

HACI ÖMER SABANCI HOLDİNG A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
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 2023, 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 2023, 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 adopted within the framework of the regulations of the Capital Markets Board and 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") the ethical requirements regarding independent audit in regulations issued by the POA; the regulations of the Capital Markets Board; and other relevant legislation 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>Application of TAS 29, “Financial Reporting in Hyperinflationary Economies</p> <p>The Group applied TAS 29 “Financial reporting in hyperinflationary economies” (“TAS 29”) in its consolidated financial statements as of and for the year ending 31 December 2023.</p> <p>According to TAS 29, the consolidated financial statements as of 31 December 2022 should be restated in accordance with 31 December 2023 purchasing power.</p> <p>Applying TAS 29 results in significant changes to financial statement items included in the Group's consolidated financial statements as of and for the year ending 31 December 2023. The application of TAS 29 has a pervasive and material impact on the consolidated financial statements. In addition, considering the additional effort required to perform the audit of the application of TAS 29, we identified the application of TAS 29 as a key audit matter.</p> <p>The Group’s accounting policies and related explanations regarding the application of TAS 29 are disclosed in Note 2.1.2.</p>	<p>We performed the following audit procedures in relation to the application of TAS 29 “Financial reporting in hyperinflationary economies”:</p> <ul style="list-style-type: none"> • Understanding and evaluating the process and controls related to application of TAS 29 designed and implemented by management, • Verifying whether management’s determination of monetary and non-monetary items is in compliance with TAS 29, • Obtaining detailed lists of non-monetary items and testing original entry dates and amounts with supporting documentation on a sample basis whether they are correctly included in the calculation, • Verifying the general price index rates used in calculations correspond with the coefficients in the “Consumer Price Index in Turkey” published by the Turkish Statistical Institute, • Testing the mathematical accuracy of the restatement non-monetary items, income statement, and cash flow statement to reflect the impact of inflation, • Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.



Key Audit Matters	How the key audit matter was addressed in the audit
<p>Impairment of receivables from finance sector operations in accordance with TFRS 9 (Note 34)</p> <p>The Group has total provision for impairment of TRY 32 billion with respect to receivables from finance sector operations of TRY 981 billion which represent a significant portion of the Group’s total assets in its consolidated financial statements as at 31 December 2023.</p> <p>TFRS 9 is a complex accounting standard which requires considerable judgement and interpretation. These judgements are key in the development of the financial models built to measure the expected credit losses on loans recorded at amortized cost. In addition, the operation of the models requires large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit losses on loans. Impairment allowances are calculated on a collective basis for portfolios of receivables from finance sector operations of a similar nature and on individual basis for significant loans taking into account Management’s best estimate at the balance sheet date and historical losses incurred. The uncertainties arising from these impacts have been evaluated by the management in their judgements and estimations.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as developing macro-economic scenarios and their weightings, historical loss experiences; the significance of the loan balances; the appropriateness of classification of loans and lease receivables 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 state default 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 a key audit matter.</p>	<p>Within our audit procedures, we assessed policies and procedures together with the overall governance established by the Group with respect to classification of loans and lease receivables and estimation of impairment in line with the TFRS 9. We have tested the design and operating effectiveness of controls implemented by the Group in line with its governance, policies and procedures.</p> <p>Together with our modelling specialists, we have evaluated and tested the methodologies used in building impairment models in line with the requirement of TFRS 9 and the Group’s policies for the significant portfolio of loans. We have tested model calculations through re-performance together with our modelling specialists on a sample basis. We have independently assessed together with our related specialists methodologies used in the models in respect to segmentation, use of macroeconomic expectations, life time expected credit losses, losses given default.</p> <p>We have carried loan review on a selected sample of receivables from finance sector operations with the objective to identify whether the classification of loans is performed appropriately in accordance with the applicable regulation, whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the TFRS 9 framework.</p> <p>In addition, for non-performing receivables from finance sector operations and other significant loans that are subject to individual assessment based on the Group policies, we have evaluated the appropriateness of specific impairment provision with supportable input. Based on our discussions with the Group management, we have evaluated and challenged whether the key assumptions and other judgements, underlying the estimation of impairment were reasonable.</p> <p>We have reviewed the appropriateness and sufficiency of disclosures made in the financial statements of the Group with respect to receivables from finance sector operations and related impairment provision.</p>



Key Audit Matters	How the key audit matter was addressed in the audit
<p>Valuation of Pension Fund Obligations (Note 2.4.21)</p>	
<p>The Group has accounted for provision amounting to TRY 1.046 million for Pension Fund Liabilities in the accompanying consolidated financial statements as at 31 December 2023.</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 actuarial consulting firm for the purpose of valuations of pension obligations. The reason we focused on this area during our audit is; uncertainty of the transfer date, the importance of the actuarial and economic assumptions such as technical interest rate determined by the law, 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 evaluated the adequacy of the disclosures made with respect to Pension Fund in the accompanying consolidated financial statements.</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 2023 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 10 April 2024.

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

A handwritten signature in blue ink, appearing to read "Gökhan Yüksel", written over a light blue circular stamp.

Gökhan Yüksel, SMMM
Independent Auditor

Istanbul, 2 April 2024

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HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

	Note	Audited Current Period 31 December 2023	Audited Prior Period 31 December 2022
	References		
ASSETS			
Current Assets		1.304.049.618	1.187.072.392
Cash and Cash Equivalents	5	93.982.614	106.847.623
Balances with the Central Bank of the Republic Turkey	6	277.730.318	187.642.599
Financial Assets	7	102.303.499	107.379.464
- Fair Value Through Profit or Loss		26.346.947	25.080.449
- Fair Value Through Other Comprehensive Income		44.900.927	47.763.648
- Measured at Amortised Cost		29.892.055	34.032.995
- Time Deposits		1.163.570	502.372
Trade Receivables	10	9.567.657	10.860.109
Receivables from Finance Sector Operations	34	712.385.445	674.741.277
Other Receivables	11	13.553.335	12.672.160
Derivative Financial Instruments	33	18.077.329	16.742.196
Inventories	12	23.682.338	22.750.952
Prepaid Expenses	13	29.754.591	26.307.473
Deferred Commission Expenses		2.110.364	1.680.368
Current Tax Assets		257.170	989.860
Other Current Assets	23	19.968.218	17.261.539
Assets Classified As Held for Sale	25	676.740	1.196.772
Non-current Assets		888.281.675	942.152.906
Financial Assets	7	395.848.223	383.120.737
- Fair Value Through Other Comprehensive Income		245.335.724	242.358.819
- Measured at Amortised Cost		149.892.719	140.761.918
- Time Deposits		619.780	-
Trade Receivables	10	2.581	2.337
Receivables From Finance Sector Operations	34	243.901.235	325.511.927
Other Receivables	11	1.649.169	2.625.719
Derivative Financial Instruments	33	48.725.555	63.799.718
Investments Accounted Through Equity Method	14	77.028.827	66.114.225
Investment Property	15	2.629.144	2.421.064
Property, Plant and Equipment	16	63.439.398	47.577.486
Asset Right on Use	18	9.322.583	7.729.322
Intangible Assets		38.781.443	39.137.774
- Goodwill	19	10.757.590	11.214.304
- Other Non Current Assets	17	28.023.853	27.923.470
Prepaid Expenses	13	273.120	852.603
Deferred Commission Expenses		3.134.480	2.503.323
Deferred Tax Assets	32	1.667.274	177.323
Other Non Current Assets	23	1.878.643	579.348
Total Assets		2.192.331.293	2.129.225.298

These consolidated financial statements have been approved for issue by the Board of Directors on 2 April 2024 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 2023 AND 2022

(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

	Note	Audited Current Period 31 December 2023	Audited Prior Period 31 December 2022
	References		
Short Term Liabilities		1.625.360.107	1.486.990.044
Short Term Borrowings	8	53.803.753	41.780.312
Short Term Portion of Long-Term Borrowings	8	66.068.210	61.919.907
Liabilities from Leasing Transactions	9	1.154.452	1.089.169
Trade Payables	10	27.024.490	25.521.046
Payables of Finance Sector Operations	35	1.355.180.460	1.234.564.821
Payables related to Employee Benefits	23	811.683	430.488
Other Payables	11	56.262.182	57.806.744
Derivative Financial Instruments		6.524.648	9.555.025
Government Incentives		5.850	-
Deferred Income		2.289.958	842.735
Current Tax Liabilities		9.536.520	16.783.057
Short Term Provisions		38.992.950	29.750.908
- Short Term Provisions for Employee	22	4.244.201	2.930.149
- Insurance Technical Provisions	20	32.055.401	25.196.069
- Other Short-Term Provisions	20	2.693.348	1.624.690
Other Short Term Liabilities	23	7.675.385	6.922.944
Liabilities Related to Asset Group Held for Sale	25	29.566	22.888
Long Term Liabilities		181.815.890	241.629.145
Long Term Borrowings	8	91.470.005	121.903.621
Liabilities from Leasing Transactions	9	4.891.045	4.774.967
Trade Payables	10	60.337	-
Payables of Finance Sector Operations	35	22.050.068	40.599.800
Other Payables	11	19.653.848	26.487.598
Derivative Financial Instruments		8.517.175	15.337.314
Government Incentives		27.240	47.354
Deferred Income		1.311.884	834.051
Long Term Provisions		24.970.487	22.185.145
- Long Term Provisions for Employee Benefits	22	4.663.413	6.440.952
- Insurance Technical Provisions	20	18.313.557	14.131.004
- Other Long-Term Provisions	20	1.993.517	1.613.189
Taxes and Funds Payable		-	-
Deferred Tax Liabilities	32	7.943.942	8.565.427
Other Long Term Liabilities	23	919.859	893.868
EQUITY		385.155.296	400.606.109
Equity Attributable to the Parent		220.692.266	217.890.185
Share Capital	24	2.040.404	2.040.404
Adjustment to Share Capital		85.021.168	85.021.168
Share Premium	24	353.885	353.885
Treasury shares (-)	24	(316.694)	(1.697.299)
Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss			
- Actuarial Gain/Loss		(2.081.864)	(1.675.407)
Other Comprehensive Income or Expenses Will Be Reclassified to Profit or Loss			
- Currency Translation Reserve		(1.123.251)	(622.930)
- Gains/Losses on Hedge		(10.597.574)	(8.358.112)
- Revaluation Reserve		12.449	5.942.488
Restricted Reserves		10.818.840	10.538.199
Retained Earnings		121.137.583	86.926.298
Net Income for the Period		15.427.320	39.421.491
Non-controlling Interests		164.463.030	182.715.924
TOTAL EQUITY AND LIABILITIES		2.192.331.293	2.129.225.298

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 2023 AND 2022

(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

	Note	Audited Current Period 1 January- 31 December 2023	Audited Prior Period 1 January- 31 December 2022
CONTINUING OPERATIONS			
Sales (net)	26	137.009.157	123.593.119
Cost of Sales (-)	26	(115.931.168)	(105.388.486)
Gross Profit From Non-Financial Operations		21.077.989	18.204.633
Interest, Premium, Commission and Other Income	26	393.756.589	312.280.147
Interest, Premium, Commission and Other Expense (-)	26	(228.961.195)	(126.376.342)
Gross Profit From Financial Operations		164.795.394	185.903.805
GROSS PROFIT		185.873.383	204.108.438
General Administrative Expenses (-)	27	(72.905.937)	(50.301.397)
Marketing, Selling and Distribution Expenses (-)	27	(14.844.457)	(12.003.271)
Research and Development Expenses (-)	27	(269.962)	(180.918)
Other operating Income	29	22.991.484	16.839.946
Other operating Expenses	29	(10.088.691)	(5.802.567)
Share of profit/loss of investments accounted for using the equity method	14	13.667.913	17.856.719
OPERATING PROFIT		124.423.733	170.516.950
Gains From Investment Activities	30	1.131.313	9.316.315
Losses From Investment Activities (-)	30	(635.129)	(453.244)
OPERATING PROFIT BEFORE FINANCIAL INCOME / (EXPENSES)		124.919.917	179.380.021
Financial Income	31	3.779.849	2.270.444
Financial Expenses (-)	31	(7.232.321)	(5.428.449)
Monetary Gain/(Loss)		(73.514.586)	(77.686.005)
NET INCOME BEFORE TAX FROM CONTINUING OPERATIONS		47.952.859	98.536.011
Tax Income / (Expense) from Continuing Operations			
Current Tax Expense	32	(19.375.475)	(42.691.113)
Deferred Tax Income/(Expense)		(8.727.953)	5.427.451
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		19.849.431	61.272.349
DISCONTINUED OPERATIONS			
Income After Tax from Discontinued Operations		(2.448)	(3.981)
PROFIT FOR THE PERIOD		19.846.983	61.268.368
ALLOCATION OF PROFIT			
- Non-controlling Interests		4.419.663	21.846.877
- Owner of the Company		15.427.320	39.421.491
Earnings per share			
- hundreds of ordinary shares (TRY)	36	7,56	19,32
Earnings per share from continuing operations			
- hundreds of ordinary shares (TRY)	36	7,56	19,32

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 2023 AND 2022

(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

	Audited Current Period 1 January- 31 December 2023	Audited Prior Period 1 January- 31 December 2022
INCOME FOR THE PERIOD	19.846.983	61.268.368
Other Comprehensive Income / (Loss):		
Items that will not be Reclassified		
To Profit or Loss	(715.676)	(3.364.848)
Actuarial (losses) / gains	(729.525)	(3.074.253)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax	13.849	(290.595)
Items that will be Reclassified		
To Profit or Loss	(22.722.236)	9.747.777
Fair value gains/(losses) from financial assets through other comprehensive income, after tax	(14.596.672)	20.275.299
Currency translation differences	(274.137)	(9.934.814)
Cash flow hedges, after tax	282.813	4.385.311
Loss from the derivative financial assets related to the hedging of net investment in a foreign operation, after tax	(9.593.190)	(4.763.456)
Other comprehensive income/(expense) shares of investments accounted by equity method, after tax	1.458.950	(214.563)
OTHER COMPREHENSIVE INCOME (AFTER TAX)	(23.437.912)	6.382.929
TOTAL COMPREHENSIVE INCOME	(3.590.929)	67.651.297
ALLOCATION OF TOTAL COMPREHENSIVE INCOME		
- Non-controlling Interests	(9.934.311)	27.699.093
- Equity Holders of the Parent	6.343.382	39.952.204

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 2023 AND 2022

(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

	Accumulated Other Comprehensive Income or Loss That Will													
	Not be reclassified											Be reclassified		
	Profit or Loss											Profit or Loss		
	Share capital	Adjustment to share capital	Treasury shares (-)	Share premium	Actuarial gains / losses	Currency translation reserve	Hedge reserve	Revaluation funds	Restricted reserve	Retained earnings	Net income for the period	Equity attributable to the parent	Non-controlling interest	Total
Balance at 1 January 2022	2.040.404	85.021.168	(1.626.107)	353.885	-	4.226.651	(8.121.137)	(1.350.188)	9.935.211	89.924.409	-	180.404.296	155.791.861	336.196.157
Transfers	-	-	-	-	-	-	-	-	602.988	(602.988)	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	(3.201.112)	-	(3.201.112)	(2.434.757)	(5.635.869)
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	1.171.667	1.171.667
Increase / (decrease) through share-based transactions	-	-	-	-	-	-	-	-	-	-	-	-	331.279	331.279
Subsidiary acquisition or disposal	-	-	(71.192)	-	-	-	-	-	-	874.115	-	802.923	156.781	959.704
Other changes	-	-	-	-	-	-	-	-	-	(68.126)	-	(68.126)	-	(68.126)
Total comprehensive income	-	-	-	-	(1.675.407)	(4.849.581)	(236.975)	7.292.676	-	-	39.421.491	39.952.204	27.699.093	67.651.297
Balances at 31 December 2022	2.040.404	85.021.168	(1.697.299)	353.885	(1.675.407)	(622.930)	(8.358.112)	5.942.488	10.538.199	86.926.298	39.421.491	217.890.185	182.715.924	400.606.109
Balance at 1 January 2023	2.040.404	85.021.168	(1.697.299)	353.885	(1.675.407)	(622.930)	(8.358.112)	5.942.488	10.538.199	86.926.298	39.421.491	217.890.185	182.715.924	400.606.109
Transfers	-	-	-	-	-	-	-	-	280.641	39.140.850	(39.421.491)	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	(4.980.277)	-	(4.980.277)	(8.537.978)	(13.518.255)
Increase / (decrease) ownership interests in subsidiaries That do not result in a loss of control	-	-	-	-	-	(13.200)	20.859	-	-	(257.272)	-	(249.613)	250.653	1.040
Increase / (decrease) due to share buy back transactions (*)	-	-	1.380.605	-	-	-	-	-	-	307.984	-	1.688.589	(31.258)	1.657.331
Total comprehensive income	-	-	-	-	(406.457)	(487.121)	(2.260.321)	(5.930.039)	-	-	15.427.320	6.343.382	(9.934.311)	(3.590.929)
Balances at 31 December 2023	2.040.404	85.021.168	(316.694)	353.885	(2.081.864)	(1.123.251)	(10.597.574)	12.449	10.818.840	121.137.583	15.427.320	220.692.266	164.463.030	385.155.296

(*) Considering the matching orders within the period regarding the share buy-back transactions shows the net effect buying/selling as of December 31, 2023.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

