

HACI ÖMER SABANCI HOLDİNG A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 SEPTEMBER 2017**

(ORIGINALLY ISSUED IN TURKISH)

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HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2017

(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 September 2017 USD (*)	Unaudited 30 September 2017	Audited 31 December 2016
	References			
ASSETS				
Current Assets		42.128.989	149.646.384	145.478.662
Cash and Cash Equivalents		2.667.002	9.473.458	12.596.627
Financial Assets		1.934.924	6.873.047	3.835.458
- Held for Trading	4.a	15.573	55.318	63.921
- Available for Sale	4.b	813.163	2.888.438	3.050.872
- Held to Maturity	4.c	1.106.188	3.929.291	684.900
- Time Deposits	4.d	-	-	35.765
Trade Receivables		518.516	1.841.821	1.440.602
Receivables from Finance Sector Operations	19	25.822.270	91.723.286	87.848.505
Reserve Deposits with the Central Bank of the Republic of Turkey		9.203.529	32.691.857	33.171.783
Other Receivables	6	383.887	1.363.606	1.138.432
Derivative Financial Instruments	18	627.639	2.229.436	2.361.989
Inventories		647.692	2.300.665	1.995.221
Prepaid Expenses		224.142	796.176	486.716
Current Tax Assets		581	2.062	4.678
Other Current Assets	13	92.829	329.737	576.871
		42.123.011	149.625.151	145.456.882
Assets Classified As Held for Sale	15	5.978	21.233	21.780
Non-current Assets		50.026.089	177.697.669	162.789.177
Financial Assets		14.207.725	50.467.260	49.063.092
- Available for Sale	4.b	10.292.465	36.559.866	31.771.008
- Held to Maturity	4.c	3.915.260	13.907.394	17.292.084
Trade Receivables		29.746	105.661	110.032
Receivables From Finance Sector Operations	19	29.883.002	106.147.411	92.734.698
Other Receivables	6	254.136	902.715	884.996
Derivative Financial Instruments	18	1.754.078	6.230.662	6.108.582
Investments Accounted Through Equity Method	7	1.712.785	6.083.984	6.101.005
Investment Property		77.861	276.569	278.476
Property, Plant and Equipment	8	1.466.584	5.209.453	4.964.509
Intangible Assets		467.213	1.659.587	1.687.584
- Goodwill	10	285.694	1.014.815	1.014.815
- Other Non Current Assets	9	181.519	644.772	672.769
Prepaid Expenses		7.069	25.110	129.067
Deferred Tax Assets	17	130.079	462.052	635.401
Other Non Current Assets	13	35.811	127.205	91.735
Total Assets		92.155.078	327.344.053	308.267.839

These consolidated interim financial statements have been approved for issue by the Board of Directors on 6 November 2017 and signed on its behalf by Mehmet Göçmen, Member of Board of Directors and CEO and Barış Oran, CFO.

(*) USD amounts presented above are translated from TL for convenience purposes only, at the official TL exchange rate announced by CBRT at 30 September 2017, 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 BALANCE SHEET AT 30 SEPTEMBER 2017

(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 30 September 2017 USD (*)	Unaudited 30 September 2017	Audited 31 December 2016
LIABILITIES				
Short Term Liabilities		63.439.043	225.341.820	211.488.434
Short Term Financial Liabilities	5	3.593.576	12.764.740	8.838.741
Current Portion of Long-Term Financial Liabilities	5	4.190.125	14.883.743	13.620.874
Trade Payables		707.176	2.511.959	2.490.488
Payables from Finance Sector Operations	20	52.407.030	186.155.010	176.618.716
Short Term Employee Benefits		32.530	115.550	63.177
Other Payables	6	1.692.601	6.012.288	4.725.183
Derivative Financial Instruments	18	326.773	1.160.732	2.734.964
Deferred Income		62.490	221.969	149.461
Income Taxes Payable	17	72.691	258.206	347.607
Short Term Provisions		166.815	592.542	699.107
- Short Term Provisions for Employee Benefits		74.624	265.071	287.751
- Other Short Term Provisions	11	92.191	327.471	411.356
Other Short Term Liabilities	13	186.400	662.112	1.188.398
		63.438.207	225.338.851	211.476.716
Liabilities Classified As Held for Sale	15	836	2.969	11.718
Long Term Liabilities		14.727.464	52.313.422	51.972.062
Long Term Financial Liabilities	5	6.903.809	24.523.019	26.458.459
Trade Payables		-	-	29
Payables from Finance Sector Operations	20	6.570.883	23.340.435	22.096.811
Other Payables	6	319.032	1.133.234	829.968
Derivative Financial Instruments	18	698.401	2.480.789	1.981.853
Deferred Income		41.640	147.909	120.273
Long Term Provisions		97.765	347.269	327.449
- Long Term Provisions for Employee Benefits		96.587	343.086	323.210
- Other Long Term Provisions	11	1.178	4.183	4.239
Deferred Tax Liabilities	17	84.031	298.488	139.150
Other Long Term Liabilities	13	11.903	42.279	18.070
EQUITY		13.988.571	49.688.811	44.807.343
Equity Attributable to the Parent	14	7.154.108	25.412.116	23.146.297
Share Capital	14	574.422	2.040.404	2.040.404
Adjustment to Share Capital		964.714	3.426.761	3.426.761
Share Premium	14	6.260	22.237	22.237
Treasury Share (-)		(53.622)	(190.470)	(190.470)
Accumulated Other Comprehensive Income or Loss That Will Not Be Reclassified to Profit or Loss		(16.675)	(59.231)	(59.814)
- Actuarial Gains/Losses		(16.675)	(59.231)	(59.814)
Accumulated Other Comprehensive Income or Loss That Will Be Reclassified to Profit or Loss		(162.022)	81.380	(268.550)
- Currency Translation Reserve	14	(12.676)	611.872	499.438
- Hedge Reserve	14	(89.598)	(318.261)	(323.312)
- Revaluation Reserve	14	(59.748)	(212.231)	(444.676)
Restricted Reserves	14	289.305	1.027.641	929.750
Retained Earnings		4.900.540	16.723.302	14.585.848
Net Income for the Period		651.186	2.340.092	2.660.131
Non-controlling Interests		6.834.463	24.276.695	21.661.046
TOTAL EQUITY AND LIABILITIES		92.155.078	327.344.053	308.267.839

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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 SEPTEMBER 2017

