terminate

Group assesses the contractual options to extend or to terminate the lease when determining the lease liability. The majority of the options to extend and terminate are exercisable both by the Group and the respective lessor. Group determines the lease term of a lease considering the periods covered by options to extend and terminate the lease if the options are exercisable by the Group and the Group is reasonably certain to exercise those options. If a significant change in circumstances takes place, related lease term assessment is revisited by the Group.

Variable lease payments

Some lease contracts of the Group contain variable payment terms. Variable lease payments are not in the scope of TFRS 16 Standard and recognised in the statement of income in the related period.

Practical expedients

The short-term lease agreements with a lease term of 12 months or less and agreements related to information technology equipment leases (mainly printer, laptop, mobile phone etc.), which are determined by the Group as low value, have been evaluated within the scope of practical expedients introduced by the TFRS 16 Leases Standard and related lease payments are recognised as an expense in the period in which they are incurred.

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.1 Lease Liability (Continued)

The Group - as a lessor

The Group's subsidiary Ak Finansal Kiralama A.Ş. It carries out financial leasing transactions in the capacity of being the "Lessor". The asset subject to finance lease is shown in the balance sheet as a receivable equal to the net lease amount. Interest income is determined to create a fixed periodic rate of return by using the net investment method of the lessor on the leased asset, and the part that is not in the relevant period is followed in the unearned interest income account.

In the Group's operating leases, the leased assets are classified under investment properties, tangible fixed assets or other current assets in the consolidated balance sheet and the rental income obtained is reflected in the consolidated income statement in equal amounts during the lease period. Rental income is reflected to the consolidated income statement on a straight-line basis throughout the rental period.

2.3.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits and blocked deposits held in banks with maturities of 3 months or less, other short-term liquid investments. Group evaluates its cash and cash equivalents in accordance with expected credit loss model for impairment. (Note 5).

2.3.3 Sale and repurchase agreements

Securities sold under repurchase agreements ("Repo") are classified in the Group portfolio as "fair value differences that recorded as profit or loss", "fair value differences that recorded other comprehensive income" or "amortized cost" portfolios and valued according to relevant portfolio basis. Acquired Funds in return of repurchase agreements accounted under "Payables of Finance Sector Operations" and rediscount expenses are calculated according to the "effective yield (internal rate of return) method" for the difference amount related to current period between the repurchase agreements and the determined sale and repurchase prices.

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

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

In accordance with the "Communiqué Regarding the Reserve Requirements no. 2005/1, the Group is required to maintain reserves in CBRT for TRY and foreign currency liabilities. The required reserve rates for TRY liabilities vary between 3% and 8% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2021 (2020: 1% and 6% for all TRY liabilities) The reserve rates for foreign currency liabilities vary between 5% and 26% (31 December 2020: 5% and 22%).

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.5 Trade Receivables

Trade receivables resulting from the provision of products or services to the buyer are shown net of unaccrued finance income. Trade receivables after unaccrued financial income are calculated by discounting the amounts to be obtained in the following periods of the receivables recorded from the original invoice value using the effective interest method. Short-term receivables with no specified interest rate are shown at cost, unless the effect of the original effective interest rate is significant.

Impairment

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

“Expected credit loss model” defined in TFRS 9, “Financial Instruments” superseded the “incurred credit loss model” in TAS 39 “Financial Instruments: Recognition and Measurement” which was effective prior to 1 January 2018. Expected credit losses are a probability weighted estimate of credit losses over the expected life of the financial instrument. The calculation of expected credit loss is performed based on the past experiences and future expectations of the Group.

2.3.6 Receivables From Finance Sector Operations

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

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

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

“Stage 3”, includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognised.

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.6 *Receivables From Finance Sector Operations (Continued)*

Group appropriately classifies its financial instruments considering common risk factors (such as the type of the instrument, credit risk rating, guarantees, time to maturity and sector) to determine whether the credit risk on a financial instrument has increased significantly and to account appropriate amount of credit losses in the consolidated financial statements. The changes in the expected credit losses on receivables from finance sector operations are accounted for under “other operating income/expenses” account of the consolidated statement of income.

2.3.7 Financial Assets

2.3.7.1 Financial Assets Whose Fair Value Difference is Reflected to Profit/Loss:

Financial assets at fair value through profit/loss” are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. The Group reviewed the valuation of financial assets and liabilities at fair value through profit / loss as of the reporting date, there are no changes caused by the effects of the COVID-19 pandemic that would require any adjustments in fair value measurement as of 31 December 2021.

2.3.7.2 *Financial Assets for Which the Fair Value Difference is Recognised Through Other Comprehensive Income*

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement.

“Unrealized gains and losses” arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the “Accumulated other comprehensive income or expense to be reclassified through profit or loss” under shareholders’ equity. When these securities are collected or disposed of, the related fair value differences accumulated in the shareholders’ equity are transferred to the income statement.

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.7.2 *Financial Assets of Which the Fair Value Difference is Reflected to Other Comprehensive Income (Continued)*

Equity instruments classified as financial assets at fair value through other comprehensive income are accounted at their fair values. Exceptionally, cost can be an appropriate estimation method in determining fair value. This is only possible if there is insufficient recent information on the measurement of fair value or if fair value can be measured by more than one method and the cost reflects the fair value estimate in the best way. In the case of using this method, the accumulated fair value differences will not be reflected in the income statement.

2.3.7.3 *Financial Assets Measured by Amortised Cost:*

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs, which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

“Fair value through other comprehensive income” and “measured at amortized cost” securities portfolio of the Group include Consumer Price Indexed (CPI) Bonds. These securities are valued and accounted using the effective interest rate method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in calculating the actual coupon payment amounts of these assets are based on the Consumer Price Index (CPI) of prior two months. The Bank also sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year. At the end of the year, the real inflation rate is used.

The Group’s financial assets recognised at amortised cost include “cash or cash equivalents”, “trade receivables”, “debt securities” and “receivables from finance industry activities” items.

2.3.8 *Related parties*

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

2.3.9 *Inventories*

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

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.10 Derivative financial instruments

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

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

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

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

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

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

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

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

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

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.10 *Derivative financial instruments(Continued)*

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

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

2.3.11 *Investment property*

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

2.3.12 *Property, plant and equipment*

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

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

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

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.12 Property, plant and equipment (Continued)

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

2.3.13 Intangible assets

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

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

2.3.14 Non-current assets held for sale and discontinued operations

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

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

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

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.15 Shareholders’ equity

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

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

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

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

The standard capital adequacy percentage for Akbank, a subsidiary of the group, is 21.14% as of 31 December 2021 (31 December 2020: 20.70%), and the standard percentage capital adequacy now exceeds the minimum defined by the relevant legislation.

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.16 *Research expenses and development costs*

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

2.3.17 *Borrowing cost*

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

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

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

2.3.18 *Deferred financing charges*

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

2.3.19 *Taxes calculated on corporate income*

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

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

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.19 Taxes calculated on corporate income (Continued)

Current tax

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

Deferred Tax

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

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

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

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

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

Current and deferred tax for the period

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

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.20 Employee benefits

Retirement benefits

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

Provisional Article 23 (1) of Banking Law No: 5411 (the “Banking Law”) published in the Official Gazette repeated no: 25983 on 1 November 2005 requires the transfer of bank funds to the Social Security Institution (the “SSI”) within 3 years after the effective date of the Banking Law and the related paragraph also sets out the basis for the related transfer. However, Article 23 (1) of Banking Law No: 5411 was annulled based on the Constitutional Court’s ruling issued on 22 March 2007 and ruled for the stay of execution as of 31 March 2007. The related Court ruling and its basis were published in the Official Gazette No: 26731 on 15 December 2007.

Following the promulgation of the justified decision of the Constitutional Court in December 2007, the Turkish Grand National Assembly (TBMM) started working on the new legal regulations regarding the transfer of bank fund contributors to SSI. The relevant articles of Social Security Law No. 5754 (New Law) regulating the basics of the transfer were accepted at the TBMM General Assembly on 17 April 2008 and entered into force via promulgation in Official Gazette No. 26870 dated 8 May 2008. The main opposition party applied to the Constitutional Court on 19 June 2008 requesting the cancellation and cessation of the effect of certain articles of the New Law, including the transfer of bank funds to SSI, and was turned down with a decision of the Constitutional Court meeting on 30 March 2011, and the justified decision was promulgated in Official Gazette No. 28156 dated 28 December 2011.

As of the transfer date defined by the New Law, the cash value of the liabilities relevant to the persons the transfer is made to shall be calculated using the 9.8% technical interest rate and by a commission including representatives of the SSI, Ministry of Finance, Treasury, State Planning Organization, BRSA, SDIF, banks and bank funds, and by considering the differences should the bank fund income and expenses of the insurance branches in the scope of the law and the salaries and incomes paid by the bank funds exceed the salaries and incomes defined by the SSI regulations, and the transfer should be complete by 8 May 2011. With the Council of Ministers decision promulgated in Official Gazette No. 27900 dated 9 April 2011, the above-mentioned transfer process was extended for two years. Accordingly, the transfer must be complete by 8 May 2013. In the scope of the deferral authority granted to the Council of Ministers with the amendment of the first paragraph of provisional Article 20 of Social Insurance and Universal Health Insurance Law No. 5510, promulgated in Official Gazette No. 28227 dated 8 March 2012, the transfer process was postponed by one year with Council of Ministers Decision No. 2014/6042 promulgated in Official Gazette No. 28987 dated 30 April 2014. As per this amendment, the process must be complete by 8 May 2015.

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.20 Employee benefits (Continued)

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

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

The Group allocated a provision in its financial statements for the technical gap of TRY294.503 identified with a report prepared by an actuary with the actuarial registration (31 December 2020: TRY126.263).

Employees of financial institutions within the scope of consolidation are not included in the pension plan described above, but are covered by the Social Security Institution and other defined contribution plans.

	31 December 2021	31 December 2020
Current value of funded liabilities	(9.063.017)	(7.690.175)
Advance value of future contributions	6.336.667	5.601.360
Total Transfer Liability to Social Security Institution	(2.726.350)	(2.088.815)
Past service obligation	(452.546)	(366.677)
Transfer to the Social Security Institution and Additional Liabilities	(3.178.896)	(2.455.492)
Market value of assets	2.884.393	2.329.229
Crate surplus after assets	(294.503)	(126.263)

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.20 Employee benefits (Continued)

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

The principal actuarial assumptions used were as follows:

	31 December 2021	31 December 2020
Discount rate		
- Pension benefits transferrable to SSI	%9,80	%9,80
- Post-employment medical benefits transferrable to SSI	%9,80	%9,80
- Other non-transferrable benefits	%3,54	%3,97

Death rate

The average life expectancy of a person who retired at age 60 for men and 58 years for women was determined according to the statistical data based on statistical data and was 19.7 years for men and 25.3 years for women.

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

	31 December 2021	31 December 2020
End of previous period	2.329.229	2.065.470
Real return of fund assets	492.765	227.741
Employer contributions	498.701	432.814
Employee contributions	330.903	284.885
Paid compensations	(767.205)	(681.681)
End of period	2.884.393	2.329.229

The distribution of fund assets is as follows:

	31 December 2021		31 December 2020	
Bank placements	546.798	%19	275.016	%12
Tangible assets	15.955	%1	16.421	%1
Securities and shares	1.473.310	%51	1.551.810	%67
Other	848.330	%29	485.982	%20
End of period	2.884.393	%100	2.329.229	%100

Provision for Employment Termination Benefit

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

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.21 Provisions, contingent liabilities and assets

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

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

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

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

2.3.22 Investment incentives

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

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

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

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.23 Insurance technical reserves

Unearned premiums reserve

An unearned premium reserve is calculated on a daily basis for all policies in force as of the balance sheet date for unearned portions of premiums written, except for marine premiums. During the calculation of unearned portion of premiums written on a daily basis, it is supposed that the policies start at 12:00 noon and finish at 12:00 noon again. In accordance with the Regulation on Technical Reserves, unearned premium reserve and the reinsurers' share of the unearned premium reserve for policies issued after January 1, 2008, are calculated and accounted as the deferred portion of the accrued premiums related to the policies in force and ceded premiums to reinsurers without deducting commissions or any other deduction, on a daily and gross basis. The Company has continued to deduct the commissions from the premiums for the calculation of unearned premium reserve regarding the policies issued before January 1, 2008. For marine policies with an uncertain end date, unearned premium reserve is calculated as 50% of the premiums written in the last three months.

Continued risk provisions

In accordance with the Technical Reserves Regulation, as of January 1, 2008, insurance companies are obliged to allocate a provision for ongoing risks, taking into account the expected loss premium ratio, in case the indemnities that may arise due to the insurance contracts in force are more than the unearned premium reserves reserved for the relevant contracts. The expected loss ratio is calculated by dividing the incurred claims by the earned premium. If the expected loss premium ratio calculated on a branch basis is above 95%, the amount found by multiplying the ratio exceeding 95% with the net unearned premium reserve, the net continuing risks reserve, and the ratio exceeding 95% by multiplying the gross unearned premium reserve. The amount found is calculated as the Gross Continuing Risk Provision. The difference between the gross amount and the net amount is considered as the reinsurer's share. In the Circular No. 2019/5 on the Provision for Ongoing Risks, the first amount of DERK. It is stated that it can be calculated on the basis of the accounting year described in the paragraph or on the basis of the accident year. If the calculation is based on the accident year, a separate calculation will be made for the works transferred to the pool.

As a result of the relevant circular, the company makes a DERK account on the basis of the accounting year. In addition, in accordance with the "Circular on the Provision for Ongoing Risks in Land Vehicles Liability Branch" dated 30 December 2021 and numbered 2021/31, calculations that will affect the financial statements for the accounting period of 1 January - 31 December 2021 are made, while the Technical Provisions of Insurance, Reinsurance and Pension Companies and If the ratio used for the DERK calculation method in the third paragraph of the 6th article of the Regulation on Assets to be Invested Provisions is used as 100% instead of 95%, and in case the DERK calculation method specified in the Circular on Continuing Risks Provision No 2019/5 is used, in the 4th article of the same Circular gross loss premium rates; It was allowed to use 105% instead of 100% for works where all of the direct production was transferred to the pools established in Turkey, and 90% instead of 85% used for other works.

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.23 Insurance technical reserves (Continued)

Outstanding claim and provision

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

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

With the regulation numbered 18145 published by the Ministry of Treasury and Finance on 5 July 2017, the "Risk Insurance Pool" was established to be effective as of 12 April 2017. Accordingly, the premium and loss amounts that the company will transfer to the pool in the Compulsory Traffic branch are excluded from the data used when calculating the IBNR. For the damages that the Company will take over from the mentioned pool; Damage Premium rates on the basis of the accident period published by the Turkish Motor Vehicles Bureau have been taken into account. The aforementioned rates are 135% for 2017, 137% for 2018, 128% for 2019, 115% for 2020 and 117% for 2021, based on accident periods, and IBNR is calculated with the earned premium estimate.

Life mathematical reserves

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

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

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.24 Revenue recognition

Banking

The interest income and expenses are recognized using the effective interest method. The Group started calculating rediscounts for non-performing loans as of 1 January 2018. The book value of non-performing loans (Gross Book Value - Expected Loss Provision) is rediscounted using the effective interest rate and recognized on the gross book value of the non-performing loan.

Remuneration and commission incomes and expenses, except for remuneration income related to certain banking transactions recorded as income in the collection period, are recognized in line with the specifications of remuneration and commission as per the accrual basis or efficient interest (internal efficiency) rate method and TFRS 15 Revenue of the Customer Agreements standard. Income generated through contracts or services for a third real or legal party and related to transactions such as asset purchase/sale are recorded as income on the date collected. (Note 4.f.i).

Insurance

Life:

Premium income represents premiums accrued on policies issued during the period, adjusted by the reserve for unearned premiums for annual life policies, during the period.

Non-Life:

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

Other segments

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

2.3.25 Earnings per share

Earnings per share for each class of share disclosed in these consolidated statements of income are determined by dividing the net income after translation adjustment attributable to that class of shares by the weighted average number of shares of that class that have been outstanding during the period concerned. As disclosed in Note 35 earnings per share are calculated in accordance with TAS 33 "Earnings Per Share".

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

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.25 Earnings per share (Continued)

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

2.3.26 Repurchased shares

As the Group companies repurchase their own equity instruments, these instruments are accounted for as “treasury shares” and deducted from the equity. Gain or loss is not recognised in the consolidated statement of income due to the purchase, sale, issue or cancellation of the equity instruments of the Group companies and the amounts received or paid for these transactions are recognised directly in the equity.

2.3.27 Foreign currency transactions

Functional Currency

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

Foreign currency transactions and balances

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

Foreign Group companies

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

2.3.28 Business combinations

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

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

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.28 Business combinations (Continued)

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS.

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with TFRS 9 and corresponding gain or loss being recognised in profit or loss or other comprehensive income. Without the scope of TFRS9 are accounted for in accordance with TAS 37 Provisions.

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

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.28 Business combinations (Continued)

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

Partial share purchase-sale transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For share purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. In case of the share sales to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity because of the absence of a specific heading for the loss and gains resulting from these transactions within the equity items in the template mandated by the CMB.

2.3.29 Segment reporting

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

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

The Group presents its operating segments to the decision-making authority based on TFRS and certain classifications have been made that is consistent with the segments presented in the internal reporting. The Group's risk and rewards ratios are differentiated depending on the goods and services produced according to internal reporting, therefore segment information has been based on industrial segments. Geographical segments have not been disclosed in these consolidated financial statements because of materiality as the operations of the Group in geographical areas other than Turkey are not reportable geographical segments individually considering with the overall consolidated financial statements. Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for the decisions related to the allocation of resources to the segments and assessment of performance of segments.

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

2.3 Summary of Significant Accounting Policies (Continued)

2.3.30 Events occurring after the balance sheet date

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

2.3.31 Impairment of receivables from loans and leasing transactions determined within the framework of TFRS

In the Group's consolidated financial statements dated 31 December 2021, there are loan and rent receivables totalling TRY405.627.216 (31 December 2020: TRY248.048.822), which constitutes an important part of the assets, and a total impairment provision of TRY19.014.505 (31 December 2020: TRY16.969.515) allocated in relation to these loan and rent receivables. The Group calculates the expected loan loss as per TFRS 9, “Financial Instruments Standard”. TFRS 9 is a complicated accounting standard, requiring critical judgement and interpretation in practice. These judgements and interpretations are key in developing financial models measuring expected loan losses for loans calculated at amortised cost. In addition, a large data set obtained from multiple systems is necessary for use in the models developed. Also, the provision calculation includes complicated information and estimations such as past losses, current conditions and macro-economic expectations. The provision for the expected losses from lease transactions related to loans and receivables is collectively allocated for similar loan portfolios in a way that includes management's best estimations and past losses as of the balance sheet date, and for important loans, it is allocated by evaluating each item separately.

Expected loss provision for loans and leases, including management's best estimates and past loss experience as of the balance sheet date, for similar loan portfolios collectively; for important loans, they are evaluated on an individual basis.

2.4 Critical accounting estimates and assumptions

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

a) Goodwill

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

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

2.4 Summary of Significant Accounting Policies (Continued)

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

Identifiable assets, liabilities and contingent liabilities of the business acquired in the balance sheet of the business acquired prepared according to the provisions of TFRS 3 are measured at fair value.

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

b) The Fund

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

c) Deferred Tax

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

d) Fair value of derivatives and other financial instruments

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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NOTE 3 - BUSINESS COMBINATIONS

The business combinations between the period 1 January and 31 December 2021 are as follows:

Ageas Insurance International NV (Ageas) have acquired all AvivaSA Emeklilik ve Hayat A.Ş. (AvivaSA) shares that representing %40 of the share capital, from Aviva International Holdings Ltd. (Aviva) as of 05 May 2021. %80 of AvivaSA's shares representing have been shared equally by the Company and Ageas as of the date and the trade name of Avivasa has been changed to AgeSa Hayat ve Emeklilik A.Ş. (Agesa) was registered in the trade registry on 8 July 2021. The Company and Ageas also own the shares representing %72 of Aksigorta's capital in equally. The Shareholders Agreement signed between the Company and Ageas with the change in the shareholding structure in Agesa which regulates the matters related to the management of Agesa as of 14 January 2021. Similarly, the Shareholders Agreement which regulates the joint management of Aksigorta between the Company and Ageas dated 18 February 2011 has also been revised and signed between the Company and Ageas as of 14 January 2021.