	Note References	Audited Current Period 1 January - 31 December 2023	Audited Prior Period 1 January - 31 December 2022
Net income from continuing operations		19.849.431	61.272.349
Net income from discontinued operations		(2.448)	(3.981)
Adjustments to reconcile income before taxation to net cash provided			
by operation activities:			
Tax expense/income		28.103.428	37.263.662
Depreciation and amortization expenses	4	12.101.669	10.931.323
Expected Credit Loss Provision for Receivables from Finance Sector Activities	34	15.221.891	33.059.823
Changes in the fair value of derivative instruments		(10.595.846)	(493.041)
Interest Income/expense adjustments of non finance sector		3.064.206	2.039.313
Interest Income/expense adjustments of finance sector		8.629.943	(52.647.077)
Provision for employment termination benefits		1.089.989	740.103
Impairment charge on property, plant and equipment,intangible assets and investment property		389.643	412.966
Impairment an assets held for sale		535	290
Impairment an Goodwill	19	254.615	-
Income from sale of property, plant and equipment,intangible assets and investment property		526	(2.117.654)
Adjustments for Retained Earnings of Investments Valued by Equity Method	14	(13.667.913)	(17.856.719)
Provision for /(reversal of) inventory impairment	12	109.804	40.663
Provision for /(reversal of) doubtful receivables		153.941	155.704
Unrealized Foreign Currency Conversion Differences		(17.417.054)	(20.401.081)
Monetary Gain/(Loss)		(23.964.654)	(60.637.367)
Adjustments for Losses (Gains) Resulting from Disposals of Subsidiaries, Joint Ventures and Financial Investments or Changes in Shares		-	(5.809.010)
Net cash provided by operation activities before changes			
in operating assets and liabilities			
Changes in trade receivables		1.138.267	601.213
Changes in inventories		(1.026.788)	(1.009.348)
Changes in other receivables		95.375	(3.764.267)
Changes in prepaid expenses		(2.867.635)	(20.692.871)
Changes in derivative financial instruments		5.173.983	12.302.277
Changes in other assets		(15.335.326)	5.547.344
Changes in trade payables		1.563.781	1.622.608
Changes in other liabilities and other payables		6.699.302	19.110.506
Net cash provided in operating activities of assets classified as held for sale		526.175	1.062.560
Changes in assets and liabilities in finance segment:			
Changes in financial investments		(8.382.543)	37.018.932
Changes in receivables from finance sector operations		48.702.873	10.121.499
Changes in payables from finance sector operations		78.582.572	(120.698.303)
Changes in Central Bank of the Republic of Turkey account		(90.087.719)	33.746.724
Income taxes paid		(25.889.322)	(31.623.119)
Employment termination benefits paid		(1.074.594)	(211.171)
Net cash provided from operating activities		21.140.107	(70.915.150)
Cash flow from investing activities;			
Sale / (Proceed) of fair value through other comprehensive income or amortized cost at financial asset		(10.465.296)	51.850.568
Cash outflow from purchasing of property, plant, equipment and intangible assets	16,17	(22.977.849)	(14.569.476)
Proceeds from sales of property, plant, equipment and intangible assets	16,17	1.533.705	3.618.005
Proceeds from investment property		(219.655)	-
Cash outflows related to purchases for obtaining control of subsidiaries		-	(2.046.027)
Cash Inflows Due to Sale of Shares in Subsidiaries and/or Joint Ventures or Capital Decrease		-	6.266.892
Cash outflows from capital increase of Joint Ventures		(240.767)	-
Dividends received	14	4.517.172	5.072.103
Other cash inflows/outflows		-	267.810
Net cash provided from / (used in) investing activities		(27.852.690)	50.459.875
Cash flow from financing activities:			
Cash inflows from financial liabilities	8	79.023.931	50.514.442
Cash outflows from repayments of borrowings		(22.044.095)	(26.866.613)
Cash outflows from payments of lease liabilities		(2.121.355)	(1.745.068)
Cash inflow/(outflow) from sale shares		(3.083.622)	(2.826.778)
Cash inflow/(outflow) from repurchased shares		4.843.614	4.004.271
Interest received from non finance sector		(2.909.283)	(2.255.569)
Dividends paid		(13.518.255)	(5.635.869)
Cash Inflows from Issuance of Shares and Other Equity Instruments		-	1.171.667
Net cash provided from financing activities		40.190.935	16.360.483
Effect of change in foreign currency rates on cash and cash equivalents		21.318.649	22.294.055
Monetary gain/(loss) on cash and cash equivalents		(59.957.083)	(69.297.575)
Net increase / (decrease) in cash and cash equivalents		(5.160.082)	(51.098.312)
Cash and cash equivalents in the beginning of the period (*)		89.043.797	140.142.109
Cash and cash equivalents at the end of the period		83.883.715	89.043.797

(*) Cash and cash equivalents include interest rediscount of TRY28.211 (31 December 2022: TRY16.360) in the current period. The blocked deposit was by TRY17.803.825 at the beginning of the current period, and it was TRY10.098.899 at the end of the period

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 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 2023 is 64.061 (31 December 2022: 67.375). 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 2023 the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 24):

	(%)
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 Subsidiaries in these consolidated financial statements and their respective business segments are as follows as of 31 December 2023;

Subsidiaries	Trade Stock Market	Type of Activity	Business Segment	Number of Employees	Registered Country
Agesa Hayat ve Emeklilik A.Ş. (“Agesa”)	BİST	Individual Pension	Financial Services	1.839	Turkey
Akbank T.A.Ş. (“Akbank”)	BİST	Banking	Banking	15.107	Turkey
Aksigorta A.Ş. (“Aksigorta”)	BİST	Insurance	Financial Services	761	Turkey
Ankara Enternasyonal Otelcilik A.Ş. (“AEO”)	-	Tourism	Other	2	Turkey
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. (“Carrefoursa”)	BİST	Trade	Retail	11.363	Turkey
Çimsa Çimento Sanayi ve Ticaret A.Ş. (“Çimsa”)	BİST	Cement	Building Materials	2.181	Turkey
Dx Technology Services and Investment BV (“Dx BV”)	-	Information Technology	Other	771	Holland
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (“Exsa”)	-	Trade	Other	66	Turkey
Sabancı Building Solutions (“SBS”)	-	Cement	Building Materials	157	Holland
Sabancı İklim Teknolojileri A.Ş. (“İklim Teknolojileri”)	-	Energy	Energy	9	Turkey
Kordsa Teknik Tekstil Anonim Şirketi (“Kordsa”)	BİST	Tire reinforcement	Industry	4.936	Turkey
Teknosan İç ve Dış Ticaret A.Ş. (“Teknosan”)	BİST	Trade	Retail	3.113	Turkey
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. (“Tursa”)	-	Tourism	Other	2	Turkey

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 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.

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

Joint Ventures

The nature of business and operating segments of the Joint Ventures which are accounted through equity method in the consolidated financial statements as of December 31, 2023 are as follows:

Joint Ventures	Trade Stock Market	Type of Activity	Business Segment	Ventures	Number of Employees
Akçansa Çimento Sanayi ve Ticaret A.Ş. (“Akçansa”)	BİST	Cement	Building	Heidelberg	3.277
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. (“Brisa”)	BİST	Tire	Industry	Bridgestone	3.892
Enerjisa Enerji A.Ş. (“Enerjisa Enerji”)	BİST	Energy	Energy	E.ON SE	12.703
Enerjisa Üretim Santralleri A.Ş. (“Enerjisa Üretim”)	-	Energy	Energy	E.ON SE	2.079
Temsa Skoda Sabancı Ulaşım Araçları A.Ş. (“Temsa Ulaşım Araçları”)	-	Automotive	Other	PPF Industry CO. B.V.	1.803

All joint ventures are registered in Turkey.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Statement of Compliance with TFRS

The consolidated financial statements of the Group have been prepared in accordance with Turkish Financial Reporting Standards (“TFRS”) promulgated by the Public Oversight Accounting and Auditing Standards Authority (“POA”) that are set out in the 5th article of the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board (“CMB”) on 13 June 2013 and published in Official Gazette numbered 28676.

The accompanying consolidated financial statements are presented in accordance with the “Announcement regarding to TAS Taxonomy” by POA and the format and mandatory information recommended by CMB. 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.

Sabancı Holding, its Subsidiaries and Joint Ventures registered in Turkey maintain their books of account and prepare their statutory financial statements in TL in accordance with the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Treasury and Finance, banking law, accounting principles and instructions promulgated by the Banking Regulation and the Supervision Agency (“BRSA”) and TFRS together with notes and explanations related to the accounting and financial reporting standards issued by POA in case of no specific regulations have been introduced by these institutions.

Foreign Subsidiaries, Joint Ventures and Associates 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 have been prepared under the historical cost conversion except for the financial assets and liabilities presented at fair values, and the revaluations related to the differences between the carrying value and fair value of the non-current assets recognised in business combinations. Adjustments and restatements, required for the fair presentation of the consolidated financial statements in conformity with the TFRS, have been accounted for in the statutory financial statements, which are prepared in accordance with the historical cost principle.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 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 Financial reporting in hyperinflationary economies

Pursuant to the decision of the CMB dated 28 December 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that entities applying TFRS to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies as of financial statements for the annual reporting period ending on or after 31 December 2023.

In accordance with the aforementioned CMB decision and the announcement made by POA on 23 November 2023 and the “Guidance on Financial Reporting in Hyperinflationary Economies”, the Group has prepared the consolidated financial statements as of 31 December 2023 by applying TAS 29. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 31 December 2022, on the purchasing power basis as of 31 December 2023.

As of 31 December 2023, the indices and adjustment coefficients which obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TÜİK) and used in the adjustment of the consolidated financial statements for the current and prior periods since 1 January 2005, the date on which TL ceased to be designated as the currency of a hyperinflationary economy, are as follows:

Date	Index	Conversion Factor	Three-year Inflation Rate
31 December 2023	1.859,38	1,00000	%268
31 December 2022	1.128,45	1,64773	%156
31 December 2021	686,95	2,70672	%74

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

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

2.1.2 Financial reporting in hyperinflationary economies (Continued)

The main factors regarding financial reporting in hyperinflationary economies are as follows:

- Current period consolidated financial statements prepared in TL are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.

- Monetary assets and liabilities (such as cash and cash equivalents, trade receivables and payables, receivables and payables from financial sector operations, borrowings) are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items (such as inventories, property, plant and equipment, intangible assets, investment properties and equity items) exceed their recoverable amount or net realizable value, the provisions of TAS 36 "Impairment of Assets" and TAS 2 "Inventories" are applied, respectively.

- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.

- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.

- The impact of inflation on the Group's net monetary asset position in the current period is recognized under net monetary gain/(loss) account in the consolidated income statement. The purchasing power of companies carrying more monetary assets than monetary liabilities weakens with inflation, while the purchasing power of companies carrying more monetary liabilities than monetary assets increases with inflation. Net monetary position gain or loss is derived from the restatement differences of non-monetary items, shareholders' equity, items in the income statement and other comprehensive income statement and index-linked monetary assets and liabilities.

2.2 New and Revised Turkish Accounting Standards

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2023 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs

i) The new standards, amendments and interpretations which are effective as of January 1, 2023, are as follows:

Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 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.

No significant impact is expected on the Group's financial statements.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;

Effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

No significant impact is expected on the Group's financial statements.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

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

2.2 New and Revised Turkish Accounting Standards (Continued)

Amendment to IAS 12 - International tax reform ;

The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

No significant impact is expected on the Group's financial statements.

ii) Standards issued but not yet effective and not early adopted:

IFRS 17, ‘Insurance Contracts’;

Effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.

No significant impact is expected on the Group's financial statements.

Amendment to IAS 1 – Non-current liabilities with covenants;

Effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Company/ Group.

Amendment to IFRS 16 – Leases on sale and leaseback;

Effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Company/ Group.

Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;

Effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Company/ Group.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

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

2.2 New and Revised Turkish Accounting Standards (Continued)

Amendments to IAS 21 - Lack of Exchangeability;

Effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Company/ Group.

IFRS S1, ‘General requirements for disclosure of sustainability-related financial information;

Effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

IFRS S2, ‘Climate-related disclosures’;

Effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

2.3 Changes in Accounting Policies, Estimates and Errors

Any change in accounting policies resulting from the first time adoption of a new TFRS is made either retrospectively or prospectively in accordance with the transition requirements of TFRS. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements.

If changes in accounting estimates are related to only one period, they are recognised in the period when the changes are applied; if changes in estimates are related to future periods, they are recognised both in the period where the change is applied and in future periods prospectively. The Group doesn’t have any significant changes in accounting policy or accounting estimates in the current period.

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

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

2.4 Summary of Significant Accounting Policies

2.4.1 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.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.1 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 2023 and 2022:

Subsidiaries	31 December 2023		31 December 2022	
	Direct and indirect ownership interest by the Holding and its subsidiaries (%)	Proportion of ownership Interest (%)	Direct and indirect ownership interest by the Holding and its subsidiaries (%)	Proportion of ownership Interest (%)
AEO	76,85	76,85	76,85	76,85
Agesa	40,24	40,24	40,00	40,00
Akbank	40,75	40,75	40,75	40,75
Aksigorta	36,00	36,00	36,00	36,00
Carrefoursa	57,12	57,12	57,12	57,12
SBS(*)	100,00	79,01	100,00	83,24
Çimsa	63,52	58,10	63,52	58,10
Dx BV	100,00	100,00	100,00	100,00
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
Tursa	100,00	100,00	100,00	100,00
SabancıDX	100,00	100,00	100,00	100,00
Sabancı İklim Teknolojileri(**)	100,00	100,00	100,00	100,00

(*) As a result of the transfer of Sabancı Holding's shares, which constitute 10.1% of the capital share of SBS company, to Çimsa, the effective partnership ratio has changed.

(**) On June 8, 2022, Sabancı İklim Teknolojileri was established with a capital of TRY250.000, of which the Holding is the sole and founding partner.

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

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

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.1 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.

Under the equity method, the investment in a joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor’s share of profit or loss of the investee after the date of the acquisition. The investor’s share of the profit or loss of the investee is recognised in the investor’s profit or loss. Distributions (dividends etc.) received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount are necessary for the change in the investor’s proportionate interest in the investee arising from changes in the investee’s other comprehensive income. For changes in the equity of an investee that do not go through the investee’s profit or loss or other comprehensive income, the Group adjusts the carrying value of its investment with a corresponding change in its own equity.

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 2023 and 31 December 2022:

	31 December 2023		31 December 2022	
	Direct and indirect ownership interest by the Holding and its subsidiaries (%)	Proportion of ownership Interest (%)	Direct and indirect ownership interest by the Holding and its subsidiaries (%)	Proportion of ownership Interest (%)
Joint Ventures				
Akçansa	39,72	39,72	39,72	39,72
Brisa	43,63	43,63	43,63	43,63
Enerjisa Enerji	40,00	40,00	40,00	40,00
Enerjisa Üretim	50,00	50,00	50,00	50,00
Temsa Ulaşım Araçları	50,00	23,95	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.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.2 Leases

The Group - as a lessee

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

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

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

Right of use asset

The right of use asset is initially recognized at cost in purchasing power at the balance sheet date comprising of:

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

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

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

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

The Group apply TAS 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)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.2 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.

Extension and termination options

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

Variable lease payments

Group’s lease contracts also include variable lease payments which are based on income. These variable lease payments, which are not within the scope of TFRS 16 standard, are recorded as rental expense in the income statement in the relevant period.

Facilitative practices

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

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.2 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.

2.4.3 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.

2.4.4 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 rediscoun expenses are calculated according to the "effective yield (internal rate of return) method" for the difference amout 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".

2.4.5 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 0% and 8% for deposit and other foreign currency liabilities according to their maturities as of 31 December 2023 (2022: 3% and 8% for all TRY liabilities) The reserve rates for foreign currency liabilities vary between 5% and 30% (31 December 2022: 5% and 31%).

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.6 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.

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

2.4.7 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)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.7 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.

2.4.8 Financial Assets

2.4.8.1 Financial Assets, 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.

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

“Financial assets measured at fair value through other comprehensive income” are either equity securities or debt securities that are held for collection of contractual cash flows and for selling the assets, where the assets’ cash flows represent solely payments of principal and interest, and that are not designated as financial assets at fair value through profit or loss. The Group measures related financial assets at fair value. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for foreign exchange gains and losses. When an equity security is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings. When a debt security is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under statement of income.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.8.3 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 activities” items.

2.4.9 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

2.4.10 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)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.11 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.

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.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.12 Investment property

Land and buildings that are held for rental yields or for capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes or for the sale in the ordinary course of business are classified as “investment property”. Investment properties are carried at cost less accumulated depreciation. Depreciation is provided for investment properties on a straight-line basis over their estimated useful lives, ranging from 5-50 years.

Investment properties are reviewed for possible impairment losses and where the carrying amount of the investment property is greater than the estimated recoverable amount, it is written down to its recoverable amount. Recoverable amount of the investment property is the higher of future net cash flows from the utilisation of this investment property or fair value less cost to sell.

2.4.13 Property, plant and equipment

Property, plant and equipment are carried at cost in purchasing power at the balance sheet date less accumulated depreciation in the consolidated financial statements (Note 16). Depreciation is provided on property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

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

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

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

2.4.14 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 in purchasing power at the balance sheet date and amortised using the straight-line method over an estimated useful life that does not exceed 20 years. 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.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.15 Non-current assets held for sale and discontinued operations

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

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.

2.4.16 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 23,24% as of 31 December 2023 (31 December 2022: 21,14%), and the standard percentage capital adequacy now exceeds the minimum defined by the relevant legislation.

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CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.17 *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.

2.4.18 *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 losses 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.

2.4.19 *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.

2.4.20 *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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CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.20 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)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.21 *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)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.21 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 TRY1.045.849 identified with a report prepared by an actuary with the actuarial registration (31 December 2022: TRY1.540.959).

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 2023	31 December 2022
Current value of funded liabilities	(32.843.989)	(26.613.675)
Advance value of future contributions	26.131.123	20.413.366
Total Transfer Liability to Social Security Institution	(6.712.866)	(6.200.309)
Past service obligation	(1.668.982)	(2.087.773)
Transfer to the Social Security Institution and Additional Liabilities	(8.381.848)	(8.288.082)
Market value of assets	7.335.999	6.747.123
Crate surplus after assets	(1.045.849)	(1.540.959)

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.21 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 2023	31 December 2022
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	%3,00	%0,50

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 18 years for men and 24 years for women.

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

	31 December 2023	31 December 2022
End of previous period	6.747.123	7.807.243
Real return of fund assets	3.069.030	1.948.439
Employer contributions	1.983.143	1.727.231
Employee contributions	79.729	93.540
Paid compensations	(1.890.702)	(1.443.510)
Effects of inflation	(2.652.324)	(3.385.820)
End of period	7.335.999	6.747.123

The distribution of fund assets is as follows:

	31 December 2023	31 December 2022
Bank placements	1.097.628	804.084
Tangible assets	14.938	72.520
Securities and shares	6.084.742	5.745.781
Other	138.691	124.738
End of period	7.335.999	6.747.123

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. All actuarial gains and losses are accounted for under equity.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.22 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.

2.4.23 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)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.24 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. For marine policies with an uncertain end date, unearned premium reserve is calculated as 50% of the premiums written in the last three months. 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. Commissions paid for written premium and commissions received from ceded premium that hit future months and future income statements are accounted in prepaid expenses and prepaid expenses for future years respectively in balance sheet, net in operating expenses. According to the Technical Reserves Regulation, foreign exchange selling rates declared in the Official Gazette of the CBRT on the date of accrual of the relevant premium are taken into account in the account of the unearned premiums related to the insurance contracts, which are indexed to beverages, if no foreign exchange rate is specified in the insurance contract.

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.

The company calculated DERK account on the basis of the accounting year as a result of the relevant circular. In accordance with the Circular dated October 24, 2022 and numbered 2022/27, the Loss/Premium ratios used in the calculations of 31 December 2023 DERK calculations have been adjusted, according to best estimation principles made by the company actuary, for each quarter separately. In this framework, the SEDDK's opinion on the appropriateness of the Group's DERK calculation method has been received, and the effects of the additional premium increases in 2022 and the effects of retrospective damage cost increases are included in the Loss/Premium ratio using the indexation method.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.24 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.

Life mathematical reserves

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

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

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.25 Revenue recognition

Revenue is accounted for in the consolidated financial statements within the scope of the five-stage model below.

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of the transaction price in the contracts,
- Allocation of transaction price to the performance obligations,
- Recognition of revenue when the performance obligations are satisfied.

Group evaluates each contracted obligation separately and respective obligations, committed to deliver the distinct goods or perform services, are determined as separate performance obligations.

Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

- a) Presence of Group’s collection right of the consideration for the goods or services,
- b) Customer’s ownership of the legal title on goods or services,
- c) Physical transfer of the goods or services,
- d) Customer’s ownership of significant risks and rewards related to the goods or services,
- e) Customer’s acceptance of goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, 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 on an accrual basis as other operating income.

