

HACI ÖMER SABANCI HOLDİNG A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 JUNE 2016 TOGETHER WITH AUDITOR' S
REVIEW REPORT**

(ORIGINALLY ISSUED IN TURKISH)

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of Hacı Ömer Sabancı Holding A.Ş.

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Hacı Ömer Sabancı Holding A.Ş. ("Holding") and its subsidiaries (together will be referred to as "the Group") as of 30 June 2016 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Group management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with Turkish Accounting Standards 34 "Interim Financial Reporting" ("TAS 34"). Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 "Interim Financial Reporting".

Without qualifying our conclusion we would like to draw attention to the following matter:

Subsidiaries are companies in which Holding exercises a dominant influence and power to govern the financial and operating policies through exercise of voting power relating to shares held by Holding and its Subsidiaries together with voting power which Holding effectively exercises relating to shares held by Sabancı family members. Sabancı family members allow Holding to exercise voting power in respect of their shares held in these companies. In the accompanying condensed consolidated financial statements the shares held by Sabancı family members are treated as non-controlling interests.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

İstanbul, 10 August 2016

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HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEET AT 30 JUNE 2016

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

	Note	Unaudited 30 June 2016 USD (*)	Reviewed 30 June 2016	Audited 31 December 2015
	References			
ASSETS				
Current Assets		47.260.506	136.753.001	123.206.744
Cash and Cash Equivalents		2.851.705	8.251.695	10.705.724
Financial Assets		524.132	1.516.629	1.702.308
- Held for Trading	4.a	24.581	71.129	40.513
- Available for Sale	4.b	444.521	1.286.266	1.540.670
- Held to Maturity	4.c	40.693	117.749	121.125
- Time Deposits	4.d	14.337	41.485	-
Trade Receivables		473.000	1.368.674	1.339.757
Receivables from Finance Sector Operations	19	28.529.751	82.553.687	78.541.392
Reserve Deposits with the Central Bank of the Republic of Turkey	6	11.555.403	33.436.714	24.007.327
Other Receivables	18	425.475	1.231.154	1.036.876
Derivative Financial Instruments		1.623.062	4.696.493	2.717.395
Inventories		740.929	2.143.951	2.021.777
Prepaid Expenses		159.993	462.955	338.199
Other Current Assets	13	120	346	4.478
		344.684	997.379	677.290
		47.228.254	136.659.677	123.092.523
Assets Classified As Held for Sale		32.252	93.324	114.221
Non-current Assets		49.103.831	142.086.846	142.313.323
Financial Assets		17.097.736	49.474.009	52.415.563
- Available for Sale	4.b	13.423.483	38.842.191	41.848.155
- Held to Maturity	4.c	3.674.253	10.631.818	10.567.408
Trade Receivables		70.225	203.204	46.561
Receivables From Finance Sector Operations	19	27.141.390	78.536.326	75.896.951
Other Receivables	6	205.641	595.042	379.138
Derivative Financial Instruments	18	62.635	181.242	651.367
Investments Accounted Through Equity Method	7	2.071.296	5.993.502	5.970.431
Investment Property		93.231	269.774	292.103
Property, Plant and Equipment	8	1.566.729	4.533.488	4.282.958
Intangible Assets		533.607	1.544.046	1.544.798
- Goodwill	10	350.710	1.014.815	1.014.355
- Other Non-Current Assets	9	182.897	529.231	530.443
Prepaid Expenses		27.311	79.028	55.557
Deferred Tax Assets	17	216.251	625.745	714.698
Other Non-Current Assets	13	17.777	51.440	63.198
Total Assets		96.364.338	278.839.847	265.520.067

These consolidated interim financial statements have been approved for issue by the Board of Directors on 10 August 2016 and signed on its behalf by Zafer Kurtul, Member of Board of Directors and CEO and Barış Oran, Head of Finance.

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by CBRT at 30 June 2016, and therefore do not form part of these consolidated financial statements.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 2016

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

	Note	Unaudited 30 June 2016 USD(*)	Reviewed 30 June 2016	Audited 31 December 2015
LIABILITIES				
Short Term Liabilities		67.201.727	194.454.916	189.599.353
Financial Liabilities	5	3.414.488	9.880.163	8.678.744
Current Portion of Long-term Financial Liabilities	5	4.281.501	12.388.951	12.862.826
Trade Payables		810.255	2.344.555	2.386.775
Payables from Finance Sector Operations	20	55.077.407	159.371.986	156.890.448
Payables related with Employee Benefits	6	22.761	65.860	56.405
Other Payables	18	1.618.440	4.683.118	4.441.032
Derivative Financial Instruments		861.151	2.491.826	1.772.169
Deferred Income		53.539	154.921	164.578
Income Taxes Payable	17	146.305	423.348	402.774
Short Term Provisions		220.689	638.587	606.545
- Short Term Provisions for Employee Benefits		82.359	238.315	238.249
- Other Short Term Provisions	11	138.330	400.272	368.296
Other Short Term Liabilities	13	679.329	1.965.705	1.291.129
		67.185.865	194.409.020	189.553.425
Liabilities Classified as Held for Sale		15.861	45.896	45.928
Long Term Liabilities		14.490.204	41.928.854	35.949.276
Financial Liabilities	5	7.961.886	23.038.514	19.137.143
Trade Payables		75	216	216
Payables from Finance Sector Operations	20	5.970.834	17.277.205	15.532.084
Other Payables	6	218.632	632.635	595.931
Derivative Financial Instruments	18	155.238	449.198	158.960
Deferred Income		38.957	112.726	114.297
Long Term Provisions		103.419	299.252	289.523
- Long Term Provisions for Employee Benefits		101.663	294.171	284.829
- Other Long Term Provisions	11	1.756	5.081	4.694
Deferred Tax Liabilities	17	40.191	116.296	118.323
Other Long Term Liabilities		972	2.812	2.799
EQUITY		14.672.407	42.456.077	39.971.438
Equity Attributable To The Parent	14	7.617.470	22.041.911	20.942.594
Share Capital	14	705.144	2.040.404	2.040.404
Adjustments to Share Capital		1.184.255	3.426.761	3.426.761
Share Premium	14	7.685	22.237	22.237
Capital adjustments due to cross-ownership(-)	14	(65.825)	(190.470)	-
Accumulated Other Comprehensive Income or Loss That Will Not Be Reclassified to Profit or Loss		(17.492)	(50.615)	(51.102)
- Actuarial Gain / Loss		(17.492)	(50.615)	(51.102)
Accumulated Other Comprehensive Income or Loss That Will Be Reclassified to Profit or Loss		(22.549)	(76.621)	(332.327)
- Currency Translation Reserve	14	102.742	285.922	283.604
- Hedge Reserve	14	(65.214)	(188.703)	(175.630)
- Revaluation Reserve	14	(60.077)	(173.840)	(440.301)
Restricted Reserves	14	321.498	930.286	892.819
Retained Earnings		5.041.223	14.587.284	12.707.474
Net Income for the Period		463.531	1.352.645	2.236.328
Non-controlling Interests		7.054.937	20.414.166	19.028.844
TOTAL EQUITY AND LIABILITIES		96.364.338	278.839.847	265.520.067

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 2016

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

	Note References	Unaudited 1 January - 30 June 2016 USD(*)	Reviewed 1 January - 30 June 2016	Reviewed 1 January - 30 June 2015	Not reviewed 1 April - 30 June 2016	Not reviewed 1 April - 30 June 2015
CONTINUING OPERATIONS						
Sales (net)	3	2.162.629	6.310.832	5.213.622	3.314.265	2.763.847
Cost of Sales (-)	3	(1.704.509)	(4.973.977)	(4.058.264)	(2.626.549)	(2.121.621)
Gross Profit from Non-Financial Operations		458.120	1.336.855	1.155.358	687.716	642.226
Interest, Premium, Commission and Other Income	3	3.719.853	10.855.012	8.885.007	5.591.288	4.635.704
Interest, Premium, Commission and Other Expense(-)	3	(2.004.968)	(5.850.758)	(4.764.640)	(2.948.082)	(2.543.691)
Gross Profit from Financial Operations		1.714.884	5.004.254	4.120.367	2.643.206	2.092.013
GROSS PROFIT		2.173.005	6.341.109	5.275.725	3.330.922	2.734.239
General and Administrative Expenses (-)		(857.751)	(2.503.030)	(2.500.632)	(1.276.211)	(1.253.298)
Marketing, Selling and Distribution Expenses (-)		(310.100)	(904.913)	(677.370)	(452.710)	(357.757)
Research and Development Expenses (-)		(1.039)	(3.032)	(1.398)	(1.531)	(565)
Other Income from Operating Activities		230.143	671.587	371.128	442.389	116.620
Other Expense from Operating Activities (-)		(124.915)	(364.519)	(199.634)	(217.573)	(85.565)
Interest in Income of Investments						
Accounted Through Equity Method	7	116.784	340.790	327.852	144.088	96.738
OPERATING PROFIT		1.226.125	3.577.992	2.595.671	1.969.374	1.250.412
Income from Investing Activities		3.379	9.859	159.622	4.524	3.313
Expense from Investing Activities (-)		(613)	(1.790)	(1.184)	(65)	(348)
OPERATING PROFIT BEFORE						
FINANCIAL EXPENSES		1.228.890	3.586.061	2.754.109	1.973.833	1.253.377
Financial income	16	14.079	41.084	20.996	26.322	13.541
Financial Expenses (-)	16	(54.775)	(159.840)	(120.153)	(94.471)	(73.813)
INCOME BEFORE TAX FROM CONTINUING OPERATIONS		1.188.194	3.467.305	2.654.952	1.905.684	1.913.105
Tax Income / (Expense) from Continuing Operations						
Current Income Tax Expense		(248.561)	(725.334)	(468.940)	(427.793)	(272.736)
Deferred Income Tax Benefit	17	37.527	109.508	320	85.840	45.642
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		977.160	2.851.479	2.186.332	1.563.731	966.011
DISCONTINUED OPERATIONS						
Profit After Tax						
From Discontinued Operations	15	(4.053)	(11.826)	116.277	(8.400)	103.314
PROFIT FOR THE PERIOD		973.107	2.839.653	2.302.609	1.555.331	1.069.325
ALLOCATION OF PROFIT						
- Non-controlling Interests		509.576	1.487.008	1.084.343	843.200	499.537
- Equity Holders of the Parent		463.531	1.352.645	1.218.266	712.131	569.788
Earnings per share						
- thousands of ordinary shares (TL)		2,27	6,63	5,97	3,49	2,79
Earnings per share from continuing operations						
- thousands of ordinary shares (TL)		2,29	6,69	5,44	3,53	2,33

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

HACI ÖMER SABANCI HOLDİNG A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE
INCOME FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 2016**

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

	Note References	Reviewed 1 January - 30 June 2016	Reviewed 1 January - 30 June 2015	Not Reviewed 1 April - 30 June 2016	Not Reviewed 1 April - 30 June 2015
NET INCOME FOR THE PERIOD		2.839.653	2.302.609	1.555.331	1.069.325
Other Comprehensive Income / (Loss) :					
Items That Will Not Be Reclassified Subsequently To Profit or Loss		757	(2.495)	806	(482)
Actuarial gains / (losses)	17	757	(2.495)	806	(482)
Items That Will Be Reclassified Subsequently To Profit or Loss		618.363	(367.058)	216.189	(63.888)
Net unrealized fair value gains/(losses) from available for sale financial assets, after tax	17	855.870	(447.401)	326.081	(234.846)
Gains/(losses) on available for sale financial assets transferred to the income statement, after tax	17	(271.264)	(92.325)	(157.628)	(54.063)
Net gains/(losses) included in the income statement due to transfer of available for sale financial assets into held to maturity assets, after tax	17	49.600	15.240	28.084	139.857
Currency translation differences	17	2.093	134.245	8.520	88.594
Cash flow hedges, after tax	17	(9.335)	44.627	12.769	21.481
Income / (loss) from the derivative financial assets related to the hedging of net investment in a foreign operation, after tax	17	(8.601)	(21.444)	(1.637)	(24.911)
OTHER COMPREHENSIVE INCOME / (LOSS) (AFTER TAX)		619.120	(369.553)	216.995	(64.370)
TOTAL COMPREHENSIVE INCOME		3.458.773	1.933.056	1.772.326	1.004.955
ALLOCATION OF TOTAL COMPREHENSIVE INCOME					
- Non-controlling Interests		1.849.935	846.619	954.067	479.960
- Equity Holders of the Parent		1.608.838	1.086.437	818.259	524.995

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 2016

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

	Accumulated Other Comprehensive Income or Loss That Will													
					Not Be Reclassified		Be Reclassified							
					to Profit or Loss									
	Share Capital	Adjustment to share capital	Capital adjustments due to cross-ownership (-)	Share premium	Actuarial gains/ losses	Currency translation reserve	Hedge reserve	Revaluation funds	Restricted reserves	Retained earnings	Net income for the year	Equity attributable to the parent	Non-controlling interests	Total
Balances at 1 January 2015	2,040,404	3,426,761		21,670	(10,526)	183,938	(188,975)	(95,908)	855,707	10,865,495	2,079,114	19,177,680	17,680,200	36,857,880
Transfers	-	-	-	-	-	-	-	-	39,102	2,040,012	(2,079,114)	-	-	-
Change in shareholding structure by the effect of share purchases (*)	-	-	-	-	-	-	-	-	-	(4,010)	-	(4,010)	2,701	(1,309)
Effect of change in the effective ownership of subsidiaries	-	-	-	-	-	-	-	-	-	15,039	-	15,039	179,861	194,900
Effect of disposal of subsidiaries' shares (***)	-	-	-	-	-	-	-	-	-	18,710	-	18,710	(156,965)	(138,255)
Dividends paid (****)	-	-	-	-	-	-	-	-	-	(221,034)	-	(221,034)	(485,542)	(706,576)
Total comprehensive income	-	-	-	-	(2,495)	57,676	25,369	(212,379)	-	-	1,218,266	1,086,437	846,619	1,933,056
Balances at 31 June 2015	2,040,404	3,426,761	-	21,670	(13,021)	241,614	(163,606)	(308,287)	894,809	12,714,212	1,218,266	20,072,822	18,066,874	38,139,696
Balances at 1 January 2016	2,040,404	3,426,761		22,237	(51,102)	283,604	(175,630)	(440,301)	892,819	12,707,474	2,236,328	20,942,594	19,028,844	39,971,438
Transfers	-	-	-	-	-	-	-	-	37,467	2,198,861	(2,236,328)	-	-	-
The effect of shares sales(*****)	-	-		-	-	-	-	-	-	6,932	-	6,932	2,956	9,888
Calling of shares in subsidiaries holding(Note:14)(****)	-	-	(190,470)	-	-	-	-	-	-	-	-	(190,470)	-	(190,470)
Dividends paid (****)	-	-	-	-	-	-	-	-	-	(325,983)	-	(325,983)	(467,569)	(793,552)
Total comprehensive income	-	-	-	-	487	2,318	(13,073)	266,461	-	-	1,352,645	1,608,838	1,849,935	3,458,773
Balances at 31 December 2016	2,040,404	3,426,761	(190,470)	22,237	(50,815)	285,922	(188,703)	(173,840)	930,286	14,587,284	1,352,645	22,041,911	20,414,166	42,456,077

(*) Dividends paid by the Holding per share with a TL 1 nominal value is TL 0, 10 (30 December 2015: TL 0, 10).