While the Group has been consolidated Aksigorta and Agesa companies with equity method by 36% and 40% shareholdings due to the changes on conditions of shareholders' agreements, the company have taken control of Agesa and Aksigorta and have been consolidated with full consolidation method in accordance with TFRS 3 as of July 1, 2021.

The purchase price, the fair values of the identifiable assets and liabilities in accordance with TFRS 3 are summarized in the table below. Assets and liabilities recognized at the date of full consolidation:

	<u>Agesa</u>
Assets valued at full consolidation	7.440.646
Liabilities valued at full consolidation	4.454.816
Total net identifiable assets	2.985.830
Fair value of net assets	3.214.353
Ownership rate	40%
Group portion of goodwill	91.409

The fair value of identifiable assets, liabilities and contingent liabilities acquired as a result of the full consolidation transaction, exceeding the book value per group share amounting to TRY91.409 is recorded as goodwill in the balance sheet.

	<u>Aksigorta</u>
Assets valued at full consolidation	11.652.224
Liabilities valued at full consolidation	9.469.367
Total net identifiable assets	2.182.857
Fair value of net assets	2.263.763
Ownership rate	36%
Group portion of goodwill	29.126

The fair value of identifiable assets, liabilities and contingent liabilities acquired as a result of the full consolidation transaction, exceeding the book value per group share amounting to TRY29.126 is recorded as goodwill in the balance sheet.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

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

As of 22 October 2020, Exsa a subsidiary of the Group, acquired %50 of the shares (representing its capital of TRY 210.000) of bus and midibus producing company Temsa Skoda Sabancı Ulaşım Araçları A.Ş. (Temsal Ulaşım Araçları)

As of 16 December 2020, a new company named Çimsa Sabancı Cement BV (CSC BV) has been established in the Netherlands with a capital of 87.000 Euro, in which Group has a 60% and Çimsa has a 40% shareholding. By participating in CSC BV as a founding partner, a capital of 52.200 Euro has been allocated for 52.200.000 shares.

NOTE 4 - SEGMENT REPORTING

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

a) External Revenues (Consolidated):

	1 January - 31 December 2021	1 January - 31 December 2020
Finance	57.622.046	37.824.578
Banking	52.474.958	37.824.578
Financial Services	5.147.088	-
Industry	7.928.278	4.535.703
Retail	16.814.895	13.470.570
Building Materials	4.370.827	2.270.016
Other	1.456.352	1.252.921
Total (*)	88.192.398	59.353.788

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

b) Segment Assets (Consolidated):

	31 December 2021	31 December 2020
Finance	782.773.062	475.309.693
Banking	759.925.181	475.309.693
Financial Services	22.847.881	-
Industry	14.250.722	7.691.684
Retail	8.085.754	6.597.362
Building Materials	8.100.013	4.962.682
Other	6.426.779	2.642.860
Segment assets	819.636.330	497.204.281
Assets classified as held for sale	694.573	262.226
Investments accounted through equity method (Note 13)	8.763.569	8.298.372
Unallocated assets	(1.349.773)	(463.260)
Less: intersegment eliminations	(7.980.910)	(4.043.245)
Total assets as per consolidated financial statements	819.763.789	501.258.374

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NOTE 4 - SEGMENT REPORTING (Continued)

c) Segment Liabilities (Consolidated):

	31 December 2021	31 December 2020
Finance	702.533.005	414.242.517
Banking	685.380.986	414.242.517
Financial Services	17.152.019	-
Industry	7.674.087	4.402.207
Retail	8.277.383	6.903.104
Building Materials	5.482.272	2.990.595
Other	1.416.694	463.413
Segment liabilities	725.383.441	429.001.836
Liabilities associated with		
assets classified as held for sale	-	4.027
Unallocated Liabilities	(1.224.908)	(495.219)
Less: intersegment eliminations	(7.998.926)	(4.035.164)
Total liabilities as per consolidated financial statements	716.159.607	424.475.480

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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NOTE 4 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment:

i) Banking:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined (*) 31 December 2020	Consolidated (**) 31 December 2020
Cash and cash equivalents	66.412.593	66.412.593	17.971.434	17.971.434
Financial investments	163.705.496	163.705.496	109.271.029	109.271.029
Derivative financial instruments	49.786.871	49.786.871	22.858.366	22.858.366
Balances with the Central Bank of the Republic Turkey	81.792.492	81.792.492	42.604.370	42.604.370
Receivables from finance sector operations	385.773.791	385.773.791	267.846.568	267.846.568
Property, plant and equipment	2.296.505	2.296.505	2.326.451	2.326.451
Right of use assets	589.516	589.516	546.620	546.620
Intangible assets	1.499.602	1.499.602	1.190.909	1.190.909
Other receivables and other assets	8.300.611	8.300.611	10.944.725	10.944.724
Total segment assets	760.157.477	760.157.477	475.560.472	475.560.471
Financial liabilities	110.953.405	110.953.405	67.258.898	67.258.898
Payables of finance sector operations	517.618.535	517.618.535	313.617.634	313.617.634
Derivative financial instruments	25.624.651	25.624.651	14.840.973	14.840.973
Other payables and other liabilities	31.184.395	31.184.395	18.525.012	18.525.012
Total segment liabilities	685.380.986	685.380.986	414.242.517	414.242.517

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

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

As of 31 December 2021, the cash flows from operating activities of the Bank is TRY45.594.269. (31 December 2020: TRY(5.185.859)).

As of 31 December 2021, the cash flows from investing activities of the Bank is TRY(45.566.521). (31 December 2020: TRY(10.300.952)).

As of 31 December 2021, the cash flows from financing activities of the Bank is TRY21.883.924. (31 December 2020: TRY6.774.018).

Accumulated non-controlling interests of Akbank as of 31 December 2021 is TRY44.305.071 (31 December 2020: TRY36.330.888).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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NOTE 4 - SEGMENT REPORTING (Continued)

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

ii) Financial Services:

	Combined(*)	Consolidated (**)	Combined (*)	Consolidated (**)
	31 December 2021	31 December 2021	31 December 2020	31 December 2020
Cash and cash equivalents	2.940.017	2.940.017	3.250.898	-
Financial investments	8.268.078	8.268.078	4.019.101	-
Receivables from finance sector operations	1.832.521	1.832.454	1.327.774	-
Investments accounted through equity method (Note 13)	-	-	-	776.475
Property, plant and equipment	71.435	71.435	45.857	-
Right of use assets	47.612	47.612	49.680	-
Intangible assets	3.943.745	3.943.745	151.021	-
Other receivables and other assets	5.614.758	5.744.540	4.543.064	-
Total segment assets	22.718.166	22.847.881	13.387.395	776.475
Financial liabilities	116.828	116.828	-	-
Payables from finance sector operations	1.065.653	1.065.653	858.957	-
Insurance technical provisions	14.095.161	14.095.161	9.795.408	-
Other payables and other liabilities	1.874.377	1.874.377	721.770	-
Total segment liabilities	17.152.019	17.152.019	11.376.135	-

(*) 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.

Financial Services segment consists of Aksigorta and Agesa.

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NOTE 4 - SEGMENT REPORTING (Continued)

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

iii) Energy:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Cash and cash equivalents	3.917.521	-	2.215.534	-
Financial investments	409.899	-	428.955	-
Trade receivables	7.887.848	-	3.967.365	-
Inventories	688.214	-	365.300	-
Investments accounted through equity method (Note 13)	-	7.022.533	-	6.157.834
Property, plant and equipment	10.727.754	-	10.431.824	-
Right of use assets	367.369	-	243.615	-
Intangible assets	4.783.912	-	4.899.073	-
Other receivables and other assets	21.092.408	-	16.697.609	-
Total segment assets	49.874.925	7.022.533	39.249.275	6.157.834
Financial liabilities	19.691.430	-	16.657.255	-
Trade payables	5.817.253	-	2.720.039	-
Other payables and other liabilities	8.450.972	-	6.125.647	-
Total segment liabilities	33.959.655	-	25.502.941	-

(*) 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(*)	Consolidated (**)	Combined(*)	Consolidated (**)
	31 December 2021	31 December 2021	31 December 2020	31 December 2020
Cash and cash equivalents	3.539.685	194.805	1.935.371	449.893
Financial investments	134.795	875	52.130	645
Trade receivables	3.675.628	2.615.203	1.854.034	1.091.112
Inventories	4.072.572	2.963.849	1.842.962	1.225.313
Investments accounted through equity method (Note 13)	540.348	1.007.457	339.158	883.094
Property, plant and equipment	5.948.195	3.912.528	4.381.708	2.533.463
Right of use assets	243.951	233.000	111.574	95.429
Intangible assets	1.723.316	1.596.855	1.058.349	951.037
Other receivables and other assets	5.469.844	3.015.635	2.780.635	1.347.718
Total segment assets	25.348.334	15.540.207	14.355.921	8.577.704
Financial liabilities	9.224.243	4.434.125	6.144.229	2.978.692
Trade payables	4.738.072	1.930.912	1.864.121	664.286
Other payables and other liabilities	2.199.648	1.309.050	1.346.668	763.256
Total segment liabilities	16.161.963	7.674.087	9.355.018	4.406.234

(*) 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, Brisa ve Philsa and Philip Morrissa.

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NOTE 4 - SEGMENT REPORTING (Continued)

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

v) Retail:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Cash and cash equivalents	1.583.386	1.583.386	1.297.782	1.297.782
Trade receivables	296.256	296.256	180.567	180.359
Inventories	3.191.507	3.191.507	2.108.143	2.108.143
Investment property	34.772	34.772	29.222	29.222
Property, plant and equipment	619.504	619.504	709.949	709.949
Right of use assets	1.017.297	1.017.297	1.017.773	1.017.773
Intangible assets	106.338	106.338	91.768	91.768
Other receivables and other assets	1.185.038	1.236.694	1.101.325	1.162.366
Total segment assets	8.034.098	8.085.754	6.536.529	6.597.362
Financial liabilities	2.442.905	2.442.905	2.681.937	2.681.937
Trade payables	5.124.517	5.124.517	3.569.076	3.569.076
Other payables and other liabilities	709.961	709.961	652.092	652.091
Total segment liabilities	8.277.383	8.277.383	6.903.105	6.903.104

(*) 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.

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 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Cash and cash equivalents	866.185	601.222	1.751.992	1.433.619
Financial investments	506.226	64	185.224	64
Trade receivables	2.182.916	1.265.858	950.153	507.869
Inventories	1.762.987	990.319	465.336	285.260
Investments accounted through equity method (Note 13)	-	471.118	-	397.334
Property, plant and equipment	4.329.778	3.423.351	3.008.741	2.155.891
Right of use assets	176.959	74.411	144.165	53.285
Intangible assets	822.947	777.723	61.335	16.967
Other receivables and other assets	1.614.632	1.147.313	779.587	518.249
Total segment assets	12.262.630	8.751.379	7.346.533	5.368.538
Financial liabilities	4.452.227	3.661.834	2.646.567	2.039.083
Trade payables	2.625.210	1.268.943	1.079.271	635.366
Other payables and other liabilities	754.803	551.495	507.232	316.146
Total segment liabilities	7.832.240	5.482.272	4.233.070	2.990.595

(*) 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.

Building materials segment consists of Çimsa, Akçansa and CSC BV.

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NOTE 4 - SEGMENT REPORTING (Continued)

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

vii) Other:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Cash and cash equivalents	3.725.682	3.725.682	1.851.658	1.851.658
Financial investments	13.961.115	97.900	13.733.773	7.043
Trade receivables	218.035	217.412	102.381	101.105
Inventories	375.323	375.323	142.639	142.639
Property, plant and equipment	255.747	219.683	251.346	215.282
Right of use assets	18.489	18.489	18.470	18.470
Intangible assets	33.416	33.416	24.635	24.635
Investments accounted through equity method (Note 13)	262.461	262.461	83.634	83.636
Other receivables and other assets	1.645.878	1.738.874	282.472	282.028
Total segment assets	20.496.146	6.689.240	16.491.008	2.726.496
Financial liabilities	18.700	18.700	19.141	19.141
Trade payables	498.829	497.202	199.952	198.177
Other payables and other liabilities	910.325	900.792	255.480	246.095
Total segment liabilities	1.427.854	1.416.694	474.573	463.413

(*) 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.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

	1 January – 31 December 2021			1 January – 31 December 2020		
	Total Consolidation of segments before elimination	Elimination and consolidation adjustments	Consolidated	Total Consolidation of Segments Before Elimination	Elimination and Consolidation Adjustments	Consolidated
Total revenue	88.965.327	(772.929)	88.192.398	59.599.749	(245.961)	59.353.788
Cost of sales and interest, premiums, commissions and other expenses	(55.110.181)	3.141.164	(51.969.017)	(38.332.507)	635.149	(37.697.358)
General administration expenses	(11.952.523)	207.186	(11.745.337)	(9.013.756)	65.779	(8.947.977)
Sales, marketing and distribution expenses	(3.026.198)	20.212	(3.005.986)	(2.414.905)	8.208	(2.406.697)
Research and development expenses	(46.937)	-	(46.937)	(27.375)	-	(27.375)
Other operating income/(expense) - net	1.199.911	(56.903)	1.143.008	153.885	1.456	155.341
Interest in income of joint ventures	2.786.514	-	2.786.514	1.532.631	-	1.532.631
Operating profit	22.815.913	2.538.730	25.354.643	11.497.722	464.631	11.962.353
Income/(expense) from investing activities - net	4.493.236	(2.655.158)	1.838.078	748.764	(606.353)	142.411
Operating profit before financial expense	27.309.149	(116.428)	27.192.721	12.246.486	(141.722)	12.104.764
Financial income/(expense) net	(1.454.552)	115.419	(1.339.133)	(1.072.620)	144.757	(927.863)
Income before tax	25.854.597	(1.009)	25.853.588	11.173.866	3.035	11.176.901
Tax	(5.274.478)	-	(5.274.478)	(2.270.539)	-	(2.270.539)
Profit/(loss) after tax from discontinued operations	(7.942)	-	(7.942)	(7.109)	-	(7.109)
Income for the period	20.572.177	(1.009)	20.571.168	8.896.218	3.035	8.899.253
Net income attributable to equity holders of the parent			12.032.098			4.767.573

HACI ÖMER SABANCI HOLDİNG A.Ş.

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss:

i) Banking:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Interest, commission and other income	53.006.038	53.006.038	37.975.581	37.975.581
Interest, commission and other expenses	(26.580.487)	(26.580.487)	(21.299.485)	(21.299.485)
General administration expenses	(9.898.995)	(9.898.995)	(8.113.998)	(8.113.998)
Other operating income/(expense) - net	379.256	379.256	234.600	234.600
Operating profit	16.905.812	16.905.812	8.796.698	8.796.698
Income/(expense) from investing activities - net	137.176	137.176	66.700	66.700
Profit before tax	17.042.988	17.042.988	8.863.398	8.863.398
Tax	(4.550.547)	(4.550.547)	(2.041.943)	(2.041.943)
Net income	12.492.441	12.492.441	6.821.455	6.821.455
Net income attributable to equity holders of the parent		5.090.670		2.779.733
EBITDA	17.688.307		9.465.774	

(*) 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.

Net income of non-controlling interests of Akbank as of 31 December 2021 is TRY7.401.771 (31 December 2020: TRY4.041.712).

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

ii) Financial Services:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Gross premiums	5.228.191	2.756.366	4.001.053	-
Gross written premiums	9.007.720	5.147.088	6.604.017	-
Unearned premiums reserves	(3.779.529)	(2.390.722)	(2.602.964)	-
Premiums, commission and other expenses	(4.577.450)	(2.077.360)	(3.103.466)	-
General administration expenses	(1.127.313)	(706.492)	(699.179)	-
Other operating income/(expense) - net	1.515.927	567.482	804.195	-
Interest in income of joint ventures (Note 13)	-	157.766	-	293.359
Operating profit	1.039.355	697.762	1.002.603	293.359
Income/(expense) from investing activities - net	179.095	99.159	47.742	-
Operating profit before financial expense	1.218.450	796.921	1.050.345	293.359
Financial income/(expense) - net	(67.727)	(27.480)	(68.380)	-
Profit before tax	1.150.723	769.441	981.965	293.359
Tax	(260.999)	(132.020)	(211.176)	-
Net income	889.724	637.421	770.789	293.359
Net income attributable to equity holders of the parent		338.642		293.359
EBITDA	1.263.868		1.046.254	

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

iii) Energy:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Sales revenue (net)	46.986.667	-	31.102.575	-
Cost of sales	(35.999.325)	-	(23.328.782)	-
General administration expenses	(3.573.269)	-	(2.683.555)	-
Other operating income/(expense) - net	(134.145)	-	(471.917)	-
Interest in income of joint ventures (Note 13)	-	1.773.341	-	916.584
Operating profit	7.279.928	1.773.341	4.618.321	916.584
Income/(expense) from investing activities	1.324	-	(2.311)	-
Operating profit before financial expense	7.281.252	1.773.341	4.616.010	916.584
Financial income/(expense) - net	(2.527.175)	-	(2.191.881)	-
Profit before tax	4.754.077	1.773.341	2.424.129	916.584
Tax	(750.920)	-	(373.421)	-
Net income	4.003.157	1.773.341	2.050.708	916.584
Net income attributable to equity holders of the parent		1.773.341		916.584
EBITDA	8.720.529		5.726.625	

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

iv) Industry:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Sales revenue (net)	14.562.540	7.928.278	8.773.212	4.536.336
Cost of sales	(10.797.784)	(6.179.462)	(6.693.656)	(3.732.512)
General administration expenses	(589.075)	(404.796)	(396.726)	(277.186)
Marketing expenses	(1.005.985)	(418.931)	(631.419)	(210.388)
Research and development expenses	(42.423)	(40.868)	(26.246)	(24.450)
Other operating income/(expense) - net	(140.500)	459.172	(8.912)	92.690
Interest in income of joint ventures (Note 13)	280.897	719.193	59.206	294.785
Operating profit	2.267.670	2.062.586	1.075.459	679.275
Income/(expense) from investing activities - net	1.522	2.342	12.382	18.751
Operating profit before financial expense	2.269.192	2.064.928	1.087.841	698.026
Financial income/(expense) - net	(143.019)	(385.922)	(377.776)	(222.606)
Profit before tax	2.126.173	1.679.006	710.065	475.420
Tax	34.921	(84.192)	43.496	(21.170)
Profit after tax from discontinued operations	(7.942)	(7.942)	(7.109)	(7.109)
Net income	2.153.152	1.586.872	746.452	447.141
Net income attributable to equity holders of the parent		1.274.223		401.359
EBITDA	3.176.095		1.591.946	

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

v) Retail:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Sales revenue (net)	16.887.586	16.841.255	13.521.506	13.479.400
Cost of sales	(13.041.673)	(12.995.406)	(10.481.098)	(10.440.109)
General administration expenses	(292.129)	(291.968)	(232.005)	(231.404)
Marketing expenses	(2.550.729)	(2.550.729)	(2.151.449)	(2.151.449)
Other operating income/(expense) - net	(579.053)	(579.053)	(250.506)	(250.506)
Operating profit/(loss)	424.002	424.099	406.448	405.932
Income/(expense) from investing activities - net	150.559	150.559	36.463	36.463
Operating profit/(loss) before financial expense	574.561	574.658	442.911	442.395
Financial income/(expense) - net	(714.076)	(714.076)	(586.608)	(586.608)
Profit/(loss) before tax	(139.515)	(139.418)	(143.697)	(144.213)
Tax	292	292	(59.495)	(59.495)
Net income/(loss)	(139.223)	(139.126)	(203.192)	(203.708)
Net income/(loss) attributable to equity holders of the parent		(88.883)		(94.618)
EBITDA	1.448.346		1.133.767	