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

	Note	Unaudited 1 January- 30 September 2017 USD (*)	Unaudited 1 January- 30 September 2017	Unaudited 1 January- 30 September 2016	Unaudited 1 July- 30 September 2017	Unaudited 1 July- 30 September 2016
References						
CONTINUING OPERATIONS						
Sales (net)	3	2.782.974	10.000.847	9.373.841	3.639.408	3.063.008
Cost of Sales (-)	3	(2.192.625)	(7.879.380)	(7.299.413)	(2.863.888)	(2.325.436)
Gross Profit From Non-Financial Operations		590.349	2.121.467	2.074.428	775.520	737.572
Interest, Premium, Commission and Other Income	3	5.483.789	19.706.451	16.356.816	6.894.899	5.382.113
Interest, Premium, Commission and Other Expense (-)	3	(2.910.504)	(10.459.136)	(8.878.781)	(3.765.679)	(3.028.023)
Gross Profit From Financial Operations		2.573.285	9.247.315	7.478.035	3.129.220	2.354.090
GROSS PROFIT		3.163.634	11.368.782	9.552.463	3.904.740	3.091.662
General Administrative Expenses (-)		(1.071.553)	(3.850.715)	(3.575.036)	(1.315.218)	(1.072.006)
Marketing, Selling and Distribution Expenses (-)		(348.570)	(1.252.614)	(1.326.459)	(431.083)	(421.546)
Research and Development Expenses (-)		(1.940)	(6.971)	(4.046)	(2.375)	(1.014)
Income From Other Operating Activities		146.894	527.876	678.102	109.176	126.206
Expense From Other Operating Activities (-)		(100.994)	(362.932)	(651.349)	(84.189)	(286.830)
Interest in Income of Investments						
Accounted Through Equity Method	7	68.007	244.390	469.185	173.209	128.395
OPERATING PROFIT		1.855.478	6.667.816	5.142.860	2.354.260	1.564.867
Income From Investment Activities		20.369	73.198	10.769	36.213	910
Expense From Investment Activities (-)		(212)	(761)	(2.149)	(115)	(359)
OPERATING PROFIT BEFORE						
FINANCIAL INCOME/ (EXPENSES)		1.875.635	6.740.253	5.151.480	2.390.358	1.565.418
Financial Income	16	33.512	120.429	45.159	6.690	4.075
Financial Expenses (-)	16	(123.516)	(443.865)	(248.179)	(138.891)	(88.339)
NET INCOME BEFORE TAX						
FROM CONTINUING OPERATIONS		1.785.631	6.416.817	4.948.460	2.258.157	1.481.154
Tax Income / (Expense) from Continuing Operations						
Current Income Tax Expense		(285.043)	(1.024.325)	(991.723)	(223.438)	(266.389)
Deferred Income Tax Benefit / Charge	17	(60.870)	(218.743)	75.737	(201.232)	(33.771)
NET INCOME FOR THE YEAR						
FROM CONTINUING OPERATIONS		1.439.718	5.173.749	4.032.474	1.833.487	1.180.994
DISCONTINUED OPERATIONS						
Net Income After Tax						
From Discontinued Operations	15	1.751	6.291	(11.020)	10.044	806
NET INCOME FOR THE YEAR		1.441.469	5.180.040	4.021.454	1.843.531	1.181.800
ALLOCATION OF NET INCOME						
- Non-controlling Interests		790.281	2.839.948	2.131.555	963.009	644.546
- Equity Holders of the Parent		651.186	2.340.092	1.889.899	880.522	537.254
Earnings per share						
- thousands of ordinary shares (TL)		3,19	11,47	9,26	4,33	2,63
Earnings per share from continuing operations						
- thousands of ordinary shares (TL)		3,18	11,44	9,32	4,28	2,63

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HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 1 JANUARY - 30 SEPTEMBER 2017

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

	Notes References	Unaudited 1 January- 30 September 2017	Unaudited 1 January- 30 September 2016	Unaudited 1 July- 30 September 2017	Unaudited 1 July- 30 September 2016
NET INCOME FOR THE PERIOD		5.180.040	4.021.454	1.843.531	1.181.800
Other Comprehensive Income/(Loss):					
Items That Will Not Be Reclassified					
Subsequently To Profit or Loss		(425)	(346)	1.029	(1.103)
Actuarial gains/(losses)	17	(425)	(346)	1.029	(1.103)
Items That Will Be Reclassified					
Subsequently To Profit or Loss		764.452	502.003	(97.334)	(116.360)
Net unrealized fair value gains/(losses) from available for sale financial assets, after tax	17	671.344	617.423	(138.272)	(238.447)
Gains/(losses) on available for sale financial assets transferred to the income statement, after tax	17	(132.511)	(242.501)	(61.802)	28.763
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	19.134	41.320	9.030	(8.280)
Currency translation differences	17	270.209	134.078	109.465	131.985
Cash flow hedges, after tax	17	55.265	6.110	25.487	15.445
Income / (loss) from the derivative financial assets related to the hedging of net investment in a foreign operation, after tax	17	(118.989)	(54.427)	(41.242)	(45.826)
OTHER COMPREHENSIVE INCOME/(LOSS) (AFTER TAX)		764.027	501.657	(96.305)	(117.463)
TOTAL COMPREHENSIVE INCOME		5.944.067	4.523.111	1.747.226	1.064.337
ALLOCATION OF TOTAL COMPREHENSIVE INCOME					
- Non-controlling Interests		3.253.462	2.427.053	899.587	577.117
- Equity Holders of the Parent		2.690.605	2.096.058	847.639	487.220

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 SEPTEMBER 2017

(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												Net income for the year	Equity attributable to the parent	Non- controlling interests	Total
	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 ranslation reserve	Hedge reserve	Revaluation funds	Restricted reserves	Retained earnings						
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	2.198.681	(2.236.328)	-	-	-		
Acquisition of Holding shares by subsidiaries (*)	-	-	(190.470)	-	-	-	-	-	-	-	-	(190.470)	-	(190.470)		
Effect of share sales (**)	-	-	-	-	-	-	-	-	-	6.909	-	6.909	2.945	9.854		
Dividends paid (***)	-	-	-	-	-	-	-	-	-	(325.983)	-	(325.983)	(467.570)	(793.553)		
Total comprehensive income	-	-	-	-	(296)	56.954	(28.417)	177.918	-	-	1.889.899	2.096.058	2.427.053	4.523.111)		
Balances at 30 September 2016	2.040.404	3.426.761	(190.470)	22.237	(51.398)	340.558	(204.047)	(262.383)	930.286	14.587.261	1.889.899	22.529.108	20.991.272	43.520.380		
Balances at 1 January 2017	2.040.404	3.426.761	(190.470)	22.237	(59.814)	499.438	(323.312)	(444.676)	929.750	14.585.848	2.660.131	23.146.297	21.661.046	44.807.343		
Transfers	-	-	-	-	-	-	-	-	97.891	2.562.240	(2.660.131)	-	-	-		
Dividends paid (***)	-	-	-	-	-	-	-	-	-	(424.786)	-	(424.786)	(637.813)	(1.062.599)		
Total comprehensive income	-	-	-	-	583	112.434	5.051	232.445	-	-	2.340.092	2.690.605	3.253.462	5.944.067		
Balances at 30 September 2017	2.040.404	3.426.761	(190.470)	22.237	(59.231)	611.872	(318.261)	(212.231)	1.027.641	16.723.302	2.340.092	25.412.116	24.276.695	49.688.811		

(*) 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 BİST (İstanbul Stock Market). Hence; with these transactions Exsa's share at Sabancı Holding reached at %1,17 as of 30 September 2017. 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 TL 946.986 nominal value per share sale was realized. With this transaction, the Group's share in Carrefoursa A.Ş. became %50,61.