(**) The share transfer agreement was signed on 13 January 2015 regarding the sale of all shares in Group's subsidiary SASA Polyester Sanayi A.Ş., corresponding to 51% of the share capital of the Company, to Erdemoğlu Holding A.Ş. As of 30 April 2015 share transfer has been completed.

(***) The selling operation of shares in Group's subsidiary Kordsa Global with a nominal value of TL 38.905.814, corresponding to 20%, to domestic and foreign institutional investors on the Wholesale Market of Istanbul Stock Exchange has been completed during the May. As a result of this transaction, Group's share in the capital of Kordsa Global has been decreased from 91, 11% to 71, 11%.

(****) Represents the share of Sabancı Holding of Exsa A.Ş. According to Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (Exsa)'s Board of Director decision on December 22, 2015, company has started to make repurchasing agreement at BIST (Istanbul Stock Market). Hence; with these transactions Exsa's share at Sabancı Holding reached at 1,17 % as of 30 June 2016. These shares in consolidated equity as capital adjustments due to cross-ownership.

(*****)Represents call option, which is in Equity of Group's subsidiaries Carrefoursa A.Ş. capital with a rate of 0,14% and nominal value of TL 946 986 was decided to sell the Istanbul Stock Exchange, within a year. In accordance with this decision as of 26, 27, 29 April and 2, 3, 4 and 10 May, 2016 dates regarding the share of Carrefoursa A.Ş. with range of price 6,85-7,88 amount of 946.986 nominal value per share sale was realized. With this transaction, the Group's share in Carrefoursa A.Ş. became 50.61%.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 1 JANUARY - 30 JUNE 2016

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

	Note References	Reviewed Current Period 1 January- 30 June 2016	Reviewed Prior Period 1 January- 30 June 2015
Net income before tax from continuing operations		3.467.305	2.654.952
Net income before tax from discontinued operations		(11.826)	116.277
Adjustments to reconcile income before taxation to net cash provided by operating activities:			
Depreciation and amortisation expenses	3	282.820	269.831
Provision for loan losses		1.070.008	1.239.374
Changes in the fair value of derivative instruments	19	(510.747)	(585.332)
Interest income and foreign currency gains		(298.638)	(145.368)
Interest expense		149.541	21.169
Provision for employment termination benefits		60.392	59.566
Impairments charge on property, plant and equipment, intangible assets and investment property		14.985	1.529
Income from associates and joint ventures	7	(340.790)	(327.852)
Income from sale of subsidiary		-	(108.409)
Provision for / (reversal of) inventory impairment		(44.741)	622
Provision for doubtful receivables		14.954	565
Other		(1.312)	(7.518)
Net cash provided by operating activities before changes in operating assets and liabilities		3.851.951	3.189.406
Changes in trade receivables		(200.514)	(237.822)
Changes in inventories		(77.434)	34.169
Changes in other receivables and other current assets		(862.608)	(814.503)
Changes in trade payables		(42.220)	(34.768)
Changes in other liabilities and other payables		985.260	1.009.510
assets classified as held for sale		20.865	-
Currency translation differences		(11.421)	50.253
Changes in assets and liabilities in finance segment:			
Changes in securities held for trading		(30.951)	16.142
Changes in receivables from financial operations		(7.614.723)	(10.920.886)
Changes in payables from financial operations		4.076.893	10.036.340
Central Bank of the Republic of Turkey account		(9.320.096)	(3.100.261)
Income taxes paid		(657.145)	(444.412)
Employment termination benefits paid		(53.368)	(52.161)
Net cash provided by / (used) in operating activities		(9.935.511)	(1.268.993)
Cash flows from investing activities:			
Capital expenditures	3	(566.835)	(410.077)
Sale of available for sale and held to maturity financial assets		3.955.892	1.033.352
Proceeds from sale of non-current assets held for sale, property, plant and equipment and intangible assets		54.479	95.491
Dividends received		318.466	354.441
Cash provided from the share sale of subsidiary		7.670	194.900
Cash provided from the sale of joint venture		-	277.602
Net cash provided by investing activities		3.769.672	1.545.709
Cash flows from financing activities:			
Changes in financial liabilities		4.618.390	6.499.260
Dividends paid		(325.983)	(221.034)
Dividends paid to non-controlling interests		(467.569)	(485.542)
Net cash provided by financing activities		3.824.838	5.792.684
Effect of change in foreign currency rates on cash and cash equivalents		(15.290)	379.009
Net increase/(decrease) in cash and cash equivalents		(2.356.291)	6.448.409
Cash and cash equivalents at the beginning of the period (*)		7.560.688	4.845.065
Cash and cash equivalents at the end of the period		5.204.397	11.293.474

(*) Cash and cash equivalents at the beginning of the period comprise interest accruals of TL 1.973 and cash and cash equivalents at the end of the period comprise interest accruals of TL 2.462 (Current Period: None). Restricted cash in the banks is not included in the cash and cash equivalents. At the beginning and at the end of the current period, restricted deposit is TL 3.145.036 and TL 3.047.298, respectively (30 June 2015: TL 2.673.688 and TL 3.484.173, respectively).

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

NOTE 1 - ORGANISATION AND OPERATIONS OF THE GROUP

Hacı Ömer Sabancı Holding A.Ş. (the "Holding") was established in 1967 to coordinate and perform liaison services regarding the activities of companies operating in various fields including mainly finance, manufacturing and trade. The Holding is registered in Turkey and is owned by the members of the Sabancı family (Note 15). The number of employees as at 30 June 2016 is 60.367 (31 December 2015: 63.281). Holding's registered address is as follows:

Sabancı Center, 4. Levent, İstanbul, Türkiye.

The Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on Borsa İstanbul ("BİST") (previously known as the İstanbul Stock Exchange ("ISE") since 1997. As of 30 June 2016, the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 14):

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

Subsidiaries

As of 30 June 2016, the nature of the business of the Subsidiaries consolidated in these consolidated financial statements and, their respective business segments are as follows:

Subsidiaries	Name of Exchange Traded	Nature of business	Business segment	Number of employees
Akbank T.A.Ş. ("Akbank")	BİST	Banking	Banking	14.205
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefoursa") (*)	BİST	Consumer Goods	Trade of Retailing	12.938
Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	BİST	Trade	Retailing	3.313
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	BİST	Cement and clinker	Cement	2.200
Kordsa Global Endüstriyel İplik ve ve Kord Bezi Sanayi ve Ticaret A.Ş. ("Kordsa Global")	BİST	Tire reinforcement	Industry	3.935
Temsa Global Sanayi ve Ticaret A.Ş. ("Temsa")	-	Automotive	Industry	1.790
Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("Yünsa")	BİST	Textile	Industry	1.314
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa")	-	Trade	Other	9
Ankara Enternasyonal Otelcilik A.Ş. ("AEO")	-	Tourism	Other	3
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. ("Tursa")	-	Tourism	Other	6
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. ("Bimsa")	-	Trade of data and processing systems	Other	233

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

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

Joint Ventures

As of 30 June 2016, the nature of business and operating segments of the Joint Ventures which are accounted through equity method in the consolidated financial statements are as follows:

Joint Ventures	Name of exchange traded	Nature of business	Segment	Ventures	Number of employees
Aksigorta A.Ş. ("Aksigorta")	BİST	Insurance	Insurance	Ageas	593
Avivasa Emeklilik ve Hayat A.Ş. ("Avivasa")	-	Pension	Insurance	Aviva	1.580
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa")	BİST	Tire	Industry	Bridgestone	2.159
Akçansa Çimento Sanayi ve Ticaret A.Ş. ("Akçansa")	BİST	Cement and clinker	Cement	Heidelberg	2.745
Enerjisa Enerji A.Ş. ("Enerjisa Enerji")	-	Energy	Energy	E.ON SE	9.714
Temsa İş Makinaları	-	Automotive	Industry	Marubeni	168
Temsa Mısır	-	Automotive	Industry	Lasheen	-

All joint ventures except Temsa Mısır are registered in Turkey. Temsa Mısır is registered in Egypt.

Affiliates

As of 30 June 2016, the nature of business and operating segments of the Affiliates which are accounted through equity method in the consolidated financial statements are as follows:

Associates	Name of Exchange traded	Nature of business	Segment	Ventures	Number of employees(*)
Philsa Philip Morris Sabancı Sigara ve Tütün San. Ve Tic. A.Ş (Philsa)	-	Tobacco products production	Industry	Philip Morris	3.026
Philip Morris Sabancı Pazarlama Satış A.Ş. ("Philip Morrisa")	-	Tobacco products marketing and sales	Industry	Philip Morris	

(*) Number of employees represents the total number of employees of Philsa and Philip Morrisa.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2016**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Statement of Compliance to TAS

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

The attached consolidated financial statements are prepared in accordance with the decree Series II No: 14.1 "Principals Relating to the Financial Reporting Standards in Capital Markets" ("Decree") issued by Capital Markets Board ("CMB") on 13 June 2013 and published in the Official Gazette numbered 28676 and are based on the Turkish Accounting Standards ("TAS") and relating interpretations which became effective with the 5th Article of the Decree in consideration by Public Oversight Accounting and Auditing Standards Authority.

Additionally, the consolidated financial statements and disclosures are presented in accordance with the formats published by CMB on 7 June 2013. The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Group issued the condensed financial statements as of 30 June 2016 in accordance with Turkish Accounting Standard No: 34 "Interim Financial Reporting".

Based on this Communique, explanations and disclosures which are required in the annual consolidated financial statements prepared in accordance with TAS have been summarized or not presented to comply with TAS 34. The accompanying condensed interim consolidated financial statements should be read in conjunction with the consolidated statements for the year ended 31 December 2015. Interim financial results are not solely indicators of the results for the year end.

Preparation of Financial Statements in Hyperinflationary Periods

Based on CMB's resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey and preparing their financial statements in accordance with the POA Accounting Standards are not subject to inflation accounting effective from 1 January 2005. Therefore, starting from January 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying consolidated financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2016**

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

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

2.1 Basis of Presentation (continued)

Functional and Presentation Currency

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

2.1.2 New and Revised Turkish Accounting Standards

(a) Amendments to TAS affecting amounts reported in the consolidated financial statements

None.

(b) New and revised TAS applied with no material effect on the consolidated financial statements

Amendments to TAS 16 and TAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to TAS 16 and TAS 41 and amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40	<i>Agriculture: Bearer Plants</i> ¹
Amendments to TFRS 11 and TFRS 1 Annual Improvements to 2011-2013 Cycle	<i>Accounting for Acquisition of Interests in Joint operations</i> ¹ <i>TFRS 1</i> ²
Amendments to TAS 1 Annual Improvements to 2012-2014 Cycle	<i>Disclosure Initiative</i> ²
Amendments to TAS 27	<i>TFRS 5, TFRS 7, TAS 34, TAS 19</i> ² <i>Equity Method in Separate Financial Statements</i> ²
Amendments to TFRS 10 and TAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to TFRS 10, TFRS 12 and TAS 28	<i>Investment Entities: Applying the Consolidation Exception</i> ²
TFRS 14	<i>Regulatory Deferral Accounts</i> ²

¹ Effective for annual periods beginning on or after 31 December 2015.

² Effective for annual periods beginning on or after 1 January 2016.

Amendments to TAS 16 and TAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2016**

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

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

2.1 Basis of Presentation (continued)

2.1.2 New and Revised Turkish Accounting Standards (continued)

Amendments to TAS 16 and TAS 41 and Amendments to TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40 Agriculture: Bearer Plants

This amendment include ‘bearer plants’ within the scope of TAS 16 rather than TAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with TAS 16. The amendment also introduces a definition of ‘bearer plants’ as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales, and clarifies that produce growing on bearer plants remains within the scope of TAS 41.

Amendments to TAS 16 and TAS 41 also led to amendments in related provisions of TAS 1, TAS 17, TAS 23, TAS 36 and TAS 40, respectively.

Amendments to TFRS 11 and TFRS 1 Accounting for Acquisition of Interests in Joint operations

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in TFRS 3 and other TAS, except for those principles that conflict with the guidance in TFRS 11,
- disclose the information required by TFRS 3 and other TAS for business combinations.

Amendments to TFRS 11 also led to amendments in related provisions of TFRS 1.

Annual Improvements 2011-2013 Cycle

TFRS 1: Clarify which versions of TAS can be used on initial adoption (amends basis for conclusions only).

Amendments to TAS 1 Disclosure Initiative

This amendment addresses perceived impediments to preparers exercising their judgment in presenting their financial reports.

Annual Improvements 2012-2014 Cycle

TFRS 5: Adds specific guidance in TFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

TFRS 7: Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2016**

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

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

2.1 Basis of Presentation (continued)

2.1.2 New and Revised Turkish Accounting Standards (continued)

Annual Improvements 2012-2014 Cycle (continued)

TAS 34: Clarify the meaning of ‘elsewhere in the interim report’ and require a cross-reference.

Annual Improvements to 2012-2014 Cycle also led to amendments in related provisions of TAS 19

Amendments to TAS 27 Equity Method in Separate Financial Statements

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Amendments to TFRS 10 and TAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

Amendments to TFRS 10, TFRS 12 and TAS 28 Investment Entities: Applying the Consolidation Exception

This amendment addresses issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent’s investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by TFRS 12.

TFRS 14 Regulatory Deferral Accounts

TFRS 14 *Regulatory Deferral Accounts* permits an entity which is a first-time adopter of Turkish Financial Reporting Standards to continue to account, with some limited changes, for ‘regulatory deferral account balances’ in accordance with its previous GAAP, both on initial adoption of TFRS and in subsequent financial statements.

TFRS 14 also led to amendments in related provisions of TFRS 1.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2016**

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

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

2.1 Basis of Presentation (continued)

2.1.2 New and Revised Turkish Accounting Standards (continued)

c) New and revised standards in issue but not yet effective

The Group has not applied the following new and revised TFRSs that have been issued but are not yet effective.