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

vi) Building materials:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Sales revenue (net)	7.916.114	4.370.902	4.237.578	2.270.470
Cost of sales	(6.737.763)	(3.614.021)	(3.398.420)	(1.763.257)
General administration expenses	(506.424)	(396.962)	(291.357)	(196.569)
Research and development expenses	(6.069)	(6.069)	(2.925)	(2.925)
Marketing expenses	(30.016)	(13.224)	(37.515)	(20.174)
Other operating income/(expense) - net	202.346	252.700	9.787	45.942
Interest in income of joint ventures (Note 13)	-	120.468	-	45.487
Operating profit	838.188	713.794	517.148	378.974
Income/(expense) from investing activities - net	161.850	122.086	42.525	39.393
Operating profit before financial expense	1.000.038	835.880	559.673	418.367
Financial income/(expense) - net	(354.368)	(303.478)	(281.883)	(240.942)
Profit before tax	645.670	532.402	277.790	177.425
Tax	167.550	97.440	(47.733)	(16.195)
Net income	813.220	629.842	230.057	161.230
Net income attributable to equity holders of the parent		371.050		107.591
EBITDA	953.615		735.070	

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 4 - SEGMENT REPORTING (Continued)

f) The items of statement of profit or loss (Continued):

vii) Other:

	Combined(*) 31 December 2021	Consolidated (**) 31 December 2021	Combined(*) 31 December 2020	Consolidated (**) 31 December 2020
Sales revenue (net)	3.245.204	1.671.765	1.839.997	1.337.962
Cost of sales	(1.275.293)	(1.272.722)	(1.096.771)	(1.094.542)
General administration expenses	(262.524)	(253.310)	(201.705)	(194.599)
Marketing expenses	(43.672)	(43.313)	(33.216)	(32.894)
Other operating income/(expense) - net	129.444	120.353	39.692	31.157
Shares in profits of joint ventures (Note 13)	15.746	15.746	(17.585)	(17.585)
Operating profit	1.808.905	238.519	530.412	29.499
Income/(expense) from investing activities - net	3.990.278	3.981.914	595.340	587.457
Operating profit before financial expense	5.799.183	4.220.433	1.125.752	616.956
Financial income/(expense) - net	(23.596)	(23.596)	(22.464)	(22.464)
Profit before tax	5.775.587	4.196.837	1.103.288	594.492
Tax	(605.454)	(605.454)	(131.736)	(131.736)
Net income	5.170.133	3.591.383	971.552	462.756
Net income attributable to equity holders of the parent		3.273.053		363.565
EBITDA	1.786.866		566.981	

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

One-off income expenses are one-time income or expenses that the Group does not expect to encounter in routine operations. Details of the net profit / (loss) attributable to equity holders of the parent with adjusted segments is as follows:

	31 December 2021	31 December 2020
Banking	5.479.011	2.760.079
Financial Services	385.820	278.315
Industry	1.198.596	412.516
Building Materials	241.188	109.130
Energy	1.931.324	1.315.231
Retail	(120.536)	(62.792)
Other	997.314	365.579
Total	10.112.717	5.178.058

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

	31 December 2021	31 December 2020
Adjusted net income for reported operating segments (Equity holders of the Parent)	10.112.717	5.178.058
One off income/(expenses) related to Holding (*)	2.280.595	(3.470)
One off income/(expenses) related to Çimsa	102.336	1.476
One off income/(expenses) related to Kordsa	85.752	(5.569)
One off income/(expenses) related to Carrefoursa	21.113	(516)
One off income/(expenses) related to CSBV	(25.471)	-
One off income/(expenses) related to Agesa	(77.551)	17.399
One off income/(expenses) related to Enerjisa	(157.982)	(398.646)
Other	(309.411)	(21.159)
Net income (Equity holders of the Parent)	12.032.098	4.767.573

(*) In 2021, a significant portion of the one-off income/expenses related to the Holding. It consists of the fair value uplift of Agesa and Aksigorta shares owned by the Holding and fair value gains from derivative instruments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 4 - SEGMENT REPORTING (Continued)

h) Combined EBITDA Detail

31 December 2021	Profit Before Tax	Depreciation Expenses	Income/(expenses) from Investing Activities - net	Financial income/(expense) - net	Operational foreign Exchange differences/interest	EBITDA
Banking	17.042.988	782.495	137.176	-	-	17.688.307
Industry	2.126.173	587.212	1.522	(143.019)	(321.213)	3.176.095
Building Materials	645.670	306.496	161.850	(354.368)	191.069	953.615
Retail	(139.515)	519.510	150.559	(714.076)	(504.834)	1.448.346
Energy	4.754.077	1.021.560	1.324	(2.527.175)	(419.041)	8.720.529
Financial Services	1.150.723	275.228	179.095	(67.727)	50.715	1.263.868
Other	5.775.587	49.181	3.990.278	(23.596)	71.220	1.786.866
31 December 2020	Profit Before Tax	Depreciation Expenses	Income/(expenses) from Investing Activities - net	Financial income/(expense) - net	Operational foreign Exchange differences/interest	EBITDA
Banking	8.863.398	669.076	66.700	-	-	9.465.774
Industry	710.065	507.956	12.382	(377.777)	(8.532)	1.591.946
Building Materials	277.790	260.808	42.525	(281.883)	42.886	735.070
Retail	(143.697)	484.582	36.463	(586.608)	(242.737)	1.133.767
Energy	2.424.129	958.520	(2.311)	(2.191.881)	(149.784)	5.726.625
Financial Services	981.965	92.057	47.742	(68.380)	48.406	1.046.254
Other	1.103.288	44.053	595.340	(22.464)	7.484	566.981

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 4 - SEGMENT REPORTING (Continued)

i) Depreciation and amortisation charges, impairment and capital expenditures (Consolidated):

1 January – 31 December 2021

	<u>Finance</u>	Financial	Industry	Building	Energy	Retail	Other	Total
	Banking	Services		Materials				
Depreciation and amortization	782.495	225.416	350.012	197.664	-	519.702	49.181	2.124.470
Capital expenditures	1.098.924	148.147	684.115	225.310	-	294.800	74.475	2.525.771

1 January – 31 December 2020

	<u>Finance</u>	Financial	Industry	Building	Energy	Retail	Other	Total
	Banking	Services		Materials				
Depreciation and amortization	669.076	-	284.685	159.783	-	484.582	44.053	1.642.179
Capital expenditures	1.138.690	-	339.587	67.690	-	221.118	56.926	1.824.011

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 4 - SEGMENT REPORTING (Continued)

j) Depreciation and amortisation charges, impairment and capital expenditures (Combined):

1 January – 31 December 2021

	<u>Finance</u>	Financial	Industry	Building	Energy	Retail	Other	Total
	Banking	Services		Materials				
Depreciation and amortization	782.495	275.228	587.212	306.496	1.021.560	519.510	49.181	3.541.682
Capital expenditures	1.098.924	262.477	1.127.368	329.950	3.829.814	294.800	74.475	7.017.808

1 January – 31 December 2020

	<u>Finance</u>	Financial	Industry	Building	Energy	Retail	Other	Total
	Banking	Services		Materials				
Depreciation and amortization	669.076	92.057	507.956	260.808	958.520	484.582	44.053	3.017.052
Capital expenditures	1.138.690	104.899	585.653	190.246	2.710.692	221.118	56.926	5.008.224

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 5 - CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents at 31 December 2021 and 2020 are as follows:

	31 December 2021			31 December 2020		
	Financial	Non-financial	Total	Financial	Non-financial	Total
Cash	10.094.281	35.178	10.129.459	5.071.952	37.293	5.109.245
Banking						
<i>Bank - time deposit</i>	5.067.662	1.085.273	6.152.935	1.146.510	1.047.202	2.193.712
<i>Bank - demand deposit</i>	48.402.039	986.570	49.388.609	11.264.425	749.644	12.014.069
Receivables from repo transactions	2.848.611	-	2.848.611	488.547	-	488.547
Other cash and cash equivalents	-	898.269	898.269	-	22.545	22.545
Total	66.412.593	3.005.290	69.417.883	17.971.434	1.856.684	19.828.118

The Group's companies operating in the non-financial sectors have cash and cash equivalents amounting to TRY 2,462,697 held at Akbank and eliminated as of December 31, 2021 within the scope of the preparation of the consolidated financial statements.

Effective interest rates of USD, EUR and TRY denominated time deposits are 0,24% (31 December 2020: 0,54%), 0,07% (31 December 2020: 0,47%) and 19,78% (31 December 2020: 17,36%), respectively.

The maturity analysis as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Demand deposit	60.384.397	17.145.859
Up to 3 months	9.033.486	2.682.259
Total	69.417.883	19.828.118

As of 31 December 2021, total amount of the restriction on the Group's off-shore cash and cash equivalents, payment accounts related to floating interest rate bond issue, time and demand deposits in the banks is TRY17,642,259 (31 December 2020: TRY4,342,775).

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NOTE 6 - FINANCIAL INVESTMENTS

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 December 2021	31 December 2020
Share certificates	1.073.896	464.346
Government bonds	452.316	45.063
Eurobonds	408.228	144.874
Other (*)	9.353.561	8.560.219
Total	11.288.001	9.214.502

(*) In the previous period, Syndicated loans extended to Ojer Telekomünikasyon A.Ş. ("OTAS") were restructured. Within this scope, a pledge was established in favor of lenders in order to establish collateral for these loans. LYY Telekomünikasyon A.Ş., which was established as a special-purpose company in which 192.500.000.000 Group A shares, which constitute 55% of Türk Telekom's issued capital, are all direct or indirect partners. The acquisition of the company (formerly Levent Yapılandırma Yönetimi A.Ş.) was completed on 21 December 2018. The Bank has participated in LYY Telekomünikasyon A.Ş. with a 35.56% share in the receivables from OTAŞ.

Later on, at the Ordinary General Assembly Meeting of LYY Telekomünikasyon A.Ş. which was held on 23 September 2019, it was decided to convert some of the loan into capital and add it to the capital of LYY Telekomünikasyon A.Ş. The nominal value of their shares in TRY increased from 18 TRY to 1.416.090 TRY. This amount is classified in the financial statements under the line "Assets Held for Sale and Discontinued Operations". As of 31 December 2021, the value of the part pursued as loan is TRY16.495.551 (31 December 2020: TRY8.968.855), and it is classified under "Other Financial Assets" under "Financial Assets measured at Fair Value through Profit Loss". The total fair value impairment accounted for the total amount classified as loan and capital is amounting to TRY10.568.731 (31 December 2020: TRY3.042.035) and the amount of TRY1.416.090 (31 December 2020: TRY1.416.090) of this amount is accounted under the "Assets Held for Sale and Discontinued Operations" and amounting to TRY9.152.641 (31 December 2020: TRY1.625.945) is accounted under "Other Financial Assets" which is the sub-item of "Financial Assets measured at Fair Value through Profit Loss".

If the growth rate and risk-free return rate on investment used in the discounted cash flow method in the valuation report are increased or decreased by 0,25%, provided that all other variables are constant, the total value of assets recognized in the financial statements and profit before tax will increase by about TRY170 million (full amount) or will decrease by TRY150 million (full amount).

The main purpose of the lender banks is to transfer the mentioned Türk Telekom shares to an expert investor by providing the necessary conditions as soon as possible. An international investment bank has been assigned as consultant for the sale of LYY Telekomünikasyon A.Ş.'s 55% shares in Türk Telekomünikasyon A.Ş. on 19 September 2019. As it is published on the Public Disclosure Platform as notification on 17 December 2021, negotiations have started for the sale of the shares to the Turkey Wealth Fund, and the process continues as of the date of this report.

Amounted to TRY1.313.971 (31 December 2020: TRY1.094.617) of other financial assets consist Fourth Real Estate Investment Fund of Ak Portföy Yönetimi A.Ş. established by Ak Portföy Yönetimi A.Ş. and the fund is measured at its fair value and the fair value differences are recognized in profit or loss.

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NOTE 6 - FINANCIAL INVESTMENTS (Continued)

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

Effective interest rates of TRY are as follow:

	31 December 2021	31 December 2020
TRY	18,76%	14,92%

The Group does not have any financial assets measured at fair value through profit or loss given as collateral due to its activities in the finance sector (31 December 2020: TRY 9.995).

The maturity analysis of financial assets at fair value through profit and loss as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
0 to 3 months	3.147.885	1.595.411
3 to 12 months	7.605.866	7.461.253
1 to 5 years	407.404	109.435
Over 5 years	126.846	48.403
Total	11.288.001	9.214.502

Period remaining to contractual repricing dates:

	31 December 2021	31 December 2020
On demand	3.147.885	1.595.411
Up to 3 months	128.723	37.064
3 to 12 months	7.556.599	7.426.015
1 to 5 years	327.948	107.609
Over 5 years	126.846	48.403
Total	11.288.001	9.214.502

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

	31 December 2021	31 December 2020
Debt securities		
- Government bonds	35.137.849	23.067.782
- Eurobonds	45.555.941	21.352.442
- Investment funds	822.416	490.329
- Other bonds denominated in foreign currency	21.351.614	13.277.208
Sub-total	102.867.820	58.187.761
Equity securities		
- Listed	27.648	138
- Unlisted	36.103	31.527
Sub-total	63.751	31.665
Financial assets at fair value through other comprehensive income	102.931.571	58.219.426

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NOTE 6 - FINANCIAL INVESTMENTS (Continued)

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

Effective interest rates of USD, EUR, JPY and TRY denominated debt securities are 5,32% (31 December 2020: 5,20%), 2,88% (31 December 2020: 2,92%), 3,09% (31 December 2020: 3,09%) and 18,35% (31 December 2020: 12,75%), respectively.

The Group's financial assets measured through other comprehensive income subject to funds provided from repo are TRY40.231.789 (31 December 2020: TRY16.984.050). Financial assets through other comprehensive income that are given as collateral because of the Group's financing activities are amounting to TRY29.582.153 (31 December 2020: TRY18.374.196).

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 maturity analysis in accordance with expiring date as at 31 December 2021 and 2020 is as follows.

	31 December 2021			31 December 2020		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	4.901.224	-	4.901.224	4.503.116	-	4.503.116
3 to 12 months	8.356.943	285.086	8.642.029	4.843.979	-	4.843.979
1 to 5 years	63.275.695	644.322	63.920.017	38.802.077	-	38.802.077
Over 5 years	22.975.320	182.657	23.157.977	9.579.925	-	9.579.925
On demand	820.369	1.489.955	2.310.324	490.329	-	490.329
Total	100.329.551	2.602.020	102.931.571	58.219.426	-	58.219.426

As of 31 December 2021, and 2020, according to the remaining period until the re-pricing date determined by the contract:

	31 December 2021			31 December 2020		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	20.772.704	-	20.772.704	14.823.787	-	14.823.787
3 to 12 months	17.998.624	285.086	18.283.710	10.414.147	-	10.414.147
1 to 5 years	40.326.808	644.322	40.971.130	24.195.511	-	24.195.511
Over 5 years	20.411.046	182.657	20.593.703	8.295.652	-	8.295.652
On demand	820.369	1.489.955	2.310.324	490.329	-	490.329
Total	100.329.551	2.602.020	102.931.571	58.219.426	-	58.219.426

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NOTE 6 - FINANCIAL INVESTMENTS (Continued)

c) Financial Assets measured at Amortised Cost:

The details of financial investments measured at their amortized cost are presented below:

	31 December 2021	31 December 2020
Government bonds	42.591.645	34.523.753
Other debt securities	14.938.866	7.349.569
Total	57.530.511	41.873.322

The breakdown of financial assets measured at amortised cost is listed below:

	31 December 2021	31 December 2020
Opening balance, 1 January	41.873.322	15.566.111
Additions	20.409.817	25.884.971
Business combination effect	2.440.708	-
Foreign exchange differences in monetary assets	4.555.125	4.715.654
Valuation effect	4.150.640	495.098
Disposals through sales and redemptions	(15.853.468)	(4.774.521)
Allowance for impairment (*)	(45.633)	(13.991)
Closing balance	57.530.511	41.873.322

(*) Expected loss provision is included.

Effective interest rate of debt securities in USD and TRY are 5,89% and 20,90% (31 December 2020: Effective interest rate of debt securities in USD, Euro and TRY are 5,86%, 1,70% and 12,18%).

For financial investments measured at their amortized cost as of 31 December 2021 and 31 December 2020, the remaining period to the maturity dates stated in the contract on the basis of Banking and other sectors is as follows:

	31 December 2021			31 December 2020		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	8.689.414	3.939.594	12.629.008	16.731.294	-	16.731.294
1 to 5 years	19.693.698	989.429	20.683.127	18.779.765	644	18.780.409
Over 5 years	24.183.456	34.920	24.218.376	6.361.619	-	6.361.619
Total	52.566.568	4.963.943	57.530.511	41.872.678	644	41.873.322

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NOTE 6 - FINANCIAL INVESTMENTS (Continued)

c) Financial Assets at Amortised Cost (Continued):

Period remaining to contractual repricing dates for investment security, financial assets at amortised cost at 31 December 2021 and 2020 is as follows:

	31 December 2021			31 December 2020		
	Banking	Other Companies	Total	Banking	Other companies	Total
Up to 3 months	18.959.492	153.172	19.112.664	11.113.691	-	11.113.691
3 to 12 months	24.752.525	3.786.422	28.538.947	19.059.290	-	19.059.290
1 to 5 years	8.685.943	989.429	9.675.372	10.522.797	644	10.523.441
Over 5 years	168.608	34.920	203.528	1.176.900	-	1.176.900
Total	52.566.568	4.963.943	57.530.511	41.872.678	644	41.873.322

d) Time Deposits:

The details of long-term deposits of three months are presented below:

	31 December 2021	31 December 2020
3 to 12 months	363.620	16.348
Total	363.620	16.348

NOTE 7 - FINANCIAL LIABILITIES

Short term funds borrowed, bank borrowings and debt securities:

	31 December 2021	31 December 2020
Short term	26.193.026	13.713.590
Short term portion of long term	27.179.115	20.053.065
Total short term	53.372.141	33.766.655
Long term funds borrowed, bank borrowings and debt securities:		
Long term	64.396.093	38.494.543
Total	117.768.234	72.261.198

Maturity analysis as of 31 December 2021 and 31 December 2020 is as follows:

	31 December 2021	31 December 2020
Up to 3 months	12.110.690	9.274.318
3 to 12 months	41.261.451	24.492.337
Short term borrowings and short term portion of long term borrowings	53.372.141	33.766.655
1 to 5 years	43.186.952	26.954.881
Over 5 years	21.209.141	11.539.662
Long term borrowings	64.396.093	38.494.543
Total financial liabilities	117.768.234	72.261.198

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

As of 31 December 2021 and 2020, repayment plans of long-term financial debts are presented below:

	31 December 2021	31 December 2020
1 to 2 years	11.806.626	8.902.970
2 to 3 years	10.308.406	6.286.796
3 to 4 years	13.128.423	4.715.311
4 to 5 years	7.943.497	7.049.804
Over 5 years	21.209.141	11.539.662
Total	64.396.093	38.494.543

As of 31 December 2021 and 2020, the remaining period until the repricing date of the loans determined by the contract:

	31 December 2021	31 December 2020
Up to 3 months	48.083.130	41.602.470
3 to 12 months	29.940.005	8.523.325
1 to 5 years	20.401.230	11.745.294
Over 5 years	19.343.869	10.390.109
Total	117.768.234	72.261.198

Financial liability movement as of 31 December 2021 is as follows;

	2021	2020
1 January	72.261.198	58.084.781
Additions	48.841.128	19.051.336
Interest capitalization during the period	(6.401.341)	(5.039.370)
Interest accruals	623.846	186.233
Foreign exchange effects	2.443.403	(21.782)
31 December	117.768.234	72.261.198

The transactions related with the funds and loans as of 31 December 2021 are as follows:

Akbank - Funds borrowed via syndicated credit

As of 31 December 2021, Akbank has two outstanding syndicated loan. EUR279 million and USD344,5 million with a maturity of 1 year was obtained through the loan agreement signed on 9 April 2021. The cost of 1 year maturity loan is Euribor + 225 bps and USDLibor + 250 bps. EUR206,8 million and USD460 million with a maturity of 1 year was obtained through the loan agreement signed on 19 October 2021. The cost of maturity loan is Euribor + 175 bps and USDLibor +215 bps.