(***) The dividend paid per share with a nominal value of TL 1 by the Holding is gross 0,20 TL (2016: 0,15 TL).

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 1 JANUARY - 30 SEPTEMBER 2017

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

		Unaudited Current Period 1 January- 30 September 2017	Unaudited Prior Period 1 January- 30 September 2016
	Note References		
Net income before tax from continuing operations		6.416.817	4.948.460
Net income after tax from discontinued operations		6.291	(11.020)
Adjustments to reconcile income before taxation to net cash provided by operating activities:			
Depreciation and amortisation expenses	3	478.130	423.796
Provision for loan losses	19	1.361.479	1.676.202
Changes in the fair value of derivative instruments		(995.849)	(1.205.634)
Interest income and foreign currency gains		(1.469.451)	(472.037)
Interest expense		95.667	155.540
Provision for employment termination benefits		68.009	88.871
Impairments charge on property, plant and equipment, intangible assets and investment property	3	1.389	82.123
Income from associates and joint ventures		(244.390)	(469.185)
Provision for/(reversal of) inventory impairment		(10.542)	(65.774)
Provision for doubtful receivables		(415)	21.171
Other		3.931	6.184
Net cash provided by operating activities before changes in operating assets and liabilities		5.711.066	5.178.697
Changes in trade receivables		(396.433)	(79.453)
Changes in inventories		(284.669)	153.663
Changes in other receivables and other current assets		(244.630)	(1.261.978)
Changes in trade payables		21.442	(377.090)
Changes in other liabilities and other payables		1.110.317	1.571.790
Net cash provided in operating activities of assets classified as held for sale		(8.202)	23.581
Currency translation differences		248.996	89.743
Changes in assets and liabilities in finance segment:			
Changes in securities held for trading		7.580	(191.145)
Changes in receivables from financial operations		(17.997.719)	(17.493.788)
Changes in payables from financial operations		10.688.486	16.417.400
Central Bank of the Republic of Turkey account		1.973.460	(9.135.622)
Income taxes paid		(1.100.207)	(1.036.914)
Employment termination benefits paid		(55.125)	(79.831)
Net cash provided by/(used) in operating activities		(325.638)	(6.220.947)
Cash flows from investing activities:			
Capital expenditures	3	(690.350)	(822.075)
Sale of available for sale and held to maturity financial assets		(3.387.854)	4.900.158
Proceeds from sale of non-current assets held for sale, property, plant		3.872	88.978
Dividends received		325.206	343.339
Cash provided from the share sale of subsidiary		-	7.670
Net cash provided by investing activities		(3.749.126)	4.518.070
Cash flows from financing activities:			
Changes in financial liabilities		3.100.457	3.739.382
Dividends paid		(424.918)	(325.982)
Dividends paid to non-controlling interests		(637.813)	(467.569)
Net cash provided by financing activities		2.037.726	2.945.831
Effect of change in foreign currency rates on cash and cash equivalents		410.420	158.109
Net increase/(decrease) in cash and cash equivalents		(1.626.618)	1.401.063
Cash and cash equivalents at the beginning of the period (*)		7.235.675	7.560.688
Cash and cash equivalents at the end of the period		5.609.057	8.961.751

(*) Cash and cash equivalents comprise interest accruals of TL 1.092 (30 September 2016: TL 12.139). At the beginning and at the end of the current period, restricted deposit is TL 5.356.843 and TL 3.863.309, respectively (30 September 2016: TL 3.144.450 and TL 3.327.776, 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 SEPTEMBER 2017

(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. The number of employees as at 30 September 2017 is 62.518 (31 December 2016: 62.312). 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 September 2017, the principal shareholders and their respective shareholding rates in the Holding are as follows (Note 14):

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

The Holding, its Subsidiaries, Joint Ventures and Associates are together referred to as the "Group".

Subsidiaries

As of 30 September 2017, 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	17.844
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefoursa")	BİST	Consumer Trade	Retailing	11.780
Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	BİST	Trade	Retailing	2.629
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	BİST	Cement and clinker	Cement	2.432
Kordsa Teknik Tekstil Anonim Şirketi ("Kordsa")	BİST	Tire reinforcement	Industry	3.871
Temsa Global Sanayi ve Ticaret A.Ş. ("Temsa")	-	Automotive	Industry	1.808
Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("Yünsa")	BİST	Textile	Industry	1.117
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa")	-	Trade	Other	9
Ankara Enternasyonal Otelcilik A.Ş. ("AEO")	-	Tourism	Other	2
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. ("Tursa")	-	Tourism	Other	5
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. ("Bimsa")	-	Trade of data and processing systems	Other	156

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

(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 September 2017, 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	635
Avivasa Emeklilik ve Hayat A.Ş. ("Avivasa")	BİST	Pension	Insurance	Aviva	1.668
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa")	BİST	Tire Cement and	Industry	Bridgestone	2.173
Akçansa Çimento Sanayi ve Ticaret A.Ş. ("Akçansa")	BİST	clinker	Cement	Heidelberg	2.597
Enerjisa Enerji A.Ş. ("Enerjisa Enerji") (*)	-	Energy	Energy	E.ON SE	9.534
Enerjisa Üretim Santralleri A.Ş. ("Enerjisa Üretim") (*)	-	Energy	Energy	E.ON SE	584
Temsa İş Makinaları	-	Automotive	Industry	Marubeni	193

(*) Enerjisa Enerji A.Ş.'s subcompanies spun off to create Enerjisa Üretim Santralleri A.Ş. E.ON SE, established in Germany, and Enerjisa Enerji A.Ş. each hold %50 of the shares of Enerjisa Üretim Santralleri A.Ş. The Company served as the parent company for generation, trading, sale, distribution and retail service of electricity business lines until 25 August 2017. the Company transferred three subsidiaries (electricity generation, wholesale trading and natural gas trading) by spin-off method with the carrying amounts to a newly established company called Enerjisa Üretim Santralleri A.Ş.

Affiliates

As of 30 September 2017, 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	Venture	Number of employees
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (Philsa)	-	Tobacco Products Production	Industry	Philip Morris	2.996
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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

(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.

Functional 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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017**

(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

(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

None.

(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.

Standards, amendments and interpretations applicable as at 30 September 2017

Amendments to IAS 7 ‘Statement of cash flows’ on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB’s Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

Amendments IAS 12 ‘Income Taxes’, effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset’s tax base. It also clarify certain other aspects of accounting for deferred tax assets.