Banking

Interest income and expenses are recognized in the income statement on an accrual basis by using the effective interest method. When loans and advances to customers are considered doubtful of collection by the management, interest income is suspended, and the rediscount amounts recorded until the cessation date are canceled and not recorded as income until the collection is made. Fees and commissions received as a result of the service agreements or arising from negotiating or participating in the negotiation of a transaction on behalf of a third party are recognized either in the period when the transaction is realized or deferred based on the type of the underlying transaction. Other commission income and fees from various banking services are recorded as income at the time of realization

The Group classifies inflation-indexed government bonds as “Financial assets measured at fair value through other comprehensive income” and “Financial assets measured at amortised cost”. The reference indices used in the calculation of coupon payments are calculated based on the CPI rates of two months ago. Interest income calculated using the effective interest rate is recorded in the net interest income within the framework of TAS 1.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.25 Revenue recognition (continued)

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.

2.4.26 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.

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

2.4.27 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.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.28 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.

2.4.29 Business combinations

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

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

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with 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 acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.29 Business combinations (Continued)

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

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

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.

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

2.4 Summary of Significant Accounting Policies (Continued)

2.4.30 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 differentiate depending on produced the goods and services 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)

2.4 Summary of Significant Accounting Policies (Continued)

2.4.31 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.

2.5 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. As a result of the impairment tests carried out as of December 31, 2023, an impairment loss of TL254,615 was determined (Note: 19).

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

2.5 Summary of Significant Accounting Policies (Continued)

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. More details for the topic was explained in Note 2.4.21.

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 Group reviews its financial assets classified as measured at fair value through other comprehensive income and measured at amortised cost at each balance sheet date in order to assess whether they are impaired in line with the accounting policies set out in Note 2.4.7.

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NOTE 3 - BUSINESS COMBINATIONS

The business combinations between the period 1 January and 31 December 2023 are as follows:

There is no business combination.

The business combinations between the period 1 January and 31 December 2022 are as follows:

51% of the shares in Radiflow Ltd., a global cyber security company operating in the Middle East, USA, European and Asian markets, have been acquired by DxBV in consideration for USD 30.729 post customary adjustments as per acquisition and closing procedures which is a company incorporated in the Netherlands of which Holding is the sole and founding shareholder, as of May 30. Moreover, 100% of the shares in SEM İnternet Reklam Hizmetleri ve Danışmanlık A.Ş. and Liberdatum İnternet Reklam Hizmetleri ve Danışmanlık A.Ş, digital marketing companies operating in Turkey, have been acquired by DxBV as of June 30, 2022 in consideration for a post customary adjustments as per acquisition and closing procedures. Both companies became subsidiaries of DxBV after the acquisition.

In this scope, the fair values of the identifiable assets, liabilities, and conditional liabilities of relevant companies as of the reporting period were predicted by preparing financial statements as per TFRS and were reflected in the financial statements as temporary amounts.

Purchase price and recognized assets and liabilities at the date of purchase:

	<u>Radiflow (TL)</u>
Purchased assets	562.349
Purchased liabilities	289.747
Total net identifiable assets	272.602
Corresponding to 51% of the purchased	139.027
Cash outflow due to acquisitions	830.487
Ownership rate	51%
Goodwill	691.460

Purchase price and recognized assets and liabilities at the date of purchase:

	<u>Sem&Liberdatum (TL)</u>
Purchased assets	353.183
Purchased liabilities	207.283
Total net identifiable assets	145.900
Cash outflow due to acquisitions	408.869
Ownership rate	100%
Goodwill	262.969

The portion of the purchase price exceeding the fair value of the identifiable assets, liabilities and contingent liabilities acquired because of the purchase amounted by full TRY691.460 and full TRY262.969, respectively, are recorded as goodwill on balance sheet.

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NOTE 3 - BUSINESS COMBINATIONS (Continued)

The business combinations between the period 1 January and 31 December 2023 are as follows:

Microtex's shares representing 60% were purchased by the Kordsa from Microtex Composites S.r.l (Microtex) on 5 August 2022.

Purchase price and recognized assets and liabilities at the date of purchase:

	<u>Microtex (TL)</u>
Purchased assets	1.328.354
Purchased liabilities	550.650
Total net identifiable assets	777.704
Corresponding to 60% of the purchased	466.622
Cash outflow due to acquisitions	806.671
Ownership rate	60%
Goodwill	340.049

The portion of the purchase price exceeding the fair value of the identifiable assets, liabilities and contingent liabilities acquired as a result of the purchase amounted by TRY340.049 is recorded as goodwill on balance sheet.

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NOTE 4 - SEGMENT REPORTING

Group has established Sabancı Holding Digital Group Line in line with its portfolio management strategies and growth plans in digital businesses. The Group's subsidiaries DxBV and Teknosa companies, which have recently started their digital transformation with technology marketplace services, have started to be followed under the Digital segment. CarrefourSA, a subsidiary of the Group, which was previously in the retail segment, started to be followed in the other segment. 1 January – 31 December 2022 segment figures has been restated to include the changes in the 1 January – 31 December 2023 period.

The financial information of the Joint Ventures has been included in the segment results, prepared within the framework of the Group's managerial approach, by full consolidation method (as 100%). The segment reporting information prepared in conformity with this approach is defined as "combined financial information"

1 January - 31 December 2023	Banking	Financial Services	Energy	Industry	Building Materials	Digital	Other	Total
Combined revenue	353.976.251	42.990.050	216.742.975	50.005.099	42.407.581	49.539.239	55.450.230	811.111.425
Combined gross profit	166.571.956	(4.702.467)	33.496.832	10.019.263	8.015.172	5.227.147	19.800.653	238.428.556
Operating expenses	(61.708.028)	(6.264.286)	(13.310.240)	(6.265.396)	(2.383.121)	(5.612.435)	(11.850.548)	(107.394.054)
Other operating income/(expenses) (net)	1.832.210	12.550.203	3.160.396	(319.720)	(64.884)	(861.191)	(430.727)	15.866.287
Exchange gains/(losses) and credit finance income/(charges) from operating activities (net)	-	1.044.418	680.958	(166.784)	698.827	(381.888)	(1.283.276)	592.255
Profit of joint ventures income	-	-	-	-	-	-	578.921	578.921
Combined operating profit	106.696.138	2.627.868	24.027.946	3.267.363	6.265.994	(1.628.367)	6.815.023	148.071.965
Gains/(losses) from investment activities (net)	(247.098)	833.806	114.915	617.699	510.508	294.379	3.093.331	5.217.540
Financial income/expenses (net)	-	(569.160)	(11.681.780)	(2.004.354)	(1.110.186)	(1.570.966)	205.236	(16.731.210)
Parasal kayıp kazanç	(75.480.793)	(2.692.132)	(442.453)	1.765.082	230.034	3.373.293	1.035.052	(72.211.917)
Combined profit before tax	30.968.247	200.382	12.018.628	3.645.790	5.896.350	468.339	11.148.642	64.346.378
Tax income/(expense) (net)	(27.069.380)	(1.148.084)	9.503.161	723.722	(516.277)	(300.501)	193.049	(18.614.310)
Profit after tax from discontinued operations	-	-	-	(2.448)	-	-	-	(2.448)
Combined net profit for the period	3.898.867	(947.702)	21.521.789	4.367.064	5.380.073	167.838	11.341.691	45.729.620
Net profit for the period (*)	1.588.788	(348.792)	10.189.724	1.869.311	2.458.607	(85.132)	(245.186)	15.427.320
1 January - 31 December 2022	Banking	Financial Services	Energy	Industry	Building Materials	Digital	Other	Total
Combined revenue	282.141.118	32.714.681	270.737.142	57.246.889	39.735.325	35.374.263	45.203.061	763.152.479
Combined gross profit	186.679.595	(4.190.180)	43.474.368	11.489.388	3.791.649	2.998.321	14.626.187	258.869.328
Operating expenses	(41.244.793)	(4.768.091)	(17.812.704)	(6.285.239)	(1.851.458)	(3.837.836)	(9.230.779)	(85.030.900)
Other operating income/(expenses) (net)	1.723.364	8.841.447	3.289.812	(96.410)	105.181	(26.409)	(149.719)	13.687.266
Exchange gains/(losses) and credit finance income/(charges) from operating activities (net)	-	1.188.895	2.480.639	(915.776)	347.179	(461.438)	(781.383)	1.858.116
Profit of joint ventures income	-	-	-	-	-	-	76.358	76.358
Combined operating profit	147.158.166	1.072.071	31.432.115	4.191.963	2.392.551	(1.327.362)	4.540.664	189.460.168
Gains/(losses) from investment activities (net)	(235.408)	1.000.304	(184.314)	180.209	2.136.170	97.065	10.887.022	13.881.048
Financial income/expenses (net)	-	(1.300.295)	(10.486.873)	(471.322)	(1.275.134)	(852.311)	(1.356.523)	(15.742.458)
Monetary gain/(loss)	(77.226.281)	(1.984.021)	(1.229.457)	1.551.495	1.592.562	2.463.936	(3.069.473)	(77.901.239)
Combined profit before tax	69.696.477	(1.211.941)	19.531.471	5.452.345	4.846.149	381.328	11.001.690	109.697.519
Tax income/(expense) (net)	(36.415.082)	(543.769)	16.453.849	(452.204)	1.078.671	(104.486)	(381.196)	(20.364.217)
Profit after tax from discontinued operations	-	-	-	(3.981)	-	-	-	(3.981)
Combined net profit for the period	33.281.395	(1.755.710)	35.985.320	4.996.160	5.924.820	276.842	10.620.494	89.329.321
Net profit for the period (*)	13.562.169	(634.815)	15.925.586	2.605.249	3.079.205	105.566	4.778.531	39.421.491

(*) Represents consolidated net profit attributable to the equity holders of the parent.

(**) Combined figures in segment reporting represent amounts after subconsolidation of the Group's subsidiaries.

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NOTE 4 - SEGMENT REPORTING (Continued)

a) Revenue

	2023	2022
Banking	353.976.251	282.141.118
Financial Services	42.990.050	32.714.681
Energy	216.742.975	270.737.142
Industry	50.005.099	57.246.889
Building Materials	42.407.581	39.735.325
Digital	49.539.239	35.374.263
Other	55.450.230	45.203.061
Combined	811.111.425	763.152.479
Less: Joint Ventures	(261.969.421)	(314.283.890)
Less: Consolidation eliminations and adjustments	(18.376.258)	(12.995.323)
Consolidated	530.765.746	435.873.266

b) Operating profit

	2023	2022
Banking	106.696.138	147.158.166
Financial Services	2.627.868	1.072.071
Energy	24.027.946	31.432.115
Industry	3.267.363	4.191.963
Building Materials	6.265.994	2.392.551
Digital	(1.628.367)	(1.327.362)
Other	6.815.023	4.540.664
Combined	148.071.965	189.460.168
Less: Joint Ventures	(29.697.307)	(33.719.287)
Less: Consolidation eliminations and adjustments	(7.618.838)	(3.080.650)
Add: Net profit shares of Joint Ventures and associates	13.667.913	17.856.719
Consolidated	124.423.733	170.516.950

c) Depreciation and amortisation

	2023	2022
Banking	4.993.199	4.395.636
Financial Services	1.692.979	1.634.113
Energy	8.004.075	7.348.708
Industry	2.427.282	2.396.280
Building Materials	1.953.020	1.815.773
Digital	974.478	825.130
Other	2.307.451	2.026.172
Combined	22.352.484	20.441.812
Less: Joint Ventures	(10.250.815)	(9.510.489)
Consolidated	12.101.669	10.931.323

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NOTE 4 - SEGMENT REPORTING (Continued)

d) Profit before tax

	2023	2022
Banking	30.968.247	69.696.477
Financial Services	200.382	(1.211.941)
Energy	12.018.628	19.531.471
Industry	3.645.790	5.452.345
Building Materials	5.896.350	4.846.149
Digital	468.339	381.328
Other	11.148.642	11.001.690
Combined	64.346.378	109.697.519
Less: Joint Ventures	(19.207.348)	(23.613.474)
Less: Consolidation eliminations and adjustments	(10.854.084)	(5.404.753)
Add: Net profit shares of Joint Ventures and associates	13.667.913	17.856.719
Consolidated	47.952.859	98.536.011

e) Net profit for the period

	2023	2022
Banking	3.898.867	33.281.395
Financial Services	(947.702)	(1.755.710)
Energy	21.521.789	35.985.320
Industry	4.367.064	4.996.160
Building Materials	5.380.073	5.924.820
Digital	167.838	276.842
Other	11.341.691	10.620.494
Combined	45.729.620	89.329.321
Less: Joint Ventures	(28.696.466)	(40.512.919)
Add: Net profit shares of Joint Ventures and associates	13.667.913	17.856.719
Less: Consolidation eliminations and adjustments	(10.854.084)	(5.404.753)
Less: Non-controlling interests	(4.419.663)	(21.846.877)
Consolidated (attributable to the equity holders of the parent)	15.427.320	39.421.491

f) Capital expenditures

	2023	2022
Banking	8.858.380	8.218.555
Financial Services	734.955	672.562
Energy	30.368.111	17.491.082
Industry	3.421.557	3.307.185
Building Materials	6.191.016	2.681.646
Digital	750.407	525.753
Other	1.489.867	1.189.028
Combined	51.814.293	34.085.811
Less: Joint Ventures	(28.616.790)	(19.516.334)
Consolidated	23.197.503	14.569.477

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NOTE 4 - SEGMENT REPORTING (Continued)

g) Total assets

	31 December 2023	31 December 2022
Banking	1.908.975.954	1.883.559.338
Financial Services	80.091.271	68.465.016
Energy	255.591.976	226.314.324
Industry	73.090.253	73.041.874
Building Materials	58.640.710	55.690.701
Digital	19.009.956	16.425.748
Other	222.980.977	216.489.750
Combined	2.618.381.097	2.539.986.751
Less: Joint Ventures	(297.018.302)	(272.126.025)
Less: Consolidation eliminations and adjustments	(206.060.329)	(204.749.653)
Add: Net profit shares of Joint Ventures and associates	77.028.827	66.114.225
Consolidated	2.192.331.293	2.129.225.298

NOTE 5 - CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents at 31 December 2023 and 2022 are as follows:

	31 December 2023			31 December 2022		
	Financial	Non-financial	Total	Financial	Non-financial	Total
Cash	16.792.152	160.898	16.953.050	19.363.601	218.652	19.582.253
Bank						
<i>Time deposit</i>	22.894.271	10.614.585	33.508.856	21.653.865	15.161.369	36.815.234
<i>Demand deposit</i>	35.182.040	3.090.667	38.272.707	41.576.137	2.038.636	43.614.773
Receivables from reserve repo	1.415.550	-	1.415.550	2.409.601	-	2.409.601
Other cash and cash equivalents	-	3.832.451	3.832.451	-	4.425.762	4.425.762
Total	76.284.013	17.698.601	93.982.614	85.003.204	21.844.419	106.847.623

Effective interest rates of USD, EUR and TRY denominated time deposits are 5,94 % (31 December 2022: 1,86%), 3,92 % (31 December 2022: 1,87%) and 42,33% (31 December 2022: 21,24%), respectively.

The maturity analysis as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Demand deposit	58.272.626	65.036.171
Up to 3 months	35.709.988	41.811.452
Total	93.982.614	106.847.623

As of 31 December 2023, 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 TRY10.098.899 (31 December 2022: TRY17.803.825).

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(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 6 – BALANCES WITH THE CENTRAL BANK OF THE REPUBLIC TURKEY

The detail of balances with the Central Bank of the Republic Turkey at 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Required Reserves	271.838.052	183.800.114
Free Deposits	5.892.266	3.842.485
Total	277.730.318	187.642.599

NOTE 7 - 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 2023			31 December 2022		
	Banking	Other Companies	Total	Banking	Other Companies	Total
Share certificates	3.522.124	3.636	3.525.760	10.861.057	-	10.861.057
Government bonds	343.448	170.283	513.731	721.315	302.173	1.023.488
Eurobonds	446.295	67.025	513.320	271.589	555.969	827.558
Investment funds	9.326.052	5.274.446	14.600.498	3.363.409	1.420.032	4.783.441
Other (*)	2.683.258	4.510.380	7.193.638	2.181.214	5.403.691	7.584.905
Total	16.321.177	10.025.770	26.346.947	17.398.584	7.681.865	25.080.449

(*) TRY 2.173.070 (31 December 2022: TRY 1.708.073) of other financial assets consist Fourth Real Estate Investment Fund of Ak Portföy Yönetimi A.Ş. established by Ak Leasing Invesment Pur Found and the fund is followed at its fair value and the related valuation differences are recognized in profit or loss. Addionly, The Group has made a foreign currency protected deposit amounting to equivalent of TRY3.104.594 (31 December 2022: TRY2.669.164). It is accounted for “Other” under “Financial Assets at fair value through profit and loss”.

Effective interest rates of TRY are as follow:

	31 December 2023	31 December 2022
TRY	45,52%	14,07%

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 2022:None).

The maturity analysis of financial assets at fair value through profit and loss as of 31 December 2023 and 2022 are as follows:

	31 December 2023			31 December 2022		
	Banking	Other Companies	Total	Banking	Other Companies	Total
On demand	15.417.541	1.729.352	17.146.893	16.044.143	1.910.752	17.954.895
3 to 12 months	117.871	8.296.418	8.414.289	619.024	5.754.787	6.373.811
1 to 5 years	577.254	-	577.254	300.566	16.326	316.892
Over 5 years	208.511	-	208.511	434.851	-	434.851
Total	16.321.177	10.025.770	26.346.947	17.398.584	7.681.865	25.080.449

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NOTE 7 - FINANCIAL INVESTMENTS (Continued)

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

Period remaining to contractual repricing dates:

	31 December 2023			31 December 2022		
	Banking	Other Companies	Total	Banking	Other Companies	Total
On demand	15.417.541	1.729.352	17.146.893	16.044.143	1.910.752	17.954.895
0 to 3 months	303.839	3.108.230	3.412.069	332.569	1.571.076	1.903.645
3 to 12 months	125.192	5.188.188	5.313.380	553.774	4.183.711	4.737.485
1 to 5 years	360.416	-	360.416	197.713	16.326	214.039
Over 5 years	114.189	-	114.189	270.385	-	270.385
Total	16.321.177	10.025.770	26.346.947	17.398.584	7.681.865	25.080.449

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

	31 December 2023			31 December 2022		
	Banking	Other Companies	Total	Banking	Other Companies	Total
Debt securities						
- Government bonds	127.142.989	63.033	127.206.022	135.705.687	1.077.363	136.783.050
- Eurobonds	90.781.116	5.125.026	95.906.142	99.841.862	4.406.277	104.248.139
- Investment funds	1.429.280	9.861	1.439.141	2.314.093	72.961	2.387.054
- Other bonds denominated in foreign currency	64.299.878	1.054.499	65.354.377	45.103.927	1.246.207	46.350.134
Sub-total	283.653.263	6.252.419	289.905.682	282.965.569	6.802.808	289.768.377
Equity securities						
- Listed	-	-	-	-	154.484	154.484
- Unlisted	317.939	13.030	330.969	191.446	8.160	199.606
Sub-total	317.939	13.030	330.969	191.446	162.644	354.090
Financial assets at fair value through other comprehensive income	283.971.202	6.265.449	290.236.651	283.157.015	6.965.452	290.122.467

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NOTE 7 - FINANCIAL INVESTMENTS (Continued)

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

Finance sector’s effective interest rates of USD, EUR, JPY and TRY denominated debt securities are 6,12% (31 December 2022: 5,75%), 2,89% (31 December 2022: 2,86%), 3,09% (31 December 2022: 3,09%) and 33,98% (31 December 2022: 29,35%), respectively.