TFRS 9	<i>Financial Instruments</i>
Amendments to TFRS 9 and TFRS 7	<i>Mandatory Effective Date of TFRS 9 and Transition Disclosures</i>

TFRS 9 Financial Instruments

TFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. TFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Amendments to TFRS 9 and TFRS 7 Mandatory Effective Date of TFRS 9 and Transition Disclosures

The mandatory effective date of TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2018.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

2.1.3 Basis of Consolidation

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2016**

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

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

2.1 Basis of Presentation (continued)

2.1.3 Basis of Consolidation (continued)

- 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 TAS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The 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 30 June 2016 and 31 December 2015:

Subsidiaries	30 June 2016		31 December 2015	
	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Proportion of ownership interest %	Direct and indirect ownership interest by the Holding and its Subsidiaries %	Proportion of ownership interest %
AEO	76,85	76,85	76,85	76,85
Akbank	40,75	40,75	40,75	40,75
Bimsa	100,00	100,00	100,00	100,00
Çimsa	58,41	53,00	58,41	53,00
Exsa	61,68	46,23	61,68	46,23
Kordsa Global	71,11	71,11	71,11	71,11
Teknosa	60,29	60,29	60,29	60,29
Temsa	48,71	48,71	48,71	48,71
Tursa	100,00	100,00	100,00	100,00
Yünsa	57,88	57,88	57,88	57,88
Carrefoursa(*)	50,61	50,61	50,74	50,74

(*) Represents call option, which is in Equity of Group's subsidiaries Carrefoursa capital with a rate of 0.14% and nominal value of TL 946 986, was decided to sell the Istanbul Stock Exchange within a year. In accordance with this decision, 26, 27, 29 April and 2, 3, 4 and May 10, 2016 date regarding the share of Carrefoursa Inc. with range of price 6,85-7,88 amount of 946.986 nominal value per share sale was realized. Carrefoursa With this transaction the Group's share in Carrefoursa A.Ş. became 50.61%.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

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

2.1 Basis of Presentation (continued)

2.1.3 Basis of Consolidation (continued)

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 investment held by the Holding and its Subsidiaries is eliminated against the related shareholders' equity. Intercompany transactions and balances between the Holding and its Subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by the Holding in its Subsidiaries are eliminated from shareholders' equity and income for the period, respectively.

Financial statements of Subsidiaries whose financial position at 30 June 2016 and result of operations for period ended 30 June 2016 are insignificant to the overall consolidated financial statements, are not consolidated on the grounds of materiality. Such Subsidiaries are classified as available for sale equity securities in these consolidated financial statements.

Joint arrangements are agreements where Holding and its subsidiaries together with one or more parties are subject to joint control and undertake an economic operation through an agreement.

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

The table below sets out the Joint Ventures and shows the proportion of ownership interest and effective interest of the Holding in these Joint Ventures at 30 June 2016 and 31 December 2015:

	30 June 2016		31 December 2015	
	Direct and indirect ownership interest by the Holding and its Subsidiaries	Proportion of effective interest	Direct and indirect ownership interest by the Holding and its Subsidiaries	Proportion of effective interest
Joint Ventures	%	%	%	%
Akçansa	39,72	39,72	39,72	39,72
Aksigorta	36,00	36,00	36,00	36,00
Avivasa	40,00	40,00	40,00	40,00
Brisa	43,63	43,63	43,63	43,63
Enerjisa Enerji	50,00	50,00	50,00	50,00
Temsa Mısır	73,75	73,75	73,75	73,75
Temsa İş Makinaları	51,00	51,00	51,00	51,00

Investments regarding to joint ventures are consolidated by equity interest purchase method. Sabancı family members do not have any interest in the share capital of the Joint Ventures.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

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

2.1 Basis of Presentation (continued)

2.1.3 Basis of Consolidation (continued)

- f) Investments in Associates are accounted for by the equity method. These are companies where the Group has significant influence rather than control over the business operations. Unrealized gains that result from intercompany transactions between the Holding and its Associates are eliminated on consolidation considering the Group share, whereas unrealized losses are eliminated unless they do not address any impairment. Equity accounting is not applied for Investments in Associates if the carrying amount of the investment in an Associate reaches zero, unless the Holding has incurred obligations or guaranteed obligations in respect of the Associates.

The table below sets out all Associates and shows the total interest of the Holding in these associates at 30 June 2016 and 31 December 2015:

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

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

- g) Other investments over which the Holding does not exercise a significant influence, or which are immaterial, are classified as available for sale. Available for sale investments that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value. Available for sale investments that have a quoted market price in active markets and whose fair values can be measured reliably are carried at fair value

2.1.4 Offsetting

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

2.1.5 Comparatives and Restatement of Prior Year Financial Statements

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2016**

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

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

2.1 Basis of Presentation (continued)

2.1.5 Comparatives and Restatement of Prior Year Financial Statements (continued)

The Group presented the consolidated balance sheet as of 30 June 2016 comparatively with the consolidated balance sheet as of 31 December 2015 and presented the consolidated statement of profit or loss, statement of other comprehensive income, statement of cash flows and statement of changes in equity for the period 1 January-30 June 2016 comparatively with the year 1 January-30 June 2015.

The Share Purchase Agreement was signed on 13 January 2015 regarding the sale of all shares in our subsidiary SASA Polyester Sanayi A.Ş. corresponding to 51 % of the share capital of the Company to Erdemoğlu Holding A.Ş. by amount of TL 277.602.495(USD 104 Million). As of 30 June 2016; profit or loss items amounted TL 108.409.485 of Sasa have been reclassified to “Discontinued Operations” on the consolidated statement of profit or loss.

According to The Group’s Board of Management decision numbered 2015/29 dated 31 December 2015, shares belonging to company partners, Nile Kordsa Company for Industrial Fabrics S.A.E. and Interkordsa GmbH with %51 and %100 of rates respectively, would be classified as “Assets Held for Sale” in the balance sheet as of 31 December 2015. Hence, these companies were classified as “Assets Held for Sale” in preparation for financial tables in 30 June 2016.

As of 30 June 2016; the operating loss of Kordsa Global's subsidiary Nile Kordsa Company for Industrial Fabrics S.A.E. is Full TL 7.330.465 (30 June 2015: Full TL 7.618.643 Profit).In the consolidated financial statements; operating results of the company (Nile Kordsa) reclassified as discontinued operations income/expenditure

As of 30 June 2016; the operating loss of Kordsa Global's subsidiary InterKordsa GmbH is Full TL 4.495.909 (30 June 2015: Full TL 249.282 Profit).In the consolidated financial statements as of 30 June 2016 and 30 June 2015; operating results of the company (InterKordsa) reclassified as discontinued operations income/expenditure

2.2 Changes in Accounting Policies and Estimates and Errors

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

If changes in the accounting estimates are related to only one period, they are applied in the current year; if they are related to the future periods, they are applied both in current and future periods. There is no change in the accounting policies and estimates of the Group in the current period.

When a significant accounting error is identified, it is corrected retrospectively and the prior year financial statements are restated. The Group did not detect any significant accounting error in the current period.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2016**

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.3 Summary of Significant Accounting Policies**

The condensed consolidated interim financial statements for the period ended 30 June 2016 have been prepared in accordance with TAS 34, the standard on the preparation and presentation of interim period financial statements. The accounting policies used in the preparation of the condensed Interim consolidated financial statements for the period ended 30 June 2016 are consistent with those used in the preparation of consolidated financial statements for the year ended 31 December 2015. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the consolidated statements for the year ended 31 December 2015.

2.4 Critical Accounting Estimates and Assumptions

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

NOTE 3 - SEGMENT REPORTING

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

a) External revenues (Consolidated):

	1 January - 30 June 2016	1 January - 30 June 2015
Finance / Banking	10.855.012	8.885.007
Industry	1.797.282	1.569.543
Retail	3.805.089	3.023.169
Cement	586.136	564.253
Other	122.325	56.657
Total (*)	17.165.844	14.098.629

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

NOTE 3 - SEGMENT REPORTING (Continued)

b) Segment assets (Consolidated):

	30 June 2016	31 December 2015
Finance / Banking	262.904.214	249.810.125
Industry	3.687.820	3.398.368
Retail	3.742.865	4.141.514
Cement	2.092.145	1.834.129
Other	1.895.728	1.680.947
Segment assets (*)	274.322.772	260.865.083
Assets classified as held for sale (Note 15)	93.324	114.221
Investments accounted through equity method (Note 7)	5.993.502	5.970.431
Unallocated assets	569.382	659.011
Less: intersegment eliminations	(2.139.133)	(2.088.679)
Total assets as per consolidated financial statements	278.839.847	265.520.067

(*) Segment assets mainly comprise operating assets in the consolidated financial statements.

c) Segment Liabilities (Consolidated):

	30 June 2016	31 December 2015
Finance / Banking	231.677.815	221.272.563
Industry	1.927.476	1.749.732
Retail	3.147.464	3.175.203
Cement	986.451	655.160
Other	183.653	213.034
Segment liabilities (*)	237.922.859	227.065.692
Assets classified as held for sale	45.896	45.928
Unallocated Liabilities	539.643	521.097
Less: intersegment eliminations	(2.124.628)	(2.084.088)
Total liabilities as per consolidated financial statements	236.383.770	225.548.629

(*) Segment liabilities mainly comprise operating liabilities in the consolidated financial statements.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

NOTE 3 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment:

i) Banking:

	Combined(*) 30 June 2016	Consolidated(**) 30 June 2016	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015
Cash and cash equivalents	8.073.817	8.073.817	10.281.373	10.281.373
Financial assets	50.990.103	50.990.103	54.117.316	54.117.316
Derivative financial instruments	4.858.397	4.858.397	3.348.524	3.348.524
Reserve deposits with the Central Bank of Republic of Turkey	33.436.714	33.436.714	24.007.327	24.007.327
Receivables from finance sector operations	161.619.073	161.619.073	154.949.086	154.949.086
Property, plant and equipment	739.161	739.161	794.420	794.420
Intangible assets	225.626	225.626	224.105	224.105
Other receivables and other assets (***)	2.961.323	2.961.323	2.087.974	2.087.974
Total segment assets	262.904.214	262.904.214	249.810.125	249.810.125
Financial liabilities	42.863.318	42.863.318	38.667.696	38.667.696
Payables from finance sector operations	178.236.135	178.236.135	173.974.782	173.974.782
Derivative financial instruments	2.933.490	2.933.490	1.926.811	1.926.811
Other payables and other liabilities (***)	7.644.872	7.644.872	6.703.274	6.703.274
Total segment liabilities	231.677.815	231.677.815	221.272.563	221.272.563

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

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

(***) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liabilities. These items are included in non-segment assets and liabilities.

Banking segment consists of Akbank. Akbank's accumulated non-controlling interests calculated from its financial statements amount to TL 18.539.755 as of 30 June 2016 (31 December 2015: TL 17.042.439).

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

ii) Insurance:

	Combined(*) 30 June 2016	Consolidated(**) 30 June 2016	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015
Cash and cash equivalents	894.399	-	1.006.854	-
Financial assets	1.167.306	-	1.020.931	-
Receivables from finance sector operations	426.327	-	550.954	-
Investments accounted through equity method	-	303.054	-	285.821
Property, plant and equipment	33.723	-	30.316	-
Intangible assets	50.015	-	47.788	-
Other receivables and other assets (***)	1.112.238	-	904.056	-
Total segment assets	3.684.008	303.054	3.560.899	285.821
Payables from finance sector operations	2.743.163	-	2.572.188	-
Other payables and other liabilities (***)	156.393	-	270.915	-
Total segment liabilities	2.899.556	-	2.843.103	-

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

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

(***) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liabilities. These items are included in non-segment assets and liabilities.

Insurance segment consist of Aksigorta and Avivasa.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

iii) Energy:

	Combined(*) 30 June 2016	Consolidated(**) 30 June 2016	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015
Cash and cash equivalents	254.364	-	257.870	-
Financial assets	836	-	836	-
Trade receivables	1.984.705	-	1.987.498	-
Inventories	178.254	-	141.679	-
Investments accounted through equity method	-	4.853.108	-	4.719.888
Property, plant and equipment	10.193.633	-	10.023.084	-
Intangible assets	6.014.004	-	6.116.884	-
Other receivables and other assets (***)	8.195.999	-	7.760.894	-
Total segment assets	26.821.795	4.853.108	26.288.745	4.719.888
Financial liabilities	11.537.865	-	11.414.179	-
Payables to Privatization Administration	1.215.207	-	1.188.456	-
Trade payables	1.289.197	-	1.242.519	-
Other payables and other liabilities (***)	2.425.086	-	2.472.887	-
Total segment liabilities	16.467.355	-	16.318.041	-

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

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

(***) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liabilities. These items are included in non-segment assets and liabilities.

Energy segment consists of Enerjisa and its subsidiaries.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

iv) Industry:

	Combined(*) 30 June 2016	Consolidated(**) 30 June 2016	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015
Cash and cash equivalents	127.526	49.875	89.391	28.841
Financial assets	103	103	104	104
Trade receivables	1.893.527	1.071.884	1.722.989	930.694
Inventories	1.266.621	907.958	1.186.737	829.104
Investments accounted through equity method (Note 7)	260.258	477.182	275.573	558.031
Property, plant and equipment	2.068.276	1.243.979	1.879.884	1.188.731
Intangible assets	228.264	178.821	223.508	175.156
Other receivables and other assets (***)	524.760	328.550	542.649	359.959
Total segment assets	6.369.335	4.258.352	5.920.835	4.070.620
Financial liabilities	2.593.116	1.194.891	2.252.221	1.151.147
Trade payables	746.549	485.711	625.739	355.601
Other payables and other liabilities (***)	465.309	292.795	393.909	288.911
Total segment liabilities	3.804.974	1.973.397	3.271.869	1.795.659

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

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

(***) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liabilities. These items are included in non-segment assets and liabilities

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

v) Retail:

	Combined(*) 30 June 2016	Consolidated(**) 30 June 2016	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015
Cash and cash equivalents	149.193	149.193	579.374	579.374
Trade receivables	110.698	110.835	81.557	81.557
Inventories	1.143.214	1.143.214	1.094.659	1.094.659
Investment property	191.652	191.652	193.873	193.873
Property, plant and equipment	1.078.847	1.078.847	1.107.403	1.107.403
Intangible assets	94.021	94.021	100.122	100.122
Other receivables and other assets (***)	914.403	975.103	923.690	984.526
Total segment assets	3.682.028	3.742.865	4.080.678	4.141.514
Financial liabilities	1.004.335	1.004.335	990.803	990.803
Trade payables	1.698.740	1.698.740	1.780.732	1.780.732
Other payables and other liabilities (***)	444.389	444.389	403.669	403.669
Total segment liabilities	3.147.464	3.147.464	3.175.204	3.175.204

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

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

(***) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liabilities. These items are included in non-segment assets and liabilities.