Annual improvements 2014-2016, effective from annual periods beginning on or after 1 January 2017. These amendments impact 3 standards:

- IFRS 1, ‘First-time adoption of IFRS’, regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.
- IFRS 12, ‘Disclosure of interests in other entities’ regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.
- IAS 28, ‘Investments in associates and joint ventures’ regarding measuring an associate or joint venture at fair value effective 1 January 2018.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017**

(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)

Standards, amendments and interpretations effective after 1 October 2017

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

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

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

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

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

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017**

(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)

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

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

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

Standards, amendments and interpretations effective after 1 April 2017

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

(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)

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.
- 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 Holding considered companies with less than %50 effective shareholder shares to be subsidiaries since the Holding can control their financial and operational policies by effectively using: the voting rights of the shares of the Holding and other Subsidiaries, Sabancı Family Members voting rights, and the voting rights of shares belonging to companies controlled only by Family Members. Sabancı Family Members give the Holding controlling authorisation on the condition that the Holding gives the family members the voting rights in companies it owns. Interest for Sabancı Family Member shares are shown as non-controlling interest.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

(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)

The table below sets out the subsidiaries and shows the proportion of ownership interest and effective interest of the Holding in these subsidiaries at 30 September 2017 and 31 December 2016:

Subsidiaries	30 September 2017		31 December 2016	
	Direct and indirect ownership interest		Direct and indirect ownership interest	
	by the Holding and	Proportion of	by the Holding and	Proportion of
	its Subsidiaries	ownership interest	its Subsidiaries	ownership interest
	(%)	(%)	(%)	(%)
AEO	76,85	76,85	76,85	76,85
Akbank	40,75	40,75	40,75	40,75
Bimsa	100,00	100,00	100,00	100,00
Çimsa	58,41	53,00	58,41	53,00
Exsa	61,68	46,23	61,68	46,23
Kordsa	71,11	71,11	71,11	71,11
Teknosa	60,28	60,28	60,28	60,28
Temsa	48,71	48,71	48,71	48,71
Tursa	100,00	100,00	100,00	100,00
Yünsa	57,88	57,88	57,88	57,88
Carrefoursa	50,61	50,61	50,61	50,61

The balance sheets and statements of profit or loss of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the 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.

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

Financial statements of Subsidiaries whose financial position at 30 September 2017 and result of operations for period ended 30 September 2017 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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

(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)

- 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 September 2017 and 31 December 2016:

	30 September 2017		31 December 2016	
	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
Enerjisa Üretim (*)	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.

(*) Enerjisa Enerji A.Ş.'s subcompanies spun off to create Enerjisa Üretim Santralleri A.Ş. E.ON SE, established in Germany, and Enerjisa Enerji A.Ş. each hold %50 of the shares of Enerjisa Üretim Santralleri A.Ş. The Company served as the parent company for generation, trading, sale, distribution and retail service of electricity business lines until 25 August 2017. the Company transferred three subsidiaries (electricity generation, wholesale trading and natural gas trading) by spin-off method with the carrying amounts to a newly established company called Enerjisa Üretim Santralleri A.Ş.

- 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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

(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)

The table below sets out all Associates and shows the total interest of the Holding in these associates at 30 September 2017 and 31 December 2016

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.

The consolidated financial statements of the Group are prepared comparatively to evaluate financial position and performance trends. The Group presented the consolidated balance sheet as of 30 September 2017 comparatively with the consolidated balance sheet as of 31 December 2016 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 September 2017 comparatively with the year 1 January - 30 September 2016.

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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

(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 September 2017 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 September 2017 are consistent with those used in the preparation of consolidated financial statements for the year ended 31 December 2016. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the consolidated statements for the year ended 31 December 2016.

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 September 2017	1 January - 30 September 2016
Finance / Banking	19.706.451	16.536.920
Retail	5.739.309	5.646.726
Industry	3.118.254	2.530.653
Cement	1.054.452	880.846
Other	88.832	135.512
Total (*)	29.707.298	25.730.657

(*) 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 SEPTEMBER 2017

(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 September 2017	31 December 2016
Finance / Banking	310.162.492	291.597.595
Industry	4.532.723	3.978.187
Retail	3.583.055	3.742.172
Cement	2.768.046	2.353.788
Other	2.432.332	2.072.580
Segment assets (*)	323.478.648	303.744.322
Assets classified as held for sale	21.233	21.780
Investments accounted through equity method (Note 7)	6.083.984	6.101.005
Unallocated assets	294.096	577.183
Less: intersegment eliminations	(2.533.908)	(2.176.451)
Total assets as per consolidated financial statements	327.344.053	308.267.839

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

c) Segment Liabilities (Consolidated):

	30 September 2017	31 December 2016
Finance / Banking	272.094.278	258.363.934
Industry	2.379.220	1.961.803
Retail	3.470.744	3.479.076
Cement	1.596.784	1.145.208
Other	84.952	185.066
Segment liabilities (*)	279.625.978	265.135.087
Assets classified as held for sale	2.969	11.718
Unallocated assets	556.693	486.895
Less: intersegment eliminations	(2.530.398)	(2.173.204)
Total assets as per consolidated financial statements	277.655.242	263.460.496

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

(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) Bank:

	Combined (*) 30 September 2017	Consolidated (**) 30 September 2017	Combined (*) 31 December 2016	Consolidated (**) 31 December 2016
Cash and cash equivalents	9.183.144	9.183.144	12.190.952	12.190.952
Financial assets	57.328.676	57.328.676	52.887.536	52.887.536
Derivative financial instruments	8.425.737	8.425.737	8.428.812	8.428.812
Reserve deposits with the Central Bank of Republic of Turkey	32.691.857	32.691.857	33.171.783	33.171.783
Receivables from finance sector operations	198.160.458	198.160.458	181.024.088	181.024.088
Property, plant and equipment	842.170	842.170	879.650	879.650
Intangible assets	336.618	336.618	361.527	361.527
Other receivables and other assets (**)	3.193.832	3.193.832	2.653.247	2.653.247
Total segment assets	310.162.492	310.162.492	291.597.595	291.597.595
Financial liabilities	48.356.933	48.356.933	46.114.960	46.114.960
Payables from finance sector operations	211.709.756	211.709.756	200.425.064	200.425.064
Derivative financial instruments	3.629.803	3.629.803	4.698.838	4.698.838
Other payables and other liabilities (**)	8.397.786	8.397.786	7.125.072	7.125.072
Total segment liabilities	272.094.278	272.094.278	258.363.934	258.363.934

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

(**) 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 23.693.284 as of 30 September 2017 (31 December 2016: TL 19.740.859).