The Group’s financial assets measured through other comprehensive income subject to funds provided from repo are TRY110.784.307 (31 December 2022: TRY69.583.120). Financial assets through other comprehensive income that are given as collateral because of the Group’s financing activities are amounting to TRY80.866.957 (31 December 2022: TRY99.885.015).

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 2023 and 2022 is as follows.

	31 December 2023			31 December 2022		
	Banking	Other Companies	Total	Banking	Other Companies	Total
Up to 3 months	15.732.335	-	15.732.335	2.459.133	58.707	2.517.840
3 to 12 months	22.847.590	427.253	23.274.843	38.265.800	963.953	39.229.753
1 to 5 years	199.942.173	978.545	200.920.718	169.391.063	1.468.961	170.860.024
Over 5 years	43.701.884	713.122	44.415.006	70.535.217	963.578	71.498.795
Demand deposit	1.747.220	4.146.529	5.893.749	2.505.802	3.510.253	6.016.055
Total	283.971.202	6.265.449	290.236.651	283.157.015	6.965.452	290.122.467

As of 31 December 2023, and 2022, according to the remaining period until the re-pricing date determined by the contract:

	31 December 2023			31 December 2022		
	Banking	Other Companies	Total	Banking	Other Companies	Total
Up to 3 months	84.193.513	-	84.193.513	56.804.878	23.325	56.828.203
3 to 12 months	37.287.203	427.253	37.714.456	64.159.716	1.026.824	65.186.540
1 to 5 years	136.036.977	896.109	136.933.086	117.968.528	1.468.960	119.437.488
Over 5 years	24.706.288	382.152	25.088.440	41.718.091	647.113	42.365.204
Demand deposit	1.747.221	4.559.935	6.307.156	2.505.802	3.799.230	6.305.032
Total	283.971.202	6.265.449	290.236.651	283.157.015	6.965.452	290.122.467

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NOTE 7 - 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 2023			31 December 2022		
	Banking	Other Companies	Total	Banking	Other Companies	Total
Government bonds	147.032.731	307.462	147.340.193	141.992.358	611.508	142.603.866
Other debt securities	17.894.030	14.550.551	32.444.581	19.752.265	12.438.782	32.191.047
Total	164.926.761	14.858.013	179.784.774	161.744.623	13.050.290	174.794.913

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

	31 December 2023	31 December 2022
Opening balance, 1 January	174.794.913	155.718.948
Additions	32.606.788	26.216.969
Foreign exchange differences in monetary assets	6.333.534	5.483.156
Valuation effect	36.223.332	58.155.294
Disposals through sales and redemptions	(7.045.379)	(9.979.043)
Monetary gain/(loss)	(63.113.497)	(60.838.991)
Reversal / (Allowance) for impairment (*)	(14.917)	38.580
Closing balance	179.784.774	174.794.913

(*) Expected loss provision is included.

Finance sector effective interest rate of debt securities in USD and TRY are 6,13% and 43,82% (31 December 2022: Effective interest rate of debt securities in USD and TRY are 6,22% and 76,44%).

For financial investments measured at their amortized cost as of 31 December 2023 and 31 December 2022, the remaining period to the maturity dates stated in the contract based on Banking and other sectors is as follows:

	31 December 2023			31 December 2022		
	Banking	Other Companies	Total	Banking	Other Companies	Total
Up to 3 months	1.580.463	154.434	1.734.897	1.522.792	642.004	2.164.796
3 to 12 months	13.834.206	14.322.952	28.157.158	20.250.794	11.617.405	31.868.199
1 to 5 years	107.028.906	380.627	107.409.533	78.266.094	722.039	78.988.133
Over 5 years	42.483.186	-	42.483.186	61.704.943	68.842	61.773.785
Total	164.926.761	14.858.013	179.784.774	161.744.623	13.050.290	174.794.913

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NOTE 7 - 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 2023 and 2022 is as follows:

	31 December 2023			31 December 2022		
	Banking	Other Companies	Total	Banking	Other Companies	Total
Up to 3 months	76.611.686	178.002	76.789.688	68.369.800	547.886	68.917.686
3 to 12 months	50.876.894	14.322.952	65.199.846	63.710.797	11.710.000	75.420.797
1 to 5 years	29.251.429	357.059	29.608.488	5.055.098	68.842	5.123.940
Over 5 years	8.186.752	-	8.186.752	24.608.928	723.562	25.332.490
Total	164.926.761	14.858.013	179.784.774	161.744.623	13.050.290	174.794.913

d) Time Deposits:

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

	31 December 2023	31 December 2022
3 to 12 months	1.163.570	502.372
1 to 5 years	619.780	-
	1.783.350	502.372

NOTE 8 - FINANCIAL LIABILITIES

Short term funds borrowed, bank borrowings and debt securities:

	31 December 2023	31 December 2022
Short term	53.803.753	41.780.312
Short term portion of long term	66.068.210	61.919.907
Total short term	119.871.963	103.700.219
Long term funds borrowed, bank borrowings and dept securities:		
Long term	91.470.005	121.903.621
Total	211.341.968	225.603.840

Maturity analysis as of 31 December 2023 and 31 December 2022 is as follows:

	31 December 2023	31 December 2022
Up to 3 months	24.705.469	26.765.873
3 to 12 months	95.166.494	76.934.346
Short term borrowings and short-term portion of long-term borrowings	119.871.963	103.700.219
1 to 5 years	65.521.565	90.511.690
Over 5 years	25.948.440	31.391.931
Long term borrowings	91.470.005	121.903.621
Total financial liabilities	211.341.968	225.603.840

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NOTE 8 - FINANCIAL LIABILITIES (Continued)

As of 31 December 2023, and 2022, short -term and long-term financial debts summary informations are presented below:

31 December 2023

	Interest Rate (%)	Short term	Long term	Total
TRY	7,50%-61,91%	21.894.259	2.668.972	24.563.231
USD	1,67%-7,49%	66.824.417	81.855.096	148.679.513
EUR	0,97%-8,95%	24.492.332	6.901.740	31.394.072
Other	0,84%-6,50%	6.660.955	44.197	6.705.152

31 December 2022

	Interest Rate (%)	Short term	Long term	Total
TRY	9,14%-33%	23.689.036	4.853.440	28.542.476
USD	0,23%-7,70%	52.333.841	112.074.513	164.408.354
EUR	1,71%-8,75%	27.460.128	4.837.197	32.297.325
Other	2,75%-8,40%	217.214	138.471	355.685

Financial liability movement as of 31 December 2023 and 2022 is as follows;

	2023	2022
1 January	225.603.840	320.573.512
Additions	79.023.931	50.514.442
Business combinations	-	479.926
Payments	(22.044.095)	(26.866.613)
Interest accruals	3.687.916	2.665.020
Monetary gain/(loss)	(79.411.794)	(126.523.260)
Foreign exchange effects	4.482.170	4.760.813
31 December	211.341.968	225.603.840

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NOTE 8 - FINANCIAL LIABILITIES (Continued)

The transactions related with the funds and loans as of 31 December 2023 are as follows:

Issued securities:

Securities issued consist of USD and TRY assets.

The repayment plan for USD securities issued is summarized below.

	31 December 2023		31 December 2022	
	USD	TL	USD	TL
2023	410.230	12.076.426	951.719	17.795.527
2024	437.403	12.876.357	992.553	18.559.054
2025	618.251	18.200.197	1.561.661	29.200.405
2026	486.873	14.332.665	795.689	14.878.028
2027	67.350	1.982.663	106.120	1.984.274
2028	56.866	1.674.033	522.256	9.765.305
2029	52.488	1.545.152	35.100	656.309
2030	46.983	1.383.095	32.782	612.961
2031	327.176	9.631.473	481.941	9.011.482
2032	19.537	575.134	-	-
2033	8.935	263.030	-	-
Toplam	2.532.092	74.540.225	5.479.821	102.463.345

The repayment plan for EUR securities issued is summarized below.

	31 December 2023		31 December 2022	
	Euro	TL	Euro	TL
2023	-	-	646	12.875
2024	373	12.150	621	12.383
2025	358	11.661	598	11.923
2026	344	11.205	575	11.463
2027	330	10.749	552	11.004
2028	316	10.293	531	10.577
2029	8.393	273.393	13.142	261.991
Toplam	10.114	329.451	16.665	332.216

In addition, as of 31 December 2023, the Group issued bonds with 1-3 months maturity of TRY566.351, 3-6 months maturity of TRY 2.898.396, 1-5 years maturity of TRY 685.290 and over 5 years maturity of TRY 201.372. (31 December 2022: 1-3 months term TRY 4.388.746, 3-6 months term TRY 1.178.728, 6-12 months term TRY 2.109.704, 1-5 years term TRY 991.778 and over 5 years term TRY 2.365.718).

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NOTE 9 - 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 2023:

	Up to 3 months	Between 3 to 12 months	Total
TRY	407.517	599.288	1.006.805
USD	-	122.238	122.238
EUR	20.012	-	20.012
Other	-	5.397	5.397
31 December 2023	427.529	726.923	1.154.452

Liabilities from short-term lease transactions as of 31 December 2022:

	Up to 3 months	Between 3 to 12 months	Total
TRY	501.677	473.296	974.973
USD	-	97.376	97.376
EUR	17.285	(465)	16.820
31 December 2022	518.962	570.207	1.089.169

Liabilities from long-term lease transactions as of 31 December 2023:

31 December 2023	Between 1 to 2 years	Between 2 to 3 years	Between 3 to 4 years	Between 4 to 5 years	5 years and more	Total
TRY	379.297	485.581	839.432	768.659	1.335.533	3.808.502
USD	199.174	264.549	85.017	79.578	405.747	1.034.065
EUR	5.062	5.577	6.129	6.703	25.007	48.478
Total	583.533	755.707	930.578	854.940	1.766.287	4.891.045

Liabilities from long-term lease transactions as of 31 December 2022:

31 December 2022	Between 1 to 2 years	Between 2 to 3 years	Between 3 to 4 years	Between 4 to 5 years	5 years and more	Total
TRY	427.136	538.639	779.374	881.293	1.180.127	3.806.569
USD	123.040	257.529	39.933	42.478	447.866	910.846
EUR	4.618	5.101	5.620	6.160	36.053	57.552
Total	554.794	801.269	824.927	929.931	1.664.046	4.774.967

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

	2023	2022
1 January	5.864.136	6.087.768
Additions	3.526.478	2.578.426
Business combinations	-	11.500
Payments	(2.121.355)	(1.745.068)
Interest accruals	955.199	824.539
Monetary gain/(loss)	(2.621.281)	(2.367.541)
Foreign exchange effects	442.320	474.512
31 December	6.045.497	5.864.136

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NOTE 10 - TRADE RECEIVABLES AND PAYABLES

Short and long-term trade receivables:	31 December 2023	31 December 2022
Trade receivables from related parties (Note 37)	478.875	523.643
Trade receivables from non-related parties	8.698.544	9.699.580
Notes and cheques	546.760	794.927
Subtotal:	9.724.179	11.018.150
Less: expected credit losses	(153.941)	(155.704)
Total	9.570.238	10.862.446

As of 31 December 2023 and 2022, the maturity analysis of the overdue and expected credit loss reserves within the trade receivables balance is as follows:

	31 December 2023	31 December 2022
Up to 3 months	10.511	3.538
3 to 6 months	2.914	4.815
6 to 9 months	7.759	6.934
Over 9 months	132.757	140.417
Total	153.941	155.704

Short and long term trade payables:	31 December 2023	31 December 2022
Trade payables from related parties (Note 37)	279.729	854.867
Trade payables from non-related parties	26.805.098	24.666.179
Total	27.084.827	25.521.046

NOTE 11 – OTHER RECEIVABLES AND PAYABLES

Other short term receivables:	31 December 2023	31 December 2022
Receivables from credit card payments	787.210	239.086
Other receivables(*)	12.766.125	12.433.074
Total	13.553.335	12.672.160

Other long term receivables:	31 December 2023	31 December 2022
Deposits and guarantees given	180.341	193.968
Other receivables(*)	1.468.828	2.431.751
Total	1.649.169	2.625.719

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

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NOTE 11 – OTHER RECEIVABLES AND PAYABLES (Continued)

Other short term payables:	31 December 2023	31 December 2022
Payables related to credit card transactions	23.448.958	20.000.983
Taxes and funds payable	4.414.852	2.667.880
Export deposits and transfer orders	564.586	292.287
Payment orders to correspondent banks	205.122	493.253
Other(*)	27.628.664	34.352.341
Total	56.262.182	57.806.744

Other long term payables:	31 December 2023	31 December 2022
Other(*)	19.653.848	26.487.598
Total	19.653.848	26.487.598

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

NOTE 12 - INVENTORIES

	31 December 2023	31 December 2022
Raw materials	3.558.764	5.353.167
Work in process	1.274.552	1.110.909
Finished goods and merchandises	17.399.840	15.534.409
Spare parts	453.159	345.369
Goods in transit	1.118.714	517.313
Other	319.476	236.550
Allowance for impairment on inventory (-)	(442.167)	(346.765)
Total	23.682.338	22.750.952

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

	2023	2022
1 January	(346.765)	(332.358)
Provisions	(183.728)	(105.533)
Provisions no longer required	73.924	64.870
Currency translation differences	14.402	26.256
31 December	(442.167)	(346.765)

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NOTE 13 - PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses:	31 December 2023	31 December 2022
Prepaid expenses	29.474.627	25.901.565
Advance given for inventory purchases	197.914	357.606
Other	82.050	48.302
Total	29.754.591	26.307.473

Long-term prepaid expenses:	31 December 2023	31 December 2022
Advance given for PP&E purchases	1.795	658.860
Prepaid expenses	159.625	105.779
Other	111.700	87.964
Total	273.120	852.603

Short-term deffered income:	31 December 2023	31 December 2022
Unearned commission income	1.693.292	459.614
Advances received	409.168	178.305
Deferred income	185.868	200.537
Other	1.630	4.279
Total	2.289.958	842.735

Long-term deffered income:	31 December 2023	31 December 2022
Unearned commission income	1.283.010	787.665
Deferred income	28.874	46.386
Total	1.311.884	834.051

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NOTE 14 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Book value of Associates and Joint Ventures is as follows:

	31 December 2023	Share (%)	31 December 2022	Share (%)
Brisa	5.833.326	43,63	5.028.348	43,63
Akçansa	4.550.774	39,72	3.741.600	39,72
Enerjisa Üretim Santralleri	41.253.718	50,00	32.397.801	50,00
Enerjisa Enerji	23.109.786	40,00	23.535.238	40,00
Temsa Ulaşım Araçları	2.281.223	50,00	1.411.238	50,00
Total	77.028.827		66.114.225	

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

	1 January- 31 December 2023	1 January- 31 December 2022
Brisa	1.738.949	1.094.695
Akçansa	921.443	752.846
Enerjisa Üretim Santralleri	8.621.669	7.678.992
Enerjisa Enerji	1.806.931	8.253.828
Temsa Ulaşım Araçları	578.921	76.358
Total	13.667.913	17.856.719

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

	31 December 2023		31 December 2022	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
Brisa	37.482.965	23.960.621	33.650.566	22.033.923
Akçansa	17.966.434	6.298.364	17.231.099	7.600.224
Enerjisa Üretim Santralleri	109.472.497	26.965.060	95.120.657	30.325.054
Enerjisa Enerji	132.096.407	74.321.943	126.123.703	67.285.608
Temsa Ulaşım Araçları	10.231.828	5.669.382	8.098.703	5.299.012
Total	307.250.131	137.215.370	280.224.728	132.543.821

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NOTE 14 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

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

Sales

	1 January- 31 December 2023	1 January- 31 December 2022
Brisa	26.502.018	26.863.170
Akçansa	18.724.428	16.683.577
Enerjisa Üretim Santralleri	48.078.337	107.424.750
Enerjisa Enerji	168.664.638	163.312.392
Temsa Ulaşım Araçları	11.780.789	8.350.811

Net profit/(loss)

	1 January- 31 December 2023	1 January- 31 December 2022
Brisa	3.985.673	2.509.043
Akçansa	2.319.847	1.895.382
Enerjisa Üretim Santralleri	17.243.338	15.357.983
Enerjisa Enerji	4.517.327	20.634.571
Temsa Ulaşım Araçları	1.157.842	152.715

The movement of the joint ventures is as follows:

	2023	2022
Opening balance, 1 January	66.114.225	54.318.609
Profit/(loss) share	13.667.913	17.856.719
Capital increase	240.767	-
Classification to asset held-for-sale	-	(457.882)
Dividend income from joint ventures	(4.517.172)	(5.072.103)
Other comprehensive income/(expense)	1.523.094	(531.118)
Closing balance - 31 December	77.028.827	66.114.225

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NOTE 15 - INVESTMENT PROPERTY

	1 January 2023	Additions	Currency translation differences	31 December 2023
Cost:				
Land	764.853	-	(2.929)	761.924
Building	1.700.663	219.655	-	1.920.318
Total	2.465.516	219.655	(2.929)	2.682.242
Accumulated depreciation				
Buildings	(44.452)	(6.030)	(2.616)	(53.098)
Net book value	2.421.064	213.625	(5.545)	2.629.144

	1 January 2022	Additions	Currency translation differences	31 December 2022
Cost:				
Land	927.589	-	(162.736)	764.853
Building	1.700.663	-	-	1.700.663
Total	2.628.252	-	(162.736)	2.465.516
Accumulated depreciation				
Buildings	(33.567)	(10.885)	-	(44.452)
Net book value	2.594.685	(10.885)	(162.736)	2.421.064

The fair value of the Group's investment properties was determined by an independent valuation company. As of December 31, 2023, the fair value of investment properties valued by CMB licensed real estate appraisal companies was determined as 4,534,803 TL.

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NOTE 16 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the year ended 31 December 2023 is as follows:

	1 January 2023	Currency translation differences	Additions	Disposals	Transfers (*)	Impairment(**)	31 December 2023
Cost:							
Land and land improvements	2.968.564	(28.413)	35.362	(95)	65.946	-	3.041.364
Buildings	29.154.819	(153.603)	1.220.449	(39.551)	145.317	(363.000)	29.964.431
Machinery and equipment	43.161.551	(440.917)	1.890.438	(841.140)	2.285.718	(52.818)	46.002.832
Motor vehicles	605.387	(2.018)	115.045	(42.415)	107.355	-	783.354
Furniture and fixtures	26.940.261	(54.834)	5.837.120	(1.975.069)	(13.850)	(28.573)	30.705.055
Total	102.830.582	(679.785)	9.098.414	(2.898.270)	2.590.486	(444.391)	110.497.036
Construction in progress	2.665.033	5.176.422	8.384.131	(227.658)	(2.690.090)	-	13.307.838
Total	105.495.615	4.496.637	17.482.545	(3.125.928)	(99.604)	(444.391)	123.804.874
Accumulated depreciation:							
Land and land improvements	(865.843)	6.184	(54.788)	-	-	-	(914.447)
Buildings	(12.161.977)	7.958	(532.562)	4.018	-	-	(12.682.563)
Machinery and equipment	(27.195.136)	148.776	(1.921.326)	729.659	-	38.404	(28.199.623)
Motor vehicles	(519.480)	(1.692)	(51.844)	34.197	-	-	(538.819)
Furniture and fixtures	(17.175.693)	56.135	(2.776.262)	1.849.452	-	16.344	(18.030.024)
Total	(57.918.129)	217.361	(5.336.782)	2.617.326	-	54.748	(60.365.476)
Net Book Value	47.577.486	4.713.998	12.145.763	(508.602)	(99.604)	(389.643)	63.439.398

(*) Amounted to TRY 99.604 transfers from capital expenditures spent during the period are transferred to intangible assets.