Retailing segment consists of Teknosa and Carrefoursa.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

vi) Cement:

	Combined(*) 30 June 2016	Consolidated(**) 30 June 2016	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015
Cash and cash equivalents	154.260	123.921	249.187	234.263
Financial assets	162.783	64	162.783	64
Trade receivables	819.228	375.105	731.605	324.649
Inventories	226.216	92.110	231.269	96.065
Investments accounted through equity method (Note 7)	-	360.159	-	406.691
Property, plant and equipment	1.985.323	1.229.218	1.685.449	944.201
Intangible assets	57.694	18.136	61.733	19.363
Other receivables and other assets (***)	394.558	253.591	363.203	215.524
Total segment assets	3.800.062	2.452.304	3.485.229	2.240.820
Financial liabilities	1.061.348	766.031	490.602	377.658
Trade payables	404.064	147.555	475.337	204.388
Other payables and other liabilities (***)	134.673	72.865	132.335	73.114
Total segment liabilities	1.600.085	986.451	1.098.274	655.160

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

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

(***) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liabilities. These items are included in non-segment assets and liabilities.

Cement segment consists of Akçansa and Çimsa.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

vii) Other:

	Combined(*) 30 June 2016	Consolidated(**) 30 June 2016	Combined(*) 31 December 2015	Consolidated(**) 31 December 2015
Cash and cash equivalents	1.435.381	1.435.381	1.128.910	1.128.910
Financial assets	11.775.814	367	11.588.882	388
Trade receivables	31.744	30.499	65.838	64.321
Inventories	669	669	1.949	1.949
Property, plant and equipment	259.766	223.698	265.685	229.618
Intangible assets	12.663	12.663	11.733	11.733
Other receivables and other assets (***)	132.846	192.451	184.153	244.028
Total segment assets	13.648.883	1.895.728	13.247.150	1.680.947
Financial liabilities	8.114	8.114	-	-
Trade payables	25.120	25.120	65.231	65.231
Other payables and other liabilities (***)	119.296	162.198	147.802	147.802
Total segment liabilities	152.530	195.432	213.033	213.033

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

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

(***) Other receivables and other assets, other payables and other liabilities do not include deferred tax assets and liabilities. These items are included in non-segment assets and liabilities.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

	1 January 2016 - 30 June 2016			1 January 2015 - 30 June 2015		
	Total Consolidation of Segments Before Elimination	Elimination and Consolidation Adjustments	Consolidated	Total Consolidation of Segments Before Elimination	Elimination and Consolidation Adjustments	Consolidated
Total revenue	17.206.408	(40.563)	17.165.845	14.132.219	(33.592)	14.098.629
Cost of sales and interest, premiums, commissions and other expenses	(10.902.513)	77.778	(10.824.735)	(8.871.921)	49.016	(8.822.904)
General administration expenses	(2.522.001)	18.971	(2.503.030)	(2.516.084)	15.453	(2.500.632)
Sales, marketing and distribution expenses	(905.772)	859	(904.913)	(678.270)	901	(677.370)
Research and development expenses	(3.032)	-	(3.032)	(1.398)	-	(1.398)
Other operating income/(expense) - net	326.182	(19.116)	307.066	195.467	(23.974)	171.494
Interest in income of joint ventures	340.790	-	340.790	327.852	-	327.852
Operating profit	3.540.062	37.929	3.577.991	2.587.865	7.804	2.595.670
Income/(expense) from investing activities - net	60.208	(52.139)	8.069	186.520	(28.081)	158.438
Operating profit before financial expense	3.600.270	(14.210)	3.586.060	2.774.385	(20.277)	2.754.109
Financial income/(expense) - net	(129.463)	10.707	(118.756)	(111.767)	12.611	(99.156)
Income before tax	3.470.807	(3.503)	3.467.304	2.662.618	(7.666)	2.654.953
Tax	(615.825)	-	(615.825)	(468.559)	-	(468.620)
Profit/(loss) after tax from discontinued operations	(11.826)	-	(11.826)	116.277	-	116.276
Income for the period	2.843.156	(3.503)	2.839.653	2.310.275	(7.666)	2.302.609
Net income attributable to equity holders of the parent			1.352.645			1.218.266

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

NOTE 3 - SEGMENT REPORTING (Continued)

f) The income statement items by segment:

i) Banking:

	Combined(*) 30 June 2016	Consolidated(**) 30 June 2016	Combined(*) 30 June 2015	Consolidated(**) 30 June 2015
Interest, commission and other income	10.875.864	10.875.864	8.898.314	8.898.314
Interest, commission and other expenses	(5.913.815)	(5.913.815)	(4.805.974)	(4.805.974)
General administration expenses	(2.291.719)	(2.291.719)	(2.298.910)	(2.298.910)
Other operating income/(expense) - net	453.174	453.174	165.850	165.850
Operating profit	3.123.504	3.123.504	1.959.280	1.959.280
Income/(expense) from investing activities - net	2.599	2.599	2.264	2.264
Operating profit before financial expense	3.126.103	3.126.103	1.961.544	1.961.544
Financial income/(expense) - net	-	-	-	-
Income before tax	3.126.103	3.126.103	1.961.544	1.961.544
Tax	(615.861)	(615.861)	(404.896)	(404.896)
Net income	2.510.242	2.510.242	1.556.648	1.556.648
Net income attributable to equity holders of the parent		1.022.921		634.332
EBITDA	3.229.005	3.229.005	2.072.780	2.072.780

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

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

Akbank's net income attributable to non-controlling interest is TL 1.487.321 as of 30 June 2016 (30 June 2015: TL 922.316).

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

ii) Insurance:

	Combined(*) 30 June 2016	Consolidated(**) 30 June 2016	Combined(*) 30 June 2015	Consolidated(**) 30 June 2015
Gross premiums	1.117.517	-	1.012.928	-
Premiums, commission and other expenses	(985.053)	-	(950.421)	-
General administration expenses	(176.116)	-	(153.748)	-
Other operating income/(expense) -net	124.058	-	177.783	-
Interest in income of joint ventures	-	27.667	-	28.282
Operating profit	80.406	27.667	86.542	28.282
Income/(expense) from investing activities – net	14.367	-	10.752	-
Operating profit before financial expense	94.773	27.667	97.294	28.282
Financial income/(expense) – net	1.196	-	(6.753)	-
Profit before tax	95.969	27.667	90.541	28.282
Tax	(23.165)	-	(20.234)	-
Net income	72.804	27.667	70.307	28.282
Net income attributable to equity holders of the parent		27.667		28.282
EBITDA	83.162		58.203	

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

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

iii) Energy:

	Combined(*) 30 June 2016	Consolidated(**) 30 June 2016	Combined(*) 30 June 2015	Consolidated(**) 30 June 2015
Sales revenue (net)	6.200.656	-	5.680.128	-
Cost of sales	(4.651.426)	-	(4.487.152)	-
General administration expenses	(611.384)	-	(478.195)	-
Sales, marketing and distribution expenses	36.873	-	175.091	-
Interest in income of joint ventures	-	122.982	-	135.262
Operating profit	974.719	122.892	889.872	135.262
Income/(expense) from investing activities - net	(565.640)	-	(462.986)	-
Operating profit before financial expense	409.079	122.892	426.886	135.262
Financial income/(expense) - net	(163.295)	-	(156.362)	-
Profit before tax	245.784	122.892	270.524	135.262
Tax		122.892		135.262
Net income				135.262
Net income attributable to equity holders of the parent		122.892		135.262
EBITDA	1.156.029		1.066.990	

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

iv) Industry:

	Combined(*) 30 June 2016	Consolidated(**) 30 June 2016	Combined(*) 30 June 2015	Consolidated(**) 30 June 2015
Sales revenue (net)	2.662.341	1.797.488	2.392.495	1.569.545
Cost of sales	(2.028.118)	(1.442.606)	(1.867.034)	(1.277.344)
General administration expenses	(115.407)	(66.599)	(102.309)	(60.568)
Sales, marketing and distribution expenses				
Research and development expenses	(231.521)	(95.894)	(181.399)	(77.134)
Other operating income/(expense) -net	(11.231)	(3.032)	(9.691)	(1.398)
Interest in income of joint ventures	43.135	21.819	60.059	40.324
Shares of profit of joint ventures	120.280	141.097	85.122	112.379
Operating profit	439.479	352.273	377.243	305.804
Income/(expense) from investing activities - net	2.922	3.245	14.068	14.055
Operating profit before financial expense	442.401	355.518	391.311	319.859
Financial income/(expense) - net	(85.307)	(26.247)	(108.238)	(67.600)
Profit before tax	357.094	329.271	283.073	252.259
Tax	(27.138)	(25.557)	(20.643)	(24.417)
Profit/(loss) after tax from discontinued operations	(11.826)	(11.826)	116.277	116.277
Net income	318.130	291.888	378.707	344.119
Net income attributable to equity holders of the parent	-	225.546	-	287.615
EBITDA	494.858	384.705	430.962	322.933

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

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

v) Retail:

	Combined(*) 30 June 2016	Consolidated(**) 30 June 2016	Combined(*) 30 June 2015	Consolidated(**) 30 June 2015
Sales revenue (net)	3.811.357	3.808.258	3.028.679	3.025.789
Cost of sales	(3.065.432)	(3.062.333)	(2.350.018)	(2.347.128)
General administration expenses	(85.959)	(85.959)	(81.615)	(81.615)
Sales, marketing and distribution expenses	(801.641)	(801.641)	(595.290)	(595.290)
Other operating income/(expense) - net	(162.363)	(162.363)	(43.318)	(43.318)
Operating profit	(304.038)	(304.038)	(41.562)	(41.562)
Income/(expense) from investing activities - net	805	805	140.751	140.751
Operating profit before financial expense	(303.233)	(303.233)	99.189	99.189
Financial income/(expense) - net	(84.985)	(84.985)	(25.352)	(25.352)
Profit before tax	(388.218)	(388.218)	73.837	73.837
Tax	73.811	73.811	(2.857)	(2.857)
Net income	(314.407)	(314.407)	70.980	70.980
Net income attributable to equity holders of the parent		(163.870)		34.051
EBITDA	(177.270)	(177.270)	45.611	45.611

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

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

vi) Cement:

	Combined(*) 30 June 2016	Consolidated(**) 30 June 2016	Combined(*) 30 June 2015	Consolidated(**) 30 June 2015
Sales revenue (net)	1.322.074	586.136	1.274.261	564.253
Cost of sales	(923.197)	(393.998)	(883.218)	(381.896)
General administration expenses	(59.618)	(30.676)	(52.599)	(26.838)
Sales, marketing and distribution expenses	(14.268)	(4.764)	(11.967)	(3.404)
Other operating income/(expense) - net (***)	6.968	10.837	9.347	11.555
Interest in income of joint ventures	-	49.134	-	51.929
Operating profit	331.959	216.669	335.824	215.599
Income/(expense) from investing activities - net	7.695	1.712	5.522	1.206
Operating profit before financial expense	339.654	218.381	341.346	216.805
Financial income/(expense) - net	(34.084)	(17.996)	(25.082)	(12.268)
Profit before tax	305.570	200.385	316.264	204.537
Tax	(61.224)	(30.863)	(62.780)	(30.839)
Net income	244.346	169.522	253.484	173.698
Net income attributable to equity holders of the parent		110.044		115.902
EBITDA	384.013	232.517	390.401	235.460

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

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

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

NOTE 3 - SEGMENT REPORTING (Continued)

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

vii) Other:

	Combined(*) 30 June 2016	Consolidated(**) 30 June 2016	Combined(*) 30 June 2015	Consolidated(**) 30 June 2015
Sales revenue (net)	896.182	138.662	899.290	74.318
Cost of sales	(89.901)	(89.761)	(59.632)	(59.579)
General administration expenses	(50.109)	(47.048)	(50.831)	(48.153)
Sales, marketing and distribution expenses	(3.473)	(3.473)	(2.442)	(2.442)
Other operating income/(expense) - net (***)	6.551	2.715	21.189	21.056
Operating profit	759.250	1.095	807.574	(14.800)
Income/(expense) from investing activities - net	51.847	51.847	28.244	28.244
Operating profit before financial expense	811.097	52.942	835.818	13.444
Financial income/(expense) - net	(235)	(235)	(6.548)	(6.548)
Profit before tax	810.862	52.707	829.270	6.896
Tax	(17.355)	(17.355)	(5.611)	(5.611)
Net income	793.507	35.352	823.659	1.285
Net income attributable to equity holders of the parent		7.446		(17.179)
EBITDA	771.240	13.012	802.362	(20.424)

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

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

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FOR THE INTERIM PERIOD ENDED 30 JUNE 2016**

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

NOTE 3 - SEGMENT REPORTING (Continued)

f) Net profit attributable to equity holders of the parent

Details of the net profit / (loss) attributable to equity holders of the parent with adjusted segments is as follows:

	30 June 2016	30 June 2015
Banking	956.637	634.332
Insurance	34.714	28.282
Industry	228.150	170.862
Cement	110.044	115.902
Energy	110.813	68.812
Retail	(98.278)	(22.842)
Other	(7.697)	(14.381)
Total	1.334.383	980.967

The reconciliation of adjusted net profit attributable to equity holders of the Parent is as follows:

	30 June 2016	30 June 2015
Adjusted net income for reported operating segments (Equity holders of the Parent)	1.334.383	980.967
Carrefoursa one-off income / expenses (restructuring and income from sale of real estate)	(57.454)	56.893
One off expenses related to Teknosa	(8.320)	-
Temsa gain from the sale of real estate	-	5.358
Exsa gain from the sale of real estate	15.740	-
Akbank visa sales revenue	66.284	-
EEDAS salvage sales revenue	10.000	-
EEDAS TEİAŞ reactive cancellation of penalty provision	2.079	-
Avivasa repayment life insurance premium calculation method change	(7.047)	-
Kordsa Gain on sale of fixed assets and provision for impairment allocated to Nile KordSA	(2.316)	-
Brisa estimated useful lives change	3.686	-
Yünsa restructuring costs	(2.166)	-
Enerjisa Üretim - Gazipaşa Birkapılı sales	-	52.250
Gain on sale of SASA	-	108.409
Other	(2.224)	14.388
Net income (Equity holders of the Parent)	1.352.645	1.218.266

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

NOTE 3 - SEGMENT REPORTING (Continued)

g) Depreciation and amortization charges, impairment and capital expenditures (Consolidated):

1 January – 30 June 2016

	Finance							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortisation	105.501	-	56.257	30.482	-	78.271	12.309	282.820
Impairment / (reversal of impairment) of property, plant and equipment and investment properties	-	-	-	-	-	14.985	-	14.985
Capital expenditure	52.172	-	107.544	317.050	-	79.260	10.809	566.835

1 January – 30 June 2015

	Finance							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortisation	113.500	-	56.047	32.666	-	57.318	10.300	269.831
Impairment / (reversal of impairment) of property, plant and equipment and investment properties	-	-	(386)	-	-	1.915	-	1.529
Capital expenditure	67.112	-	75.157	41.154	-	212.489	14.165	410.077

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

NOTE 3 - SEGMENT REPORTING (Continued)

h) Depreciation and amortization charges, impairment and capital expenditures (Combined) (continued):

1 January – 30 June 2016

	Finance							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortisation	105.501	7.980	106.667	66.925	225.689	78.271	12.383	603.416
Impairment / (reversal of impairment) of property, plant and equipment and investment properties	-	-	-	-	-	14.985	-	14.985
Capital expenditure	52.172	14.093	294.325	366.736	991.511	79.260	10.809	1.808.906

1 January – 30 June 2015

	Finance							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortisation	113.500	7.160	107.940	67.738	217.508	57.318	10.713	581.877
Impairment / (reversal of impairment) of property, plant and equipment and investment properties	-	-	(386)	-	-	1.915	-	1.529
Capital expenditure	67.112	22.670	162.630	88.335	1.464.040	212.489	14.165	2.031.441

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD ENDED 30 JUNE 2016**

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

NOTE 4 - FINANCIAL ASSETS**a) Held for trading securities:**

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

	30 June 2016	31 December 2015
Share certificates	20.964	6.532
Government bonds	7.926	9.996
Eurobonds	-	107
Other	42.239	23.878
Total	71.129	40.513

The analysis of maturities at 30 June 2016 and 31 December 2015 is as follows:

	30 June 2016	31 December 2015
3 to 12 months	19.805	13.069
1 to 5 years	15.642	10.954
No maturity	35.682	16.490
Total	71.129	40.513

Period remaining to contractual repricing dates:

	30 June 2016	31 December 2015
Up to 3 months	27.520	14.334
3 to 12 months	7.926	9.668
1 to 5 years	-	21
No maturity	35.683	16.490
Total	71.129	40.513

None of the Group companies has held for trading financial instruments except the Banking sector.