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

(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 September 2017	Consolidated (**) 30 September 2017	Combined (*) 31 December 2016	Consolidated (**) 31 December 2016
Cash and cash equivalents	1.779.871	-	1.005.273	-
Financial asset	1.004.492	-	1.253.502	-
Receivables from finance sector operations	598.665	-	535.958	-
Investments accounted through equity method (Note 7)	-	406.754	-	334.252
Property, plant and equipment	40.926	-	33.334	-
Intangible assets	70.963	-	58.619	-
Other receivables and other assets (***)	1.679.978	-	1.274.686	-
Total segment assets	5.174.895	406.754	4.161.372	334.252
Payables from finance sector operations	3.880.790	-	3.082.086	-
Other payables and other liabilities (***)	187.201	-	197.280	-
Total segment liabilities	4.067.991	-	3.279.366	-

(*) 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.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

(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 September 2017	Consolidated (**) 30 September 2017	Combined (*) 31 December 2016	Consolidated (**) 31 December 2016
Cash and cash equivalents	232.849	-	108.623	-
Financial assets	836	-	836	-
Trade receivables	2.531.226	-	2.020.522	-
Inventories	212.104	-	182.123	-
Investments accounted through equity method (Note 7)	-	4.723.442	-	4.743.060
Property, plant and equipment	10.111.703	-	10.246.177	-
Intangible assets	5.767.008	-	8.654.887	-
Other receivables and other assets (***)	10.073.279	-	7.071.362	-
Total segment assets	28.929.005	4.723.442	28.284.530	4.743.060
Financial liabilities	14.491.062	-	13.649.757	-
Payables to Privatization Administration	-	-	-	-
Trade payables	1.424.566	-	1.481.180	-
Other payables and other liabilities (***)	3.016.663	-	3.103.888	-
Total segment liabilities	18.932.291	-	18.234.825	-

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

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

(***) 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 Enerji A.Ş. and Enerjisa Üretim Santralleri A.Ş.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

(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 September 2017	Consolidated (**) 30 September 2017	Combined (*) 31 December 2016	Consolidated (**) 31 December 2016
Cash and cash equivalents	196.540	77.427	137.916	52.180
Financial assets	134	134	133	133
Trade receivables	2.255.040	1.335.573	2.000.824	1.128.807
Inventories	1.507.577	1.107.108	1.269.299	905.231
Investments accounted through equity method (Note 7)	317.518	592.323	359.858	608.626
Property, plant and equipment	2.946.571	1.492.572	2.486.357	1.378.219
Intangible assets	260.940	196.765	259.747	188.830
Other receivables and other assets (***)	670.049	344.377	688.676	346.567
Total Segment Assets	8.154.369	5.146.279	7.202.810	4.608.593
Financial liabilities	3.439.134	1.453.268	2.971.472	1.188.206
Trade payables	1.002.440	581.356	819.784	460.583
Other payables and other liabilities (***)	595.329	347.565	447.704	324.732
Total segment liabilities	5.036.903	2.382.189	4.238.960	1.973.521

(*) 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 SEPTEMBER 2017

(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 September 2017	Consolidated(**) 30 September 2017	Combined(*) 31 December 2016	Consolidated(**) 31 December 2016
Cash and cash equivalents	285.773	285.773	430.971	430.971
Trade receivables	99.353	99.353	94.021	94.021
Inventories	1.039.602	1.039.602	912.283	912.283
Investment property	187.546	187.546	189.765	189.765
Property, plant and equipment	884.207	884.207	936.633	936.633
Intangible assets	80.438	80.438	89.142	89.142
Other receivables and other assets (***)	945.299	1.006.136	1.028.522	1.089.357
Total segment assets	3.522.218	3.583.055	3.681.337	3.742.172
Financial liabilities	1.317.941	1.317.941	1.264.617	1.264.617
Trade payables	1.720.856	1.720.856	1.744.103	1.744.103
Other payables and other liabilities (***)	431.947	431.947	470.356	470.356
Total segment liabilities	3.470.744	3.470.744	3.479.076	3.479.076

(*) 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.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

(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 September 2017	Consolidated(**) 30 September 2017	Combined(*) 31 December 2016	Consolidated(**) 31 December 2016
Cash and cash equivalents	122.910	73.749	55.502	41.353
Financial assets	162.783	64	162.783	64
Trade receivables	984.597	502.508	735.624	309.606
Inventories	314.231	153.460	336.666	176.904
Investments accounted through equity method (Note 7)	-	361.465	-	415.067
Property, plant and equipment	2.572.004	1.755.050	2.331.300	1.533.985
Intangible assets	57.557	17.278	59.639	18.947
Other receivables and other assets (***)	445.875	265.938	455.430	272.929
Total segment assets	4.659.957	3.129.512	4.136.944	2.768.855
Financial liabilities	1.816.205	1.330.126	995.535	787.017
Trade payables	432.583	187.261	550.621	274.366
Other payables and other liabilities (***)	150.781	79.397	156.156	83.825
Total segment liabilities	2.399.569	1.596.784	1.702.312	1.145.208

(*) 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.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

(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 September 2017	Consolidated(**) 30 September 2017	Combined(*) 31 December 2016	Consolidated(**) 31 December 2016
Cash and cash equivalents	2.066.989	2.066.989	1.584.181	1.584.181
Financial assets	11.787.698	11.434	11.787.079	10.812
Trade receivables	31.443	31.373	35.955	35.787
Inventories	495	495	804	804
Property, plant and equipment	252.936	216.868	253.506	217.438
Intangible assets	13.708	13.708	14.359	14.359
Other receivables and other assets (***)	135.784	91.465	150.670	209.199
Total segment assets	14.289.053	2.432.332	13.826.554	2.072.580
Financial liabilities	3.000	3.000	4.254	4.254
Trade payables	29.917	29.918	28.928	28.928
Other payables and other liabilities (***)	81.557	52.033	181.406	151.884
Total segment liabilities	114.474	84.951	214.588	185.066

(*) 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 SEPTEMBER 2017

(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 - 30 September 2017			1 January - 30 September 2016		
	Total Consolidation of Segments Before Elimination	Elimination and Consolidation Adjustments	Consolidated	Total Consolidation of Segments Before Elimination	Elimination and Consolidation Adjustments	Consolidated
Total revenue	29.782.976	(75.678)	29.707.298	25.793.043	(62.386)	25.730.657
Cost of sales and interest, premiums, commissions and other expenses	(18.503.045)	164.529	(18.338.516)	(16.313.412)	135.218	(16.178.194)
General administration expenses	(3.885.025)	34.310	(3.850.715)	(3.622.181)	47.145	(3.575.036)
Sales, marketing and distribution expenses	(1.253.674)	1.060	(1.252.614)	(1.327.626)	1.167	(1.326.459)
Research and development expenses	(6.971)	-	(6.971)	(4.046)	-	(4.046)
Other operating income/(expense) - net	165.945	(1.001)	164.944	70.834	(44.081)	26.753
Interest in income of joint ventures	244.390	-	244.390	469.184	1	469.185
Operating profit	6.544.596	123.220	6.667.816	5.065.796	77.064	5.142.860
Income/(expense) from investing activities - net	239.533	(167.096)	72.437	113.289	(104.669)	8.620
Operating profit before financial expense	6.784.129	(43.876)	6.740.253	5.179.085	(27.605)	5.151.480
Financial income/(expense) - net	(368.391)	44.955	(323.436)	(226.953)	23.933	(203.020)
Income before tax	6.415.738	1.079	6.416.817	4.952.132	(3.672)	4.948.460
Tax	(1.243.070)	1	(1.243.068)	(915.986)	-	(915.986)
Profit/(loss) after tax from discontinued operations	6.291	-	6.291	(11.020)	-	(11.020)
Income for the period	5.178.959	1.080	5.180.040	4.025.126	(3.672)	4.021.454
Net income attributable to equity holders of the parent			2.340.092			1.889.899