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NOTE 7 - FINANCIAL LIABILITIES (Continued)

Issued securities:

Securities issued consist of USD and TRY assets.

The repayment plan for USD securities issued is summarized below.

	31 December 2021		31 December 2020	
	USD	TRY	USD	TRY
2021	-	-	630.546	4.678.273
2022	1.374.501	18.320.724	1.068.575	7.928.186
2023	594.934	7.929.876	571.133	4.237.464
2024	623.172	8.306.260	599.240	4.446.001
2025	768.654	10.245.389	911.404	6.762.071
2026	475.608	6.339.379	428.422	3.178.634
2027	414.115	5.519.739	370.994	2.752.553
2028	292.139	3.893.921	257.937	1.913.738
2029	19.991	266.460	-	-
2030	18.680	248.986	-	-
2031	273.669	3.647.734	-	-
Total	4.855.463	64.718.468	4.838.251	35.896.920

The balance amounting to USD4.855.463 consists of securitization deals and USD denominated securities issued by the Bank.

	31 December 2021		31 December 2020	
	EUR	TRY	EUR	TRY
2021	-	-	23.131	210.872
2022	392	5.914	377	3.438
2023	377	5.691	362	3.301
2024	363	5.478	348	3.173
2025	349	5.268	335	3.055
2026	335	5.054	322	2.936
2027	322	4.858	309	2.818
2028	309	4.662	297	2.708
2029	7.667	115.655	7.370	67.179
Total	10.114	152.580	32.851	299.480

The balance amounting to EUR10.114 consists of securitization deals and EUR denominated securities issued by the Group.

In addition, as of 31 December 2021, the Group issued bonds with 1-3 months maturity of TRY2.749.399, 3-6 months maturity of TRY3.877.629, 6-12 months maturity of TRY448.064, 1-5 years maturity of TRY991.778 and over 5 years maturity of TRY1.385.587. (31 December 2020: 1-3 months term TRY933.926, 3-6 months term TRY123.854, 6-12 months term TRY4.229.049, 1-5 years term TRY1.062.073 and over 5 years term TRY1.364.024).

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NOTE 8 - LIABILITIES FROM LEASING TRANSACTIONS

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

Liabilities from short-term lease transactions as of 31 December 2021:

	Up to 3 months	3 to 12 months	Total
TRY	160.764	194.281	355.045
USD	2.834	15.929	18.763
EUR	5.952	166	6.118
Other	508	2.173	2.681
Total	170.058	212.549	382.607

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

	Up to 3 months	3 to 12 months	Total
TRY	147.418	169.132	316.550
USD	1.831	6.038	7.869
EUR	4.211	4.387	8.598
Other	287	1.119	1.406
Total	153.747	180.676	334.423

Liabilities from long-term lease transactions as of 31 December 2021:

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
TRY	190.932	171.241	320.506	402.986	458.642	1.544.307
USD	16.263	56.988	18.206	16.609	155.196	263.262
EUR	2.007	2.207	2.423	2.564	22.506	31.707
Other	5.025	216	-	-	-	5.241
Total	214.227	230.652	341.135	422.159	636.344	1.844.517

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

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
TRY	218.092	189.292	319.097	390.542	375.857	1.492.880
USD	8.714	6.736	5.562	5.085	53.544	79.641
EUR	1.248	1.363	1.485	1.468	17.803	23.367
Other	3.895	-	-	-	-	3.895
Total	231.949	197.391	326.144	397.095	447.204	1.599.783

The movement table of liabilities arising from leasing transactions is as follows:

	2021	2020
1 January	1.934.206	1.984.835
Additions	534.125	250.532
Business combination effect	48.925	-
Payment	(838.749)	(701.082)
Interest accruals	401.116	374.014
Foreign exchange effects	147.501	25.907
31 December	2.227.124	1.934.206

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NOTE 9 - TRADE RECEIVABLES AND PAYABLES

Short and long term trade receivables:

	31 December 2021	31 December 2020
Trade receivables from related parties (Note 36)	203.792	112.248
Trade receivables from non-related parties	3.925.569	1.649.824
Notes and cheques	208.982	152.209
	4.338.343	1.914.281
Less: expected credit losses	(77.376)	(68.160)
Total	4.260.967	1.846.121

As of 31 December 2021 and 2020, the maturity analysis of the overdue and expected credit loss reserves within the trade receivables balance is as follows:

	31 December 2021	31 December 2020
Up to 3 months	-	64
Over 9 months	77.376	68.096
Total	77.376	68.160

Short and long term trade payables:

	31 December 2021	31 December 2020
Trade payables from related parties (Note 36)	109.484	113.064
Trade payables from non-related parties	8.627.336	4.908.681
Expense accruals	2.863	1.929
Total	8.739.683	5.023.674

NOTE 10 – OTHER RECEIVABLES AND PAYABLES

Other short term receivables:

	31 December 2021	31 December 2020
Receivables form credit card payments	67.693	51.697
Other receivables(*)	3.685.595	4.445.839
Total	3.753.288	4.497.536

Other long term receivables:

	31 December 2021	31 December 2020
Receivables form credit card payments	82.920	49.628
Other receivables(*)	420.310	3.820.003
Total	503.230	3.869.631

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

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NOTE 10 – OTHER RECEIVABLES AND PAYABLES (Continued)

Other short term payables:	31 December 2021	31 December 2020
Payables related to credit card transactions	7.029.573	4.984.275
Taxes and funds payable	1.177.928	618.891
Export deposits and transfer orders	96.455	68.699
Payment orders to correspondent banks	72.763	48.832
Other (*)	8.615.648	3.367.929
Total	16.992.367	9.088.626
Other long term payables:	31 December 2021	31 December 2020
Other (*)	7.145.569	4.431.151
Total	7.145.569	4.431.151

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

NOTE 11 - INVENTORIES

	31 December 2021	31 December 2020
Raw materials	1.985.611	694.980
Work in process	599.092	227.803
Finished goods and merchandises	4.333.817	2.609.969
Spare parts	177.259	96.316
Goods in transit	388.075	50.712
Other	148.071	158.402
	7.631.925	3.838.182
Allowance for impairment on inventory (-)	(110.928)	(76.828)
Total	7.520.997	3.761.354

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

	2021	2020
1 January	(76.828)	(57.979)
Provisions	(47.269)	(18.760)
Provisions no longer required	13.258	2.662
Currency translation differences	(89)	(2.751)
31 December	(110.928)	(76.828)

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NOTE 12 - PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses:	31 December 2021	31 December 2020
Prepaid expenses	2.265.963	1.116.730
Advance given for inventory purchases	79.675	58.748
Other	7.731	28.791
Total	2.353.369	1.204.269

Long-term prepaid expenses:	31 December 2021	31 December 2020
Advance given for property, plant and equipment purchases	14.337	8.056
Prepaid expenses	31.607	9.245
Other	108	67
Total	46.052	17.368

Short term deferred income:	31 December 2021	31 December 2020
Unearned commission income	89.411	112.143
Advances received	90.222	48.456
Deferred income	67.028	47.697
Other	1.781	767
Total	248.442	209.063

Long-term deferred income:	31 December 2021	31 December 2020
Unearned commission income	221.404	137.410
Total	221.404	137.410

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NOTE 13 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Book value of Associates and Joint Ventures is as follows:

	31 December 2021	Share (%)	31 December 2020	Share (%)
Brisa	1.007.457	43,63	627.568	43,63
Akçansa	471.118	39,72	397.334	39,72
Enerjisa Üretim Santralleri	3.282.124	50,00	3.296.513	50,00
Enerjisa Enerji	3.740.409	40,00	2.861.321	40,00
Temsa Ulaşım Araçları	262.461	50,00	83.636	50,00
Aksigorta (*)	-	-	337.002	36,00
Agesa (*)	-	-	439.473	40,00
Philisa (**)	-	-	130.474	25,00
Philip Morrissa (**)	-	-	125.051	24,75
Total	8.763.569		8.298.372	

(*) The Group started to consolidate starting from 1 July 2021.

(**) Reclassified to assets held for sale as of 31 December 2021.

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

	1 January - 31 December 2021	1 January - 31 December 2020
Brisa	438.296	235.580
Akçansa	120.468	45.487
Enerjisa Üretim Santralleri	860.394	481.512
Enerjisa Enerji	912.947	435.073
Temsa Ulaşım Araçları	15.746	(17.585)
Aksigorta (*)	54.669	134.620
Agesa (*)	103.097	158.738
Philisa	193.355	22.118
Philip Morrissa	87.542	37.088
Total	2.786.514	1.532.631

(*) 2021 income amounts are consist of Agesa and Aksigorta gains until the date of the Group started to consolidate these entities which is 1 July 2021.

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NOTE 13 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

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

	31 December 2021		31 December 2020	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
Brisa	10.796.966	8.487.874	6.387.170	4.948.783
Akçansa	3.186.569	1.987.554	2.255.730	1.242.475
Enerjisa Üretim Santralleri	18.541.284	11.977.035	14.573.769	7.980.742
Enerjisa Enerji	31.333.641	21.982.619	24.675.505	17.522.199
Temsa Ulaşım Araçları	2.876.959	2.146.995	2.124.755	1.758.264
Aksigorta (*)	-	-	9.131.387	8.195.271
Agesa (*)	-	-	4.256.009	3.180.864
Philisa (**)	-	-	3.986.358	3.464.463
Philip Morrissa (**)	-	-	1.972.279	1.467.024
Total	66.735.419	46.582.077	69.362.962	49.760.085

(*) The Group started to consolidate starting from 1 July 2021

(**) Reclassified to assets held for sale as of 31 December 2021.

Sales

	1 January - 31 December 2021	1 January - 31 December 2020
Brisa	6.634.262	4.236.875
Akçansa	2.871.404	1.967.108
Enerjisa Üretim Santralleri	16.438.986	9.345.371
Enerjisa Enerji	30.547.681	21.757.203
Temsa Ulaşım Araçları	1.718.531	169.535
Aksigorta (*)	3.000.041	5.272.142
Agesa (*)	860.591	1.331.875
Philisa	37.816.210	31.062.222
Philip Morrissa	37.608.931	30.746.710

(*) Sales amounts consist of Agesa and Aksigorta net sales amounts for the first six months period ended until to the Group started to consolidate these entities.

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NOTE 13 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

Net profit/(loss)

	1 January - 31 December 2021	1 January - 31 December 2020
Brisa	1.004.575	539.950
Akçansa	303.293	114.315
Enerjisa Üretim Santralleri	1.720.789	963.023
Enerjisa Enerji	2.282.368	1.087.683
Temsa Ulaşım Araçları	31.492	(35.169)
Aksigorta (*)	151.858	373.944
Agesa (*)	257.741	396.845
Philsa	773.420	88.471
Philip Morrissa	353.704	149.851

(*) Net profit amounts consist of Agesa and Aksigorta net income amounts for the first six months period ended until to the Group started to consolidate these entities.

The movement of the joint ventures is as follows:

	2021	2020
Opening balance, 1 January	8.298.372	7.335.503
Profit/(loss) share	2.786.514	1.532.631
Business combination effect	(741.438)	-
Capital increase	150.000	-
Classification to asset held-for-sale	(277.887)	-
Acquisition	-	83.636
Dividend income from joint ventures	(1.322.325)	(438.107)
Other comprehensive income/(expense)	(129.667)	(215.291)
Closing balance - 31 December	8.763.569	8.298.372

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NOTE 14 - INVESTMENT PROPERTY

	1 January 2021	Additions	Currency translation differences	Transfers	31 December 2021
Cost:					
Land	228.113	-	144.694	-	372.807
Buildings	8.656	5.550	-	-	14.206
Total	236.769	5.550	144.694	-	387.013
Accumulated depreciation:					
Buildings	(1.707)	(1.435)	-	-	(3.142)
Net book value	235.062				383.871

	1 January 2020	Additions	Currency translation differences	Transfers	31 December 2020
Cost:					
Land	173.613	-	32.470	22.030	228.113
Buildings	18.466	12.220	-	(22.030)	8.656
Total	192.079	12.220	32.470	-	236.769
Accumulated depreciation:					
Buildings	(1.044)	(663)	-	-	(1.707)
Net book value	191.035				235.062

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NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the year ended 31 December 2021 is as follows:

	1 December 2021	Currency translation differences	Additions	Disposals	Transfers (*)	Business combinations and subsidiary purchase effect (**)	Transfers to assets held for sale (***)	Impairment	31 December 2021
Cost:									
Land and land improvements	504.541	106.938	2.684	(97.447)	4.272	114.745	(25.759)	-	609.974
Buildings	3.808.279	799.800	43.775	(225.453)	34.878	96.948	(52.940)	-	4.505.287
Machinery and equipment	6.415.087	2.824.297	266.683	(368.060)	254.864	475.330	(367.811)	(2.394)	9.497.996
Motor vehicles	92.543	9.164	6.270	(5.560)	1.187	3.692	(13.359)	-	93.937
Furniture and fixtures	4.064.338	111.875	503.790	(218.333)	18.528	86.177	(5.468)	588	4.561.495
Total	14.884.788	3.852.074	823.202	(914.853)	313.729	776.892	(465.337)	(1.806)	19.268.689
Construction in progress	242.522	59.995	478.256	(17.945)	(379.824)	4.100	(249)	-	386.855
Total	15.127.310	3.912.069	1.301.458	(932.798)	(66.095)	780.992	(465.586)	(1.806)	19.655.544
Accumulated depreciation:									
Land and land improvements	(243.402)	(9.714)	(10.540)	-	-	-	10.219	-	(253.437)
Buildings	(1.174.766)	(231.088)	(96.468)	45.991	-	-	28.805	-	(1.427.526)
Machinery and equipment	(3.352.999)	(1.416.596)	(455.935)	296.803	(77)	-	230.982	524	(4.697.298)
Motor vehicles	(92.543)	(1.822)	(9.117)	2.932	-	-	11.965	-	(88.585)
Furniture and fixtures	(2.303.979)	(78.426)	(429.159)	188.859	77	-	3.767	35	(2.618.826)
Total	(7.167.689)	(1.737.646)	(1.001.219)	534.585	-	-	285.738	559	(9.085.672)
Net book value	7.959.621								10.569.872

(*) Amounted to TRY 66.095 transfers from capital expenditures spent during the period are transferred to intangible assets.

(**) As of 1 July 2021, Aksigorta and Agesa started to be consolidated in the consolidated financial statements. Cimsa Cementos Espana S.A.U, a 100% subsidiary of CSC BV, acquired Buñol White Cement Factory on 9 July 2021.

(***) Property, plant and equipments at Çimsa's Niğde Integrated Cement Factory, Kayseri Integrated Cement Factory, Ankara Cement Grinding Facility and Başakpınar, Ambar, Nevşehir, Cırgalan, Aksaray, Ereğli and Kahramanmaraş Ready Mixed Concrete Facilities classified as asset held for sales.

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NOTE 15 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

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

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NOTE 16 - INTANGIBLE ASSETS

The movements in intangible assets for the years ended 31 December 2021 and 2020 are as follows:

	1 January 2021	Currency Translation Differences	Additions	Impairment	Disposal	Business Combinations	Transfers	31 December 2021
Cost								
Rights	467.772	161.013	85.494	(1.262)	(35.643)	178.446	3.355	859.175
Customer contracts	-	150.978	-	-	-	331.374	-	482.352
Licenses and softwares	17.221	2.920	840	-	-	-	22.743	43.724
Development investments	8.696	-	27.472	-	-	16.403	(2.333)	50.238
Mineral rights	-	7.254	-	-	-	15.921	-	23.175
Trademark	-	-	-	-	-	803.435	-	803.435
Bancassurance channel	-	-	-	-	-	918.714	-	918.714
Contractual rights	-	-	-	-	-	1.451.335	-	1.451.335
Agency channel	-	-	-	-	-	354.553	-	354.553
Other intangible assets	3.139.233	364.632	1.104.957	(12)	(22.449)	483.377	42.330	5.112.068
Total	3.632.922	686.797	1.218.763	(1.274)	(58.092)	4.553.558	66.095	10.098.769
Accumulated depreciation								
Rights	(234.042)	(64.881)	(39.518)	1.167	34.365	-	-	(302.909)
Customer contracts	-	(3.825)	(11.593)	-	-	-	-	(15.418)
Licenses and software	(1.755)	(2.148)	(264)	-	-	-	-	(4.167)
Development investments	(1.245)	-	(1.926)	-	-	-	-	(3.171)
Mineral rights	-	(387)	(1.173)	-	-	-	-	(1.560)
Bancassurance channel	-	-	(30.531)	-	-	-	-	(30.531)
Contractual rights	-	-	(97.291)	-	-	-	-	(97.291)
Agency channel	-	-	(13.000)	-	-	-	-	(13.000)
Other intangible assets	(1.120.600)	(121.817)	(443.133)	9	12.463	-	-	(1.673.078)
Total	(1.357.642)	(193.058)	(638.429)	1.176	46.828	-	-	(2.141.125)
Net book value	2.275.280							7.957.644

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NOTE 16 – INTANGIBLE ASSETS (Continued)

	1 January 2020	Currency Translation Differences	Additions	Impairment	Disposal	Transfers	31 December 2020
Cost							
Rights	395.780	21.989	50.019	-	(16)	-	467.772
Licenses and softwares	17.064	-	157	-	-	-	17.221
Research and development investments	3.073	-	5.623	-	-	-	8.696
Other intangible assets	2.458.862	87.741	590.138	24	(1.833)	4.301	3.139.233
Total	2.874.779	109.730	645.937	24	(1.849)	4.301	3.632.922
Accumulated depreciation							
Rights	(186.461)	(18.017)	(29.564)	-	-	-	(234.042)
Licenses and softwares	(1.539)	-	(224)	-	8	-	(1.755)
Research and development investments	(307)	-	(938)	-	-	-	(1.245)
Other intangible assets	(813.312)	(13.625)	(294.036)	(24)	397	-	(1.120.600)
Total	(1.001.619)	(31.642)	(324.762)	(24)	405	-	(1.357.642)
Net book value	1.873.160						2.275.280

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NOTE 17 - RIGHT OF USE ASSETS

The movements in right of use assets for the years ended 31 December 2021 is as follows:

	1 January 2021	Additions	Disposals	Business Combinations	Currency translation differences	31 December 2021
Cost						
Real estates	2.317.656	555.203	(239.124)	27.113	81.873	2.742.721
Fixtures	252	-	-	210	-	462
Motor vehicles	68.441	14.086	(4.022)	8.733	(10.370)	76.868
Other	19.470	68.460	(1.964)	-	126.670	212.636
Total	2.405.819	637.749	(245.110)	36.056	198.173	3.032.687
Accumulated Depreciation						
Real estates	(630.543)	(440.273)	132.608	-	(15.191)	(953.399)
Fixtures	(112)	(45)	-	-	-	(157)
Motor vehicles	(36.338)	(20.313)	4.310	-	5.108	(47.233)
Other	(7.249)	(22.615)	2.011	-	(23.721)	(51.574)
Total	(674.242)	(483.246)	138.929	-	(33.804)	(1.052.363)
Net book value	1.731.577	154.503	(106.181)	36.056	164.369	1.980.324

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NOTE 17 - RIGHT OF USE ASSET (Continued)

The movements in right of use assets for the years ended 31 December 2020 is as follows:

	1 January 2020	Additions	Disposals	Currency translation differences	31 December 2020
Cost					
Real estates	2.187.816	367.194	(286.027)	48.673	2.317.656
Fixtures	595	-	(462)	119	252
Motor vehicles	38.758	29.020	(757)	1.420	68.441
Other	16.521	347	0	2.602	19.470
Total	2.243.690	396.561	(287.246)	52.814	2.405.819
Accumulated depreciation					
Real estates	(338.619)	(408.865)	128.070	(11.129)	(630.543)
Fixtures	(186)	(65)	264	(125)	(112)
Motor vehicles	(16.204)	(20.822)	707	(19)	(36.338)
Other	(3.218)	(4.122)	0	91	(7.249)
Total	(358.227)	(433.874)	129.041	(11.182)	(674.242)
Net book value	1.885.463	(37.313)	(158.205)	41.632	1.731.577