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

NOTE 4 - FINANCIAL ASSETS (Continued)

b) Available for sale securities:

	30 June 2016	31 December 2015
Debt securities		
- Government bonds	17.676.124	19.376.723
- Eurobonds	14.864.520	15.929.477
- Investment funds	195.122	270.628
- Other bonds denominated in foreign currency	7.333.173	7.678.819
Sub-total	40.068.939	43.255.647
Equity securities		
- Listed	90	90
- Unlisted	59.428	133.088
Sub-total	59.518	133.178
Total financial assets available for sale	40.128.457	43.388.825

Effective interest rates of USD, EUR and TL denominated available-for-sale securities are 3,75% (31 December 2015: 3,80%), 2,53% (31 December 2015: 2,46%) and 9,75% (31 December 2015: 9,68%), respectively. The Group's financial assets available for sale subject to funds provided from repo are TL 22.562.807 (31 December 2015: TL 20.185.224). Available for sale financial assets that are given as collateral because of the Group's financing activities are amounting to TL 2.982.975 (31 December 2015: TL 1.939.145). No available for sale financial assets exist whose risk is undertaken by insurance policy holders (31 December 2015: None).

Akbank has Consumer Price Index ("CPI") linked government bonds under available-for-sale and held-to-maturity portfolios with semi-annual fixed real coupon rates and a maturity of 5 to 10 years. These marketable securities are valued and accounted by using effective interest rate method by considering the real coupon rates and reference inflation index at the issue date together with the index calculated by considering the estimated inflation rate. As disclosed in inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the real payments is determined based on the inflation rates of two month before. The estimated inflation rate used is updated during the year when necessary. As of 30 June 2016, these securities have been valued 8,00% annual inflation forecast. If the valuation of these CPI indexed securities was made with reference to inflation indexed as of 30 June 2016, valuation differences under shareholders equity would have decreased by TL 37 million (exact TL amount) and net income would have increased by TL 51 million (exact TL amount), accordingly net income would have been TL 2.459 million (exact TL amount).

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD ENDED 30 JUNE 2016**

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

NOTE 4 - FINANCIAL ASSETS (Continued)

b) Available for sale securities (continued):

The maturity analysis at 30 June 2016 and 31 December 2015 is as follows:

	30 June 2016			31 December 2015		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	938.345	-	938.345	908.428	-	908.428
1 to 5 years	24.140.262	59.919	24.199.781	25.555.100	462	25.555.562
Over 5 years	14.642.410	-	14.642.410	16.292.593	-	16.292.593
No maturity	347.921	-	347.921	632.242	-	632.242
Total	40.068.938	59.919	40.128.457	43.388.363	462	43.388.825

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

	30 June 2016			31 December 2015		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	7.249.992	-	7.249.992	6.800.295	-	6.800.295
3 to 12 months	8.321.954	-	8.321.954	8.434.421	-	8.434.421
1 to 5 years	17.969.541	-	17.969.541	20.027.889	-	20.027.889
Over 5 years	6.277.177	-	6.277.177	7.722.413	-	7.722.413
No maturity	250.274	59.919	309.793	403.345	462	403.807
Total	40.068.938	59.919	40.128.457	43.388.363	462	43.388.825

c) Financial assets held to maturity:

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

	30 June 2016	31 December 2015
Government bonds	10.749.567	10.688.533
Total	10.749.567	10.688.533

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

NOTE 4 - FINANCIAL ASSETS (Continued)

c) Financial assets held to maturity (continued):

Period remaining to contractual maturity dates for financial assets held for trading, held to maturity and available-for-sale as at 30 June 2016 and 31 December 2015 is as follows:

	30 June 2016			31 December 2015		
	Banking	Other companies	Total	Banking	Other companies	Total
3 to 12 months	117.656	94	117.750	121.031	94	121.125
1 to 5 years	7.298.142	-	7.298.142	7.364.090	-	7.364.090
Over 5 years	3.333.675	-	3.333.675	3.203.318	-	3.203.318
Total	10.749.473	94	10.749.567	10.688.439	94	10.688.533

Period remaining to contractual repricing dates for investment security, available for sale and held to maturity at 30 June 2016 and 31 December 2015 is as follows:

	30 June 2016			31 December 2015		
	Banking	Other companies	Total	Banking	Other companies	Total
Up to 3 months	2.890.914	-	2.890.914	2.668.683	-	2.668.683
3 to 12 months	1.068.609	94	1.068.703	1.146.641	94	1.146.735
1 to 5 years	6.789.950	-	6.789.950	6.873.115	-	6.873.115
Over 5 years	-	-	-	-	-	-
Total	10.749.473	94	10.749.567	10.688.439	94	10.688.533

d) Time deposits:

	30 June 2016	31 December 2015
3 to 12 months	41.485	-
Total	41.485	-

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

NOTE 5 - FINANCIAL LIABILITIES**Short term funds borrowed, bank borrowings and debt securities:**

	30 June 2016	31 December 2015
Short term	9.880.163	8.678.744
Short-term portion of long term	12.388.951	12.862.826
Total short term	22.269.114	21.541.570

**Long-term funds borrowed, bank borrowings
and debt securities:**

Long term	23.038.514	19.137.143
Total	45.307.628	40.678.713

The maturity schedule of financial liabilities at 30 June 2016 and 31 December 2015 is summarized below:

	30 June 2016	31 December 2015
Up to 3 months	11.857.362	8.782.744
3 to 12 months	10.411.752	12.758.826
Short term borrowings and short term portion of long term borrowings	22.269.114	21.541.570
1 to 5 years	16.456.667	13.571.788
Over 5 years	6.581.847	5.565.355
Long term borrowings	23.038.514	19.137.143
	45.307.628	40.678.713

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated. Currencies other than TL are expressed in thousands unless otherwise indicated.)

NOTE 5 - FINANCIAL LIABILITIES (Continued)

The repayment schedule of long term financial liabilities at 30 June 2016 and 31 December 2015 is summarized below:

	30 June 2016	31 December 2015
2016	-	5.065.465
2017	8.241.071	4.695.704
2018	3.049.703	1.106.934
2019	3.499.640	2.703.684
2020	1.666.253	5.565.356
2021 and after	6.581.847	-
Total	23.038.514	19.137.143

The repricing schedule of borrowings at 30 June 2016 and 31 December 2015 is summarized below:

	30 June 2016	31 December 2015
Up to 3 months	11.857.362	8.782.744
3 to 12 months	10.411.752	12.758.826
Short term borrowings and short term portion of long term borrowings	22.269.114	21.541.570
1 to 5 years	16.456.667	13.571.788
Over 5 years	6.581.847	5.565.355
Long term borrowings	23.038.514	19.137.143
Total financial liabilities	45.307.628	40.678.713

The transactions related with the funds and loans as of 30 June 2016 are as follows:

Akbank - Funds borrowed via syndicated credit facilities

As of 30 June 2016, Akbank has three outstanding syndicated loan facilities. On 13 August 2015, the first syndicated loan facility signed and raised EUR 873,1 million and USD 260,8 million. The loan's maturity is 1 year with a cost of Euribor/Libor+0,75%. The second syndicated loan facility signed on 18 March 2016 and raised totally EUR 783,5 million and USD 370,4 million, the loan's maturity are 1 years. The cost of portions of the loan with 1 year maturity is Euribor/Libor+0,75%, and the cost of portions of the other loan with 1 year maturity is Euroibor/Libor+0,85%. On 9 July 2015, the third syndicated loan facility signed and raised USD 335 million. The loan's maturity is 3 year with a cost of Euribor/Libor+1,85%.

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

NOTE 5 - FINANCIAL LIABILITIES (Continued)

Issued securities:

Securities issued consist of USD, EUR, RON and TL assets.

The repayment plan for USD securities issued is summarized below.

	30 June 2016		31 December 2015	
	USD	TL	USD	TL
2016	236.600	675.728	620.933	1.788.288
2017	1.080.236	3.085.155	751.749	2.165.036
2018	989.685	2.826.540	995.023	2.865.667
2019	499.086	1.425.390	301.974	869.684
2020	966.852	2.761.329	747.277	2.152.158
2021	433.652	1.238.510	53.713	154.693
2022	456.487	1.303.727	404.224	1.164.165
2023	66.062	188.673	28.490	82.051
2024	780.150	2.228.108	735.720	2.118.874
2025	370.974	1.059.502	325.773	938.226
2026	39.512	112.846	11.000	31.680
2027	20.524	58.617	11.000	31.680
2028	4.762	13.600	-	-
Total	5.944.582	16.977.725	4.986.876	14.362.202

The balance amounting to USD 5.944.582 consists of securitization deals and USD denominated securities issued by the Bank.

	30 June 2016		31 December 2015	
	EUR	TL	EUR	TL
2016	21.199	67.324	50.520	158.747
2017	63.715	202.346	63.708	200.183
2018	75.064	238.388	63.693	200.136
2019	93.307	296.324	47.846	150.342
2020	45.794	145.433	332	1.043
2021	23.053	73.212	319	1.002
2022	313	994	307	965
2023	301	956	295	927
2024	289	918	283	889
2025	278	883	272	855
2026	267	848	261	820
2027	256	813	251	789
2028	246	781	241	757
2029	6.164	19.756	6.043	18.988
Total	330.246	1.048.796	234.371	736.443

The balance amounting to EUR 330.246 consists of securitization deals and EUR denominated securities issued by the Bank.

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

NOTE 5 - FINANCIAL LIABILITIES (Continued)

Issued securities: (Continued)

	30 June 2016		31 December 2015	
	RON	TL	RON	TL
2016	1.750	1.223	4.805	3.321
2017	4.624	3.229	4.564	3.154
2018	76.724	53.576	75.413	52.110
2019	50.887	35.534	49.905	34.484
Total	133.985	93.562	134.687	93.069

The balance amounting to RON 133.985 consists of securization deals and RON denominated securities issued by the Bank.

	30 June 2016		31 December 2015	
	CZK	TL	CZK	TL
2016	-	-	350.610	41.253
2017	275.039	32.562	275.040	32.361
Total	275.039	32.562	625.650	73.614

The balance amounting to CZK 275.039 consists of securization deals and CZK denominated securities issued by the Bank.

	30 June 2016		31 December 2015	
	HUF	TL	HUF	TL
2019	771.152	7.812	786.358	7.989
Total	771.152	7.812	786.358	7.989

The balance amounting to HUF 771.152 consists of securization deals and HUF denominated securities issued by the Bank.

Additionally, as of 30 June 2016, there are bonds issued by the Bank amounting to TL 937.393 with 3 months maturity, TL 1.661.532 with 4 months maturity, TL 47.880 with 6 months maturity, TL 286.366 with 2 years maturity and TL 1.050.709 with over 5 years maturity. (31 December 2015: TL 568.089 with 3 months maturity, TL 917.737 with a 4 months maturity, TL 62.858 with 6 months maturity, TL 765.023 with 1 years maturity and TL 1.060.114 with over 5 years maturity.).

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

NOTE 6 - OTHER RECEIVABLES AND PAYABLES

Other short term receivables:	30 June 2016	31 December 2015
Receivables from credit card payments	13.698	16.902
Other receivables	1.217.456	1.019.974
Total	1.231.154	1.036.876

Other long term receivables:	30 June 2016	31 December 2015
Deposits and guarantees given	36.087	34.951
Other receivables	558.955	344.187
Total	595.042	379.138

Other short term payables:	30 June 2016	31 December 2015
Payables related to credit card transactions	3.374.608	3.154.070
Taxes and funds payable	301.268	283.883
Export deposits and transfer orders	169.386	39.292
Payment orders to correspondent banks	129.775	206.384
Other	708.081	757.403
Total	4.683.118	4.441.032

Other long term payables:		
Financial lease payables	76.861	91.977
Other	555.774	503.954
Total	632.635	595.931

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NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Book value of Associates and Joint Ventures is as follows:

	30 June 2016	Share (%)	31 December 2015	Share (%)
Aksigorta	140.802	36,00	126.198	36,00
Avivasa	162.252	40,00	159.623	40,00
Brisa	216.924	43,63	282.457	43,63
Akçansa	360.159	39,72	406.691	39,72
Enerjisa	4.853.108	50,00	4.719.888	50,00
Philsa	159.563	25,00	178.863	25,00
Philip Morrisa	26.494	24,75	24.434	24,75
Temsa Mısır	(14.457)	73,75	(15.535)	73,75
Temsa İş Makineleri	88.657	51,00	87.812	51,00
Total	5.993.502		5.970.431	

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

	30 June 2016	31 December 2015
Aksigorta	13.097	5.050
Avivasa	14.570	23.232
Brisa	20.817	27.257
Akçansa	49.134	51.929
Enerjisa	122.892	135.262
Philsa	70.849	64.966
Philip Morrisa	46.370	20.308
Temsa Mısır	(532)	(2.308)
Temsa İş Makineleri	3.593	2.156
Total	340.790	327.852