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

(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 September 2017	Consolidated(**) 30 September 2017	Combined(*) 30 September 2016	Consolidated(**) 30 September 2016
Interest, commission and other income	19.743.428	19.743.428	16.568.364	16.568.364
Interest, commission and other expenses	(10.618.531)	(10.618.531)	(8.992.841)	(8.992.841)
General administration expenses	(3.533.794)	(3.533.794)	(3.275.284)	(3.275.284)
Other operating income/(expense) - net	135.621	135.621	377.351	377.351
Operating profit	5.726.724	5.726.724	4.677.590	4.677.590
Income/(expense) from investing activities - net	2.640	2.640	2.599	2.599
Income before tax	5.729.364	5.729.364	4.680.189	4.680.189
Tax	(1.178.029)	(1.178.029)	(953.753)	(953.753)
Net income	4.551.335	4.551.335	3.726.436	3.726.436
Net income attributable to equity holders of the parent		1.854.664		1.518.519
EBITDA	5.916.453	5.916.453	4.834.551	4.834.551

(*) 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 2.691.366 as of 30 September 2017 (30 September 2016: TL 2.207.917).

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

(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):

ii) Insurance

	Combined(*) 30 September 2017	Consolidated(**) 30 September 2017	Combined(*) 30 September 2016	Consolidated(**) 30 September 2016
Gross premiums received	2.100.257	-	1.598.010	-
Premiums, commission and other expenses	(1.858.066)	-	(1.417.896)	-
General administration expenses	(310.627)	-	(260.650)	-
Other operating income/(expense) - net	297.774	-	204.584	-
Interest in income of joint ventures	-	78.099	-	44.018
Operating profit	229.338	78.099	124.049	44.018
Income/(expense) from investing activities - net	31.108	-	20.744	-
Operating profit before financial expense	260.446	78.099	144.793	44.018
Financial income/(expense) - net	(2.783)	-	395	-
Profit before tax	257.663	78.099	145.188	44.018
Tax	(52.515)	-	(29.688)	-
Net income	205.148	78.099	115.500	44.018
Net income attributable to equity holders of the parent		78.099		44.018
EBITDA	236.400		126.389	

(*) 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 SEPTEMBER 2017

(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):

iii) Energy:

	Combined(*) 30 September 2017	Consolidated(**) 30 September 2017	Combined(*) 30 September 2016	Consolidated(**) 30 September 2016
Sales revenue (net)	11.553.179	-	9.265.328	-
Cost of sales	(8.730.847)	-	(6.990.669)	-
General administration expenses	(1.060.192)	-	(945.984)	-
Sales, marketing and distribution expenses	(30.169)	-	-	-
Other operating income/(expense) - net	(59.576)	-	20.846	-
Share in profit of joint ventures (Note 7)	-	(88.739)	-	104.417
Operating profit	1.672.395	(88.739)	1.349.521	104.417
Income/(expense) from investing activities - net	(286.721)	-	-	-
Operating profit before financial expense	1.385.674	(88.739)	1.349.521	104.417
Financial income/(expense) - net	(1.603.552)	-	(968.407)	-
Profit before tax	(217.878)	(88.739)	381.114	104.417
Tax	40.220	-	(172.283)	-
Net income	(177.658)	(88.739)	208.831	104.417
Net income attributable to equity holders of the parent		(88.739)		104.417
EBITDA	2.142.610		1.665.579	

(*) 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 SEPTEMBER 2017

(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):

iv) Industry:

	Combined(*) 30 September 2017	Consolidated(**) 30 September 2017	Combined(*) 30 September 2016	Consolidated(**) 30 September 2016
Sales revenue (net)	4.739.430	3.118.735	3.803.266	2.530.875
Cost of sales	(3.761.156)	(2.561.005)	(2.932.774)	(2.037.474)
General administration expenses	(174.708)	(92.352)	(175.609)	(101.676)
Sales, marketing and distribution expenses	(332.216)	(160.875)	(320.853)	(139.328)
Research and development expenses	(11.458)	(5.495)	(16.430)	(4.046)
Other operating income/(expense) - net	104.955	74.649	71.178	39.376
Shares in profit of joint ventures (Note 7)	188.002	221.019	215.153	235.277
Operating profit	752.849	594.676	643.931	523.004
Income/(expense) from investing activities - net	23.571	23.350	3.743	3.585
Operating profit before financial expense	776.420	618.026	647.674	526.589
Financial income/(expense) - net	(246.212)	(126.181)	(158.887)	(65.006)
Profit before tax	530.208	491.845	488.787	461.583
Tax	(43.412)	(47.082)	(37.076)	(34.982)
Profit/(loss) after tax from discontinued operations	6.291	6.291	(11.020)	(11.020)
Net income	493.087	451.054	440.691	415.581
Net income attributable to equity holders of the parent		332.688		332.352
EBITDA	827.965	621.254	705.494	562.254

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

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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):

v) Retail:

	Combined(*) 30 September 2017	Consolidated(**) 30 September 2017	Combined(*) 30 September 2016	Consolidated(**) 30 September 2016
Sales revenue (net)	5.760.697	5.757.068	5.655.418	5.650.906
Cost of sales	(4.450.654)	(4.447.182)	(4.596.593)	(4.592.239)
General administration expenses	(128.976)	(128.529)	(126.678)	(126.559)
Sales, marketing and distribution expenses	(1.081.573)	(1.081.573)	(1.176.454)	(1.176.454)
Other operating income/(expense) - net	(93.673)	(93.673)	(370.940)	(370.940)
Operating profit	5.821	6.111	(615.247)	(615.286)
Income/(expense) from investing activities - net	22.436	22.436	828	828
Operating profit	28.257	28.547	(614.419)	(614.458)
Financial income/(expense) - net	(179.044)	(179.044)	(131.414)	(131.414)
Profit before tax	(150.787)	(150.497)	(745.833)	(745.872)
Tax	34.956	34.956	144.544	144.544
Net income	(115.831)	(115.541)	(601.289)	(601.328)
Net income attributable to equity holders of the parent		(56.913)		(320.929)
EBITDA	185.693	185.983	(427.685)	(427.724)