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NOTE 18 - GOODWILL

The movements in goodwill for the years ended 31 December 2021 and 2020 are as follows:

	2021	2020
1 January	1.600.690	1.475.337
Additions	58.684	-
Bussines combination (Note 3)	120.535	-
Currency translation differences	742.855	125.353
31 December	2.522.764	1.600.690

NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short term provisions	31 December 2021	31 December 2020
Provision for liabilities	816.672	682.435
<i>Credit bonus provision</i>	<i>87.120</i>	<i>69.473</i>
<i>Provisions for litigation</i>	<i>88.517</i>	<i>90.769</i>
<i>Uncompensated and not encashed non-cash loans</i>	<i>641.035</i>	<i>492.437</i>
<i>Other short-term provisions</i>	<i>-</i>	<i>29.756</i>
Insurance technical provisions	9.328.281	-
Other debt provisions	238.370	4.926
Total	10.383.323	687.361
Other long term provisions	31 December 2021	31 December 2020
Provision for liabilities	562.474	241.504
<i>Provisions for litigation</i>	<i>161.020</i>	<i>49.666</i>
<i>Other long-term provisions</i>	<i>401.454</i>	<i>191.838</i>
Insurance technical provisions	4.766.880	-
Total	5.329.354	241.504
Commitments - other companies	31 December 2021	31 December 2020
Letters of guarantee given	1.439.769	880.540
Other guarantees given	1.856.238	1.583.897
Mortgages, guarantees and pledges for tangible assets	-	16.330
Total	3.296.007	2.480.767
Commitments - banking segment	31 December 2021	31 December 2020
Letters of guarantee given	56.987.517	36.466.405
Letters of credit	14.929.427	4.649.260
Foreign currency acceptance	159.525	47.814
Other guarantees given	13.479.998	8.259.644
Total	85.556.467	49.423.123

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NOTE 19 - 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 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Repurchase commitments	62.277.199	19.855.361
Transactions for held for trading:		
	31 December 2021	31 December 2020
Foreign currency purchases	17.229.702	6.658.885
Foreign currency sales	18.190.714	6.377.496
Total	35.420.416	13.036.381
	31 December 2021	31 December 2020
Currency swap purchases	210.418.016	121.885.178
Currency swap sales	224.443.589	138.390.998
Interest swap purchases	133.544.605	86.327.116
Interest swap sales	133.544.605	86.327.116
Total	701.950.815	432.930.408
	31 December 2021	31 December 2020
Spot purchases	10.674.780	3.053.071
Spot sales	10.697.859	3.054.727
Total	21.372.639	6.107.798
	31 December 2021	31 December 2020
Currency, interest and securities options purchases	26.311.953	13.271.378
Currency, interest and securities options sales	27.980.081	13.152.376
Total	54.292.034	26.423.754
	31 December 2021	31 December 2020
Other purchase transactions	40.968.571	26.581.999
Other sales transactions	14.431.941	7.978.827
Total	55.400.512	34.560.826

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

	31 December 2021	31 December 2020
Future purchase transactions	8.206.775	2.657.066
Future sales transactions	8.114.789	2.827.998
Total	16.321.564	5.485.064

Types of derivative transactions held for hedges:

	31 December 2021	31 December 2020
Interest swap purchases	65.310.465	23.672.399
Interest swap sales	65.310.465	23.672.399
Total	130.620.930	47.344.798

	31 December 2021	31 December 2020
Money swap purchases	21.781.486	22.678.665
Money swap sales	8.752.970	14.494.876
Total	30.534.456	37.173.541

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2021 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	28.440.110	28.547.407	56.987.517
Letters of credits	12.630.838	2.298.589	14.929.427
Acceptance credits	159.525	-	159.525
Other guarantees	5.827.888	7.652.110	13.479.998
Total	47.058.361	38.498.106	85.556.467

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

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	16.747.460	19.718.945	36.466.405
Letters of credits	3.502.759	1.146.501	4.649.260
Acceptance credits	47.814	--	47.814
Other guarantees	2.416.094	5.843.550	8.259.644
Total	22.714.127	26.708.996	49.423.123

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

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

The economic sector risk concentrations of the commitments of the Banking segment at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Construction	15.867.126	8.671.929
Wholesale	15.066.387	9.445.709
Other manufacturing	9.901.798	4.400.880
Financial institutions	8.124.805	5.261.526
Steel and mining	5.875.656	3.549.328
Small-scale retailers	5.187.378	3.703.770
Textile	3.971.143	1.679.855
Chemicals	3.960.757	1.855.060
Electricity, gas and water	3.187.106	2.676.043
Transportation	2.806.224	1.744.525
Automotive	1.934.944	977.967
Food and beverage	1.674.154	944.397
Tourism	878.035	361.201
Agriculture and forestry	639.844	385.570
Telecommunications	625.893	349.336
Electronics	463.228	250.609
Other	5.391.989	3.165.418
Total	85.556.467	49.423.123

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 20 – COMMITMENTS

Collaterals, pledges and mortgages (“CPM”) given by the Subsidiaries at 31 December 2021 is as follows:

	31 December 2021				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	2.417.476	1.263.747	60.627	22.836	-
B, Collaterals given on behalf of fully consolidated companies	4.231.028	838.684	164.533	79.159	5.036
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	85.560.208	31.928.141	2.215.302	1.472.671	1.886.563
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	92.208.712	34.030.572	2.440.462	1.574.666	1.891.599
A, Total amount of the mortgages	-	-	-	-	-
given for its own legal entity					
B, Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C, Mortgages given on behalf of third parties' debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Mortgages	-	-	-	-	-
i, Given on behalf of majority shareholder					
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	-	-	-	-	-
A, Total amount of the pledges					
given for its own legal entity	-	-	-	-	-
B, Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C, Pledges given on behalf of third parties' debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Pledges					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

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

NOTE 20 – COMMITMENTS (Continued)

Collaterals, pledges and mortgages (“CPM”) given by the Joint Ventures at 31 December 2021 is as follows

	31 December 2021				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	715.907	283.296	27.359	4.504	-
B, Collaterals given on behalf of fully consolidated companies	1.266.337	1.123.324	10.535	172	-
C, Collaterals given on behalf of the third parties’ debt for continuation of their economic activities	5.982	5.982	-	-	-
D, Total amount of other Collaterals					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	1.988.226	1.412.602	37.894	4.676	-
A, Total amount of the mortgages					
given for its own legal entity	-	-	-	-	-
B, Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C, Mortgages given on behalf of third parties’ debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Mortgages					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	-	-	-	-	-
A, Total amount of the pledges					
given for its own legal entity	-	-	-	-	-
B, Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C, Pledges given on behalf of third parties’ debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Pledges					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

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NOTE 20 – COMMITMENTS (Continued)

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

	31 December 2020				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	1.002.913	775.579	21.814	7.461	-
B, Collaterals given on behalf of fully consolidated companies	2.012.527	700.223	53.956	101.488	2.050
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	49.423.123	24.200.751	1.670.304	1.366.162	655.252
D, Total amount of other Collaterals					
i, Given on behalf of majority shareholder					
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	52.438.563	25.676.553	1.746.074	1.475.111	657.302
A, Total amount of the mortgages	-	-	-	-	-
given for its own legal entity					
B, Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C, Mortgages given on behalf of third parties' debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Mortgages					
i, Given on behalf of majority shareholder					
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	-	-	-	-	-
A, Total amount of the pledges					
given for its own legal entity					
B, Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C, Pledges given on behalf of third parties' debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Pledges					
i, Given on behalf of majority shareholder					
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

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

NOTE 20 - COMMITMENTS (Continued)

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

	31 December 2020				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	1.136.353	1.018.185	12.310	3.087	-
B, Collaterals given on behalf of fully consolidated companies	-	-	-	-	-
C, Collaterals given on behalf of the third parties’ debt for continuation of their economic activities	4.113	4.113	-	-	-
D, Total amount of other Collaterals					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Colleterals	1.140.466	1.022.298	12.310	3.087	-
A, Total amount of the mortgages					
given for its own legal entity	-	-	-	-	-
B, Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C, Mortgages given on behalf of third parties’ debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Mortgages					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	-	-	-	-	-
A, Total amount of the pledges					
given for its own legal entity	-	-	-	-	-
B, Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C, Pledges given on behalf of third parties’ debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Pledges					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 21 - EMPLOYEE BENEFITS

Payables related to employee benefits:

	31 December 2021	31 December 2020
Due to personnel	82.480	86.970
Social security premiums payable	51.426	32.156
Total	133.906	119.126

Short term provisions for employee benefits:

	31 December 2021	31 December 2020
Unused vacation pay provision	224.380	160.708
Bonus provision	116.240	40.375
Other	427.967	321.192
Total	768.587	522.275

Long term provisions for employee benefits:

	31 December 2021	31 December 2020
Provision for employment termination benefits	972.839	652.408
Unused vacation pay provision	8.186	5.882
Other	70.385	46.636
Total	1.051.410	704.926

Provision for retirement pay liability:

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age. Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement. At 31 December 2021, the amount payable consists of one month’s salary limited to a maximum of full TRY8.284,51 (31 December 2020: full TRY7.117,17) for each year of service.

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

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2021, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. However the discount rate used in the calculation of the provisions differs for each subsidiary and associate, the average discount rate is 3% - 4,5% at the respective balance sheet date (31 December 2020: 3.24% - 5.23%). Severance pay ceiling is revised semi-annually and severance pay ceiling in the provision for employment termination benefits calculations of the Group has been considered amounted by full TRY10.848,59 which is effective on 1 January 2022.

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NOTE 21 - EMPLOYEE BENEFITS (Continued)

Provision for retirement pay liability (Continued):

Movements in the provision for employment termination benefits for the years ended 31 December 2021 and 2020 are as follows:

	2021	2020
1 January	652.408	504.049
Charge for the period	197.693	122.312
Business combinations	30.135	-
Payments	(120.219)	(65.691)
Interest cost	9.311	7.874
Foreign currency translation adjustments	516	(2.911)
Actuarial (loss)/gain	202.995	86.775
31 December	972.839	652.408

NOTE 22 - OTHER ASSETS AND LIABILITIES

Other Current Assets	31 December 2021	31 December 2020
Cheques in clearance	1.370.281	852.507
Deductible, deferred and other VAT	335.344	200.743
Other current assets	3.727.479	56.173
Total	5.433.104	1.109.423

Other Non-Current Assets	31 December 2021	31 December 2020
Long term tax claims and other legal receivables	13.024	17.725
Deductible, deferred and other VAT	2.798	1.050
Other non-current assets	157.018	90.731
Total	172.840	109.506

Other Short Term Liabilities	31 December 2021	31 December 2020
Cheques in clearance	2.579.106	1.683.800
Saving deposits insurance	134.234	119.637
Other short term liabilities	799.902	419.364
Total	3.513.242	2.222.801

Other Long Term Liabilities	31 December 2021	31 December 2020
Other Long Term Liabilities	24.738	52.924
Total	24.738	52.924

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NOTE 23 - EQUITY

Hacı Ömer Sabancı Holding A.Ş. Holding’s authorised and issued capital consists of 204.040.393.100 (31 December 2020: 204.040.393.100) shares of Kr 1 each.

The Holding’s authorised and paid-in share capital and shareholding structure at 31 December 2021 and 2020 is as follows:

Shareholders:	Share (%)	31 December 2021	Share (%)	31 December 2020
Sakıp Sabancı Holding A.Ş.	14,07	287.100	14,07	287.100
Serra Sabancı	7,22	147.371	7,22	147.371
Suzan Sabancı Dinçer	6,94	141.567	6,94	141.567
Çiğdem Sabancı Bilen	6,94	141.567	6,94	141.567
Other	64,83	1.322.799	64,83	1.322.799
Share capital	100,00	2.040.404	100,00	2.040.404
Treasury shares (-)		(298.646)		(190.470)
Share premium		22.237		22.237

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 December 2021. These shares are shown in consolidated equity as capital adjustments due to treasury shares.

The Board of Directors of Sabancı Holding have adopted the resolutions in its meeting dated November 9, 2021, for the purposes of supporting price performance of SAHOL shares in the equity market, and hence reducing the net asset value discount by bringing SAHOL shares closer to its fair value, and providing shareholders with a more attractive long-term investment opportunity. Shares buy-back shall be initiated pursuant to the Capital Markets Board's Communiqué on Share Buy-Back No. II-22.1 and the related announcements dated July 21, 2016 and July 25, 2016. In the scope of the relevant decision, considering matching orders as of 31 December 2021, shares with TRY8.000.000 of nominal value, equivalent to 0.3921% of the company capital, were repurchased for TRY108.176 thousand, including transaction costs. As of the date of the report, the repurchased shares have not been sold.

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.

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NOTE 23 - EQUITY (Continued)

The details of restricted reserves mentioned above are as follows:

	31 December 2021	31 December 2020
Reserves for treasury shares(*)	108.176	-
Legal reserves	1.080.824	879.056
Subsidiary sales profit	343.498	344.487
Total	1.532.498	1.223.543

(*) As per TCC and CMB regulations, a legal reserve equivalent to acquisition value is allocated for treasury shares. Accordingly, under the limited reserve allocated from profits in the consolidated financial statements as of 31 December 2021, a legal reserve in the amount of TRY108.176 thousand (31 December 2020: none) was allocated for repurchased shares.

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.

Repurchased Shares

The Board of Directors of Sabancı Holding have adopted the resolutions in its meeting dated November 9, 2021, for the purposes of supporting price performance of SAHOL shares in the equity market, and hence reducing the net asset value discount by bringing SAHOL shares closer to its fair value, and providing shareholders with a more attractive long-term investment opportunity. Shares buy-back shall be initiated pursuant to the Capital Markets Board's Communiqué on Share Buy-Back No. II-22.1 and the related announcements dated July 21, 2016 and July 25, 2016.

In the scope of the relevant decision, considering matching orders as of 31 December 2021, shares with TRY8.000.000 of nominal value, equivalent to 0.3921% of the company capital, were repurchased for TRY108.176 thousand, including transaction costs. As of the date of the report, the repurchased shares have not been sold. Information related to share repurchases carried out after the balance date can be found in the note concerning Events After the Balance Date (Note 39).

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NOTE 23 - EQUITY (Continued)

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

	Revaluation fund	Cash flow hedge fund	Net investment hedge fund	Currency translation differences
Balance as of 1 January 2021	207.135	(824.534)	(931.208)	2.684.551
Increases/(decreases) during the period	(637.187)	458.860	(1.898.495)	4.006.098
Gains transferred to income statement	(319.959)	571.628	-	-
Net gains & losses included in the income statement due to transfer of financial assets through other comprehensive income	(200.564)	-	-	-
Tax effect	231.542	(206.098)	379.699	-
Balance as of 31 December 2021	(719.033)	(144)	(2.450.004)	6.690.649

	Revaluation fund	Cash flow hedge fund	Net investment hedge fund	Currency translation differences
Balance as of 1 January 2020	56.439	(765.162)	(448.128)	1.688.674
Increases/(decreases) during the period	430.554	(795.470)	(619.333)	995.877
Gains transferred to income statement	154.245	719.353	-	-
Net gains & losses included in the income statement due to transfer of financial assets through other comprehensive income	(391.599)	-	-	-
Tax effect	(42.504)	16.745	136.253	-
Balance as of 31 December 2020	207.135	(824.534)	(931.208)	2.684.551

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

1 January - 31 December 2021

Nile Kordsa Company for Industrial Fabrics S.A.E., a subsidiary of Kordsa, which is a subsidiary of the Group, had a net loss amounting to TRY7.942.990 (full amount) as of 31 December 2021 (31 December 2020: TRY7.108.997 net loss (full amount)). On 31 December 2021 and 31 December 2020, operating results of this company reclassified as income/expense from the discontinued operations in the consolidated financial statements.

The amount recognised under “Assets Held For Sale” is TRY4.142.037 (full amount) as of 31 December 2021 (31 December 2020: TRY2.925.808 (full amount)). No amount for “Liabilities Held For Sale” is recognised as of 31 December 2021 (31 December 2020: TRY4.026.883 (full amount)).

The sale process of the lands which are not used actively of Çimsa is continue and the remaining part of property, plant and equipments amounting to TRY343 has been classified as held for sale (31 December 2020: TRY8.522.648 (full amount)).

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

An Asset Deal Agreement was signed on 24 September 2021 related to the transfer of Niğde Integrated Cement Factory, Kayseri Inregrated Cement Factory, Ankara Cement Grinding Facility and the Başakpınar, Ambar, Nevşehir, Cırgalan, Aksaray, Ereğli and Kahramanmaraş Ready Mixed Concrete Plant, the fixed assets in these plants and other related assets to Çimko Çimento ve Beton Sanayi Ticaret A.Ş. for USD127 million (VAT is not included), provided relevant legal approvals including Competition Authority approval are acquired and on condition that the agreement is subject to adjustments on the closing date. The asset transfers may be carried out provided the required legal approvals including the Competition Board approval are obtained, and after these approvals were received these assets worth TRY179.905 were classified from property, plant and equipment and intangible assets to assets held for sale.

Group shares representing 25% of Philsa capital with a nominal value of TRY750.000 (full amount) and shares representing 24.75% of PMSA capital with a nominal value of TRY173.250 (full amount) were transferred to Philip Morris on 5 January 2022 for amounting to TRY2.747.308.823 (full amount) after adjustments on the closing date, and the transfer fee was collected on the same day. The total registered value of TRY277.887 of net assets classified under assets valued using the equity method as of 31 December 2021 is transferred to asset held for sale.

Information on other assets held for sale:

	31 December 2021	31 December 2020
Cost	232.296	250.782
Accumulated depreciation (-)	-	4
Net book value	232.296	250.778

	31 December 2021	31 December 2020
Net book value at the beginning of the term	262.226	673.547
Acquisitions	200.398	265.721
Disposals (-), net	217.363	184.122
Impairment (-)	1.517	496.888
Other	450.829	3.968
Net book value	694.573	262.226

Other part of other assets held for sale includes real estate acquired by the Bank due to its loan receivables and Philsa and Pmsa net investment amount which is measured at equity accounting method classified as assets held for sale.

1 January - 31 December 2020

Nile Kordsa Company for Industrial Fabrics S.A.E., a subsidiary of Kordsa, which is a subsidiary of the Group, had a full period loss amounting to Total TRY(7.108.997) as of 31 December 2020 (31 December 2019: TRY152.057 Total loss). In 31 December 2020 and 31 December 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 TRY2.925.808 as of 31 December 2020 (31 December 2019: Total TRY7.347.731). The amount recognised under “Liabilities Held For Sale” is Total TRY4.026.883 as of 31 December 2020 (31 December 2019: Total TRY3.116.610).