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

	30 June 2016		31 December 2015	
	Total assets	Total Liabilities	Total assets	Total liabilities
Aksigorta	2.561.254	2.170.138	2.354.754	2.004.204
Avivasa	1.173.272	791.182	1.260.122	887.042
Brisa	2.349.813	1.852.622	2.338.617	1.691.225
Akçansa	1.600.998	681.335	1.544.135	507.325
Enerjisa	27.234.372	17.528.156	26.829.659	17.389.883
Philsa	2.720.297	2.082.046	3.518.240	2.802.787
Philip Morrisa	1.289.382	1.180.511	1.965.174	1.864.373
Temsa Mısır	22.425	42.028	27.294	48.358
Temsa İş Makineleri	412.663	238.822	344.729	215.869
Total	39.364.476	26.566.840	40.182.724	27.411.066

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NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

Sales

	1 January - 30 June 2016	1 January - 30 June 2015
Aksigorta	970.332	884.698
Avivasa	147.185	128.230
Brisa	864.853	822.942
Akçansa	735.938	710.007
Enerjisa	6.200.656	5.680.128
Philsa(*)	8.073.012	7.202.249
Philip Morrisa	8.762.213	7.371.019
Temsa Mısır	-	1
Temsa İş Makineleri	248.507	241.425

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

Net profit/loss

	1 January - 30 June 2016	1 January - 30 June 2015
Aksigorta	36.378	14.026
Avivasa	36.426	56.281
Brisa	47.712	62.473
Akçansa	142.031	147.387
Enerjisa	245.784	270.524
Philsa	283.394	259.865
Philip Morrisa	187.353	82.051
Temsa Mısır	(720)	(3.130)
Temsa İş Makineleri	7.047	4.228

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NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for six month period ended 30 June 2016 is as follows:

	1 January 2016	Currency translation differences	Additions	Disposals	Transfers (*)	Impairment	Count Differences	30 June 2016
Cost:								
Land and land improvements	586.172	552	39.377	(149)	405	-	48	626.405
Buildings	2.352.264	3.478	4.878	(4.371)	(7.582)	-	5.408	2.354.075
Machinery and equipment	2.887.108	33.151	20.567	(4.574)	9.507	-	-	2.945.759
Motor vehicles	111.801	267	2.320	(5.504)	432	-	-	109.316
Furniture and fixtures	2.711.864	2.890	37.102	(29.579)	17.329	6.893	1.902	2.748.401
Total	8.649.209	40.338	104.244	(44.177)	20.091	6.893	7.358	8.783.956
Construction in progress	346.690	431	398.582	(6.725)	(36.020)	-	-	702.958
Total	8.995.899	40.769	502.826	(50.902)	(15.929)	6.893	7.358	9.486.914
Accumulated depreciation:								
Land and land improvements	(224.464)	11	(3.162)	-	13	-	(48)	(227.650)
Buildings	(893.849)	(2.454)	(28.652)	1.874	-	(2.891)	(5.408)	(931.380)
Machinery and equipment	(1.678.897)	(22.191)	(57.090)	1.973	-	-	-	(1.756.205)
Motor vehicles	(86.671)	(207)	(5.042)	3.808	-	-	-	(88.112)
Furniture and fixtures	(1.829.060)	(1.669)	(113.430)	10.992	(13)	(14.997)	(1.902)	(1.950.079)
Total	(4.712.941)	(26.510)	(207.376)	18.647	-	(17.888)	(7.358)	(4.953.426)
Net book value	4.282.958							4.533.488

(*) Transfers that have been realized during the period amounting of TL 15.929 recognized to intangible assets.

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NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movement in property, plant and equipment for six month period ended 30 June 2015 is as follows:

	1 January 2015	Currency translation differences	Additions	Disposals	Transfers (*)	Impairment	Transfers to non-current assets held for sale	30 June 2015
Cost:								
Land and land improvements	601.530	2.338	1.329	(22.055)	-	-	-	583.142
Buildings	2.293.440	24.000	5.550	(18.947)	11.341	-	-	2.315.384
Machinery and equipment	2.710.167	110.347	16.653	(58.710)	49.018	(371)	-	2.827.104
Motor vehicles	108.230	374	246	(3.028)	-	-	-	105.822
Furniture and fixtures	2.444.467	2.998	129.342	(71.813)	50.251	5.921	1.796	2.562.962
Total	8.157.834	140.057	153.120	(174.553)	110.610	5.550	1.796	8.394.414
Construction in progress	197.800	6.287	148.788	(3.011)	(129.346)	-	-	220.518
Total	8.355.634	146.344	301.908	(177.564)	(18.736)	5.550	1.796	8.614.932
Accumulated depreciation:								
Land and land improvements	(214.975)	(1.576)	(3.144)	-	-	-	-	(219.695)
Buildings	(847.050)	(6.571)	(29.642)	11.021	-	-	-	(872.242)
Machinery and equipment	(1.580.469)	(48.580)	(63.834)	45.879	-	(15)	-	(1.647.019)
Motor vehicles	(89.846)	4.307	(4.719)	1.850	-	-	-	(88.408)
Furniture and fixtures	(1.724.722)	(4.620)	(102.431)	66.557	-	(4.006)	(1.668)	(1.770.890)
Total	(4.457.062)	(57.040)	(203.770)	125.307	-	(4.021)	(1.668)	(4.598.254)
Net book value	3.898.572							4.016.678

(*) Transfers that have been realized during the period amounting of TL 18.736 recognized in intangible assets.

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

NOTE 9 - INTANGIBLE ASSETS

The movements in intangible assets for six month periods ended 30 June 2016 and 2015 are as follows:

	1 January 2015	Currency translation differences	Additions	Impairment	Disposals	Transfers	Count Differences	30 June 2016
Cost	1.167.409	855	60.194	-	(3.334)	15.929	(1.646)	1.239.407
Accumulated amortisation (-)	(636.966)	(434)	(73.387)	30	581	-	-	(710.176)
Net book value	530.443							529.231

	1 January 2015	Currency translation differences	Additions	Impairment	Disposals	Transfers	30 June 2015
Cost	921.948	11.881	107.791	-	(5.653)	18.736	1.054.703
Accumulated amortisation (-)	(485.649)	(6.992)	(63.997)	-	119	-	(556.519)
Net book value	436.299						498.184

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NOTE 10 - GOODWILL

The movements of goodwill for the six month period ended on 30 June 2016 and 2015 are as follows:

	2016	2015
1 January	1.014.355	478.935
Additions	460	-
Disposals (*)	-	(10.056)
30 June	1.014.815	468.879

(*) Includes goodwill effect due to sale from real estate of Group's subsidiary Carrefoursa.

NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short term provisions	30 June 2016	31 December 2015
Provision for liabilities	311.149	334.659
<i>Credit bonus provision</i>	<i>109.067</i>	<i>141.262</i>
<i>Litigation</i>	<i>80.972</i>	<i>68.664</i>
<i>Uncompensated and not encashed non-cash loans</i>	<i>90.102</i>	<i>83.688</i>
<i>Onerous contracts</i>	<i>30.091</i>	<i>34.000</i>
<i>Other short-term provisions</i>	<i>917</i>	<i>7.045</i>
Other	89.123	33.637
Total	400.272	368.296

Other long term provisions	30 June 2016	31 December 2015
Provision for liabilities	5.081	4.694
<i>Other long-term provisions</i>	<i>5.081</i>	<i>4.694</i>
Total	5.081	4.694

Commitments – Banking segment	30 June 2016	31 December 2015
Letters of guarantee given	22.719.100	22.551.263
Letters of credit	4.587.054	5.359.136
Foreign currency acceptance	3.241.174	933.230
Other guarantees given	3.387.886	3.513.090
Total	33.935.214	32.356.719

Commitments – Non-banking segment	30 June 2016	31 December 2015
Letters of guarantee given	543.380	477.230
Other guarantees given	216.423	289.631
Mortgages, guarantees and pledges for tangible assets	79.124	74.870
Total	838.927	841.731

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

NOTE 11 - 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 30 June 2016 and 31 December 2015 are as follows:

	30 June 2016	31 December 2015
Repurchase commitments	26.505.212	23.885.500

Commitments to forward currency purchase/sale and swap transactions**Transactions for held for trading**

	30 June 2016	31 December 2015
Foreign currency purchases	7.581.115	6.686.807
Foreign currency sales	7.700.575	6.782.859
Total	15.281.690	13.469.666

	30 June 2016	31 December 2015
Currency swap purchases	63.689.532	42.647.513
Currency swap sales	57.583.571	39.246.203
Interest swap purchases	32.106.456	29.350.383
Interest swap sales	32.106.456	29.350.383
Total	185.486.015	140.594.482

	30 June 2016	31 December 2015
Spot purchases	5.168.674	2.169.146
Spot sales	5.188.895	2.155.390
Total	10.357.569	4.324.536

	30 June 2016	31 December 2015
Currency, interest and securities options purchases	38.217.241	34.647.992
Currency, interest and securities options sales	38.417.079	34.776.488
Total	76.634.320	69.424.480

	30 June 2016	31 December 2015
Future purchases	-	1.856
Future sales	57.395	83.775
Total	57.395	85.631

	30 June 2016	31 December 2015
Other purchase transactions	6.234.881	4.594.069
Other sales transactions	9.987.451	6.436.738
Total	16.222.332	11.030.807

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

NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)
Derivative transactions for hedging:

	30 June 2016	31 December 2015
Interest swap purchases	7.032.411	4.791.937
Interest swap sales	7.032.411	4.791.937
Total	7.032.411	9.583.874

	30 June 2016	31 December 2015
Foreign currency purchases	128.669	115.886
Foreign currency sales	132.474	246.300
Total	261.143	362.186

	30 June 2016	31 December 2015
Currency swap purchases	2.944.859	1.871.978
Currency swap sales	2.728.866	1.348.580
Total	5.673.725	3.220.558

The maturity analysis of the off-balance sheet assets of the Banking segment at 30 June 2016 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	2.054.389	20.664.711	22.719.100
Letters of credits	3.094.751	1.492.303	4.587.054
Acceptance credits	3.229.705	11.469	3.241.174
Other guarantees	1.197.399	2.190.487	3.387.886
Total	9.576.244	24.358.970	33.935.214

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2015 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	1.450.808	20.112.780	21.563.588
Letters of credits	3.725.510	1.528.180	5.253.690
Acceptance credits	920.299	12.931	933.230
Other guarantees	1.349.002	1.932.013	3.281.015
Total	7.445.619	23.585.904	31.031.523

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

On 22 January 2013, Exsa, a subsidiary of the Group, is subjected to a tax penalty statement due to the corporate tax calculation in 2010 with an additional tax amounting to TL 39 million and its penalty amounting to TL 58 million. The main comment at the tax investigation report in accordance with the penalty is related to the spin-off transaction that took part in 2010 which was previously subjected to another investigation report in 2011. Regarding to that report in 2011, the Company has already reached a reconciliation with the Ministry of Finance. On 22 January 2013, the Company applied to the Ministry of Finance to reach a reconciliation settlement according to the same issue and the same year but no reconciliation was provided. The Company filed a lawsuit related to this matter. The lawsuit has been resolved in favor of the entity on 9 May 2014 and the decision has been appealed by the internal revenue service. Exsa management did not allow any provision in the financial statements for period ended on 30 June 2016 taking into account the legal advisors' and tax experts' opinions stating that the final legal process has not yet been completed and the uncertainty about the tax penalty and is still continuing.

Aksigorta, one of the Group's joint ventures, has been subjected to tax investigation by the T.C. Ministry of Finance Tax Audit Board with starting 24 June 2014. Through the this limited tax investigation, with subject to BITT covers years 2009, 2010, 2011 and 2012; 1,8 Million tax and 2,8 Million tax penalty for year 2009, 2 Million tax and 3 Million tax penalty for year 2010, 3 Million tax and 4,6 Million tax penalty for year 2011, 4,3 Million tax and 6,4 Million tax penalty for year 2012, and totally 27,9 Million tax and tax penalty has been charged to the company the claim recovery and salvage operations of the banking and insurance transactions were not subject to tax and has not booked any provision on financial statements. The company has requested reconciliation for the year 2009 tax penalty on 16 January 2015 and for the year 2010, 2011 and 2012 tax penalty on 20 February 2015 to the Ministry of Finance Central Reconciliation Commission.

In 2010, because of the liquidation of the subsidiary of the Group's subsidiary Yünsa SKT Giyim San. ve Tic. A.Ş., deduction of book value of shares from profit of Company has been criticized because of non-existing of judgement allowing related deduction, and tax principal amounted at full TL 7.083.889 and tax loss fine amounted at full TL 19.067.234 is respectively requested related to the year 2010, 2011, 2012 and 2013 by Large Taxpayer Office. No payment shall be made since the subject tax assessment is considered to be against tax laws, and all legal rights of Yünsa including right of litigation will be utilized.

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

The economic sector risk concentrations of the commitments of the Banking segment at 30 June 2016 and 31 December 2015 are as follows:

	30 June 2016	31 December 2015
Financial institutions	5.055.306	4.680.024
Construction	3.950.927	3.753.902
Chemicals	2.833.288	3.157.227
Wholesale	8.193.139	6.141.969
Small-scale retailers	3.480.949	3.461.873
Steel and mining	1.691.216	1.771.624
Food and beverage	443.705	455.109
Electricity, gas and water	1.616.614	1.807.922
Automotive	658.713	767.684
Other manufacturing	1.689.952	1.599.379
Electronics	442.141	420.290
Textile	741.611	711.655
Transportation	322.370	318.507
Telecommunications	72.976	61.115
Tourism	196.276	187.396
Agriculture and forestry	50.650	53.886
Other	2.495.381	1.681.961
Total	33.935.214	31.031.523

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NOTE 12 - COMMITMENTS

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries at 30 June 2016 is as follows;

	30 June 2016				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	754.397	168.364	141.329	54.768	1.585
B, Collaterals given on behalf of fully consolidated companies	1.308.092	924.998	61.406	63.543	1.795
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	31.994.869	13.770.632	4.351.300	1.665.363	273.020
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	34.057.358	14.863.994	4.554.035	1.783.674	276.400
A, Total amount of the mortgages					
given for its own legal entity	66.585	-	-	20.779	-
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	66.585	-	-	20.779	-
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 12 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by Joint ventures at 30 June 2016 is as follows:

	30 June 2016				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	1.915.664	1.740.973	58.918	1.313	-
B, Collaterals given on behalf of fully consolidated companies	-	-	-	-	-
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	279	279	-	-	-
D, Total amount of other Collaterals	-	-	-	-	-
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	1.915.943	1.741.252	58.918	1.313	-
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	-	-	-	-	-

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD ENDED 30 JUNE 2016**

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

NOTE 12 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries at 31 December 2015 is as follows;

	31 December 2015				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	750.267	131.461	144.484	58.869	11.642
B, Collaterals given on behalf of fully consolidated companies	1.347.914	979.321	59.675	61.393	-
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	31.031.523	12.783.633	4.334.931	1.682.094	298.623
D, Total amount of other Collaterals					
i, Given on behalf of majority sharehok	-	-	-	-	-
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	33.129.704	13.894.415	4.539.090	1.802.356	310.265
A, Total amount of the mortgages					
given for its own legal entity	75.535	-	-	23.771	-
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 sharehok	-	-	-	-	-
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	75.535	-	-	23.771	-
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 sharehok	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

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

NOTE 12 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Joint Ventures at 31 December 2015 is as follows:

	31 December 2015				
	Total TL Equivalent	TL	USD	EUR	Other
A, Total amount of the Collaterals					
given for its own legal entity	1.480.870	1.476.498	246	1.151	-
B, Collaterals given on behalf of fully consolidated companies	-	-	-	-	-
C, Collaterals given on behalf of the third parties' debt for continuation of their economic activities	79	79	-	-	-
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	203	203	-	-	-
Total Collaterals	1.481.152	1.476.780	246	1.151	-
A, Total amount of the mortgages					
given for its own legal entity	-	-	-	-	-
B, Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C, Mortgages given on behalf of third parties' debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Mortgages					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	-	-	-	-	-
A, Total amount of the pledges					
given for its own legal entity	-	-	-	-	-
B, Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C, Pledges given on behalf of third parties' debt for continuation of their economic activities	-	-	-	-	-
D, Total amount of other Pledges					
i, Given on behalf of majority shareholder	-	-	-	-	-
ii, Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii, Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

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

NOTE 13 - OTHER ASSETS AND LIABILITIES

Other Current Assets	30 June 2016	31 December 2015
Cheques in clearance	855.995	513.180
Deductible, deferred and other VAT	83.618	100.018
Other	57.766	64.092
Total	997.379	677.290

Other Non-Current Assets	30 June 2016	31 December 2015
Long term tax claims and other legal receivables	7.250	5.157
Deductible, deferred and other VAT	3.401	17.778
Other non-current assets	40.789	40.263
Total	51.440	63.198

Other Short Term Liabilities	30 June 2016	31 December 2015
Cheques in clearance	1.637.331	1.028.687
Saving deposits insurance	33.281	35.641
Other short term liabilities	295.093	226.801
Total	1.965.705	1.291.129

NOTE 14 - EQUITY

The Holding's authorized and issued capital consists of 204.040.393.100 (31 December 2015: 204.040.393.100) shares of Kr 1 each.