(*) 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 SEPTEMBER 2017

(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 September 2017	Consolidated(**) 30 September 2017	Combined(*) 30 September 2016	Consolidated(**) 30 September 2016
Sales revenue (net)	2.145.533	1.054.458	1.969.069	880.879
Cost of sales	(1.661.208)	(782.337)	(1.349.990)	(579.842)
General administration expenses	(98.373)	(51.201)	(91.154)	(47.403)
Research and development expenses	(1.476)	(1.476)	-	-
Sales, marketing and distribution expenses	(22.289)	(7.580)	(20.150)	(7.061)
Other operating income/(expense) - net	(259)	7.206	13.613	18.305
Shares in profit of joint ventures	-	34.011	-	85.473
Operating profit	361.928	253.081	521.388	350.351
Income/(expense) from investing activities - net	32.666	23.825	34.796	1.893
Operating profit before financial expense	394.594	276.906	556.184	352.244
Financial income/(expense) - net	(109.776)	(62.762)	(56.233)	(30.088)
Profit before tax	284.818	214.144	499.951	322.156
Tax	(51.497)	(32.376)	(94.691)	(47.286)
Net income	233.321	181.768	405.260	274.870
Net income attributable to equity holders of the parent		109.101		182.245
EBITDA	473.592	300.246	596.462	372.337

(*) 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 September 2017	Consolidated(**) 30 September 2017	Combined(*) 30 September 2016	Consolidated(**) 30 September 2016
Sales revenue (net)	991.779	109.287	920.577	162.019
Cost of sales	(94.210)	(93.991)	(111.226)	(111.016)
General administration expenses	(82.680)	(79.149)	(75.377)	(71.259)
Sales, marketing and distribution expenses	(3.646)	(3.646)	(4.784)	(4.784)
Other operating income/(expense) - net	47.267	42.141	10.691	6.742
Operating profit	858.510	(25.358)	739.881	(18.298)
Income/(expense) from investing activities - net	172.060	167.282	107.968	104.384
Operating profit before financial expense	1.030.570	141.924	847.849	86.086
Financial income/(expense) - net	(404)	(404)	(445)	(445)
Profit before tax	1.030.166	141.520	847.404	85.641
Tax	(20.537)	(20.537)	(24.508)	(24.509)
Net income	1.009.629	120.983	822.896	61.132
Net income attributable to equity holders of the parent		111.192		29.276
EBITDA	878.310	(5.717)	758.108	(229)

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

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

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NOTE 3 - SEGMENT REPORTING (Continued)

g) Net profit attributable to equity holders of the parent

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

	30 September 2017	30 September 2016
Banking	1.854.664	1.487.671
Insurance	78.100	51.066
Industry	312.957	342.198
Cement	102.878	173.507
Energy	25.414	89.207
Retail	(73.748)	(150.323)
Other	78.096	14.134
Total	2.378.361	2.007.460

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

	30 September 2017	30 September 2016
Adjusted net income for reported operating segments (Equity holders of the Parent)	2.378.361	2.007.460
One off income/(expenses) related to Carrefoursa	13.020	(103.963)
One off income/(expenses) related to Teknosa	3.816	(66.643)
One off income/(expenses) related to Enerjisa	(114.153)	15.210
One off income/(expenses) related to Avivasa	-	(7.047)
One off income/(expenses) related to Holding	35.687	-
One off income/(expenses) related to Akbank	-	30.848
Other	23.362	14.034
Net income (Equity holders of the Parent)	2.340.092	1.889.899

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NOTE 3 - SEGMENT REPORTING (Continued)

h) EBITDA Details (Consolidated):

30 September 2017	Banking	Industry	Cement	Retail	Energy	Insurance	Other
Profit before tax	5.729.364	530.208	284.818	(150.787)	(217.878)	257.663	1.030.166
+ Depreciation and amortization	189.729	177.612	118.037	107.342	489.507	17.731	20.281
- Income/(expense) from investing activities - net	2.640	23.571	32.666	22.436	(286.721)	31.108	172.060
- Financial income/(expense) – net	-	(246.212)	(109.776)	(179.044)	(1.603.552)	(2.783)	(404)
- Operational foreign currency changes, interest	-	102.498	6.373	(72.530)	19.292	10.669	481
EBITDA	5.916.453	827.965	473.592	185.693	2.142.610	236.400	878.310
30 September 2016	Banking	Industry	Cement	Retail	Energy	Insurance	Other
Profit before tax	4.680.189	488.787	499.951	(745.833)	381.114	145.188	847.404
+ Depreciation and amortisation	156.961	144.591	101.398	116.428	366.770	12.775	18.705
- Income/(expense) from investing activities - net	2.599	3.743	34.796	828	-	20.744	107.968
- Financial income/(expense) - net	-	(158.887)	(56.233)	(131.414)	(968.407)	395	(445)
- Operational foreign currency changes, interest	-	83.028	26.324	(71.134)	50.713	10.435	478
EBITDA	4.834.551	705.494	596.462	(427.685)	1.665.579	126.389	758.108

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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)

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

1 January – 30 September 2017

	Finance							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortisation	189.729	-	100.635	56.579	-	107.342	20.121	474.406
Impairment / (reversal of impairment) of property, plant and equipment and	(1.474)	-	(1.509)	-	-	1.594	-	(1.389)
Capital expenditure	135.602	-	167.452	293.273	-	74.227	19.796	690.350

1 January – 30 September 2016

	Finance							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortisation	156.961	-	85.737	46.123	-	116.428	18.547	423.796
Impairment / (reversal of impairment) of property, plant and equipment and investment properties	-	-	-	-	-	(82.123)	-	(82.123)
Capital expenditure	102.212	-	143.685	461.764	-	97.502	16.912	822.075

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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)

i) Depreciation and amortization charges, impairment and capital expenditures (Combined) (Continued):

1 January – 30 September 2017

	Finance							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortisation	189.729	17.731	177.612	118.037	489.507	107.342	20.281	1.120.239
Impairment / (reversal of impairment) of property, plant and equipment and investment properties	(1.474)	-	(1.509)	-	-	1.594	-	(1.389)
Capital expenditure	135.602	37.868	590.290	375.433	1.522.297	74.227	19.795	2.755.512

1 January – 30 September 2016

	Finance							
	Banking	Insurance	Industry	Cement	Energy	Retail	Other	Total
Depreciation and amortisation	156.961	12.775	144.591	101.398	366.770	116.428	18.705	917.628
Impairment / (reversal of impairment) of property, plant and equipment and investment properties	-	-	-	-	-	(82.123)	-	(82.123)
Capital expenditure	102.212	19.108	489.627	535.865	1.580.283	97.502	16.913	2.841.510

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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

a) Held for trading securities:

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

	30 September 2017	31 December 2016
Share certificates	29.592	7.268
Government bonds	9.360	9.865
Other	16.366	46.788
Total	55.318	63.921

The effective interest rates of financial assets at fair value through profit or loss are as follows:

	30 September 2017	31 December 2016
TL	14,42	12,27

Group's financial assets with purchase and sale purpose that are collateralized due to the its activities in finance industry amounting to TL 9.400 (31 December 2016: TL 9.721).