(**) Current period, Akbank determined and recorded impairment TR363.000 on buildings, CarrefourSA recorded impairment TRY26.643 on Machinery and equipment, ,furnishings and fixtures.

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NOTE 16 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movement in property, plant and equipment for the year ended 31 December 2022 is as follows:

	1 January 2022	Currency translation differences	Additions	Disposals	Transfers (*)	Business Combination or Asset acquisition(**)	Transfer to Assets Held for Sale	Impairment(***)	31 December 2022
Cost:									
Land and land improvements	3.397.489	(181.129)	31.860	(321.506)	41.850	-	-	-	2.968.564
Buildings	30.364.593	(875.981)	417.864	(495.231)	156.540	-	-	(412.966)	29.154.819
Machinery and equipment	44.665.020	(2.926.778)	1.170.526	(508.957)	577.859	176.150	-	7.731	43.161.551
Motor vehicles	584.449	(10.738)	28.164	(23.321)	4.134	927	21.772	-	605.387
Furniture and fixtures	22.535.277	(97.406)	5.222.393	(867.996)	82.249	20.638	-	45.106	26.940.261
Total	101.546.828	(4.092.032)	6.870.807	(2.217.011)	862.632	197.715	21.772	(360.129)	102.830.582
Construction in progress	1.015.783	32.163	2.601.423	(66.244)	(919.065)	973	-	-	2.665.033
Total	102.562.611	(4.059.869)	9.472.230	(2.283.255)	(56.433)	198.688	21.772	(360.129)	105.495.615
Accumulated depreciation:									
Land and land improvements	(839.808)	20.755	(46.795)	5	-	-	-	-	(865.843)
Buildings	(12.436.933)	261.991	(433.235)	446.200	-	-	-	-	(12.161.977)
Machinery and equipment	(26.997.791)	1.264.804	(1.904.242)	443.960	-	-	-	(1.867)	(27.195.136)
Motor vehicles	(485.040)	5.851	(41.446)	20.974	-	-	(19.819)	-	(519.480)
Furniture and fixtures	(15.419.240)	50.420	(2.566.209)	801.819	-	-	-	(42.483)	(17.175.693)
Total	(56.178.812)	1.603.821	(4.991.927)	1.712.958	-	-	(19.819)	(44.350)	(57.918.129)
Net Book Value	46.383.799	2.456.048	4.480.303	(570.297)	(56.433)	198.688	1.953	(404.479)	47.577.486

(*) Amounted to TRY 56.433 transfers from capital expenditures spent during the period are transferred to intangible assets.

(**) These are the fixed assets owned by Sem and Radiflow, which were acquired by Dx Bv.

(***) Akbank has determined impairment on building TRY 412.966 and has recorded.

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NOTE 17 - INTANGIBLE ASSETS

The movements in intangible assets for the years ended 31 December 2023 and 2022 are as follows:

	1 January 2023	Currency translation differences	Additions	Disposals	Transfers	31 December 2023
Cost:						
Rights	877.851	23.384	1.930.725	(781.940)	4.191	2.054.211
Customer contracts	3.951.223	(132.165)	-	-	-	3.819.058
Licenses and softwares	15.192.758	5.937	2.514.387	(227.063)	15.473	17.501.492
Development investments	471.847	18.685	143.625	(50.143)	49.915	633.929
Mineral rights	50.456	(420)	-	-	-	50.036
Trademark	2.728.671	-	-	-	-	2.728.671
Bancassurance channel	3.120.187	-	-	-	-	3.120.187
Contractual rights	7.122.996	-	-	-	-	7.122.996
Agency channel	1.204.151	-	-	-	-	1.204.151
Other intangible assets	7.906.298	(68.318)	906.566	(13.929)	27.965	8.758.582
Total	42.626.438	(152.897)	5.495.303	(1.073.075)	97.544	46.993.313
Accumulated depreciation:						
Rights	(246.658)	5.184	(13.511)	-	-	(254.985)
Customer contracts	(530.262)	(24.978)	(162.491)	-	-	(717.731)
Licenses and softwares	(7.540.319)	(3.441)	(2.138.928)	13.004	-	(9.669.684)
Development investments	(183.004)	(5.673)	(69.323)	18.521	-	(239.479)
Mineral rights	(10.191)	(1.348)	(5.304)	-	-	(16.843)
Bancassurance channel	(311.077)	-	(207.385)	-	-	(518.462)
Contractual rights	(1.287.838)	-	(858.559)	-	-	(2.146.397)
Agency channel	(132.455)	-	(88.303)	-	-	(220.758)
Other intangible assets	(4.461.164)	(17.646)	(724.292)	15.921	2.060	(5.185.121)
Total	(14.702.968)	(47.902)	(4.268.096)	47.446	2.060	(18.969.460)
Net Book Value	27.923.470	(200.799)	1.227.207	(1.025.629)	99.604	28.023.853

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NOTE 17 – INTANGIBLE ASSETS (Continued)

	1 January 2022	Currency translation differences	Additions	Disposals	Business Combination or Asset acquisiton	Transfers	31 December 2022
Cost:							
Rights	2.306.860	(682.126)	946.155	(935.827)	23.275	(780.486)	877.851
Customer contracts	1.305.591	447.530	-	-	491.400	1.706.702	3.951.223
Licenses and softwares	11.474.029	135.259	3.197.029	(31.501)	53.524	364.418	15.192.758
Development investments	128.816	76.336	108.072	-	-	158.623	471.847
Mineral rights	62.726	(12.270)	-	-	-	-	50.456
Trademark	2.728.671	-	-	-	-	-	2.728.671
Bancassurance channel	3.120.187	-	-	-	-	-	3.120.187
Contractual rights	7.122.996	-	-	-	-	-	7.122.996
Agency channel	1.204.151	-	-	-	-	-	1.204.151
Other intangible assets	9.186.107	(1.028.384)	845.991	(9.797)	321.458	(1.409.077)	7.906.298
Total	38.640.134	(1.063.655)	5.097.247	(977.125)	889.657	40.180	42.626.438
Accumulated depreciation:							
Rights	(811.078)	240.408	(15.022)	2.171	-	336.863	(246.658)
Customer contracts	(41.731)	(104.960)	(168.460)	-	-	(215.111)	(530.262)
Licenses and softwares	(5.480.399)	(92.203)	(1.781.234)	31.501	-	(217.984)	(7.540.319)
Development investments	(14.494)	(36.220)	(58.430)	-	-	(73.860)	(183.004)
Mineral rights	(4.223)	(56)	(5.912)	-	-	-	(10.191)
Bancassurance channel	(103.692)	-	(207.385)	-	-	-	(311.077)
Contractual rights	(429.279)	-	(858.559)	-	-	-	(1.287.838)
Agency channel	(44.152)	-	(88.303)	-	-	-	(132.455)
Other intangible assets	(4.198.647)	162.552	(624.813)	13.399	-	186.345	(4.461.164)
Total	(11.127.695)	169.521	(3.808.118)	47.071	-	16.253	(14.702.968)
Net Book Value	27.512.439	(894.134)	1.289.129	(930.054)	889.657	56.433	27.923.470

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NOTE 18 - RIGHT OF USE ASSETS

The movements in right of use assets for the years ended 31 December 2023 is as follows:

	1 January 2023	Additions	Disposals	Currency translation differences	Impairment	31 December 2023
Cost:						
Real estates	15.353.879	2.931.743	(711.712)	(62.214)	(34.811)	17.476.885
Fixtures	971	-	-	1.326	-	2.297
Motor vehicles	620.196	384.482	(10.796)	(60.459)	-	933.423
Other	146.662	1.080.214	-	103	-	1.226.979
Total	16.121.708	4.396.439	(722.508)	(121.244)	(34.811)	19.639.584
Accumulated Depreciation:						
Real estates	(8.005.575)	(2.225.244)	567.313	(11.843)	11.985	(9.663.364)
Fixtures	(1.506)	(753)	-	(1.891)	-	(4.150)
Motor vehicles	(314.917)	(187.698)	9.942	(4.209)	-	(496.882)
Other	(70.388)	(77.066)	-	(5.151)	-	(152.605)
Total	(8.392.386)	(2.490.761)	577.255	(23.094)	11.985	(10.317.001)
Net Book Value	7.729.322	1.905.678	(145.253)	(144.338)	(22.826)	9.322.583

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NOTE 18 - RIGHT OF USE ASSET (Continued)

The movements in right of use assets for the years ended 31 December 2022 is as follows:

	1 January 2022	Additions	Disposals	Currency translation differences	Impairment	31 December 2022
Cost:						
Real estates	13.235.947	2.442.875	(910.465)	585.522	-	15.353.879
Fixtures	1.418	13	-	(460)	-	971
Motor vehicles	374.258	220.803	(31.966)	57.101	-	620.196
Other	581.826	24.968	-	(460.132)	-	146.662
Total	14.193.449	2.688.659	(942.431)	182.031	-	16.121.708
Accumulated Depreciation:						
Real estates	(6.578.386)	(1.977.431)	638.068	(87.826)	-	(8.005.575)
Fixtures	(1.017)	(142)	-	(347)	-	(1.506)
Motor vehicles	(198.211)	(108.458)	7.259	(15.507)	-	(314.917)
Other	(136.988)	(34.362)	-	100.962	-	(70.388)
Total	(6.914.602)	(2.120.393)	645.327	(2.718)	-	(8.392.386)
Net Book Value	7.278.847	568.266	(297.104)	179.313	-	7.729.322

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NOTE 19 - GOODWILL

The movements in goodwill for the years ended 31 December 2023 and 2022 are as follows:

	2023	2022
1 January	11.214.304	10.456.673
Business combinations (Note 3)	-	1.294.478
Impairment (*)	(254.615)	-
Currency translation differences	(202.099)	(536.847)
31 December	10.757.590	11.214.304

(*)As a result of the impairment analysis on the goodwill amounts as of 31 December 2023, CarrefourSA detected and recorded an impairment of 254,615 TL (31 December 2022: None).

Goodwill Impairment Tests;

As indicated in Note 2.5.a, goodwill allocated to cash-generating units is tested for impairment annually or more frequently when there is an indication of impairment. The recoverable amount of a cash generating unit is determined by calculating the value in use or fair value less costs to sell.

As specified below in details, no impairment has been identified as of 31 December 2023 as a result of the impairment tests realised on the basis of cash generating units.

a) Carrefoursa

Goodwill is reviewed for the impairment by the management. The recoverable amount of such cash-generating units is calculated according to the value in use. These value-in-use calculations include discounted after-tax cash flow projections in TRY. The related projections are based on the long term plans including years between 2024-2028, which are approved by the management. In long-term growth plans, growth rate of 7% was taken into consideration (31 December 2022: 7%). The discount rate as of 31 December 2023, used for the calculation of value-in-use amount is 31.8% (31 December 2022: 27.5%). That discount rate used is after tax discount rate and includes specific risks of the Company.

b)Çimsa

The recoverable value of cash-generating units was determined based on value in use or fair value less cost to sell calculations. Recoverable value was determined based on fair value calculations based on discounted cash flow analyses. These calculations include cash flow projections in TL and are based on ten-year plans between January 1, 2024 and December 31, 2033. For cash flow estimation, 21.4% weighted average cost of capital and cost and sales price increases in line with macroeconomic and market assumptions were taken into account. As a result of the examination conducted as of December 31, 2023 as a result of these impairment tests, the recoverable value of goodwill was determined above the registered value and no impairment was detected.

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NOTE 19 – GOODWILL(Continued)

c) Kordsa

The Group tests annually whether goodwill has been impaired. The recoverable amount of cash-generating units have been determined based on value-in-use calculations. These value-in-use calculations include the discounted after-tax cash flow projections, and these projections are based on USD financial budgets approved by Kordsa Management covering 5 years (2022:10 years). In 2022, the group conducted goodwill impairment tests based on 10 year projections to normalize the effects of Covid-19 and obtain healthier results. To predict the future cash flows (infinite), a terminal growth rate of 3.0%, not exceeding the estimated average growth rate of the country's economy is used.

To calculate the recoverable amount of the unit, the weighted average cost of capital rate is used as the after-tax discount rate between 9.6% - 9.8% and 8.5% - 8.7% for calculations going to infinity.

As at 31 December 2023, the Group did not determine any impairment in the amount of the goodwill as a result of the impairment test performed by using the aforementioned assumption

NOTE 20 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions	31 December 2023	31 December 2022
Insurance technical provisions	32.055.401	25.196.069
Provision for liabilities	1.592.757	1.593.047
<i>Credit bonus provision</i>	399.532	342.593
<i>Provisions for litigation</i>	151.360	179.497
<i>Uncompensated and not encashed</i>		
<i>non-cash loans</i>	645.396	753.150
<i>Other short-term provisions</i>	396.469	317.807
Other debt provisions	1.100.591	31.643
Total	34.748.749	26.820.759
Other long-term provisions	31 December 2023	31 December 2022
Insurance technical provisions	18.313.557	14.131.004
Provision for liabilities	1.993.517	1.613.189
<i>Provisions for litigation</i>	724.228	823.905
<i>Other long-term provisions</i>	1.269.289	789.284
Total	20.307.074	15.744.193
Commitments - other companies	31 December 2023	31 December 2022
Letters of guarantees given	6.395.022	4.915.299
Letters of credits	659.976	1.089.226
Other guarantees	4.449.243	2.156.682
Total	11.504.241	8.161.207
Commitments - banking segment	31 December 2023	31 December 2022
Letters of guarantees given	177.845.155	155.852.409
Letters of credits	26.933.615	34.471.147
Acceptance credits	745.358	321.486
Other guarantees	25.781.965	34.421.812
Total	231.306.093	225.066.854

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NOTE 20 - 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 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Repurchase commitments	94.084.150	92.543.246
Transactions for held for trading		
	31 December 2023	31 December 2022
Foreign currency purchases	66.206.762	76.166.459
Foreign currency sales	62.429.401	73.043.413
Total	128.636.163	149.209.872
	31 December 2023	31 December 2022
Currency swap purchases	315.379.307	424.421.283
Currency swap sales	358.543.435	472.112.739
Interest swap purchases	190.471.942	217.360.242
Interest swap sales	190.471.942	217.360.242
Total	1.054.866.626	1.331.254.506
	31 December 2023	31 December 2022
Spot purchases	16.278.488	6.479.128
Spot sales	16.087.005	6.110.996
Total	32.365.493	12.590.124
	31 December 2023	31 December 2022
Currency, interest and securities options purchases	53.007.578	58.165.339
Currency, interest and securities options sales	53.778.916	58.093.708
Total	106.786.494	116.259.047
	31 December 2023	31 December 2022
Future purchases	13.574.275	29.142.278
Future sales	13.404.866	28.545.726
Total	26.979.141	57.688.004
	31 December 2023	31 December 2022
Other purchase transactions	77.687.368	95.529.004
Other sales transactions	27.305.990	35.480.799
Total	104.993.358	131.009.803

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NOTE 20 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Derivative transactions for hedging:

	31 December 2023	31 December 2022
Interest swap purchases	119.342.834	127.931.761
Interest swap sales	119.342.834	127.931.761
Total	238.685.668	255.863.522

	31 December 2023	31 December 2022
Currency swap purchases	33.894.080	39.324.619
Currency swap sales	8.419.506	13.021.440
Total	42.313.586	52.346.059

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2023 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	104.571.203	73.273.952	177.845.155
Letters of credits	21.996.734	4.936.881	26.933.615
Acceptance credits	745.358	-	745.358
Other guarantees	6.694.383	19.087.582	25.781.965
Total	134.007.678	97.298.415	231.306.093

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2022 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	78.258.382	77.594.027	155.852.409
Letters of credits	27.989.316	6.481.831	34.471.147
Acceptance credits	321.486	-	321.486
Other guarantees	16.406.487	18.015.325	34.421.812
Total	122.975.671	102.091.183	225.066.854

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NOTE 20 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The economic sector risk concentrations of the commitments of the Banking segment at 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Construction	44.754.775	43.985.638
Wholesale	44.844.653	39.393.919
Other manufacturing	21.172.943	26.635.680
Financial institutions	25.782.884	24.188.258
Small-scale retailers	18.481.597	17.347.709
Steel and mining	15.560.298	13.651.484
Textile	8.536.806	7.845.745
Transportation	4.728.844	7.371.575
Electricity, gas and water	7.560.040	7.314.979
Food and beverage	6.586.044	5.794.760
Automotive	7.227.567	4.382.445
Chemicals	4.790.183	3.695.804
Agriculture and forestry	1.457.427	3.527.901
Tourism	2.287.915	2.448.617
Telecommunications	1.353.357	1.261.176
Electronics	413.228	736.467
Other	15.767.532	15.484.697
Total	231.306.093	225.066.854

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(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 21 – COMMITMENTS

Collaterals, pledges and mortgages (“CPM”) given by the Subsidiaries at 31 December 2023 is as follows:

	31 December 2023				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	2.797.105	990.077	42.711	8.810	262.718
B, Collaterals given on behalf of fully consolidated companies	10.938.190	3.834.874	211.961	22.177	141.161
C, Collaterals given on behalf of the third parties’ debt for continuation of their economic activities	231.325.027	134.766.883	1.574.741	1.428.716	3.661.748
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	245.060.322	139.591.834	1.829.413	1.459.703	4.065.627
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 21 – COMMITMENTS (Continued)

Collaterals, pledges and mortgages (“CPM”) given by the Joint Ventures at 31 December 2023 is as follows

	31 December 2023				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	93.815	55.514	--	1.176	--
B, Collaterals given on behalf of fully consolidated companies	7.368.376	6.887.679	15.865	419	--
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	--	--	--	--	--
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	7.462.191	6.943.193	15.865	1.595	--
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 on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 21 – COMMITMENTS (Continued)

Collaterals, pledges and mortgages (“CPM”) given by the Subsidiaries at 31 December 2022 is as follows:

	31 December 2022				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	5.964.592	3.814.479	81.839	28.282	295.305
B, Collaterals given on behalf of fully consolidated companies	9.917.431	3.343.575	280.824	98.348	186.613
C, Collaterals given on behalf of the third parties’ debt for continuation of their economic activities	225.080.312	108.811.284	3.409.444	3.105.757	5.515.606
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	240.962.335	115.969.338	3.772.107	3.232.387	5.997.524
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 on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 21 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages (“CPM”) given by the Subsidiaries at 31 December 2022 is as follows

	31 December 2022				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals given for its own legal entity	933.269	316.995	31.810	4.967	--
B, Collaterals given on behalf of fully consolidated companies	3.844.456	3.063.481	46.052	787	--
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	--	--	--	--	--
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	4.777.725	3.380.476	77.862	5.754	--
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 22 - EMPLOYEE BENEFITS

Payables related to employee benefits:	31 December 2023	31 December 2022
Due to personnel	451.550	192.868
Social security premiums payable	314.802	235.818
Other payables	45.331	1.802
Total	811.683	430.488

Short term provisions for employee benefits:	31 December 2023	31 December 2022
Unused vacation pay provision	1.166.095	920.260
Premium provision	2.994.571	1.987.240
Other	83.535	22.649
Total	4.244.201	2.930.149

Long term provisions for employee benefits:	31 December 2023	31 December 2022
Provision for employment termination benefits	3.440.941	4.725.632
Pension fund	11.507	26.581
Other	1.045.849	1.540.959
Other provisions for employee benefits:	165.116	147.780
Total	4.663.413	6.440.952

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 2023, the amount payable consists of one month's salary limited to a maximum of full TRY23.489,83 (31 December 2022: full TRY25.327,92) 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 2023, 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 %1,72 – %3,72 at the respective balance sheet date (31 December 2022: -%0,5 - %1). 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 TRY35.058,58 which is effective on 1 January 2024.