The Holding's authorized and paid-in share capital and shareholding structure at 30 June 2016 and 31 December 2015 is as follows:

Shareholders:	Share (%)	30 June 2016	Share (%)	31 December 2015
Sakıp Sabancı Holding A.Ş.	14,07	287.100	14,07	287.100
Serra Sabancı	7,21	147.160	7,21	147.160
Suzan Sabancı Dinçer	6,94	141.567	6,94	141.567
Çiğdem Sabancı Bilen	6,94	141.567	6,94	141.567
Other	64,84	1.323.010	64,84	1.323.010
Share capital	100,00	2.040.404	100	2.040.404
Capital adjustments due to cross-ownership (-)		(190.470)		-
Share premium		22.237		22.237

According to Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (Exsa)'s Board of Director decision on December 22, 2015, company has started to make repurchasing agreement at BİST (İstanbul Stock Market). Hence; with these transactions Exsa's share at Sabancı Holding reached at 1,17 % as of 30 June 2016. These shares in consolidated equity as capital adjustments due to cross-ownership.

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NOTE 14 - EQUITY (Continued)**Restricted Reserves**

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

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

The details of restricted reserves mentioned above are as follows:

	30 June 2016	31 December 2015
Legal reserves	596.917	559.450
Gain on sales of association	333.369	333.369
Total	930.286	892.819

Dividend Distribution

Public companies distribute profit in accordance with Profit Share Communiqué no II-19.1 issued by CMB effective from 1 February 2014.

Furthermore, Group companies that are obliged to prepare consolidated financial statements based on the related decision of General Assembly, are permitted to calculate net distributable profits based upon the net income for the period presented on consolidated financial statements that have been prepared within the framework of TAS/IFRS.

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NOTE 14 – EQUITY (Continued)

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

	Fair Value Revaluation Fund	Cash Flow Hedge Fund	Net Investment Hedge Fund	Currency translation differences
Balance as of 1 January 2015	(95.908)	(127.903)	(61.072)	183.938
Increases/ (decreases) during the period	(226.542)	34.748	(10.923)	57.676
Gains transferred to income statement	(47.028)	8.214		
Change of rate				
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	7.763	-	-	-
Tax effect	53.428	(8.855)	2.185	-
Balance as of 30 June 2015	(308.287)	(93.796)	(69.810)	241.614
Balance as of 1 January 2016	(440.301)	(86.721)	(88.909)	283.604
Increases/ (decreases) during the period	445.486	(23.336)	(4.381)	2.318
Gains transferred to income statement	(138.175)	11.850	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	25.265	-	-	-
Tax effect	(66.115)	1.918	876	-
Balance as of 30 June 2016	(173.840)	(96.289)	(92.414)	285.922

NOTE 15 - ASSETS CLASSIFIED AS HELD FOR SALE

1 January - 30 June 2016

According to The Group's Board of Management decision numbered 2015/29 dated 31 December 2015, shares belonging to company partners, Nile Kordsa Company for Industrial Fabrics S.A.E. and Interkordsa GmbH with 51% and 100% of rates respectively, would be classified as "Assets Held for Sale" in the balance sheet as of 31 December 2015. Hence, these companies were classified as "Assets Held for Sale" in preparation for financial tables in 30 June 2016.

As of 30 June 2016; the operating loss of Kordsa Global's subsidiary Nile Kordsa Company for Industrial Fabrics S.A.E. is Full TL 7.330.465 (30 June 2015: Full TL 7.618.643 Profit). In the consolidated financial statements; operating results of the company (Nile Kordsa) reclassified as discontinued operations income/expenditure

As of 30 June 2016; the operating loss of Kordsa Global's subsidiary InterKordsa GmbH is Full TL 4.495.909 (30 June 2015: Full TL 249.282 Profit). In the consolidated financial statements; operating results of the company (InterKordsa) reclassified as discontinued operations income/expenditure.

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NOTE 15 - ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

1 January - 30 June 2015

The Share Purchase Agreement was signed on 13 January 2015 regarding the sale of all shares in our subsidiary SASA Polyester Sanayi A.Ş. corresponding to 51% of the share capital of the Company to Erdemoğlu Holding A.Ş. by amount of TL 277.602.495 (USD 104 Million). As of 30 June 2015; profit or loss items amounted TL 108.409.485 of Sasa have been reclassified to "Discontinued Operations" on the consolidated statement of profit or loss.

NOTE 16 - FINANCE INCOME/EXPENSES

	1 January- 30 June 2016	1 January- 30 June 2015	1 April- 30 June 2016	1 April- 30 June 2015
Financial income				
Foreign currency gains	41.084	20.996	26.322	13.541
Total	41.084	20.996	26.322	13.541
Financial expenses				
Foreign currency loss	28.141	63.441	21.357	39.591
Interest expense	116.566	43.496	67.076	25.769
Other financial expenses	15.133	13.216	6.038	8.454
Total	159.840	120.153	94.471	73.814

Financial income and financial expenses relate to segments other than banking.

NOTE 17 - TAX ASSETS AND LIABILITIES

	30 June 2016	31 December 2015
Corporate and income taxes payable	677.719	953.826
Less: prepaid taxes	(254.371)	(551.052)
Total taxes payable	423.348	402.774

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

The Corporate Tax Law was amended as of 13 June 2006 with Law No 5520. The majority of the clauses of Law No 5520 are effective as of 1 January 2006. The corporate tax rate of the fiscal year 2016 is 20% (2015: 20%). Corporation tax is payable at a rate of 20% on the total income of the Holding after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, and investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

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

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

Corporations calculate corporate tax quarterly at the rate of 20% on their corporate income and declare it until the 10th day and pay it on the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assetments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

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

Exemption for participation in subsidiaries

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

Preferential right certificate sales and issued premiums exemption

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

Exemption for participation into foreign subsidiaries

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

Exemption for sale of participation shares and property

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which have remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The proceed related to the sale transaction has to be collected up until the end of the second calendar year following the year the sale was realized.

Brokerage houses and real estate companies who are dealing with the trading and the leasing of the real estate cannot benefit from this exemption.

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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

Exemption for Investment Incentive

The revoked phrase “only attributable to 2006, 2007 and 2008” stated in Provisional Article 69 of Income Tax Law No: 193 with the effect of Article 5 of Law No: 6009 after having published in the Official Gazette No: 27659 as at 1 August 2010 and the Constitutional Court’s issued resolution no: 2009/144 published in the official Gazette as at 8 January 2010 has been revised. The revised regulation allows companies to continue to benefit from the exception of undeductible and carry forward investment incentive due to in sufficient earnings irrespective of having any time constraints. However, deductible amount for investment incentive exception used in the determination of tax base cannot exceed 25% of the related period’s income. In addition, companies that opt to use the investment incentive exemption are allowed to apply 20% of income tax, instead of 30% under the related revised regulation.

The additional paragraph to Provisional Article 69 included in accordance with Law No: 6009, which is related to the 25% threshold and requires the incentive amount that will be subject to investment incentive exemption in determining tax base cannot exceed 25% of the respective income, has been revoked based on the ground that it is contrary to the Constitution upon the Constitutional Court’s resolution No: E. 2010/93 K. 2012/20 (“stay of execution”) issued on 9 February 2012 and published in the Official Gazette No: 28208 on 18 February 2012. The related Constitutional Court’s Decision was published in the official Gazette No: 28719 as at 26 July 2013.

The tax charges for comprehensive income statement items for the periods ended 30 June 2016 and 2015 are as follows:

	30 June 2016			30 June 2015		
	Before Tax	Tax Charge	After Tax	Before Tax	Tax Charge	After Tax
Net unrealized fair value from available for sale financial assets	1.069.838	(213.968)	855.870	(559.251)	111.850	(447.401)
Net gain on available for sale financial assets transferred to the income statement	(339.080)	67.816	(271.264)	(115.406)	23.081	(92.325)
Net gain included in the income statement due to transfer of available for sale financial assets into held to maturity assets	62.000	(12.400)	49.600	19.050	(3.810)	15.240
Cash flow hedges	(11.669)	2.334	(9.335)	55.784	(11.157)	44.627
Income/ (loss) from the derivative financial assets related to the hedging of net investment in a foreign operations	(10.751)	2.150	(8.601)	(26.805)	5.361	(21.444)
Actuarial gain/loss	2.093	-	2.093	(3.119)	624	(2.495)
Currency translation differences	946	(189)	757	134.245	-	134.245
Other comprehensive income	773.377	(154.257)	619.120	(495.502)	125.949	(369.553)

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax

The Group recognizes deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under TAS and their statutory tax financial statements. These differences usually result from the recognition of revenue and expenses in different reporting periods for TAS and tax purposes, carry forward tax losses and investment incentive exceptions. Deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method using a principal tax rate of 20%.

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.

At 30 June 2016, the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TL 334.567 which can offset against future taxable profits for a period of five years (31 December 2015: TL 105.255). As of 30 June 2016 and 31 December 2015, carried forward tax losses and the latest annual periods are as follows:

	30 June 2016	31 December 2015
2016	-	11.196
2017	-	8.405
2018	644	11.899
2019	64.181	29.736
2020	269.742	44.019
Total	334.567	105.255

The movements in deferred income tax assets/ (liabilities) for the years ended at 30 June 2016 and 31 December 2015 are as follows:

	30 June 2016	31 December 2015
Deferred tax assets	625.745	714.698
Deferred tax liabilities	(116.296)	(118.323)
Net Deferred Tax Assets	509.449	596.375

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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

Deferred tax (continued)

The movements in deferred income tax assets/ (liabilities) for the six-month periods ended 30 June 2016 and 2015 are as follows:

	2016	2015
1 January	596.375	362.437
Charged to equity	(197.084)	38.236
Currency translation differences	1.031	(9.392)
Charged to statement of profit or loss	109.508	266
Other	(381)	-
30 June	509.449	391.601

NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS

30 June 2016

	Fair Value	
	Asset	Liability
Derivative instruments held for trading:		
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales	2.850.744	1.952.478
Forward currency purchases and sales	143.335	183.681
Currency and interest rate futures purchases and sales	255.428	296.824
Other	1.437.190	58.341
Total derivative instruments held for trading	4.686.697	2.491.324
Derivative instruments held for hedging:		
Currency and interest rate swap purchases and sales	181.242	449.198
Forward exchange	9.796	-
Currency options purchases and sales	-	502
Total derivative instruments held for hedging	191.038	449.700
Total derivative instruments	4.877.735	2.941.024

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NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)
31 December 2015

	Fair Value	
	Asset	Liability
Derivative instruments held for trading:		
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales	1.340.366	1.260.512
Forward currency purchases and sales	106.964	162.414
Currency and interest rate futures purchases and sales	-	-
Currency options purchases and sales	222.214	257.901
Other purchases and sales	1.032.735	89.293
Total derivative instruments held for trading	2.702.279	1.770.120
Derivative instruments held for hedging:		
Currency and interest rate swap purchases and sales	651.367	158.961
Forward exchange	14.743	2.048
Currency options purchases and sales	373	-
Total derivative instruments held for hedging	666.483	161.009
Total derivative instruments	3.368.762	1.931.129

Akbank, Brisa and Enerjisa hedge cash flow risk arising from the financial liabilities through the use of interest rate swaps. Within the scope of cash flow hedge accounting, effective portion of the fair value changes of the hedging instrument is recognized under hedge reserves within equity. Akbank also hedges its TL denominated fixed rate financial assets and foreign currency denominated financial liabilities with cross currency swaps. Brisa, in order to mitigate the foreign currency risks arising from the Euro exports and US Dollar raw material purchases, the Company enters into Euro selling/ US buying, TL selling/Euro buying and TL selling/ Dollar buying forward contracts.

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

NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS**a) Banking**

Loans and advances to customers	30 June 2016	31 December 2015
Consumer loans and credit cards receivables	42.113.939	39.226.044
Project finance loans	25.202.134	23.426.197
Small-scale enterprises	13.249.546	12.937.790
Health care and social services	1.844.254	1.594.398
Other manufacturing industries	7.304.415	8.836.325
Construction	19.727.864	13.772.265
Financial institutions	16.198.814	12.366.155
Telecommunication	4.522.358	4.579.290
Mining	4.662.410	3.718.392
Chemicals	3.025.382	1.458.066
Textile	2.940.185	3.579.486
Food and beverage, wholesale and retail	4.097.895	2.632.605
Automotive	1.402.671	1.724.711
Tourism	1.712.006	2.702.900
Agriculture and forestry	1.408.338	1.578.102
Electronics	724.632	340.375
Other	9.259.115	18.335.340
Non-performing loans	3.496.186	3.373.323
Total loans and advances to customers	162.892.144	156.181.764
Allowance for loan losses	(5.949.199)	(5.701.872)
Leasing receivables	4.147.068	3.958.451
Net loans and advances to customers	161.090.013	154.438.343

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NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

The movement of loan loss provision of banking segment as of 30 June 2016 by class is as follows:

	Corporate	Commercial	Total
1 January 2016			
Gross provisions	2.679.248	3.022.624	5.701.872
Recoveries	450.418	619.590	1.070.008
Written-off	(95.913)	(263.271)	(359.184)
Currency translation differences (*)	(105.019)	(358.478)	(463.497)
30 June 2016	2.928.734	3.020.465	5.949.199

(*) TL 450,1 million (Full TL amount) of the Bank's non-performing loan portfolio were sold to Girişim Varlık Yönetimi A.Ş. at a price of TL 49,1 million (Full TL amount).