The sale process of the lands which are not used actively of Çimsa is continue and the remaining part of fixed asset amounting to TRY8.522.648 has been classified as held for sale (31 December 2019: Total TRY131.850)

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NOTE 25 - REVENUE AND COST OF SALES

Non-finance sector

	1 January- 31 December 2021	1 January- 31 December 2020
Domestic sales	27.496.909	19.625.105
Foreign sales	4.182.600	2.618.047
Less: Discounts	(1.109.157)	(713.942)
Total	30.570.352	21.529.210

	1 January- 31 December 2021	1 January- 31 December 2020
Cost of raw materials and merchandises	(19.211.745)	(13.730.368)
Change in finished good work in process inventory and merchandises	(191.082)	(668.103)
Personnel expenses	(986.623)	(663.215)
Depreciation and amortization expenses	(457.115)	(377.277)
Other	(3.178.273)	(1.566.460)
Total	(24.024.838)	(17.005.423)

Finance sector

	1 January- 31 December 2021	1 January- 31 December 2020
Interest income	50.391.945	34.371.683
Insurance premiums	5.147.087	-
Other	2.083.013	3.452.895
Total	57.622.045	37.824.578

	1 January- 31 December 2021	1 January- 31 December 2020
Interest expenses	(23.476.097)	(20.691.934)
Insurance premiums	(4.468.082)	-
Total	(27.944.179)	(20.691.934)

NOTE 26 - EXPENSES BY NATURE

Research and development expenses

Allocation of research and development expenses on nature basis for the years ended 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel expenses	(23.421)	(18.662)
Consultancy expenses	(9.412)	(4.796)
Depreciation and amortization expenses	(4.336)	(2.952)
Repair and maintenance expenses	(740)	(558)
Other	(9.028)	(407)
Total	(46.937)	(27.375)

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NOTE 26 - EXPENSES BY NATURE (Continued)

Marketing expenses

Allocation of marketing, selling and distribution expenses on nature basis for the years ended 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel expenses	(1.245.396)	(1.029.814)
Depreciation and amortization expenses	(478.676)	(443.010)
Transportation, logistic and distribution expenses	(331.831)	(157.366)
Rent expenses	(245.145)	(192.133)
Energy expenses	(180.086)	(163.126)
Advertisement expenses	(130.146)	(108.294)
Consultancy expenses	(74.682)	(41.799)
Maintenance and repair expenses	(65.450)	(55.923)
Outsourced services	(56.913)	(56.381)
Material expenses	(4.693)	(4.279)
Insurance expenses	(2.530)	(3.638)
Communication expenses	(1.934)	(1.896)
Other	(188.504)	(149.038)
Total	(3.005.986)	(2.406.697)

General administrative expenses

Allocation of general administrative expenses on nature basis for the years ended 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel expenses	(4.912.203)	(3.710.887)
Depreciation and amortization expenses	(1.184.343)	(818.940)
Credit card and banking service expense	(1.543.195)	(949.364)
Maintenance and repair expenses	(940.483)	(683.169)
Savings deposit insurance fund expenses	(500.597)	(464.074)
Taxes, duties and fees	(461.756)	(303.781)
Consultancy expenses	(443.733)	(267.958)
Communication expenses	(242.512)	(237.282)
Advertisement expenses	(259.478)	(157.153)
Energy expenses	(107.842)	(97.968)
Material expenses	(57.048)	(62.892)
Outsourced services	(29.939)	(1.388)
Insurance expenses	(24.728)	(14.451)
Other	(1.037.480)	(1.178.670)
Total	(11.745.337)	(8.947.977)

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NOTE 27 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/ INDEPENDENT AUDIT FIRMS

Information regarding the fees for the services received from the independent audit firms, in accordance with the letter of POA dated 19 August 2021 that was prepared considering the Board Decision published in the Official Gazette on 30 March 2021, is as follows:

	31 December 2021	31 December 2020
Independent audit fee for the reporting period	18.708	14.673
Fees related to tax consultancy services	747	271
Other assurance service fees	3.511	1.645
Fees for other independent non-audit services	1.186	955
Total	24.152	17.544

The fees above have been determined through including the independent audit and other related service fees of all Subsidiaries and Joint Ventures and the foreign currency fees of foreign subsidiaries and affiliates have been converted into TRY using the annual average rates of the relevant years.

NOTE 28 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Foreign currency gains resulting from operations	2.678.283	2.299.052
Due date income from trade receivables	160.230	54.591
Other income (*)	1.168.684	413.497
Total	4.007.197	2.767.140

(*) Other incomes are related to Aksigorta's investment income transferred to technical profit.

The details of other expenses from operating activities for the years ended 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Foreign currency losses resulting from operations	(1.982.429)	(1.878.809)
Due date expense from trade receivables	(550.213)	(288.411)
Provision expense	(29.586)	(15.881)
Other expenses	(301.961)	(428.699)
Total	(2.864.189)	(2.611.800)

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NOTE 29 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities

The details of other income from investing activities for the years ended 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Fair value gain from business combinations (*)	1.359.258	-
Profit from sales on property, plant and equipment	293.921	125.978
Income on disposals of subsidiary	92.390	-
Interest income on time deposits	76.508	12.991
Dividend income	22.979	5.903
Profit on sale of investment property	2.305	-
Other	-	2.681
Total	1.847.361	147.553

(*) It is the fair value uplift gain arises from Agesa and Aksigorta business combinations.

Expenses from investment activities

The details of other expenses from investing activities for the years ended 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Loss on sale of fixed assets	(9.283)	(5.143)
Total	(9.283)	(5.143)

NOTE 30 - FINANCE INCOME/EXPENSES

Financial income and expenses of non-banking segments:

	1 January- 31 December 2021	1 January- 31 December 2020
Financial income		
Foreign currency gains	86.503	39.903
Interest income	5.810	326
Other financial income	32.496	17.103
Total	124.809	57.332
Financial expenses		
Foreign currency losses	(327.494)	(179.741)
Interest expense	(737.545)	(622.766)
Other financial expenses	(398.903)	(182.687)
Total	(1.463.942)	(985.194)

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NOTE 31 - TAX ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
Corporate and income taxes payable	4.186.070	2.837.819
Less: prepaid taxes	(2.566.388)	(1.672.762)
Total taxes payable	1.619.682	1.165.057

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.

As of 31 December 2021, the corporate tax rate has been applied as 25% (2020: 22%) in the financial statements. In accordance with the Law No. 7316 published in the Official Gazette dated April 22, 2021, the corporate tax rate is 25% for the taxation period of 2021, starting with the declarations that must be submitted as of 1/7/2021 and valid for the taxation period starting from 1/1/2021. and this rate will be applied as 23% for the taxation period of 2022.

Corporation tax is payable for 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 25% on their corporate income and declare it until the 10th day and pay it on the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Turkey, 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.

Law no. 7352 concerning adjustments in the Tax Procedural Law and Corporate Income Law went into effect on 20 January 2022. It was decided that financial statements cannot be adjusted for inflation, regardless of whether the conditions related to inflation adjustment in Repeated Article no. 298 are realized in the 2021 accounting period, the 2022 accounting period, or the temporary tax period of the 2023 accounting period, and this includes temporary accounting periods. As per Law no. 7352, inflation adjustment will be applied for financial statements dated 31 December 2023, and the profit/loss difference arising from the inflation adjustments will be reflected in the previous year profit/loss account and will not be subject to tax.

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NOTE 31 - TAX ASSETS AND LIABILITIES (Continued)

On 20 January 2022, the Public Oversight Authority made certain explanations concerning financial reporting in high inflation economies in the framework of Turkish Financial Reporting Standards and Financial Reporting Standards for Large and Medium Sized Enterprises. It was stated that companies using TFRS do not have to make an adjustment to the financial statements of 2021 in the scope of the TAS 29 “Financial Reporting in Hyperinflationary Economies” standard.

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

Affiliation Privilege

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

Emission premiums exemption

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

Exemption for participation into foreign subsidiaries

The participation income of corporations participating in 10% or more of the capital of a limited liability or joint stock company which does not have its legal or business centre 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 centre 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 25%. However, there is a reduced corporate tax application for investments related to incentive certificate. The two factors that are important in calculating the discounted corporate tax in the Investment Incentive System are the contribution rate to investment and the rate of tax reduction. The amount of contribution of the investments to be met by Government through the tax is defined as the amount of contribution to the investment and dividing this amount by the total amount invested is defined as the rate of contribution to the investment.

These rates are determined by the President according to the sectors and regions. Regulations on Reduced Corporate Tax are included in the Decree No: 2012/3305 of the Council of Ministers and 1 Serial Number of Corporate Tax.

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NOTE 31 - TAX ASSETS AND LIABILITIES (Continued)

Tax amounts related to comprehensive income items in the consolidated statement of other comprehensive profit or loss for the period ended 31 December 2021 and 31 December 2020 are as follows:

	31 December 2020			31 December 2019		
	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax
Fair value of financial assets transferred to the other comprehensive income	(2.878.229)	575.646	(2.302.583)	449.951	(98.989)	350.962
Cash flow hedges	2.823.317	(564.663)	2.258.654	244.226	(53.730)	190.496
Financial assets related to the hedging of net investment in a foreign operation	(4.658.878)	931.777	(3.727.101)	(1.519.836)	334.364	(1.185.472)
Change in currency translation differences	8.234.460	-	8.234.460	2.396.539	-	2.396.539
Actuarial loss/gain	(223.609)	44.721	(178.888)	(95.080)	20.918	(74.162)
Other Comprehensive Income	3.297.061	987.481	4.284.542	1.475.800	202.563	1.678.363

	31 December 2021	31 December 2020
Profit before tax included in the consolidated financial statements	25.853.588	11.176.901
Expected tax charge according to parent company's tax rate 25% (2020: 22%)	(6.463.397)	(2.458.918)
Tax rate differences of subsidiaries	14.657	(8.897)
Expected tax charge of the Group	(6.448.740)	(2.467.815)
Revenue that is exempt from taxation (*)	352.997	156.144
Non-deductible expenses	(408.809)	(308.750)
Utilizing carryforward tax losses that are not subject to deferred tax	99.321	1.258
Impact of profits from investments valued by equity method	696.629	337.179
Not using the previous years' losses for which the previous years' deferred tax was calculated/which are expired	(65.595)	-
The impact of investment incentives	34.836	-
Revaluation impact in the scope of Law no. 7326(**)	300.189	-
Other	164.694	11.445
Current year tax charge of the Group	(5.274.478)	(2.270.539)

(*) The tax impact of the fair value difference income arising from the Aksigorta and Agega business combination is TRY340.000.

(**) Article 11 of Law no. 7326 promulgated in the Official Gazette on 9 June 2021 made it possible to revalue property assets and financial assets subject to depreciation in the legal financial statements as of its effective date. The assets included in scope will be depreciated at their revaluation amount, and a 2% tax will be paid on the value increase amount. In the scope of the relevant law adjustment, a deferred tax asset was generated in the financial position statement as per revaluation records of fixed assets in the legal books, and the deferred tax of the relevant asset was recorded under other consolidated comprehensive income.

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NOTE 31 - 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.

Law no. 7316 promulgated in the Official Gazette dated 22 April 2021 raised corporate income tax to 25% for the 2021 taxation period and 23% for the 2022 taxation period, beginning with statements that should be submitted by 1 July 2021 and effective for the taxation period starting on 1 January 2021.

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.

However, as per Article 91 of "Law on Amending Certain Tax Laws and other Laws No. 7061", promulgated in Official Gazette No. 30261, and provisional Article 10 added to Corporate Tax Law No. 5520, the rate of tax to be paid by the companies in 2018, 2019 and 2020 based on their income shall be 22%. Calculated with 22% of the required corporate tax.

As of the period ending on 31 December 2021, provisional tax of 25% (2020: 22%) is calculated and paid on quarterly earnings in accordance with the tax legislation, and the amounts paid in this way are deducted from the tax calculated on the annual income.

The Group has no previous year loss which was not used to calculate deferred tax assets. At 31 December 2021, the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TRY811.459 which can be offset against future taxable profits for a period of five years (31 December 2020: TRY1.132.506). As of 31 December 2021 and 31 December 2020 carry forward tax losses and the latest annual periods are as follows:

	31 December 2021	31 December 2020
2022	-	428.185
2023	410.171	48.623
2024	154.997	469.619
2025	246.291	186.079
Total	811.459	1.132.506

Deferred tax assets/(liabilities) for the years ended at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Deferred tax assets	660.696	719.275
Deferred tax liabilities	(1.382.161)	(318.277)
Net Deferred Tax Assets/(Liabilities)	(721.465)	400.998

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NOTE 31 - TAX ASSETS AND LIABILITIES (Continued)

The movements in deferred income tax assets/(liabilities) for the six-month periods ended 31 December 2021 and 2020 are as follows:

	2021	2020
1 January	400.998	(383.846)
Charged to equity	956.524	351.770
Business combination effect	(780.817)	-
Change in foreign currency translation differences	(120.229)	16.568
Charged to statement of profit or loss	(1.088.408)	321.886
Other	(89.533)	94.620
31 December	(721.465)	400.998

The deferred tax assets and liabilities calculated using the accumulated temporary differences and the applicable tax rates are as follows:

	Total temporary differences		Deferred tax assets/(liabilities)	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Tangible and intangible assets	2.706.551	2.777.892	(541.310)	(682.878)
Inventories	(391.626)	(202.414)	87.550	41.417
Expected credit losses for loans	(19.014.505)	(16.969.515)	3.802.901	3.393.903
Provision for severance pay	(780.450)	(556.370)	162.038	111.280
Litigation provisions	28.196	140.435	(7.049)	(28.087)
Carry forward tax losses	(785.334)	(1.132.506)	187.154	239.953
Investment incentives	(275.527)	(162.911)	43.509	22.832
Deferred finance income/expense	19.378	18.079	(4.452)	(3.616)
Doubtful receivables provisions	(44.424)	(12.769)	9.644	2.554
Derivative instruments	23.118.838	6.424.772	(4.907.561)	(1.284.955)
Financial lease liabilities	(1.041.629)	(929.154)	213.029	185.831
Securities valuation differences	(7.079.850)	278.946	1.412.735	(46.848)
Fair value differences of financial assets and liabilities	296.650	19.756	(59.352)	(3.951)
Geographical region risk provision cancellation	1.047.522	399.730	(282.831)	(107.927)
Other temporary differences	3.434.939	11.336.839	(837.470)	(1.438.510)
Deferred tax assets/liabilities (net)			(721.465)	400.998

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NOTE 32 - DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2021	Fair Value	
	Assets	Liabilities
Derivative instruments held for trading:		
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales transactions	27.782.362	20.177.837
Forward currency purchases and sales transactions	1.974.291	4.155.666
Currency purchases and sales options	296.503	567.852
Other purchases and sales transactions	4.699.540	-
Total derivative instruments held for trading	34.752.696	24.901.355
Derivative instruments held for hedging:		
Currency and interest rate swap purchases and sales transactions	16.189.565	1.026.204
Forward currency purchases and sales transactions	53.854	-
Currency purchases and sales transactions	-	6.178
Total derivative instruments held for hedging	16.243.419	1.032.382
Total derivative instruments	50.996.115	25.933.737
31 December 2020	Fair Value	
Derivative instruments held for trading:	Assets	Liabilities
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales transactions	11.394.200	13.005.806
Forward currency purchases and sales transactions	467.640	294.644
Currency purchases and sales options	152.494	163.566
Other purchases and sales transactions	2.928.325	-
Total derivative instruments held for trading	14.942.659	13.464.016
Derivative instruments held for hedging:		
Currency and interest rate swap purchases and sales transactions	7.969.203	1.439.838
Currency purchases and sales transactions	7.020	-
Total derivative instruments held for hedging	7.976.223	1.439.838
Total derivative instruments	22.918.882	14.903.854

Akbank hedge against cash flow risk through the use of interest rate swaps against the cash flow risk arising from its financial debts.

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NOTE 32 – DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Banking

The presentation of banking derivative instruments according to their contractual maturities is as follows:

31 December 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 years
Derivative financial assets held for trading					
Exchange rate derivatives:					
- Addition	107.022.530	99.545.807	61.606.380	30.012.745	6.393.372
- Disposal	(111.683.915)	(111.758.980)	(61.321.153)	(30.032.637)	(5.920.722)
Interest rate derivatives:					
- Addition	382.027	936.181	2.355.465	4.248.089	1.235.062
- Disposal	(391.660)	(848.877)	(2.102.182)	(3.718.938)	(1.093.669)
Hedging assets					
Exchange rate derivatives:					
- Addition	3.004.059	99.193	1.838.063	4.694.245	14.653.748
- Disposal	(659.456)	(253.115)	(1.353.414)	(4.010.544)	(7.341.117)
Interest rate derivatives:					
- Addition	217.937	786.064	2.819.865	5.904.526	1.780.110
- Disposal	(295.460)	(954.479)	(2.803.513)	(4.721.133)	(1.909.851)
Total Cash Inflow	110.626.553	101.367.245	68.619.773	44.859.605	24.062.292
Total Cash Outflow	(113.030.491)	(113.815.451)	(67.580.262)	(42.483.252)	(16.265.359)
<hr/>					
31 December 2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 years
Derivative financial assets held for trading					
Exchange rate derivatives:					
- Addition	62.640.216	50.476.489	27.675.738	28.388.285	4.961.750
- Disposal	(68.099.978)	(60.590.019)	(28.843.219)	(27.877.974)	(4.659.973)
Interest rate derivatives:					
- Addition	152.797	553.036	1.069.659	1.895.247	907.310
- Disposal	(136.947)	(577.404)	(979.965)	(1.689.159)	(814.875)
Hedging assets					
Exchange rate derivatives:					
- Addition	2.306.351	3.907.725	4.524.790	4.922.960	8.231.710
- Disposal	(2.221.126)	(2.676.210)	(3.107.033)	(5.641.826)	(6.923.534)
Interest rate derivatives:					
- Addition	104.751	253.873	650.767	1.678.808	745.341
- Disposal	(119.225)	(347.027)	(962.957)	(2.417.487)	(1.009.045)
Total Cash Inflow	65.204.115	55.191.123	33.920.954	36.885.300	14.846.111
Total Cash Outflow	(70.577.276)	(64.190.660)	(33.893.174)	(37.626.446)	(13.407.427)

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NOTE 33 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

Banking and Financial Services

Loans and advances to customers	31 December 2021	31 December 2020
Consumer loans and credit cards receivables	92.939.761	65.300.985
Project finance loans	84.151.374	53.711.159
Construction	30.982.020	26.515.968
Financial institutions	24.640.404	17.325.559
Other manufacturing industries	18.315.985	8.985.032
Small-scale enterprises	14.806.603	14.278.017
Mining	12.807.071	7.713.671
Chemicals	11.615.425	13.815.777
Textile	10.944.313	7.102.241
Food and beverage, wholesale and retail	9.962.603	7.046.798
Automotive	8.502.001	7.075.284
Telecommunication	1.205.127	1.380.550
Other	74.907.707	48.214.932
Total loans and advances to customers	395.780.394	278.465.973
Leasing receivables	8.038.101	5.582.849
Provision for loan losses	(19.014.505)	(16.969.515)
Receivables from insurance activities	1.808.721	-
Net loans and advances to customers	386.612.711	267.079.307

The above table includes the bank's live and non-performing total loans, and the loan risk reserve is separated as a result of the bank assessment considering all credit risk.

Current Period	Commercial Loans		Consumer Loans		Credit Cards		Financial Lease		Total	
	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss
31 December 2021										
Loans	302.175.962	14.847.738	62.262.084	2.115.708	31.342.348	1.733.787	8.038.101	317.272	403.818.495	19.014.505
Stage 1	253.878.544	738.094	56.826.711	422.078	27.868.171	417.845	7.228.503	57.392	345.801.929	1.635.409
Stage 2	33.382.306	4.817.590	3.763.395	371.788	2.292.721	324.800	350.327	65.769	39.788.749	5.579.947
Stage 3	14.915.112	9.292.054	1.671.978	1.321.842	1.181.456	991.142	459.271	194.111	18.227.817	11.799.149
Financial Asset	209.558.642	217.778	-	-	-	-	-	-	209.558.642	217.778
Other	14.712.784	24.141	-	-	-	-	-	-	14.712.784	24.141
Noncash Loans	88.336.116	641.035	-	-	-	-	-	-	88.336.116	641.035
Stage 1&2	86.791.945	185.584	-	-	-	-	-	-	86.791.945	185.584
Stage 3	1.544.171	455.451	-	-	-	-	-	-	1.544.171	455.451
Total	614.783.504	15.730.692	62.262.084	2.115.708	31.342.348	1.733.787	8.038.101	317.272	716.426.037	19.897.459

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NOTE 33 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

Prior Period	Commercial Loans		Consumer Loans		Credit Cards		Financial Lease		Total	
	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss
31 December 2020										
Loans	213.080.984	13.773.709	42.847.537	1.571.173	22.537.452	1.230.180	5.582.849	394.453	284.048.822	16.969.515
Stage 1	175.448.432	978.222	38.965.704	211.707	20.426.242	282.995	4.584.793	49.022	239.425.171	1.521.946
Stage 2	22.596.095	3.891.095	2.482.738	232.741	1.234.179	179.518	430.345	50.977	26.743.357	4.354.331
Stage 3	15.036.457	8.904.392	1.399.095	1.126.725	877.031	767.667	567.711	294.454	17.880.294	11.093.238
Financial Asset	114.316.005	283.486	-	-	-	-	-	-	114.316.005	283.486
Other	14.935.139	69.540	-	-	-	-	-	-	14.935.139	69.540
Noncash Loans	51.435.652	492.436	-	-	-	-	-	-	51.435.652	492.436
Stage 1&2	50.496.556	124.855	-	-	-	-	-	-	50.496.556	124.855
Stage 3	939.096	367.581	-	-	-	-	-	-	939.096	367.581
Total	393.767.780	14.619.171	42.847.537	1.571.173	22.537.452	1.230.180	5.582.849	394.453	464.735.618	17.814.977

Effective interest rates of loans and advances to customers in US Dollars, Euros, Yen and Turkish Lira are annually 4,97% (31 December 2020: 5,15%), 3,86% (31 December 2020: 3,78%), none (31 December 2020: 7,69%) and 17,62% (31 December 2020: 13,21%).