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NOTE 22 - EMPLOYEE BENEFITS (Continued)

Provision for retirement pay liability (Continued):

Movements in the provision for employment termination benefits for the years ended 31 December 2023 and 2022 are as follows:

	2023	2022
1 January	4.725.632	2.633.203
Charge for the period	1.023.940	694.997
Business combinations	-	4.762
Payments	(1.074.594)	(211.172)
Interest cost	66.049	45.106
Foreign currency translation adjustments	(261.055)	91.734
Actuarial (loss)/gain	849.631	2.511.143
Effect of inflation	(1.888.662)	(1.044.141)
31 December	3.440.941	4.725.632

NOTE 23 - OTHER ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
Other Current Assets		
Cheques in clearance	738.882	2.448.276
Deductible, deferred and other VAT	1.011.235	1.039.705
Other current assets	18.218.101	13.773.558
Total	19.968.218	17.261.539

	31 December 2023	31 December 2022
Other Non-Current Assets		
Long-term tax receivables and other legal receivables	45.520	-
Other non-current assets	729.187	579.348
Advance given	1.103.936	-
Total	1.878.643	579.348

	31 December 2023	31 December 2022
Other Short - Term Liabilities		
Cheques in clearance	3.990.919	4.401.852
Saving deposits insurance	543.070	432.938
Other short - term liabilities	3.141.396	2.088.154
Total	7.675.385	6.922.944

	31 December 2023	31 December 2022
Other Long - Term Liabilities		
Other Long - Term Liabilities	919.859	893.868
Total	919.859	893.868

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NOTE 24 - EQUITY

Hacı Ömer Sabancı Holding A.Ş. Holding's authorised and issued capital consists of 204.040.393.100 (31 December 2022: 204.040.393.100) shares of Kr1 each.

The Holding's authorised and paid-in share capital and shareholding structure at 31 December 2023 and 2022 is as follows:

Shareholders:	Share (%)	31 December 2023	Share (%)	31 December 2022
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
Diğer	64,83	1.322.799	64,83	1.322.799
Share capital	100,00	2.040.404	100,00	2.040.404
Adjustment to share capital(*)		85.021.168		85.021.168
Total share capital		87.061.572		87.061.572
Share buyback (-)		(4.850)		(37.066)
Share premium		353.885		353.885

(*)Adjustment to share capital includes the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with TAS 29 and fair value differences of share issues within the context of acquisitions and mergers.

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. Within the scope of the relevant decision, considering the matching orders as of December 31, 2023, shares with a total nominal value of 4,850 TL (31 December 2022: 37,066 TL), corresponding to 0.24% of the company capital, were taken back.

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 40).

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.

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NOTE 24 - EQUITY (Continued)

The details of restricted reserves mentioned above are as follows:

	31 December 2023	31 December 2022
Reserves for treasury shares(*)	316.694	1.697.299
Legal reserves	10.502.146	8.840.900
Total	10.818.840	10.538.199

(*) 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 2023, a legal reserve in the amount of TRY316.694 thousand (31 December 2022: TRY1.697.299) 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.

Equity	PPI indexed statutory adjustment	CPI indexed statutory adjustment	Adjustment in Retained earning balances
Adjustment to share capital	132.501.317	85.021.168	47.480.149
Share premium	522.938	331.648	191.290
Legal reserves	16.164.806	10.816.124	5.348.682

Retained earnings recognised in the consolidated balance sheet prepared in accordance with TFRS within the scope of the transition to TAS 29 amounted to TL40.956.482 as of 1 January 2022 and the amount calculated on purchasing power basis amounted to TL89.924.409 as of 31 December 2023.

NOTE 25 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

1 January - 31 December 2023

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 TRY2.448 as of 31 December 2023 (31 December 2022: TRY 3.981 net loss). On 31 December 2023 and 31 December 2022, operating results of this company reclassified as income/expense from the discontinued operations in the consolidated financial statements.

Liabilities Held For Sale is recognised of 31 December 2023 TRY 29.566 (31 December 2022: TRY 22.888) for Nile Kordsa Company for Industrial Fabric

The amount recognised by Akbank under “Assets Held For Sale” is TRY 676.740 as of 31 December 2023 (31 December 2022: TRY 1.196.772).

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NOTE 25 - ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

Information on other assets held for sale:

	31 December 2023	31 December 2022
Beginning, net book value	1.173.884	2.236.734
Acquired	95.045	1.061.645
Disposed of (-), net	(621.220)	(2.124.205)
Impairment (-)	(535)	(290)
Closing, net book value	647.174	1.173.884

NOTE 26 - REVENUE AND COST OF SALES

Non-finance sector

	1 January 31 December 2023	1 January 31 December 2022
Domestic sales	123.986.139	108.086.370
Foreign sales	17.336.850	19.720.005
Less: Discounts	(4.313.832)	(4.213.256)
Total	137.009.157	123.593.119

	1 January 31 December 2023	1 January 31 December 2022
Cost of raw materials and merchandises	(98.444.871)	(86.524.658)
Change in finished good, work in progress and merchandises	(758.184)	(578.689)
Personnel expenses	(3.291.783)	(2.968.663)
Depreciation and amortisation	(1.817.828)	(1.857.046)
Other	(11.618.502)	(13.459.430)
Total	(115.931.168)	(105.388.486)

Finance sector

	1 January 31 December 2023	1 January 31 December 2022
Interest income	302.242.073	252.666.546
Insurance premiums	42.990.050	32.504.903
Commission income	48.524.466	27.108.698
Total	393.756.589	312.280.147

	1 January 31 December 2023	1 January 31 December 2022
Interest expenses	(173.848.674)	(84.649.248)
Insurance premiums	(44.561.821)	(34.278.798)
Commission expenses	(10.550.700)	(7.448.296)
Total	(228.961.195)	(126.376.342)

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NOTE 27 - EXPENSES BY NATURE

Research and development expenses

Allocation of research and development expenses on nature basis for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses	(134.047)	(94.627)
Consultancy expenses	(12.572)	(8.925)
Depreciation and amortization expenses	(14.098)	(6.057)
Repair and maintenance expenses	(6.883)	(803)
Other	(102.362)	(70.506)
Total	(269.962)	(180.918)

Marketing expenses

Allocation of marketing, selling and distribution expenses on nature basis for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses	(6.187.026)	(4.430.831)
Depreciation and amortization expenses	(2.628.602)	(2.266.390)
Rent expenses	(1.593.753)	(1.141.667)
Energy expenses	(966.986)	(917.089)
Advertisement expenses	(911.603)	(625.107)
Transportation, logistic and distribution expenses	(853.591)	(1.198.651)
Maintenance and repair expenses	(202.101)	(96.190)
Consultancy expenses	(198.368)	(185.401)
Outsourced services	(280.901)	(189.898)
Insurance expenses	(46.016)	(19.999)
Material expenses	(23.430)	(19.502)
Communication expenses	(4.316)	(4.251)
Other	(947.764)	(908.295)
Total	(14.844.457)	(12.003.271)

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NOTE 27 - EXPENSES BY NATURE (Continued)

General administrative expenses

Allocation of general administrative expenses on nature basis for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses	(29.057.824)	(18.668.256)
Bank promotion expenses	(14.314.356)	(8.103.375)
Depreciation and amortization expenses	(7.641.141)	(6.801.830)
Maintenance and repair expenses	(4.069.986)	(3.745.536)
Savings deposit insurance fund expenses	(2.360.783)	(1.614.190)
Consultancy expenses	(1.798.703)	(1.477.531)
Taxes, duties and fees	(1.716.843)	(1.490.841)
Advertisement expenses	(1.497.999)	(1.189.012)
Communication expenses	(1.257.614)	(819.532)
Energy expenses	(552.351)	(535.077)
Insurance expenses	(80.703)	(86.088)
Outsourced services	(101.334)	(49.782)
Other	(8.456.300)	(5.720.347)
Total	(72.905.937)	(50.301.397)

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NOTE 28 - 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 2023	31 December 2022
Independent audit fee for the reporting period	97.549	70.543
Fees related to tax consultancy services	5.823	15.382
Other assurance service fees	8.205	9.395
Fees for other independent non-audit services	3.211	9.461
Total	114.788	104.781

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 29 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign currency gains resulting from operations	5.978.497	4.203.274
Due date income from trade receivables	1.376.887	623.744
Other income (*)	15.636.100	12.012.928
Total	22.991.484	16.839.946

(*) Other incomes are related to insurance companies' investment income transferred to technical profit.

The details of other expenses from operating activities for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign currency losses resulting from operations	(3.877.437)	(2.772.610)
Due date expense from trade receivables	(2.928.258)	(1.654.615)
Provision expense	(364.418)	(67.261)
Other expenses	(2.918.578)	(1.308.081)
Total	(10.088.691)	(5.802.567)

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NOTE 30 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities

The details of other income from investing activities for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Income from investing activities		
Income on disposals of subsidiary(*)	-	5.809.010
Profit from sales on property, plant and equipment	16.988	2.126.847
Fair value change of financial investments(**)	800.276	1.040.795
Dividend income	115.902	217.527
Other	198.147	122.136
Total	1.131.313	9.316.315

(*) Consists of sales income of Philsa and PMSA shares

(**) It relates to financial assets at fair value through profit or loss

Expenses from investment activities

The details of other expenses from investing activities for the years ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Expenses from investing activities		
Loss on sale of fixed assets	(17.514)	(9.193)
Fixed Asset impairment	(363.000)	(412.966)
Goodwill impairment	(254.615)	-
Other	-	(31.085)
	(635.129)	(453.244)

NOTE 31 - FINANCE INCOME/EXPENSES

Financial income and expenses of non-banking segments:

	1 January- 31 December 2023	1 January- 31 December 2022
Financial income		
Foreign currency gains	2.293.455	1.082.300
Interest income	893.270	997.943
Other financial income	593.124	190.201
Total	3.779.849	2.270.444
Financial expenses		
Foreign currency losses	(1.058.312)	(855.312)
Interest expense	(3.802.553)	(3.253.512)
Other financial expenses	(2.371.456)	(1.319.625)
Total	(7.232.321)	(5.428.449)

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NOTE 32 - TAX ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
Corporate and income taxes payable	19.375.475	42.691.113
Less: prepaid taxes	(10.096.125)	(26.897.916)
Total taxes payable	9.279.350	15.793.197

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 2023, the corporate tax rate has been applied as 25% (for Finance sector %30)(2022: 23%) in the financial statements.

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 temporary tax quarterly 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.

There is no practice in Turkey to reach an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the relevant tax office until the evening of the 25th day of the fourth month following the month in which the accounting period is closed. Tax inspection authorities can examine the accounting records within five years, and if an erroneous transaction is detected, the tax amounts may change due to the tax assessment to be made regarding the tax to be paid. 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.

Tax amounts related to comprehensive income items in the consolidated statement of other comprehensive profit or loss for the period ended 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023			31 December 2022		
	Before Tax	Tax Charge	After Tax	Before Tax	Tax Charge	After Tax
Fair value gains/(losses) from financial assets through other comprehensive income	(20.768.024)	6.171.352	(14.596.672)	28.077.024	(7.801.725)	20.275.299
Cash flow hedges	2.597.695	(909.193)	1.688.502	5.562.677	(1.390.669)	4.172.008
Financial assets related to the hedging of net investment in a foreign operation	(14.758.754)	5.165.565	(9.593.189)	(6.351.275)	1.587.819	(4.763.456)
Currency translation differences	(220.877)	-	(220.877)	(9.936.074)	-	(9.936.074)
Actuarial (losses)/gains	(1.022.394)	306.718	(715.676)	(4.486.464)	1.121.616	(3.364.848)
Other comprehensive income	(34.172.354)	10.734.442	(23.437.912)	12.865.888	(6.482.959)	6.382.929

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NOTE 32 - TAX ASSETS AND LIABILITIES (Continued)

	31 December 2023	31 December 2022
Profit before tax included in the consolidated financial statements	47.952.859	98.536.011
Expected tax charge according to parent company's tax rate %25 (2022: %23)	(11.988.215)	(22.663.283)
Expected tax charge of the Group	(11.988.215)	(22.663.283)
Revenue that is exempt from taxation (*)	527.228	970.373
Non-deductible expenses	(177.475)	(542.870)
Not using the previous years' losses for which the previous years deferred tax was calculated/which are expired	34.316	105.626
Impact of profits from investments valued by equity method	3.416.978	4.107.045
Effect of timing differences that will not be subject to tax	5.340.198	244.967
Monetary gain/(loss) (**)	(21.961.493)	(17.984.162)
Other	(3.294.965)	(1.501.358)
Current year tax charge of the Group	(28.103.428)	(37.263.662)

(*) It includes foreign currency protected deposit and subsidiary sale profit exclusions.

(**)It also includes the effect of the adjustments made regarding inflation accounting within the scope of the Tax Procedure Law communiqué dated 30 December 2023 and numbered 32415.

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NOTE 32 - TAX ASSETS AND LIABILITIES (Continued)

Tax Advantages Obtained Under the Investment Incentive System:

The Group's earnings from investments subject to incentive certificates are subject to corporate tax at reduced rates from the accounting period in which the investment starts to be operated partially or completely until the investment contribution amount is reached. In this context, there is no tax advantage that the Group will benefit from the companies included in full consolidation in the foreseeable future as of 31 December 2023.

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 25% in Turkey.

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

As of the period ending on 31 December 2023, provisional tax of 25% (2022: 23%) 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 2023, the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TRY 1.115.588 which can be offset against future taxable profits for a period of five years (31 December 2022: TRY 886.777). As of 31 December 2023 and 31 December 2022 carry forward tax losses and the latest annual periods are as follows:

	31 December 2023	31 December 2022
2023	-	189.532
2024	182.259	255.293
2025	154.997	354.615
2026	213.633	87.237
2027	564.699	-
Total	1.115.588	866.777

Deferred tax assets/(liabilities) for the years ended at 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Deferred tax assets	1.667.274	177.323
Deferred tax liabilities	(7.943.942)	(8.565.427)
Net Deferred Tax Assets/(Liabilities)	(6.276.668)	(8.388.104)

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NOTE 32 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax(Continued)

The movements in deferred income tax assets/(liabilities) for the six-month periods ended 31 December 2023 and 2022 are as follows:

	2023	2022
1 January	(8.388.104)	(7.351.949)
Charged to equity	10.734.442	(6.482.959)
Business Combination	-	(105.671)
Change in foreign currency translation differences	104.947	125.024
Charged to statement of profit or loss	(8.727.953)	5.427.451
31 December	(6.276.668)	(8.388.104)

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 2023	31 December 2022	31 December 2023	31 December 2022
Tangible and intangible assets	15.064.225	25.152.832	(4.562.082)	(8.007.358)
Inventories	728.177	(414.934)	(182.044)	15.627
Expected credit losses for loans	(20.669.361)	(18.480.728)	6.191.027	4.633.021
Provision for severance pay	(3.440.941)	(4.712.932)	1.345.977	1.116.748
Litigation provisions	(63.101)	(76.244)	16.961	18.145
Carry forward tax losses	(3.146.671)	(2.016.003)	786.668	451.559
Investment incentives	(1.333.095)	(482.912)	350.248	90.667
Doubtful receivables provisions	(63.086)	(140.606)	18.319	31.008
Derivative instruments	43.689.172	43.497.907	(13.108.803)	(10.872.455)
Financial lease liabilities	(2.333.457)	(2.425.865)	583.870	491.134
Securities valuation differences	(7.770.027)	(13.996.685)	2.327.699	3.502.892
Fair value differences of financial assets and	(1.894.435)	(1.716.909)	396.461	394.889
Geographical region risk provision	2.719.777	3.200.612	(744.539)	(876.167)
Other temporary differences	(1.264.875)	(2.705.161)	303.570	622.187
Deferred tax assets/liabilities (net)			(6.276.668)	(8.388.104)

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NOTE 33 - DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2023	Fair Value	
	Asset	Liability
Derivative instruments held for trading:		
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales transactions	23.039.183	11.444.985
Forward currency purchases and sales transactions	2.122.806	1.886.784
Currency purchases and sales options	1.219.068	794.387
Other purchases and sales transactions	6.283.280	-
Total derivative instruments held for trading	32.664.337	14.126.156
Derivative instruments held for hedging:		
Currency and interest rate swaps purchases and sales transactions	34.116.324	915.667
Forward currency purchases and sales transactions	22.223	-
Total derivative instruments held for hedging	34.138.547	915.667
Total derivative instruments	66.802.884	15.041.823
31 December 2022	Fair Value	
	Asset	Liability
Derivative instruments held for trading:		
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales transactions	25.665.089	22.776.191
Forward currency purchases and sales transactions	3.749.536	780.189
Currency purchases and sales options	1.205.900	449.617
Other purchases and sales transactions	9.465.563	-
Total derivative instruments held for trading	40.086.088	24.005.997
Derivative instruments held for hedging:		
Currency and interest rate swaps purchases and sales transactions	40.402.144	886.342
Forward currency purchases and sales transactions	10.571	-
Currency purchases and sales options	43.111	-
Total derivative instruments held for hedging	40.455.826	886.342
Total derivative instruments	80.541.914	24.892.339

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 33 – DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Banking

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

31 December 2023	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	220.041.535	139.770.674	80.080.348	31.026.781	6.783.685
- Disposal	(236.603.107)	(164.035.457)	(78.695.043)	(28.672.436)	(6.251.724)
Interest rate derivatives:					
- Addition	585.810	5.665.972	16.593.538	18.289.996	1.433.837
- Disposal	(516.431)	(5.960.044)	(16.112.086)	(17.967.812)	(1.746.677)
Hedging assets					
Exchange rate derivatives:					
- Addition	1.694	544.626	2.409.166	29.996.315	9.124.683
- Disposal	(421)	(263.442)	(617.594)	(6.341.777)	(4.805.808)
Interest rate derivatives:					
- Addition	1.156.263	2.679.402	6.082.197	7.530.232	1.359.143
- Disposal	(1.039.194)	(2.388.669)	(3.277.768)	(5.012.452)	(1.122.043)
Total Cash Inflow	221.785.302	148.660.674	105.165.249	86.843.324	18.701.348
Total Cash Outflow	(238.159.153)	(172.647.612)	(98.702.491)	(57.994.477)	(13.926.252)