The movement of loan loss provision of banking segment as of 30 June 2015 by class is as follows:

	Corporate	Commercial	Total
1 January 2015	2.016.841	2.254.267	4.271.108
Gross provisions	496.396	742.978	1.239.374
Recoveries	(90.672)	(209.717)	(300.389)
Written-off	(85.077)	(199.572)	(284.649)
Currency translation differences	1.925	-	1.925
30 June 2015	2.399.413	2.587.956	4.927.369

The maturity schedule of loans and advances to customers at 30 June 2016 and 31 December 2015 are summarized below:

	30 June 2016	31 December 2015
Up to 3 months	45.684.905	42.616.346
3 to 12 months	35.547.578	34.802.687
Current	81.232.483	77.419.033
1 to 5 years	53.686.186	53.425.747
Over 5 years	22.024.276	19.635.112
Non-current	75.710.462	73.060.859
Total	156.942.945	150.479.892

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

NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

The repricing schedule of loans and advances to customers at 30 June 2016 and 31 December 2015 are summarized below:

	30 June 2016	31 December 2015
Up to 3 months	63.915.358	60.788.870
3 to 12 months	43.576.482	44.549.095
1 to 5 years	40.288.085	39.025.020
Over 5 years	9.163.020	6.116.907
Total	156.942.945	150.479.892

NOTE 20 - PAYABLES FROM FINANCE SECTOR OPERATIONS

Banking

	30 June 2016			31 December 2015		
	Demand	Time	Total	Demand	Time	Total
Saving deposits	12.099.977	68.820.925	80.920.902	11.275.748	67.455.714	78.731.462
Commercial deposits	11.841.378	39.161.206	51.002.584	10.134.810	42.515.523	52.650.333
Bank deposits	420.940	11.442.428	11.863.368	256.697	12.661.189	12.917.886
Funds provided from repo transactions	-	27.068.342	27.068.342	-	24.169.207	24.169.207
Other	1.342.989	4.451.006	5.793.995	1.028.245	2.925.399	3.953.644
Total	25.705.284	150.943.907	176.649.191	22.695.500	149.727.032	172.422.532

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NOTE 21 - RELATED PARTY DISCLOSURES**Key management personnel compensation:**

The Group defined its key management as board of directors, general manager, general secretary, group chiefs, head of departments and group director's belonging to a group and over. 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 30 June 2016 and 2015 are as follows:

	30 June 2016	30 June 2015
Short term benefits	13.471	13.161
Benefits resulted from termination	236	-
Other long term benefits	140	138
Total	13.847	13.299

NOTE 22 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)**Financial risk management**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by individual Subsidiaries and Joint Ventures under policies, approved by their Board of Directors.

Foreign Exchange Risk

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

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

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

Foreign Exchange Risk (continued)

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

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations as at 30 June 2016 and 31 December 2015 in terms of TL are as follows:

	30 June 2016	31 December 2015			
Assets	132.661.877	128.626.065			
Liabilities	(133.429.280)	(136.166.574)			
Net foreign currency balance sheet position	(767.403)	(7.540.509)			
<hr/>					
Net foreign currency position of off-balance sheet derivative financial instruments	2.462.913	8.402.706			
<hr/>					
Net foreign currency balance sheet and off-balance sheet position	1.695.510	862.197			
<hr/>					
30 June 2016	Total TL Equivalent	USD	EUR	GBP	Other
<hr/>					
Assets:					
Cash and cash equivalents	7.466.052	5.359.176	1.935.261	39.746	131.869
Financial assets	27.600.606	22.736.215	4.864.391	-	-
Receivables from financial operations	65.907.797	36.223.145	29.592.906	18.833	72.913
Reserve deposits at Central Bank	29.470.796	21.137.901	3.938.333	-	4.394.560
Trade receivables	930.805	284.319	541.295	3.781	101.409
Other current assets	1.285.821	654.697	582.078	328	48.718
Total Assets	132.661.877	86.395.453	41.454.264	62.688	4.749.469
<hr/>					
Liabilities:					
Funds borrowed and debt securities in issue	37.803.639	27.377.427	10.272.802	5.057	148.354
Customer deposits	93.817.161	65.514.324	25.287.917	1.405.128	1.609.792
Trade payables	327.888	186.683	102.334	1.011	37.860
Other payables and provisions	1.480.592	773.449	642.303	3.283	61.558
Total Liabilities	133.429.280	93.851.883	36.305.356	1.414.479	1.857.564
<hr/>					
Net foreign currency position of off-balance sheet derivative financial instruments	2.462.913	7.637.727	(3.747.494)	1.351.735	(2.779.055)
Net foreign currency position	1.695.510	181.297	1.401.414	(56)	112.850
Net foreign currency monetary position	1.695.510	181.297	1.401.414	(56)	112.850

Net profit effect of the consolidated to the total net foreign currency position is TL 261.495 as of 30 June 2016 (Akbank and Philsa - Philip Morris excluded).

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2016

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

Foreign Exchange Risk (continued)

31 December 2015	Total TL Equivalent	USD	EUR	GBP	Other
Assets:					
Cash and cash equivalents	8.229.608	5.864.491	2.213.366	34.705	117.046
Financial assets	29.204.701	23.367.054	5.837.647	-	-
Receivables from financial operations	66.913.937	40.103.231	26.747.536	12.698	50.472
Reserve deposits at Central Bank	22.776.999	15.304.344	3.865.549	-	3.607.106
Trade receivables	764.041	286.725	365.522	26.084	85.710
Other current assets	736.780	475.138	182.051	2.140	77.451
Total Assets	128.626.066	85.400.983	39.211.671	75.627	3.937.785
Liabilities:					
Funds borrowed and debt securities in issue	36.031.708	26.354.414	9.468.915	5.273	203.106
Customer deposits	98.496.275	68.859.632	26.690.548	1.523.676	1.422.419
Trade payables	274.414	165.358	84.117	1.077	23.862
Other payables and provisions	1.364.178	623.653	692.714	2.582	45.229
Total Liabilities	136.166.575	96.003.057	36.936.294	1.532.608	1.694.616
Net foreign currency position of off-balance sheet derivative financial instruments	8.402.706	10.025.671	(908.680)	1.459.007	(2.173.292)
Net foreign currency position	862.197	(576.403)	1.366.697	2.026	69.877
Net foreign currency monetary position	862.197	(576.403)	1.366.697	2.026	69.877

Net profit effect of the consolidated to the total net foreign currency position is TL 2.774 as of 31 December 2015 (Akbank and Philsa - Philip Morris excluded)

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD ENDED 30 JUNE 2016**

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

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

Foreign Exchange Risk (continued)

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

The foreign exchange risk of Group companies other than that of the banking segment for the years ended 30 June 2016 and 31 December 2015 is summarized as follows:

30 June 2016	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%		
USD net assets/liabilities	23.332	(23.332)
Hedged items (-)		
USD net effect	23.332	(23.332)
Change in EUR against TL by 10%		
EUR net assets/liabilities	19.850	(19.850)
Hedged items (-)		
EUR net effect	19.850	(19.850)
Change in GBP against TL by 10%		
GBP net assets/liabilities	(251)	251
Hedged items (-)		
GBP net effect	(251)	251
Change in other currency against TL by 10%		
Other currency net assets/liabilities	1.263	1.263
Hedged items (-)		
Other currency net effect	1.263	1.263
30 June 2015		
30 June 2015	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%		
USD net assets/liabilities	(2.694)	2.694
Hedged items (-)	-	-
USD net effect	(2.694)	2.694
Change in EUR against TL by 10%		
EUR net assets/liabilities	(11.173)	11.173
Hedged items (-)	-	-
EUR net effect	(11.173)	11.173
Change in GBP against TL by 10%		
GBP net assets/liabilities	(38)	38
Hedged items (-)	-	-
GBP net effect	(38)	38
Change in other currency against TL by 10%		
Other currency net assets/liabilities	6.709	(6.709)
Hedged items (-)	-	-
Other currency net effect	6.709	(6.709)

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

NOTE 23 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

Classification of financial instruments

30 June 2016	Note	Held to maturity securities	Loan and receivables (include cash and cash equivalents)	Available for sale financial assets	Financial liabilities measured at fair value	Booking value	Fair value
Financial assets							
Cash and cash equivalents		-	8.251.695	-	-	8.251.695	8.251.695
Trade receivables		-	1.571.878	-	-	1.571.878	1.571.878
Other financial assets (*)	4,6	10.749.567	1.826.196	40.128.457	-	52.704.220	53.054.148
Receivables from financial operations	19	-	161.090.013	-	-	161.090.013	164.636.412
Financial liabilities							
Financial payables	5	-	-	-	45.307.628	45.307.628	44.868.072
Trade payables		-	-	-	2.344.771	2.344.771	2.344.771
Other financial liabilities (**)	6	-	-	-	5.315.753	5.315.753	5.315.753
Payables from financial operations	20	-	-	-	176.649.191	176.649.191	176.781.449

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

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

31 December 2015	Note	Held to maturity securities	Loan and receivables (include cash and cash equivalents)	Available for sale financial assets	Financial liabilities measured at fair value	Booking value	Fair value
Financial assets							
Cash and cash equivalents		-	10.705.724	-	-	10.705.724	10.705.724
Trade receivables		-	1.386.318	-	-	1.386.318	1.386.318
Other financial assets (*)	4,6	10.688.533	1.416.014	43.388.825	-	55.493.372	55.645.761
Receivables from financial operations	19	-	154.438.343	-	-	154.438.343	155.016.752
Financial liabilities							
Financial payables	5	-	-	-	40.678.713	40.678.713	40.240.524
Trade payables		-	-	-	2.386.991	2.386.991	2.386.991
Other financial liabilities (**)	6	-	-	-	5.036.963	5.036.963	5.036.963
Payables from financial operations	20	-	-	-	172.422.532	172.422.532	172.521.373

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

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
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**NOTE 23 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS
ON HEDGE ACCOUNTING) (Continued)**
Fair value of financial instruments

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

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

a) Banking industrial segment

Fair values of the financial assets and liabilities of the Group's banking segment as of 30 June 2016 and 31 December 2015 are as follows:

	30 June 2016			
	Level 1	Level 2	Level 3	Total
Held for trading securities	71.129	-	-	71.129
- Government bonds	7.926	-	-	7.926
-Share certificates	20.964	-	-	20.964
-Other	42.239	-	-	42.239
Available for sale securities	39.854.465	256.792	-	40.111.257
-Government bonds	17.676.124	-	-	17.676.124
-Eurobonds	14.864.520	-	-	14.864.520
- Mutual funds	195.122	-	-	195.122
- Shares are traded in an active market	-	42.318	-	42.318
-Other	7.118.699	214.474	-	7.333.173
Trading derivative financial assets	-	4.677.155	-	4.677.155
Hedging derivative financial assets	-	181.241	-	181.241
Total Assets	39.925.594	5.115.188	-	45.040.782
Trading derivative financial instruments	-	2.484.292	-	2.484.292
Hedging derivative financial instruments	-	449.199	-	449.199
Total liabilities	-	2.933.491	-	2.933.491

Share certificates classified as available for sale that are not traded in an active market and whose fair value cannot be reliably determined are stated at cost less any impairment losses on the consolidated financial statements.

There are no transfers between the first and the second levels in the current year.

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**NOTE 23 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS
ON HEDGE ACCOUNTING) (Continued)**
Fair value of financial instruments (continued)
a) Banking industrial segment (continued)

31 December 2015	Level 1	Level 2	Level 3	Total
Held for trading securities	40.513	-	-	40.513
- Government bonds	9.996	-	-	9.996
- Eurobonds	107	-	-	107
- Foreign government bonds	-	-	-	-
- Treasury bonds	-	-	-	-
-Share certificates	6.532	-	-	6.532
-Other	23.878	-	-	23.878
Available for sale securities	43.029.205	342.399	-	43.371.604
-Government bonds	19.376.723	-	-	19.376.723
-Eurobonds	15.929.478	-	-	15.929.487
- Treasury bonds	-	-	-	-
- Foreign government bonds	-	-	-	-
-Mutual funds	270.627	-	-	270.627
-Listed shares	-	115.958	-	115.958
-Other	7.452.377	226.441	-	7.678.818
Trading derivative financial assets	-	2.697.157	-	2.697.157
Hedging derivative financial assets	-	651.368	-	651.368
Total Assets	43.069.718	3.690.924	-	46.760.642
Trading derivative financial instruments	-	1.767.851	-	1.767.851
Hedging derivative financial instruments	-	158.960	-	158.960
Total liabilities	-	1.926.811	-	1.926.811

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NOTE 23 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

Fair value of financial instruments (continued)

b) Other industrial segment

30 June 2016	Level 1	Level 2	Level 3	Total
Derivatives held for trading	-	3.868	-	3.868
Derivatives held for hedging	-	8.786	-	8.786
Total Assets	-	12.654	-	12.654
Derivatives held for trading	-	1.053	-	1.053
Derivatives held for hedging	-	502	-	502
Total Liabilities	-	1.555	-	1.555

Share certificates classified as available for sale that are not traded in an active market and whose fair value cannot be reliably determined are stated at cost less any impairment losses on the consolidated financial statements.

There are no transfers between the first and the second levels in the prior year.

31 December 2015	Level 1	Level 2	Level 3	Total
Derivatives held for trading	-	1.843	-	1.843
Derivatives held for hedging	-	13.467	-	13.467
Total Assets	-	15.310	-	15.310
Derivatives held for trading	-	1.807	-	1.807
Derivatives held for hedging	-	1.215	-	1.215
Total Liabilities	-	3.021	-	3.022

Share certificates classified as available for sale that are not traded in an active market and whose fair value cannot be reliably determined are stated at cost less any impairment losses on the consolidated financial statements.

There are no transfers between the first and the second levels in the prior year.

NOTE 24 - EVENTS AFTER THE REPORTING PERIOD

Group's subsidiary Brisa, As respect to the framework for the financing of the second plant investment which is under construction in Aksaray Organized Industrial Zone and additional equipment for current Izmit plant, negotiations held with the EBRD (European Bank for Reconstruction and Development) to provide investment loans amounted at 150 million US dollars.