As of 31 December 2021, the movement table of credit risk provision of banking industry segment is as follows:

	Stage 1	Stage 2	Stage 3
Opening (31 December 2020)	1.521.946	4.354.331	11.093.238
Additions (*)	613.888	1.961.905	912.220
Disposals (**)	(737.370)	(928.860)	(733.690)
Foreign exchange rate effect	164.052	1.824.462	-
Stage 1 and Stage 2 Movements			
Loans classified under Stage 1 in two periods (Model effect)	(95.826)	-	-
Loans classified under Stage 1 in two periods (Change in balance effect)	13.312	-	-
Transfers from Stage 1 to Stage 2 in two periods (Staging and balance change effect)	(80.605)	307.762	-
Loans classified under Stage 2 in two periods (Model effect)	-	(440.665)	-
Loans classified under Stage 2 in two periods (Change in balance effect)	-	(22.234)	-
Transfers from Stage 2 to Stage 3 in two periods (Staging and balance change effect)	248.816	985.266	-
Stage 3 Movements			
Transfers from Stage 1 to Stage 3	(12.804)	-	272.313
Transfers from Stage 2 to Stage 3	-	(498.911)	1.226.111
Transfers from Stage 3 to Stage 2	-	7.423	(52.981)
Loans classified under Stage 3 in two periods (Change in balance effect)	-	-	639.670
Write-offs	-	-	(1.557.732)
Closing (31 December 2021)	1.635.409	5.579.947	11.799.149

(*) Loans not included in the loan portfolio on 31 December 2020, but that are included on 31 December 2021, and for which a provision was calculated.

(**) Loans included in the loan portfolio and for which a provision was calculated on 31 December 2020, but that are not included on 31 December 2021.

(***) Entries and deletions were carried out during calculations, and transfers among records in both periods were calculated.

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NOTE 33 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

As of 31 December 2021, the movement table of credit risk provision of banking industry segment by asset classes is as follows:

	Commercial Loans	Consumer Loans & Credit Cards	Leasing receivables	Total
1 January 2021	13.773.709	2.801.353	394.453	16.969.515
Gross provisions	3.350.891	2.117.268	86.868	5.555.027
Collections	(1.290.841)	(532.625)	(60.783)	(1.884.249)
Written-off	(986.020)	(536.501)	(103.267)	(1.625.788)
31 December 2021	14.847.739	3.849.495	317.271	19.014.505

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

	Commercial Loans	Consumer Loans & Credit Cards	Leasing receivables	Total
1 January 2020	9.980.877	2.324.492	401.711	12.707.080
Gross provisions	4.995.025	1.316.920	176.214	6.488.159
Collections	(916.709)	(414.812)	(89.154)	(1.420.675)
Written-off	(285.484)	(425.247)	(94.318)	(805.049)
31 December 2020	13.773.709	2.801.353	394.453	16.969.515

The maturity analysis of loans and advances to customers as of 31 December 2021 and 31 December 2020 is presented below:

	31 December 2021	31 December 2020
Up to 3 months	127.580.232	82.574.733
3 to 12 months	93.836.550	65.679.464
Current	221.416.782	148.254.197
1 to 5 years	114.749.045	90.581.839
Over 5 years	40.600.062	22.660.422
Non-current	155.349.107	113.242.261
Total	376.765.889	261.496.458

The repricing schedule of loans and advances to customers at 31 December 2021 and 31 December 2020 are summarized below:

	31 December 2021	31 December 2020
Up to 3 months	179.073.625	124.011.508
3 to 12 months	98.603.836	61.397.260
1 to 5 years	85.074.285	70.433.572
Over 5 years	14.014.143	5.654.118
Total	376.765.889	261.496.458

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NOTE 33 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

Aging analyses for overdue receivables that were not impaired:

	31 December 2021	31 December 2020
Late by 30-60 days	1.348.709	598.530
Late by 60-90 days	891.877	421.459
Late for more than 90 days	7.791	1.165.481
Total	2.248.377	2.185.470

NOTE 34 - PAYABLES FROM FINANCE SECTOR OPERATIONS

Banking

	31 December 2021			31 December 2020		
	Demand	Time	Total	Demand	Time	Total
Saving deposits	97.492.447	177.658.897	275.151.344	53.209.481	129.356.513	182.565.994
Commercial deposits	61.300.106	90.569.061	151.869.167	36.839.963	53.537.708	90.377.671
Bank deposits	1.776.500	12.060.042	13.836.542	280.804	12.293.003	12.573.807
Funds provided from repo transactions	-	63.256.050	63.256.050	-	20.478.250	20.478.250
Other	1.838.712	5.622.797	7.461.509	1.394.100	3.051.410	4.445.510
Total	162.407.765	349.166.847	511.574.612	91.724.348	218.716.884	310.441.232

Effective interest rates of USD, EUR and TRY denominated customer deposits are %1,16 (31 December 2020: %1,83), %0,20 (31 December 2020: %0,72) and %17,60 (31 December 2020: %16,30).

An FX-protected deposit account product, the operation rules of which were determined by the Ministry of Treasury and Finance and the Central Bank of Turkey and which helps protect TRY deposit accounts against exchange rate change when value increases, has been launched for client use as of the current accounting report period. As of 31 December 2021, the TRY deposit amount includes TRY4.875.953 that falls within this scope.

As of 31 December 2021 and 2020, deposits and money market borrowings, the analysis of the remaining maturity dates in the contract are presented below:

	31 December 2021	31 December 2020
Up to 1 month	162.407.765	237.766.328
1 to 3 months	306.842.022	39.246.102
3 to 12 months	30.950.347	15.362.756
1 to 5 years	10.034.533	13.801.620
Over 5 years	1.339.945	4.264.426
Total	511.574.612	310.441.232

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NOTE 34 - PAYABLES FROM FINANCE SECTOR OPERATIONS (Continued)

The following is the analysis of remaining time of debts to deposit and money markets for term and repricing in the agreement as of 31 December 2021 and 31 December 2020:

	31 December 2021	31 December 2020
Demand	162.407.765	91.724.348
Up to 3 months	306.842.022	192.614.949
3 to 12 months	30.950.347	15.404.683
1 to 5 years	10.034.533	9.612.044
Over 5 years	1.339.945	1.085.208
Total	511.574.612	310.441.232

Financial services

	31 December 2021	31 December 2020
Payables from insurance sector operations	955.091	-
Total	955.091	-

NOTE 35 - EARNINGS PER SHARE

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

	31 December 2021	31 December 2020
Earnings per share total TRY		
- ordinary share (‘00)	5,90	2,34
Earnings per share from continuing operations total TRY		
- ordinary share (‘00)	5,90	2,34
Number of treasury shares	(298.646.399)	(190.470.000)
Earnings per share		
excluding treasury shares (total TRY)		
- ordinary share (‘00)	5,90	2,34
Earnings per share from continuing operations		
excluding treasury shares (total TRY)		
- ordinary share (‘00)	5,90	2,34
Weighted average number of shares		
as of the reporting date (per share of Kr 1 nominal value)		
- ordinary share	204.033.406.561	204.040.393.100

(*) Calculated by adjusting repurchased shares

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NOTE 36 - RELATED PARTY DISCLOSURES

Related party balances

	31 December 2021	31 December 2020
Receivables from finance sector activities	6.621.682	6.712.374
Trade receivables	203.792	112.248
Trade payables	109.484	113.064
Other receivables	1.826	63.032
Other payables	177.732	13
Receivables from finance sector activities	3.577.126	3.591.612

Related party transactions

	31 December 2021	31 December 2020
Goods and services sales	339.923	288.201
Goods and services purchases	(634.810)	(418.178)
Interest income	465.001	603.361
Interest expense	(151.306)	(147.672)

The Group's joint ventures are recognised in the consolidated financial statements using the equity method. Accordingly, transactions between Group subsidiaries and joint ventures and balances from joint ventures may not be eliminated.

As of 31 December 2021, TRY156.574 (31 December 2020: TRY66.658) was the balance of trade receivables arising from the sales relationship between Kordsa and Brisa, and TRY15.277 (31 December 2020: 13.311) had arisen from the sales relationship between SabancıDx and Brisa. TRY72.371 of trade payables (31 December 2020: TRY87.662) arose from the balance related to the purchasing relationship of Çimsa with Enerjisa Üretim. The receivables and payables from finance industry operations consist of credit and deposit transactions between Akbank and the Group joint ventures and other related parties.

As of 31 December 2021, of transactions with related parties, TRY231.197 (31 December 2020: TRY136.690) of product and services sales arises from the sales relationship between Kordsa and Brisa, TRY42.872 (31 December 2020: TRY32.011) from SabancıDX and Brisa, and TRY28.704 (31 December 2020: TRY23.816) from SabancıDX and Enerjisa Enerji. TRY449.613 of goods and services purchases (31 December 2020: TRY283.306) arises from Çimsa's purchasing relationship with Enerjisa, and TRY139.374 arises from Kordsa's purchasing relationship with Enerjisa Üretim (31 December 2020: TRY114.009).

Key management personnel compensation:

The Group defined its key management as board of directors, general manager, general secretary, group chiefs, head of departments and group directors.

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

The detailed schedule of compensation paid or payable to key management for the periods ended 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Short term benefits	64.950	45.742
Benefits resulted from discharge	1.015	913
Other long term benefits	586	505
Total	66.551	47.160

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

37.1 Financial Instruments and Financial Risk Management

37.1.1 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

37.1.1.1 Foreign Exchange Risk

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

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

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

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations as at 31 December 2021 and 31 December 2020 in terms of TRY are as follows:

	31 December 2021	31 December 2020
Assets	402.476.037	216.553.239
Liabilities	(458.478.627)	(272.353.612)
Net foreign currency balance sheet position	(56.002.590)	(55.800.373)
Net foreign currency position of off-balance sheet derivative financial instruments	68.955.303	63.151.207
Net foreign currency balance sheet and off-balance sheet position	12.952.713	7.350.834

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.1 Foreign Exchange Risk (Continued)

31 December 2021	Total TRY Equivalent	USD TRY Equivalent	EUR TRY Equivalent	GBP TRY Equivalent	Other TRY Equivalent
Assets:					
Cash and cash equivalents	65.341.654	42.618.054	16.941.312	321.612	5.460.676
Financial investments	88.591.843	78.781.422	7.576.496	-	2.233.925
Receivables from financial operations	164.188.839	61.084.183	103.072.115	8.717	23.824
Reserve deposits at central banks	71.850.576	43.192.745	26.656.138	-	2.001.693
Trade receivables	2.091.945	1.004.496	866.948	9.369	211.132
Other assets	10.411.180	8.486.472	1.442.873	175	481.660
Total assets	402.476.037	235.167.372	156.555.882	339.873	10.412.910
Liabilities					
Funds borrowed and debt securities in issue	101.537.186	86.026.151	15.455.491	-	55.544
Customer deposit	333.054.179	195.720.896	101.014.944	7.202.675	29.115.664
Trade payables	1.234.301	913.705	259.694	3.786	57.116
Other payables and provisions	22.652.961	20.034.090	2.308.638	119.758	190.475
Total liabilities	458.478.627	302.694.842	119.038.767	7.326.219	29.418.799
Net assets/(liabilities) foreign currency position of off-balance sheet derivative financial instruments					
	68.955.303	78.883.798	(36.698.038)	7.081.888	19.687.655
Monetary items net assets/(liabilities) foreign currency position					
	12.952.713	11.356.328	819.077	95.542	681.766

Net profit effect of the consolidated to the total net foreign currency position is TRY7.504.205 in the long term as of 31 December 2021 (Akbank and Philsa-Philip Morrissa excluded).

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.1 Foreign Exchange Risk (Continued)

31 December 2020	Total TRY Equivalent	USD TRY Equivalent	EUR TRY Equivalent	GBP TRY Equivalent	Other TRY Equivalent
Assets:					
Cash and cash equivalents	17.750.024	10.962.166	4.987.731	193.784	1.606.343
Financial investments	49.719.043	42.214.779	5.917.748	-	1.586.516
Receivables from financial operations	96.737.391	37.300.579	59.375.937	170	60.705
Reserve deposits at central banks	39.976.266	21.355.079	16.583.250	-	2.037.937
Trade receivables	773.171	358.785	349.153	503	64.730
Other assets	11.597.344	7.434.192	4.115.677	68	47.407
Total assets	216.553.239	119.625.580	91.329.496	194.525	5.403.638
Liabilities					
Funds borrowed and debt securities in issue	60.313.498	48.383.812	11.884.595	-	45.091
Customer deposit	202.387.245	114.548.411	63.647.373	4.828.016	19.363.445
Trade payables	489.811	345.958	117.179	1.278	25.396
Other payables and provisions	9.163.058	5.285.955	3.684.809	118.462	73.832
Total Liabilities	272.353.612	168.564.136	79.333.956	4.947.756	19.507.764
Net assets/(liabilities) foreign currency position of off-balance sheet derivative financial instruments	63.151.207	58.006.131	(13.695.693)	4.683.301	14.157.468
Monetary items net assets/(liabilities) foreign currency position	7.350.834	9.067.575	(1.700.153)	(69.930)	53.342

Net profit effect of the consolidated to the total net foreign currency position is TRY1.138.291 as of 31 December 2020 (Akbank and Philsa-Philip Morrissa excluded).

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

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.1 Foreign Exchange Risk (Continued)

The table below summarizes the situations in which the net foreign exchange position in the Group's balance sheet will reach with changes in the exchange rates for the Group companies that are out of the banking industry division in the years ended 31 December 2021 and 2020:

31 December 2021	Profit/Loss	
	Appreciation of foreign currency	Appreciation of foreign currency
Change in USD against TRY by 20%		
USD net assets/liabilities	1.294.408	(1.294.408)
USD hedge items (-)	-	-
USD net effect	1.294.408	(1.294.408)
Change in EUR against TRY by 20%		
EUR net assets/liabilities	52.217	(52.217)
EUR hedge items (-)	-	-
EUR net effect	52.217	(52.217)
Change in GBP against TRY by 20%		
GBP net assets/liabilities	3.126	(3.126)
GBP hedge items (-)	-	-
GBP net effect	3.126	(3.126)
Change in other currency against TRY by 20%		
Other currency net assets/liabilities	(863)	863
Other hedges items(-)	-	-
Other currency net effect	(863)	863
31 December 2020	Profit/Loss	
	Appreciation of foreign currency	Appreciation of foreign currency
Change in USD against TRY by 20%		
USD net assets/liabilities	251.290	(251.290)
USD hedge items (-)	-	-
USD net effect	251.290	(251.290)
Change in EUR against TRY by 20%		
EUR net assets/liabilities	(31.351)	31.351
EUR hedge items (-)	-	-
EUR net effect	(31.351)	31.351
Change in GBP against TRY by 20%		
GBP net assets/liabilities	(152)	152
GBP hedge items (-)	-	-
GBP net effect	(152)	152
Change in other currency against TRY by 20%		
Other currency net assets/liabilities	(2)	2
Other hedges items(-)	-	-
Other currency net effect	(2)	2

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.2 Interest Rate Risk

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

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. During 2021 and 2020, the Group's borrowings at floating rates are denominated in TRY, USD, EUR, and GBP.

As of 31 December 2021, and 2020, the interest position table of the Group's non-banking industrial segments is as follows:

	31 December 2021	31 December 2020
Fixed interest rate financial instruments		
Financial assets	1.085.273	1.047.202
Time deposits	1.085.273	1.047.202
Financial liabilities	4.983.474	3.790.031
Floating interest rate financial instruments		
Financial liabilities	2.421.716	1.754.828

The Group created various scenarios for loans with floating interest rates, considering renewal of current positions for non-banking industrial divisions, alternative financing and hedging. According to these scenarios:

At 31 December 2021, if the annual interest rate of variable interest loans in TRY were 10% higher/lower and all other variables remained constant; There is no current period loss before tax as a result of high interest expenses consisting of variable loans. (31 December 2020: none).

If the annual interest rate of loans with floating interest in USD on 31 December 2021 was 1% higher/lower and all other variables stayed the same, current period profits before tax as a result of high interest expenses of various loans would be approximately TRY18.460 higher/lower (31 December 2020: TRY(6.452)).

At 31 December 2021, if the annual interest rate of variable interest loans in EUR were 1% higher/lower and all other variables remained constant; current period profits before tax as a result of high interest expenses of various loans would be approximately TRY13.578 higher/lower (31 December 2020: none).

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

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.2 Interest Rate Risk

The average remaining term of the Bank’s floating rate borrowings indexed to USD Libor, affected directly by the interest rate reform for Akbank, a group subsidiary, is 3.3 years, and the remaining amount is USD951.393. Foreign currency interest swap transactions were carried out to hedge against the cash flow risk of the above-mentioned borrowing, and these transactions were subject to hedge accounting. No hedge accounting transaction was terminated that fell within the scope of the stipulated exceptions.