31 December 2022	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	311.447.563	187.680.105	98.357.113	38.143.435	10.402.477
- Disposal	(328.503.320)	(213.817.593)	(100.576.286)	(36.767.047)	(9.602.595)
Interest rate derivatives:					
- Addition	1.174.067	1.595.443	9.285.616	14.643.902	2.361.517
- Disposal	(935.001)	(1.584.808)	(7.207.108)	(13.094.321)	(2.075.140)
Hedging assets					
Exchange rate derivatives:					
- Addition	1.557.738	499.282	3.919.969	9.853.692	33.929.076
- Disposal	(521.020)	(405.941)	(1.477.246)	(5.212.325)	(12.090.698)
Interest rate derivatives:					
- Addition	697.670	1.713.799	6.785.001	14.473.865	2.699.723
- Disposal	(679.267)	(1.302.709)	(3.653.917)	(8.520.390)	(2.449.548)
Total Cash Inflow	314.877.038	191.488.629	118.347.699	77.114.894	49.392.793
Total Cash Outflow	(330.638.608)	(217.111.051)	(112.914.557)	(63.594.083)	(26.217.981)

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NOTE 34 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

Banking and Financial Services

Loans and advances to customers	31 December 2023	31 December 2022
Consumer loans and credit cards receivables	360.665.595	261.857.243
Project finance loans	123.768.100	140.015.709
Financial institutions	57.897.970	84.873.599
Other manufacturing industries	45.275.266	69.314.833
Construction	68.451.477	63.659.999
Small-scale enterprises	31.529.200	41.033.872
Textile	29.057.272	39.282.759
Mining	21.656.728	33.017.853
Automotive	25.787.731	24.223.591
Food and beverage, wholesale and retail	18.089.618	23.823.187
Chemicals	13.312.308	16.697.613
Telecommunication	3.655.089	3.435.038
Other	162.038.029	210.588.010
Total loans and advances to customers	961.184.383	1.011.823.306
Leasing receivables	19.702.224	19.650.155
Provision for loan losses	(32.781.488)	(36.563.735)
Receivables from insurance activities	8.181.561	5.343.478
Net loans and advances to customers	956.286.680	1.000.253.204

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	
31 December 2023	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss
Stage 1	539.567.297	2.120.282	164.734.435	1.861.376	174.830.420	5.469.579	18.781.571	62.143	897.913.723	9.513.380
Stage 2	42.661.604	7.048.021	10.326.001	1.019.873	8.345.899	2.091.324	290.095	6.388	61.623.599	10.165.606
Stage 3	15.686.234	9.227.224	3.259.660	2.354.830	1.772.833	1.276.190	630.558	244.258	21.349.285	13.102.502
Total	597.915.135	18.395.527	178.320.096	5.236.079	184.949.152	8.837.093	19.702.224	312.789	980.886.607	32.781.488

Prior Period	Commercial Loans		Consumer Loans		Credit Cards		Financial Lease		Total	
31 December 2022	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss	Balance	Credit Loss
Stage 1	668.841.746	2.126.699	151.964.529	1.501.252	95.932.157	2.386.231	18.421.528	99.405	935.159.960	6.113.587
Stage 2	56.401.655	9.246.576	6.444.623	780.363	3.882.337	887.550	612.107	116.651	67.340.722	11.031.140
Stage 3	22.954.350	14.990.128	3.297.647	2.563.687	2.104.262	1.612.266	616.520	252.927	28.972.779	19.419.008
Total	748.197.751	26.363.403	161.706.799	4.845.302	101.918.756	4.886.047	19.650.155	468.983	1.031.473.461	36.563.735

Effective interest rates of loans and advances to customers in US Dollars, Euros and Turkish Lira are annually 9,03% (31 December 2022: 8,82%), 7,19% (31 December 2022: 5,85%) and 33,98% (31 December 2022: 20,50%).

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CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

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NOTE 34 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

As of 31 December 2023, the movement table of credit risk provision of banking industry segment is as follows:

	Stage 1	Stage 2	Stage 3
Opening (31 December 2022)	6.113.587	11.031.141	19.419.007
Monetary gain/(loss)	(2.403.278)	(4.336.391)	(7.633.698)
Additions (*)	4.171.577	639.620	3.118.911
Disposals (**)	(787.004)	(481.783)	(1.093.561)
Foreign exchange rate effect	306.778	2.646.590	-
Stage 1 and Stage 2 Movements			
Loans classified under Stage 1 in two periods (Model effect)	895.506	-	-
Loans classified under Stage 1 in two periods (Change in balance effect)	1.260.051	-	-
Transfers from Stage 1 to Stage 2 in two periods (Staging and balance change effect)	(157.440)	1.802.938	-
Loans classified under Stage 2 in two periods (Model effect)	-	(42.568)	-
Loans classified under Stage 2 in two periods (Change in balance effect)	-	(386.228)	-
Transfers from Stage 2 to Stage 3 in two periods (Staging and balance change effect)	137.493	(571.137)	-
Stage 3 Movements			
Transfers from Stage 1 to Stage 3	(23.890)	-	1.624.265
Transfers from Stage 2 to Stage 3	-	(137.456)	432.416
Transfers from Stage 3 to Stage 2	-	880	(47.628)
Transfers from Stage 3 to Stage 1	-	-	(2)
Loans classified under Stage 3 in two periods (Change in balance effect)	-	-	(1.065.595)
Write-offs	-	-	(605.543)
Sold Portfolio effect	-	-	(1.046.070)
Closing (31 December 2023) (***)	9.513.380	10.165.606	13.102.502

(*) Loans which are not included in the loan portfolio as of 31 December 2022 and included in the loan portfolio and calculated provisions a of 31 December 2023.

(**) Loans which are included in the loan portfolio and calculated provisions as of 31 December 2022 but which are not included in the loan portfolio as of 31 December 2023

(***) In the calculations the transitions between the records in both periods have been considered by making additions and disposals.

As of 31 December 2023, the movement table of credit risk provision of banking industry segment by asset classes is as follows:

	Corporate	Consumer	Leasing receivables	Total
1 January 2023	26.363.403	9.731.349	468.983	36.563.735
Gross provisions	4.557.287	10.577.542	87.062	15.221.891
Collections	(1.540.026)	(1.380.247)	(58.885)	(2.979.158)
Written-off	(621.576)	(1.030.037)	-	(1.651.613)
Monetary gain/(loss)	(10.363.561)	(3.825.435)	(184.371)	(14.373.367)
31 December 2023	18.395.527	14.073.172	312.789	32.781.488

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NOTE 34 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

As of 31 December 2022, the movement table of credit risk provision of banking industry segment by asset classes is as follows:

	Corporate	Consumer	Leasing receivables	Total
1 January 2022	40.188.644	10.419.498	858.763	51.466.905
Gross provisions	26.439.617	6.289.578	330.628	33.059.823
Collections	(2.455.698)	(1.676.090)	(351.508)	(4.483.296)
Written-off	(22.085.567)	(1.225.065)	(32.933)	(23.343.565)
Monetary gain/(loss)	(15.723.593)	(4.076.572)	(335.967)	(20.136.132)
31 December 2022	26.363.403	9.731.349	468.983	36.563.735

The maturity analysis of loans and advances to customers as of 31 December 2023 and 31 December 2022 is presented below:

	31 December 2023	31 December 2022
Up to 3 months	456.772.222	381.636.183
3 to 12 months	241.018.549	280.873.027
Current	697.790.771	662.509.210
1 to 5 years	162.480.116	222.998.168
Over 5 years	68.132.008	89.752.193
Non-current	230.612.124	312.750.361
Total	928.402.895	975.259.571

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NOTE 35 - PAYABLES FROM FINANCE SECTOR OPERATIONS

Banking

	31 December 2023			31 December 2022		
	Demand	Time	Total	Demand	Time	Total
Saving deposits	231.751.942	615.301.267	847.053.209	229.850.982	521.017.399	750.868.381
Commercial deposits	149.191.647	234.946.722	384.138.369	162.685.356	224.880.318	387.565.674
Bank deposits	1.136.478	30.387.095	31.523.573	2.432.367	22.022.811	24.455.178
Funds provided from repo transactions	-	92.851.994	92.851.994	-	94.378.466	94.378.466
Other	5.245.330	9.694.050	14.939.380	4.953.818	8.182.339	13.136.157
Total	387.325.397	983.181.128	1.370.506.525	399.922.523	870.481.333	1.270.403.856

Effective interest rates of USD, EUR and TRY denominated customer deposits are %7,49 (31 December 2022: %4,81), %5,82 (31 December 2022: %2,77) and %35,38'tır (31 December 2022: %15,93).

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 2023, the TRY deposit amount includes TRY 228.132.000 that falls within this scope (31 December 2022: TRY 162.221.284).

As of 31 December 2023 and 2022, deposits and money market borrowings, the analysis of the remaining maturity dates in the contract are presented below:

	31 December 2023	31 December 2022
Up to 1 month	384.448.168	398.752.151
1 to 3 months	865.247.715	775.273.282
3 to 12 months	108.928.589	67.423.269
1 to 5 years	10.018.246	27.042.749
Over 5 years	1.863.807	1.912.405
Total	1.370.506.525	1.270.403.856

Financial services

	31 December 2023	31 December 2022
Payables from insurance sector operations	6.724.003	4.760.765
Total	6.724.003	4.760.765

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NOTE 36 - 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 2023	31 December 2022
Profit for the period	19.846.983	61.268.368
Less: Profit attributable to non-controlling interests	4.419.663	21.846.877
Net profit shares of owner of the company	15.427.320	39.421.491
Net profit shares of owner of the company from continuing operations	15.429.768	39.425.472
Weighted average number of shares with nominal value of Kr 1 each (*)	203.990.712.762	203.993.184.303
Earnings per share (Kr)	7,56	19,32
Earnings per share from continuing operations (Kr)	7,56	19,33

(*) Calculated by adjusting repurchased shares

NOTE 37 - RELATED PARTY DISCLOSURES

Related party balances

Related party balances	31 December 2023	31 December 2022
Receivables from finance sector activities	7.771.091	11.531.271
Trade receivables	478.875	523.643
Trade payables	279.729	854.867
Other receivables	23.853	5.109
Other payables	242.594	264.125
Receivables from finance sector activities	8.272.630	10.325.513

Related party transactions	31 December 2023	31 December 2022
Goods and services sales	1.248.154	1.983.607
Goods and services purchases	(2.330.353)	(3.299.238)
Interest income	1.697.045	2.417.692
Interest expense	(949.675)	(853.434)

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 2023, TRY339.104 (31 December 2022: TRY410.719) was the balance of trade receivables arising from the sales relationship between Kordsa and Brisa, and TRY44.514 (31 December 2022: TRY45.782) had arisen from the sales relationship between SabancıDx and Brisa. TRY153.231 of trade payables (31 December 2023: TRY732.007) 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.

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NOTE 37 - RELATED PARTY DISCLOSURES (continued)

As of 31 December 2023, of transactions with related parties, TRY953.683 (31 December 2022: TRY946.156) of product and services sales arises from the sales relationship between Kordsa and Brisa, TRY109.462 (31 December 2022: TRY127.656) from SabancıDX and Brisa, and TRY98.026 (31 December 2022: TRY127.086) from SabancıDX and Enerjisa Enerji. TRY1.688.344 of goods and services purchases (31 December 2022: TRY2.171.546) arises from Çimsa's purchasing relationship with Enerjisa, and TRY687.049 arises from Kordsa's purchasing relationship with Enerjisa Üretim (31 December 2022: TRY745.184).

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 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Short term benefits	258.566	242.666
Benefits resulted from discharge	4.375	5.469
Other long term benefits	2.575	2.012
Total	265.516	250.147

NOTE 38 - 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.

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.1 Foreign Exchange Risk (Continued)

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

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

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations as at 31 December 2023 and 31 December 2022 in terms of TRY are as follows:

	31 December 2023	31 December 2022
Assets	746.107.063	804.482.290
Liabilities	(861.794.751)	(892.471.397)
Net foreign currency balance sheet position	(115.687.688)	(87.989.107)
Net foreign currency position of off-balance sheet derivative financial instruments	149.420.676	105.716.574
Net foreign currency balance sheet and off-balance sheet position	33.732.988	17.727.467

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2023	Total TRY Equivalent	TRY	USD TRY Equivalent	EUR TRY Equivalent	GBP TRY Equivalent	Other TRY Equivalent
Assets:						
Cash and cash equivalents	98.850.308	47.922	61.876.353	28.034.346	3.386.620	5.505.067
Financial investments	145.958.283	202.447	131.568.576	10.777.395	8	3.409.857
Receivables from financial operations	312.598.892	-	138.629.255	173.883.073	59.181	27.383
Reserve deposits at central banks	155.970.274	-	98.418.056	41.728.889	-	15.823.329
Trade receivables	4.054.371	-	1.543.910	1.849.062	5.050	656.349
Other assets	28.674.935	23.865	21.260.001	5.194.405	376	2.196.288
Total assets	746.107.063	274.234	453.296.151	261.467.170	3.451.235	27.618.273
Liabilities						
Funds borrowed and debt securities in issue	174.117.330	1.646.920	134.840.856	31.112.993	6.482.288	34.273
Customer deposit	617.895.893	-	358.288.559	181.378.375	8.789.041	69.439.918
Trade payables	9.251.407	281.490	5.760.728	3.122.105	13.300	73.784
Other payables and provisions	60.530.121	-	53.224.062	7.046.607	15.925	243.527
Total liabilities	861.794.751	1.928.410	552.114.205	222.660.080	15.300.554	69.791.502
Net assets/(liabilities) foreign currency position of						
off-balance sheet derivative financial instruments	149.420.676	-	125.420.371	(32.367.142)	11.842.629	44.524.818
Monetary items net assets/(liabilities)						
foreign currency position	33.732.988	(1.654.176)	26.602.317	6.439.948	(6.690)	2.351.589

Represents balances before consolidation eliminations.

Net profit effect of the consolidated to the total net foreign currency position is TRY7.756.212 in the long term as of 31 December 2023 (Akbank excluded).

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.1 Foreign Exchange Risk (Continued)

31 December 2022	Total TRY Equivalent	TRY	USD TRY Equivalent	EUR TRY Equivalent	GBP TRY Equivalent	Other TRY Equivalent
Assets:						
Cash and cash equivalents	86.200.830	472.495	47.934.590	29.640.526	675.029	7.478.190
Financial investments	175.856.135	-	160.024.939	12.163.250	-	3.667.946
Receivables from financial operations	347.522.487	-	144.287.615	203.106.804	54.457	73.611
Reserve deposits at central banks	156.758.095	-	90.947.380	60.137.388	-	5.673.327
Trade receivables	4.598.934	482.160	1.365.474	2.244.610	30.488	476.202
Other assets	33.545.809	20.476	23.937.305	7.544.666	503	2.042.859
Total assets	804.482.290	975.131	468.497.303	314.837.244	760.477	19.412.135
Liabilities						
Funds borrowed and debt						
securities in issue	186.082.463	708.526	153.178.621	32.125.996	-	69.320
Customer deposit	636.440.356	-	370.881.573	186.754.763	13.131.546	65.672.474
Trade payables	3.722.571	498.717	2.264.779	765.432	29.611	164.032
Other payables and provisions	66.226.007	-	57.528.086	7.763.799	48.980	885.142
Total liabilities	892.471.397	1.207.243	583.853.059	227.409.990	13.210.137	66.790.968
Net assets/(liabilities) foreign currency position of						
off-balance sheet derivative financial instruments	105.716.573	-	129.674.223	(84.027.641)	12.016.610	48.053.381
Monetary items net assets/(liabilities)						
foreign currency position	17.727.466	(232.112)	14.318.467	3.399.613	(433.050)	674.548

Represents balances before consolidation eliminations.

Net profit effect of the consolidated to the total net foreign currency position is TRY4.559.842 as of 31 December 2022 (Akbank and Philsa-Philip Morrissa excluded).

Previous year's TL equivalent amounts have been prepared according to 2023 purchasing power.

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 38 - 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 2023 and 2022:

31 December 2023	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in TRY by 20%		
TRY net assets/liabilities	(264.668)	(264.668)
TRY hedge items (-)		
TRY net effect	(264.668)	(264.668)
Change in USD against TRY by 20%		
USD net assets/liabilities	1.777.417	(1.777.417)
USD hedge items (-)		
USD net effect	1.777.417	(1.777.417)
Change in EUR against TRY by 20%		
EUR net assets/liabilities	150.508	(150.508)
EUR hedge items (-)		
EUR net effect	150.508	(150.508)
Change in GBP against TRY by 20%		
GBP net assets/liabilities	3.142	(3.142)
GBP hedge items (-)		
GBP net effect	3.142	(3.142)
Change in other currency against TRY by 20%		
Other currency net assets/liabilities	114.978	(114.978)
Other hedges items(-)		
Other currency net effect	114.978	(114.978)
31 December 2022		
	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in TRY by 20%		
TRY net assets/liabilities	(35.746)	35.746
TRY hedge items (-)		
TRY net effect	(35.746)	35.746
Change in USD against TRY by 20%		
USD net assets/liabilities	1.652.940	(1.652.940)
USD hedge items (-)		
USD net effect	1.652.940	(1.652.940)
Change in EUR against TRY by 20%		
EUR net assets/liabilities	(122.003)	122.003
EUR hedge items (-)		
EUR net effect	(122.003)	122.003
Change in GBP against TRY by 20%		
GBP net assets/liabilities	6.873	(6.873)
GBP hedge items (-)		
GBP net effect	6.873	(6.873)
Change in other currency against TRY by 20%		
Other currency net assets/liabilities	(34.424)	34.424
Other hedges items(-)		
Other currency net effect	(34.424)	34.424

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NOTE 38 - 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 2023 and 2022, the Group's borrowings at floating rates are denominated in TRY, USD, EUR, and GBP.

As of 31 December 2023, and 2022, the interest position table of the Group's non-banking industrial segments is as follows:

	31 December 2023	31 December 2022
Fixed interest rate financial instruments		
Financial assets	10.614.585	15.161.369
Time deposits	10.614.585	15.161.369
Financial liabilities	16.895.790	14.953.567
Floating interest rate financial instruments		
Financial liabilities	9.207.719	8.098.015

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 2023, if the annual interest rate of variable interest loans in TRY were 10% 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 TRY28.817 higher/lower (31 December 2022: TRY18.321).

If the annual interest rate of loans with floating interest in USD on 31 December 2023 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 TRY22.043 higher/lower (31 December 2022: TRY35.009).

At 31 December 2023, 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 TRY30.273 higher/lower (31 December 2022: TRY29.399).

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 2-3 years, and the remaining amount is USD681.550. 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.