37.1.1.3 Likidite Riski

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

i) Banking industrial segment

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

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

As of 31 December 2021 and 2020 the contractual cash flows of the non-derivative financial liabilities in accordance agreement of the Group companies banking segment are as follows:

31 December 2021							
Liabilities	Book Value	Contractual cash flows	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Customer deposits	512.529.703	525.173.435	424.325.681	47.057.952	35.615.838	12.670.011	5.503.953
Funds borrowed and debt securities in issue	110.953.405	125.605.735	3.007.524	6.783.710	41.482.632	50.688.471	23.643.398
Interbank money market deposits	1.386.882	1.386.882	1.297.321	89.561	-	-	-
	624.869.990	652.166.052	428.630.526	53.931.223	77.098.470	63.358.482	29.147.351

31 December 2020							
Liabilities	Book Value	Contractual cash flows	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Customer deposits	310.441.232	311.656.800	238.502.036	39.246.102	15.362.755	15.181.382	3.364.525
Funds borrowed and debt securities in issue	67.258.898	74.562.435	3.337.823	4.759.521	22.995.826	30.732.416	12.736.849
Interbank money market deposits	429.862	429.862	429.862	-	-	-	-
	378.129.992	386.649.097	242.269.721	44.005.623	38.358.581	45.913.798	16.101.374

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.3 Likidite Riski (Continued)

ii) *Other industrial segments*

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

As of 31 December 2021, and 2020, the Group's analysis of non-derivative financial liabilities of non-banking business segments according to their contractual maturity dates as follows:

31 December 2021	Book value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over 5 years
Financial liabilities	7.405.189	8.362.630	955.970	4.256.129	2.436.572	713.959
Financial lease liabilities	1.636.764	2.485.095	173.089	372.333	1.421.150	518.523
Trade payables	8.739.683	8.868.421	7.245.648	1.622.773	-	-
Other payables	537.803	722.003	694.094	6.935	20.974	-
	18.319.439	20.438.149	9.068.801	6.258.170	3.878.696	1.232.482
31 December 2020	Book value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over 5 years
Financial liabilities	4.768.602	4.940.018	838.337	2.384.212	1.717.469	-
Financial lease liabilities	1.312.348	2.136.242	108.390	341.840	1.163.872	522.140
Trade payables	5.023.674	5.123.509	4.156.451	967.058	-	-
Other payables	105.281	105.281	78.605	26.676	-	-
	11.089.483	12.184.628	5.061.361	3.719.786	2.881.341	522.140

37.1.1.4 Credit Risk

i) *Banking industrial segment*

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

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

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

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (Continued)

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

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

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

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

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

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

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

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

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

	31 December 2021	31 December 2020
Above average	47,78%	41,66%
Average	31,89%	38,21%
Below average	14,86%	15,92%
Unrated	5,47%	4,21%

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (Continued)

The maximum exposure to credit risk of the banking industrial segment is as follows:

	31 December 2021	31 December 2020
Loans and advances to banks	138.110.805	55.626.018
Loans and advances	384.803.990	267.079.307
<i>Consumer loans and advances</i>	89.408.527	62.583.636
<i>Corporate loans and advances</i>	287.674.635	199.307.274
<i>Financial lease receivables</i>	7.720.828	5.188.397
Financial assets at fair value through profit and loss	10.809.375	9.179.412
Derivative financial assets at fair value through profit and loss	33.597.307	14.889.163
Derivative transactions held for hedges financial assets	16.189.565	7.969.203
Financial assets at fair value through other comprehensive income and financial assets measured at amortized cost	152.896.120	100.092.103
Other assets	2.270.533	6.923.738
Total	738.677.695	461.758.944

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (Continued)

Marketable securities of the banking industrial segment as of 31 December 2021 and 2020. Moody's rating analysis of available-for-sale financial assets and held-to-maturity financial assets is as follows:

31 December 2021	Financial assets through profit or loss	Financial assets through other comprehensive income	Financial assets at amortized cost	Total
Aaa	-	1.326.892	-	1.326.892
Aa1, Aa2, Aa3	-	995.229	-	995.229
A1, A2, A3	-	587.516	-	587.516
Baa1, Baa2, Baa3	-	1.191.288	-	1.191.288
Ba1	-	-	-	-
Ba2	-	-	-	-
Ba3	-	-	-	-
B1, B2, B3	705.886	96.123.130	52.566.569	149.395.585
C and Below	91.320	-	-	91.320
NR	-	105.496	-	105.496
Total	797.206	100.329.551	52.566.569	153.693.326
31 December 2020	Financial assets through profit or loss	Financial assets through other comprehensive income	Financial assets at amortized cost	Total
Aaa	-	2.164.729	-	2.164.729
Aa1, Aa2, Aa3	-	368.419	-	368.419
A1, A2, A3	-	132.687	-	132.687
Baa1, Baa2, Baa3	-	182.920	-	182.920
Ba1	-	94.248	-	94.248
Ba2	-	56.374	-	56.374
Ba3	19.470	1.323	-	20.793
B1, B2, B3	252.771	55.149.071	41.872.678	97.274.520
C and Below	3.941	-	-	3.941
NR	-	69.655	-	69.655
Total	276.182	58.219.426	41.872.678	100.368.286

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.4 Credit Risk (Continued)

i) Banking industrial segment (Continued)

The geographical distribution of the financial assets of banking industrial segment for the years ended 31 December 2021 and 2020 are summarized as follows:

31 December 2021	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	84.894.390	11.187.687	41.335.170	693.558	138.110.805
Loans and advances	376.273.520	889.427	6.936.492	704.551	384.803.990
<i>Consumer loans and advance</i>	89.408.527	-	-	-	89.408.527
<i>Corporate loans and advances</i>	279.144.165	889.427	6.936.492	704.551	287.674.635
<i>Financial lease receivables</i>	7.720.828	-	-	-	7.720.828
Financial assets at fair value through profit and loss	10.809.375	-	-	-	10.809.375
Derivative financial assets at fair value through profit and loss	20.572.409	126	12.978.567	46.205	33.597.307
Derivative transactions held for hedges financial assets	62.716	-	16.126.849	-	16.189.565
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	148.795.195	1.326.892	2.774.033	-	152.896.120
Other assets	2.270.533	-	-	-	2.270.533
Total	643.678.138	13.404.132	80.151.111	1.444.314	738.677.695

31 December 2020	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	43.253.151	2.519.706	9.445.313	407.848	55.626.018
Loans and advances	255.218.651	106.034	11.158.825	595.797	267.079.307
<i>Consumer loans and advance</i>	62.583.636	-	-	-	62.583.636
<i>Corporate loans and advances</i>	187.446.618	106.034	11.158.825	595.797	199.307.274
<i>Financial lease receivables</i>	5.188.397	-	-	-	5.188.397
Financial assets at fair value through profit and loss	9.214.502	-	-	-	9.214.502
Derivative financial assets at fair value through profit and loss	7.293.386	-	7.548.958	46.819	14.889.163
Derivative transactions held for hedges financial assets	33.881	-	7.935.322	-	7.969.203
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	97.149.101	2.164.729	778.274	-	100.092.103
Other assets	6.923.737	-	-	-	6.923.738
Total	419.051.737	4.790.469	36.866.692	1.050.464	461.758.944

The industrial distribution of the financial assets of banking sector for the years ended 31 December 2021 and 2020 are summarized as follows:

	Financial institutions	Public sector	Wholesale and retail	Manufacturing	Other Individual	Total
Loans and advances to banks	138.110.805	-	-	-	-	138.110.805
Loans and advances	23.516.316	10.333.637	42.220.457	127.081.132	92.243.921	384.803.990
<i>Loans and advances to corporate</i>	23.483.533	10.333.637	41.934.186	123.093.508	88.829.771	287.674.635
<i>Consumer loans and expenses</i>	-	-	-	-	-	89.408.527
<i>Financial lease receivables</i>	32.783	-	286.271	3.987.624	3.414.150	7.720.828
Financial assets at fair value through profit and loss	411.726	578.730	-	77.442	9.741.477	10.809.375
Derivative financial assets at fair value through profit and loss	-	-	-	-	-	-
Derivative instruments	20.439.026	-	-	-	13.084.099	33.597.307
Derivative transactions held for hedges financial assets	16.169.057	-	-	-	20.508	16.189.565
Financial assets at fair value through other comprehensive income and	15.529.792	133.095.318	-	4.271.010	-	152.896.120
Other assets	2.270.533	-	-	-	-	2.270.533
31 December 2021	216.447.255	144.007.685	42.220.457	131.429.584	115.090.005	738.677.695
31 December 2020	105.264.417	91.173.177	31.929.420	90.009.792	80.778.681	461.758.944

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.4 Credit Risk (Continued)

ii) Other industrial segments

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

The Group's exposure to types of financial instruments of other industrial segments as of 31 December 2021 and 2020 is as follows:

31 December 2021	Trade receivables	Receivables from insurance operations	Other receivables (*)	Bank deposits	Derivative instruments
Maximum credit risk exposure as of reporting date (A+B+C+D)	4.260.967	-	253.276	2.071.843	1.209.244
Collateralized or secured with guarantees part of maximum credit	-	-	-	-	-
A. Restructured otherwise accepted as past due and impaired	3.680.869	-	253.276	2.071.843	1.209.244
B. Past due but not impaired net book value	580.098	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-
- Past due (Gross amount)	77.376	-	-	-	-
- Impairment	(77.376)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-

31 December 2020	Trade receivables	Receivables from insurance operations	Other receivables (*)	Bank deposits	Derivative instruments
Maximum credit risk exposure as of reporting date (A+B+C+D)	1.846.121	-	156.927	1.796.846	60.516
Collateralized or secured with guarantees part of maximum credit	-	-	-	-	-
A. Restructured otherwise accepted as past due and impaired	1.587.382	-	156.927	1.796.846	60.516
B. Past due but not impaired net book value	258.739	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-
- Past due (Gross amount)	68.160	-	-	-	-
- Impairment	(68.160)	-	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-	-

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

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.5 Value at risk

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

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

As of 31 December 2021 and 2020, the fair value changes of Turkish Lira and foreign exchange after performing 500 and 200 basis points in the account balances subject to the calculation is as follows;

Currency	Applied Shock (+/- x basis points)	31 December 2021		31 December 2020	
		Gains /Losses	Gains /Shareholders Equity-Losses /Shareholders Equity	Gains /Losses	Gains /Shareholders Equity-Losses /Shareholders Equity
TRY	(400)	3.147.922	3,13%	3.613.453	4,97%
TRY	500	(3.614.936)	(3,60)%	(4.110.166)	(5,65)%
USD	(200)	(24.617)	(0,02)%	231.365	(0,32)%
USD	200	663.352	0,66%	(359.087)	(0,49)%
EUR	(200)	159.257	0,16%	1	(0,00)%
EUR	200	(1.245.563)	(1,24)%	45.437	(0,06)%
Total (for negative shocks)		3.282.562	3,27%	3.844.819	5,29%
Total (for positive shocks)		(4.197.147)	(4,18)%	(4.423.816)	(6,08)%

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.5 Value at risk (Continued)

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

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

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

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

37.1.2 Capital risk management

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

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

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

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.2 Capital risk management (Continued)

The net liability/invested capital ratios at 31 December 2021 and 2020 are as follows:

TRY	31 December 2021	31 December 2020
Total financial liabilities	716.159.607	424.475.480
Cash and cash equivalents	69.417.883	19.828.118
Net liability	646.741.724	404.647.362
Equity	103.604.182	76.782.894
Invested capital(*)	750.345.906	481.430.256
Net liability/invested capital ratio	86%	84%

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

37.1.3 Explanations for Hedging Transactions

At the beginning of hedging relationships, prospective operation tests are carried out. Also, prospective and retrospective operation tests are carried out at the end of each reporting period using the dollar off-set method. According to this method, the value difference between a hedged item at the beginning of the hedging relationship and the end of each report period and the value change of the hedging instrument are compared, and the efficiency ratio of the hedging relationship is calculated. To determine the fair value of the hedging instrument and the hedged item, yield curves, used to value derivative transactions, are used. The operation ratio calculated was assessed using TAS 39, and hedging accounting principles were applied.

In the scope of interest rate benchmark reform, alternative interest rates, which will be accepted and replace the currently used benchmark interests, especially Libor, will be used in 2021. In bank financial statements there are floating rate assets such as securities indexed to benchmark interest rates and loans, as well as liabilities and off-balance instruments such as issued securities, loans obtained and derivative transactions. The early application of the change related to the above-mentioned reform was possible due to September 2019 and December 2020 regulations, and a temporary exemption was granted for practices related to determining hedging accounting cash flow and ending transactions. To assess the impact of interest rate reform on financial statements and reform compliance efforts, a task group was formed. The reform changes were not applied early, and the task group is keeping abreast of the latest developments.

a) Information about net investment hedge accounting:

To hedge against the exchange rate risk arising out of the EUR787.000.000 portion (31 December 2020: EUR787.000.000) of the net investment value of Akbank AG, a subsidiary, the Group uses a net investment hedging strategy. The EUR787.000.000 portion of the syndication loans used by the bank was defined as a hedging instrument.

b) Information about fair value hedge accounting:

In assessments carried out as of 31 December 2021, it was found the fair value hedging transactions were effective. Amounts related to transactions not subject to hedge accounting because the termination, performance or sale of hedging instruments ended hedge accounting or as the result of inefficient efficiency tests, are immaterial.

c) Information about cash flow hedging transactions:

In assessments carried out as of 31 December 2021, it was found the cash flow hedging transactions were effective. Amounts related to transactions not subject to hedge accounting because the termination, performance or sale of hedging instruments ended hedge accounting or as the result of inefficient efficiency tests, are immaterial.

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NOTE 38 - FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

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

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

Financial assets

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

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

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

Financial liabilities

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

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

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

Derivative financial instruments

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

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NOTE 38 - FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments (Continued)

Banking

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

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

Fair values of the financial assets and liabilities of the Group’s banking segment as of 31 December 2021 and 2020 are as follows:

31 December 2021	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	510.166	68.564	-	578.730
- Marketable Securities Representing Capital Share	1.073.896	-	-	1.073.896
- Other Financial Assets *	427.561	1.386.279	7.342.909	9.156.749
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	78.655.303	-	-	78.655.303
- Other Financial Assets	18.560.951	3.113.297	-	21.674.248
Time Deposit	363.620	-	-	363.620
Derivative Financial Assets at				
- Fair Value Through Other Comprehensive Income	-	13.432.561	-	13.432.561
- Fair Value Through Profit or Loss	-	37.563.554	-	37.563.554
Borrowings	-	386.612.711	-	386.612.711
Financial Assets measured at amortized cost (Net)				
- Government Debt Securities	51.659.629	-	-	51.659.629
- Other Financial Assets	906.940	-	-	906.940
Total Assets	152.158.066	442.176.966	7.342.909	601.677.941
Derivative Financial Liabilities				
- Reflected on Other Comprehensive Income	-	489.271	-	489.271
- Reflected on Profit or Loss	-	25.444.466	-	25.444.466
Financial Liabilities at Fair Value				
- Customer Deposit	-	512.529.703	-	512.529.703
- Interbank money market deposits, fund borrowed and debt securities in issue	-	-	-	-
Total Liabilities	-	538.463.440	-	538.463.440

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

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NOTE 38 - FINANCIAL INSTRUMENTS (Continued)

31 December 2020	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss				
- Government Debt Securities	189.938	-	-	189.938
- Marketable Securities Representing Capital Share	305.711	-	-	305.711
- Other Financial Assets *	280.008	1.095.936	7.342.909	8.718.853
Financial Assets at Fair Value Through Other Comprehensive Income				
- Government Debt Securities	44.420.223	-	-	44.420.223
- Other Financial Assets	11.758.112	2.041.091	-	13.799.203
Time Deposit	16.348	-	-	16.348
Derivative Financial Assets at				
- Fair Value Through Other Comprehensive Income	-	4.738.479	-	4.738.479
- Fair Value Through Profit or Loss	1.897	18.178.506	-	18.180.403
Borrowings	-	267.079.307	-	267.079.307
Financial Assets measured at amortized cost (Net)				
- Government Debt Securities	41.444.027	-	-	41.444.027
- Other Financial Assets	428.651	-	-	428.651
Total Assets	98.844.915	293.133.319	7.342.909	399.321.143
Derivative Financial Liabilities				
- Reflected on Other Comprehensive Income	-	678.869	-	678.869
- Reflected on Profit or Loss	54	14.224.931	-	14.224.985
Financial Liabilities at Fair Value				
- Customer Deposit	-	239.101.954	-	239.101.954
- Interbank money market deposits, fund borrowed and debt securities in issue	-	71.339.278	-	71.339.278
Total Liabilities	54	325.345.032	-	325.345.086

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

The movement of financial assets at Level 3 is as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the period	7.342.909	6.723.419
Valuation difference (*)	-	619.490
Transfers	7.342.909	7.342.909

(*) The result of evaluating the above-mentioned value increase with the impairment worth TRY477.249 in the tracked portion of Assets Held for Sale of LYY Telekomünikasyon A.Ş. in the current period finds a net value increase in assets of TRY142.241.

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

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NOTE 38 - FINANCIAL INSTRUMENTS (Continued)

Classification of financial instruments and fair value

31 December 2021	Note	Financial Assets at Amortised Cost	Loans and receivables (cash and cash equivalents included)	Financial assets through other comprehensive income	Financial liabilities measured at amortized cost	Book value	Fair value
Financial Assets							
Cash and cash equivalents	5	-	69.417.883	-	-	69.417.883	69.417.883
Trade receivables	9	-	4.260.967	-	-	4.260.967	4.260.967
Other financial asset (*)	6,10	57.530.511	4.620.138	102.931.571	-	165.082.220	170.913.582
Receivables from financial operations	32	-	386.612.711	-	-	386.612.711	397.664.424
Financial Liabilities							
Financial payables	7	-	-	-	117.768.234	117.768.234	117.768.234
Trade payables	9	-	-	-	8.739.683	8.739.683	8.739.683
Other financial liabilities (**)	10	-	-	-	24.137.936	24.137.936	24.137.936
Payables from financial operations	33	-	-	-	512.529.703	512.529.703	513.764.677
31 December 2020							
Financial Assets							
Cash and cash equivalents	5	-	19.828.118	-	-	19.828.118	19.828.118
Trade receivables	9	-	1.846.121	-	-	1.846.121	1.846.121
Other financial asset (*)	6,10	41.873.322	8.383.515	58.219.426	-	108.476.263	108.554.879
Receivables from financial operations	32	-	267.079.307	-	-	267.079.307	281.976.440
Financial Liabilities							
Financial payables	7	-	-	-	72.261.198	72.261.198	72.261.198
Trade payables	9	-	-	-	5.023.674	5.023.674	5.023.674
Other financial liabilities (**)	10	-	-	-	13.519.777	13.519.777	13.519.777
Payables from financial operations	33	-	-	-	310.441.232	310.441.232	310.577.115

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

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

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NOTE 39 - EVENTS AFTER THE REPORTING PERIOD

An application to the Competition Authority was made on October 6, 2021 with regard to the acquisition of Sabancı Holding's entire shares in Philsa Philip Morris Sabancı Sigara ve Tütüncülük Sanayi ve Ticaret A.Ş. (PHILSA) and Philip Morris SA, Philip Morris Sabancı Pazarlama ve Satış A.Ş. (PMSA) by Philip Morris Products S.A. (PM) and/or its affiliates; and the necessary permits for the contemplated transaction were granted on December 24, 2021 by the Competition Board.

The necessary conditions are satisfied and relevant permits and approvals for the contemplated acquisition have been obtained, and Sabancı Holding's entire shares in PHILSA with full TRY 750.000 nominal value representing 25% of the share capital and in PMSA with full TRY 173.250 nominal value representing 24,75% of the share capital have been acquired by PM in consideration of full TRY 2.747.308.823 on January 5, 2022 post predetermined adjustments at closing. The acquisition price has been collected by Sabancı Holding on the same day.

On the other hand, in line with the cash management principles, a variety of derivative instruments are effectively used by Sabancı Holding against fluctuations in FX rates and other market risks, and transaction-specific hedging transactions were engaged in relation to the sale of PHILSA and PMSA shares to offset the risks associated with FX rates. To this end, 88% of total acquisition price from PHILSA and PMSA shares were hedged at the weighted average FX rate of 9,3249 TRY/USD by using forward contracts with various maturities. The acquisition price remains subject to certain predetermined adjustments based on the audited financial results of PHILSA and PMSA for the 2021 fiscal year, and the final acquisition price will be disclosed to public, once determined.

In the scope of the share buy-back program started by the Board of Directors on 9 November 2021 based on the settlement transactions fulfilled after 31 December 2021 as of the report date, shares worth full TRY17.425.000 (all in TRY), representing 0,8540% of the Sabancı Holding Capital, were bought back for TRY263.558, including transaction costs.

Based on the Board of Directors dated 26 December 2022, Aksigorta decided to increase capital from internal resources. The Company has a total nominal value of TRY full 306.000.000 and 100% of its issued capital with a nominal value of full TRY 306.000.000 within the registered capital ceiling of full TRY 750.000.000, TRY 90.989.327 of which is covered from the Sales Profits to be Added to the Capital account and full TRY 215.010.673 is from the Extraordinary Reserves account. It has been decided to increase it to full TRY 612.000.000 by increasing it free of charge.

The Group made a foreign currency protected deposit with 6-month term from Akbank T.A.Ş. amounting to equivalent of USD100.000.000 which is full TRY 1.371.150.000 and having a 17% interest rate at the USD1=TRY13.7115 exchange rate announced by the Central Bank of Turkey on 16 February 2022 at 14.00. In line with Temporary Article 14 of the Corporate Income Tax Law, the transaction caused a corporate income tax deduction of TRY86.551.530 (all in TRY).

As a result of the investigation started as per decision no. 20-23/298-M of the Competition Authority dated 7 May 2020 concerning examining the pricing behavior of manufacturers and wholesalers classified as chain stores operating in retail food and cleaning products trade and their suppliers during the COVID-19 pandemic, an administrative fine of full TRY142.469.772,07 (all in TRY) equal to 1.8% of the annual revenue (defined by the Competition Board) generated by the end of Carrefoursa's FY2020 was imposed on the Company and the justified decision was submitted to the Company on 14 January 2022. Full TRY106.852.329,05 (all in TRY) was paid on 11 February 2022, benefiting from the 25% advance payment discount and reserving all rights to objection and litigation. Also, an appeal for reversal will be filed with the Ankara Administrative courts within 60 days. Company management did not allocate a provision for the relevant lawsuit in the financial statements, in line with independent legal advisors' opinions. Developments will be announced to the public in the framework of relevant regulations.