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.3 Liquidity Risk

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

i) Banking industrial segment

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

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

As of 31 December 2023 and 2022 the contractual cash flows of the non-derivative financial liabilities in accordance agreement of the Group companies banking segment are as follows:

31 December 2023

Liabilities	Book Value	Contractual cash flows	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Customer deposits	1.385.159.694	1.413.734.990	996.580.750	262.629.624	129.936.767	18.903.759	5.684.090
Funds borrowed and debt securities in issue	185.238.459	208.626.859	6.609.463	9.308.937	90.739.909	69.564.692	32.403.858
Interbank money market deposits	6.608.269	6.608.269	6.149.065	459.204	-	-	-
	1.577.006.422	1.628.970.118	1.009.339.278	272.397.765	220.676.676	88.468.451	38.087.948

31 December 2022

Liabilities	Book Value	Contractual cash flows	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years
Customer deposits	1.283.686.684	1.313.624.603	1.000.782.810	196.929.983	72.563.498	37.257.435	6.090.877
Funds borrowed and debt securities in issue	203.356.638	224.505.778	1.424.263	15.459.427	73.493.267	99.288.959	34.839.862
Interbank money market deposits	8.148.715	8.148.715	6.920.785	1.227.930	-	-	-
	1.495.192.037	1.546.279.096	1.009.127.858	213.617.340	146.056.765	136.546.394	40.930.739

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NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

37.1.1.3 Liquidity Risk (Continued)

ii) *Other industrial segments*

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

As of 31 December 2023, and 2022, the Group's analysis of non-derivative financial liabilities of non-banking business segments according to their contractual maturity dates as follows:

31 December 2023						
Liabilities	Book value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over 5 years
Financial liabilities	26.103.509	26.825.321	1.713.583	12.657.124	11.882.972	571.642
Financial lease liabilities	4.540.842	6.323.570	686.089	948.654	3.263.439	1.425.388
Trade payables	27.084.827	27.457.467	24.090.485	2.466.503	900.479	-
Other payables	2.402.017	2.402.017	2.111.815	257.683	19.400	13.119
	60.131.195	63.008.375	28.601.972	16.329.964	16.066.290	2.010.149

31 December 2022						
Liabilities	Book value	Contractual cash flows	Up to 3 months	3-12 months	1-5 years	Over 5 years
Financial liabilities	22.247.202	22.875.555	5.452.368	6.869.515	9.495.505	1.058.167
Financial lease liabilities	4.617.933	6.201.976	1.234.492	717.298	2.872.199	1.377.987
Trade payables	25.521.046	25.915.370	23.105.900	2.807.834	1.636	-
Other payables	5.473.937	5.714.516	5.508.467	135.595	70.454	-
	57.860.118	60.707.417	35.301.227	10.530.242	12.439.794	2.436.154

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 38 - 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 2023	31 December 2022
Above average	35,32%	35,31%
Average	51,86%	51,58%
Below average	9,75%	9,56%
Unrated	3,06%	3,55%

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NOTE 38 - 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 2023	31 December 2022
Loan and advances to banks	340.099.408	256.415.605
Loan and advances	948.105.119	994.910.104
<i>Loan and advances to corporate</i>	<i>349.076.921</i>	<i>253.697.867</i>
<i>Consumer loan and expenses</i>	<i>579.638.763</i>	<i>722.031.046</i>
<i>Financial lease receivables</i>	<i>19.389.435</i>	<i>19.181.190</i>
Financial assets at fair value through profit and loss	10.559.125	17.398.587
Derivative financial assets at fair value through profit and loss	32.634.230	40.084.199
Derivative instruments	34.071.755	40.402.144
Derivative transactions held for hedges financial assets		
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	446.412.985	444.772.967
Other assets	5.268.309	6.262.031
Total	1.817.150.931	1.800.245.637

Marketable securities of the banking industrial segment as of 31 December 2022 and 2021. Moody's rating analysis of available-for-sale financial assets and held-to-maturity financial assets is as follows

31 December 2023	Financial assets through profit or loss	Financial assets through other comprehensive income	Financial assets at amortized cost	Total
Aaa	-	81.973	-	81.973
Aa1, Aa2, Aa3	-	1.415.312	-	1.415.312
A1, A2, A3	-	1.777.267	-	1.777.267
Baa1, Baa2, Baa3	-	1.960.579	-	1.960.579
Ba1	-	-	-	-
Ba2	-	-	-	-
Ba3	-	-	-	-
B1, B2, B3	7.943.668	276.251.094	164.926.760	449.121.522
C and Below	6.037	-	-	6.037
NR	-	-	-	-
Total	7.949.705	281.486.225	164.926.760	454.362.690

31 December 2022	Financial assets through profit or loss	Financial assets through other comprehensive income	Financial assets at amortized cost	Total
Aaa	13.538	17.819.780	-	17.833.318
Aa1, Aa2, Aa3	-	730.696	-	730.696
A1, A2, A3	-	1.138.341	-	1.138.341
Baa1, Baa2, Baa3	-	2.555.893	-	2.555.893
Ba1	-	-	-	-
Ba2	-	-	-	-
Ba3	-	-	-	-
B1, B2, B3	2.825.134	260.667.121	161.647.190	425.139.445
C and Below	3.653	-	-	3.653
NR	-	213.946	-	213.946
Total	2.842.325	283.125.777	161.647.190	447.615.292

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NOTE 38 - 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 2023 and 2022 are summarized as follows:

31 December 2023	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	284.151.789	18.899.666	26.391.388	10.656.565	340.099.408
Loans and advances	934.786.724	255.606	10.065.385	3.027.404	948.135.119
<i>Consumer loans and advance</i>	349.076.921	-	-	-	349.076.921
<i>Corporate loans and advances</i>	566.320.368	255.606	10.065.385	3.027.404	579.668.763
<i>Financial lease receivables</i>	19.389.435	-	-	-	19.389.435
Financial assets at fair value through profit and loss	10.559.125	-	-	-	10.559.125
Derivative financial assets at fair value through profit and loss	15.260.411	1.999	17.354.433	17.387	32.634.230
Derivative transactions held for hedges financial assets	62.736	-	34.009.019	-	34.071.755
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	441.177.854	81.973	5.153.158	-	446.412.985
Other assets	5.268.309	-	-	-	5.268.309
Total	1.691.266.948	19.239.244	92.973.383	13.701.356	1.817.180.931

31 December 2022	Turkey	USA	EU Countries	Non-EU Countries	Total
Loans and advances to banks	198.553.154	15.797.605	22.150.945	19.913.901	256.415.605
Loans and advances	979.120.363	245.078	12.361.794	3.182.868	994.910.104
<i>Consumer loans and advance</i>	253.697.867	-	-	-	253.697.867
<i>Corporate loans and advances</i>	706.241.306	245.078	12.361.794	3.182.868	722.031.046
<i>Financial lease receivables</i>	19.181.190	-	-	-	19.181.190
Financial assets at fair value through profit and loss	17.385.049	13.538	-	-	17.398.587
Derivative financial assets at fair value through profit and loss	12.632.678	231	27.449.633	1.657	40.084.199
Derivative transactions held for hedges financial assets	73.518	-	40.326.463	2.163	40.402.144
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	422.443.047	17.904.990	4.424.930	-	444.772.967
Other assets	6.262.031	-	-	-	6.262.031
Total	1.636.469.840	33.961.442	106.713.765	23.100.589	1.800.245.637

The industrial distribution of the financial assets of banking sector for the years ended 31 December 2023 and 2022 are summarized as follows:

	Financial institutions	Public sector	Wholesale and retail	Manufacturing	Other	Other individual	Total
Loan and advances to banks	340.099.408	-	-	-	-	-	340.099.408
Loan and advances	56.777.274	36.345.065	100.176.141	279.757.816	125.971.902	349.076.921	948.105.119
<i>Loan and advances to corporate</i>	56.491.413	36.345.065	99.168.688	268.797.615	118.835.982	-	579.638.763
<i>Consumer oan and expenses</i>	-	-	-	-	-	349.076.921	349.076.921
<i>Financial lease receivables</i>	285.861	-	1.007.453	10.960.201	7.135.920	-	19.389.435
Financial assets at fair value through profit and loss	7.623.318	789.743	-	-	2.146.064	-	10.559.125
Derivative financial assets at fair value through profit and loss	24.034.053	-	-	-	8.402.571	197.606	32.634.230
Derivative instruments							
Derivative transactions held for hedges financial assets	34.027.817	-	-	-	43.938	-	34.071.755
Financial assets at fair value through other comprehensive income and financial assets measured at amortized	25.425.666	387.051.118	3.334.534	27.745.842	2.855.825	-	446.412.985
Other assets	5.268.309	-	-	-	-	-	5.268.309
31 December 2023	493.255.845	424.185.926	103.510.675	307.503.658	139.420.300	349.274.527	1.817.150.931
31 December 2022	443.305.409	445.896.638	118.272.194	339.263.382	198.915.160	254.592.853	1.800.245.637

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NOTE 38 - 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 2023 and 2022 is as follows:

31 December 2023	Trade receivables	Other receivables (*)	Bank deposits	Derivative instruments
Maximum credit risk exposure				
as of reporting date (A+B+C)	9.570.238	839.667	13.705.252	96.900
Collateralized or secured with guarantees				
part of maximum credit	-	-	-	-
A. Restructured otherwise accepted				
as past due and impaired	9.437.481	839.667	13.705.252	96.900
B. Past due but not impaired				
net book value	132.757	-	-	-
C. Net book value of impaired assets				
- Past due (Gross amount)	153.941	-	-	-
- Impairment	(153.941)	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-

31 December 2022	Trade receivables	Other receivables (*)	Bank deposits	Derivative instruments
Maximum credit risk exposure				
as of reporting date (A+B+C)	10.862.446	1.044.025	17.200.005	55.574
Collateralized or secured with guarantees				
part of maximum credit	-	-	-	-
A. Restructured otherwise accepted				
as past due and impaired	10.857.681	1.044.025	17.200.005	55.574
B. Past due but not impaired				
net book value	4.765	-	-	-
C. Net book value of impaired assets				
- Past due (Gross amount)	155.704	-	-	-
- Impairment	(155.704)	-	-	-
- Collateralized or guaranteed part of net value	-	-	-	-

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

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NOTE 38 - 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 2023 and 2022, 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 2023	
		Gains /Losses	Gains /Shareholders Equity- Losses /Shareholders Equity
TRY	(400)	9.061.913	3,75%
TRY	500	(9.674.850)	(4,00%)
USD	(200)	(1.063.727)	(0,44%)
USD	200	1.175.497	0,49%
EUR	(200)	(2.033.458)	(0,84%)
EUR	200	2.064.903	0,85%
Total (for negative shocks)		5.964.728	2,47%
Total (for positive shocks)		(6.434.450)	(2,66%)

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NOTE 38 - 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 bounders and control efficiency is increased.

Var 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 38 - 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 2023 and 2022 are as follows:

TRY	31 December 2023	31 December 2022
Total financial liabilities	217.387.465	231.467.976
Cash and cash equivalents	83.911.926	89.060.158
Net liability	133.475.539	142.407.818
Equity	385.155.296	400.606.109
Invested capital(*)	518.630.835	543.013.928
Net liability/invested capital ratio	26%	26%

(*) 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 2022: EUR787.000.000) of the net investment value of Akbank AG, a subsidiary, the Group uses a net investment hedging strategy and Akbank Ventures BV's net investment value is USD 100.000.000 for net investment hedge (31 december 2022: none). The EUR787.000.000 and USD 100.000.000 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 2023, 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 2023, 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 39 - 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 39 - 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 2023 and 2022 are as follows:

31 December 2023	Level 1	Level 2	Total
Financial Assets at Fair Value Through Profit or Loss			
- Government Debt Securities	789.743	-	789.743
- Marketable Securities Representing Capital Share	3.522.124	-	3.522.124
- Other Financial Assets *	4.440.148	7.502.102	11.942.250
Financial Assets at Fair Value Through Other Comprehensive Income			
- Government Debt Securities	216.160.905	-	216.160.905
- Other Financial Assets	36.280.255	29.546.133	65.826.388
Time Deposit	1.163.570	-	1.163.570
Derivative Financial Assets at			
- Fair Value Through Other Comprehensive Income	-	29.526.735	29.526.735
- Fair Value Through Profit or Loss	-	37.276.149	37.276.149
Borrowings	-	964.007.416	964.007.416
Financial Assets measured at amortized cost (Net)			
- Government Debt Securities	168.567.281	-	168.567.281
- Other Financial Assets	1.597.828	-	1.597.828
Total Assets	432.521.854	1.067.858.535	1.500.380.389
Derivative Financial Liabilities			
- Reflected on Other Comprehensive Income	-	852.473	852.473
- Reflected on Profit or Loss	-	14.254.577	14.254.577
Financial Liabilities at Fair Value			
- Customer Deposit	-	1.179.535.926	1.179.535.926
- Interbank money market deposits, fund borrowed and debt securities in issue	-	190.734.583	190.734.583
Total Liabilities	-	1.385.377.559	1.385.377.559

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(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 39 - FINANCIAL INSTRUMENTS (Continued)

31 December 2022	Level 1	Level 2	Total
Financial Assets at Fair Value Through Profit or Loss			
- Government Debt Securities	891.135	101.772	992.907
- Marketable Securities Representing Capital Share	10.861.057	-	10.861.057
- Other Financial Assets *	1.112.129	4.432.496	5.544.625
Financial Assets at Fair Value Through Other Comprehensive Income			
- Government Debt Securities	235.547.548	-	235.547.548
- Securities Representing Shares in Capital	-	-	-
- Other Financial Assets	35.741.050	11.837.179	47.578.229
Time Deposit	2.854.437	-	2.854.437
Derivative Financial Assets at			
- Fair Value Through Other Comprehensive Income	-	34.399.896	34.399.896
- Fair Value Through Profit or Loss	-	46.142.018	46.142.018
Borrowings	-	1.036.703.673	1.036.703.673
Financial Assets measured at amortized cost (Net)			
- Government Debt Securities	218.144.804	-	218.144.804
- Other Financial Assets	2.155.305	-	2.155.305
Total Assets	507.307.465	1.133.617.034	1.640.924.499
Derivative Financial Liabilities			
- Reflected on Other Comprehensive Income	-	814.765	814.765
- Reflected on Profit or Loss	-	24.077.575	24.077.575
Financial Liabilities at Fair Value			
- Customer Deposit	-	1.078.923.873	1.078.923.873
- Interbank money market deposits, fund borrowed and debt securities in issue	-	202.816.996	202.816.996
Total Liabilities	-	1.306.633.209	1.306.633.209

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(Amounts on tables expressed in thousands of Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 39 - FINANCIAL INSTRUMENTS (Continued)

Classification of financial instruments and fair value

31 December 2023	Note	Financial Assets at Amortised Cost	Loans and	Financial assets	Financial liabilities	Book value	Fair value
			(cash and cash equivalents included)	through other comprehensive income	measured at amortized cost		
Financial Assets							
Cash and cash equivalents	5	-	93.982.614	-	-	93.982.614	93.982.614
Trade receivables	10	-	9.570.238	-	-	9.570.238	9.570.238
Other financial asset (*)	7	179.784.774	16.985.854	290.236.651	-	487.007.279	492.269.197
Receivables from financial operations	34	-	956.286.680	-	-	956.286.680	964.007.416
Financial Liabilities							
Financial payables	8	-	-	-	211.341.968	211.341.968	211.341.968
Trade payables	10	-	-	-	27.084.827	27.084.827	27.084.828
Other financial liabilities (**)		-	-	-	75.916.030	75.916.030	75.916.030
Payables from financial operations	35	-	-	-	1.377.230.528	1.377.230.528	1.367.667.837

31 December 2023	Note	Financial Assets at Amortised Cost	Loans and	Financial assets	Financial liabilities	Book value	Fair value
			(cash and cash equivalents included)	through other comprehensive income	measured at amortized cost		
Financial Assets							
Cash and cash equivalents	5	-	106.847.623	-	-	106.847.623	106.847.623
Trade receivables	10	-	10.862.446	-	-	10.862.446	10.862.446
Other financial asset (*)	7	174.794.914	18.171.102	290.118.301	-	483.084.317	541.737.234
Receivables from financial operations	34	-	1.000.253.204	-	-	1.000.253.204	1.036.703.673
Financial Liabilities							
Financial payables	8	-	-	-	225.603.840	225.603.840	225.603.840
Trade payables	10	-	-	-	25.521.046	25.521.046	25.521.046
Other financial liabilities (**)		-	-	-	84.226.607	84.226.607	84.226.607
Payables from financial operations	35	-	-	-	1.275.164.621	1.275.164.621	1.277.645.896

(*) 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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CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in thousands of Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 40 - EVENTS AFTER THE REPORTING PERIOD

In line with the resolution of the Board of Directors of Sabancı Holding dated May 24, 2023, the merger transaction where all of the assets and liabilities of Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (Exsa), a subsidiary of Sabancı Holding, be acquired as a whole by Sabancı Holding, has been completed upon registration of the merger on January 15, 2024.

With the registration, Exsa has been dissolved without liquidation and the merger transaction has become legally valid as of the registration date. Therefore, the financial assets of Exsa along with 50% of shares in Temsa Skoda Sabancı Ulaşım Araçları A.Ş., 100% of shares in Temsa Motorlu Araçlar Pazarlama ve Dağıtım A.Ş. and 100% of shares in Exsa Gayrimenkul Proje Geliştirme A.Ş. have been transferred to Sabancı Holding's possession.

As a result of the merger, a capital increase of TRY 59,972 nominal value has been made by Sabancı Holding, and the respective shares issued will be allocated to the other shareholders of Exsa except for Sabancı Holding upon completion of the necessary legal procedures before the Capital Markets Board.

On March 28, 2024, a project finance facilities amounting to USD 243 million has been signed by Sabancı Renewables Inc., a wholly-owned indirect subsidiary of Sabancı Holding through Sabancı İklim Teknolojileri A.Ş., with the equal participation of MUFG Bank Ltd., ING Bank LLC and NORD LB (Norddeutsche Landesbank Girozentrale) for the Oriana Solar Project, which consists of a 232 MW solar power plant investment that is expected to reach commercial operation in the second quarter of 2025.

In addition, Sabancı Renewables Inc.'s investments on 272 MW Cutlass II Solar Project, which was previously announced to be completed in the second quarter of 2024, is currently at commissioning stage. Sabancı Renewables Inc. will reach a total renewable energy portfolio of 504 MW in the USA, upon completion of both Cutlass II and Oriana Solar Projects.

As a result of a review in the organizational structure in line with our strategic priorities to focus on expanding core businesses and investing in new growth platforms; a decision has been made to restructure the Industrials and the Building Materials strategic business units as the Material Technologies and the Mobility Solutions to further strengthen our focus in material technologies and leadership in mobility solutions.

After this change, Mr. Burak Orhun, current Building Materials Group President, will be appointed as the Material Technologies Group President; while Mr. Cevdet Alemdar, current Industrials Group President, will be appointed as the Mobility Solutions Group President, both effective from April 19, 2024. Together with these appointments, Akçansa, Çimsa and Kordsa will continue their operations under the Material Technologies Group while Brisa, Temsa Ulaşım and Temsa Motorlu Araçlar will operate under the Mobility Solutions Group.