The maturity analysis of financial assets at fair value through profit based on the remaining period to the contractual maturity date as of 30 September 2017 and 31 December 2016 is as follows:

	30 September 2017	31 December 2016
3 to 12 months	15.296	40.715
1 to 5 years	10.430	15.937
No maturity	29.592	7.269
Total	55.318	63.921

Period remaining to contractual repricing dates:

	30 September 2017	31 December 2016
Up to 3 months	16.358	47.292
3 to 12 months	9.369	9.360
No maturity	29.591	7.269
Total	55.318	63.921

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

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NOTE 4 - FINANCIAL ASSETS (Continued)

b) Available for sale securities:

	30 September 2017	31 December 2016
Debt securities		
- Government bonds	20.718.119	17.912.731
- Eurobonds	12.983.564	11.328.132
- Investment funds	255.010	212.244
- Other bonds denominated in foreign currency	5.400.313	5.297.031
Sub-total	39.357.006	34.750.138
Equity securities		
- Listed	116	116
- Unlisted	91.182	71.626
Sub-total	91.298	71.742
Total financial assets available for sale	39.448.304	34.821.880

Effective interest rates of USD, EUR, YEN and TL denominated available-for-sale securities are %4,07 (31 December 2016: %3,71), %2,43 (31 December 2016: %2,38) and %3,09 (31 December 2016: %3,79) and %11,22 (31 December 2016: %9,52) respectively. The Group's financial assets available for sale subject to funds provided from repo are TL 16.297.004 (31 December 2016: TL 16.282.871). Available for sale financial assets that are given as collateral because of the Group's financing activities are amounting to TL 3.625.481 (31 December 2016: TL 2.062.303). No available for sale financial assets exist whose risk is undertaken by insurance policy holders (31 December 2016: None).

The Bank's securities portfolios, which are ready to be sold and held-to-maturity, have TUFİE-indexed bonds. Reference indexes used to calculate the actual coupon payment amounts of the securities are created based on the TUFİE from two months ago. The bank sets the estimated inflation rate in parallel to the reference indexes. The estimated inflation rate used is updated during the year when necessary. On 30 September 2017 the securities were evaluated based on the annual inflation estimation of %9,50. If this TUFİE-indexed valuation was done based on the reference index on 30 September 2017, the bank's securities valuation differences under equities would decrease by TL 96 million (total TL amount) and the net profit for the period would increase by TL 136 million (total TL amount) and become TL 4.653 million (total TL amount).

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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 (Continued):

The maturity analysis at 30 September 2017 and 31 December 2016 is as follows:

	30 September 2017			31 December 2016		
	Other			Other		
	Banking	companies	Total	Banking	companies	Total
3 to 12 months	2.061.472	-	2.061.472	2.530.718	-	2.530.718
1 to 5 years	25.267.342	11.041	25.278.383	19.037.853	10.422	19.048.275
Over 5 years	11.281.483	-	11.281.483	12.722.733	-	12.722.733
No maturity	826.966	-	826.966	520.154	-	520.154
Total	39.437.263	11.041	39.448.304	34.811.458	10.422	34.821.880

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

	30 September 2017			31 December 2016		
	Other			Other		
	Banking	companies	Total	Banking	companies	Total
Up to 3 months	9.345.353	-	9.345.353	6.541.586	-	6.541.586
3 to 12 months	7.881.736	-	7.881.736	10.230.716	-	10.230.716
1 to 5 years	15.795.371	11.041	15.806.412	12.060.816	10.422	12.071.238
Over 5 years	6.072.896	-	6.072.896	5.698.755	-	5.698.755
No maturity	341.907	-	341.907	279.585	-	279.585
Total	39.437.263	11.041	39.448.304	34.811.458	10.422	34.821.880

c) Financial assets held to maturity:

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

	30 September 2017	31 December 2016
Government bonds	17.836.685	17.976.984
Total	17.836.685	17.976.984

Effective interest rate of debt securities in USD, Euro and TL are %4,11 (31 December 2016: %4,05), %3,62 (31 December 2016: %3,62) and %11,51 (31 December 2016: %9,82) respectively.

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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):

The movement of financial assets held to maturity is as follows:

	30 September 2017	31 December 2016
Balance, 1 January	17.976.984	10.688.533
Additions (*)	407	5.882.043
Exchange differences arising from monetary assets	412.217	1.269.337
Valuation effect	278.487	367.875
Disposals through sales and redemptions	(766.197)	(130.051)
Impairment provision	(65.213)	(100.753)
Total	17.836.685	17.976.984

(*) Due to the change in Bank's intention of retention, government bonds with a nominal value of EUR 96.359 and USD 1.591.672 in available-for-sale financial assets portfolio were classified in investments to be retained until maturity. As of the date of classification, book value indicating the fair value of the said real estates are EUR 98.531 and USD 1.650.112 respectively and these amounts are accepted as the new costs of the real estates. Real estate valuation differences of the classified real estates, which are previously recognised under equities are amortized by using effective interest method throughout the remaining economic life of the investment that will be retained until the maturity.

Period remaining to contractual maturity dates for financial assets held for trading, held to maturity and available-for-sale as at 30 September 2017 and 31 December 2016 is as follows:

	30 September 2017			31 December 2016		
	Other			Other		
	Banking	companies	Total	Banking	companies	Total
3 to 12 months	3.929.177	115	3.929.292	684.786	114	684.900
1 to 5 years	12.362.616	-	12.362.616	14.763.517	-	14.763.517
Over 5 years	1.544.777	-	1.544.777	2.528.567	-	2.528.567
Total	17.836.570	115	17.836.685	17.976.870	114	17.976.984

Period remaining to contractual repricing dates for investment security, available for sale and held to maturity at 30 September 2017 and 31 December 2016 is as follows:

	30 September 2017			31 December 2016		
	Other			Other		
	Banking	companies	Total	Banking	companies	Total
Up to 3 months	1.192.266	-	1.192.266	2.857.339	-	2.857.339
3 to 12 months	6.964.580	115	6.964.695	1.788.154	114	1.788.268
1 to 5 years	8.767.352	-	8.767.352	11.961.634	-	11.961.634
Over 5 years	912.372	-	912.372	1.369.743	-	1.369.743
Total	17.836.570	115	17.836.685	17.976.870	114	17.976.984

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NOTE 4 - FINANCIAL ASSETS (Continued)

d) Time deposits:

Details of the three-month long-term deposits are as follows:

	30 September 2017	31 December 2016
3 to 12 months	-	35.765
Total	-	35.765

NOTE 5 - FINANCIAL LIABILITIES

Short term funds borrowed, bank borrowings and debt securities:

	30 September 2017	31 December 2016
Short term	12.764.740	8.838.741
Short-term portion of long term	14.883.743	13.620.874
Total short term	27.648.483	22.459.615
Long-term funds borrowed, bank borrowings and debt securities:		
Long term	24.523.019	26.458.459
Total	52.171.502	48.918.074

The maturity schedule of financial liabilities at 30 September 2017 and 31 December 2016 is summarized below:

	30 September 2017	31 December 2016
Up to 3 months	8.717.291	9.463.615
3 to 12 months	18.931.192	12.996.000
Short term borrowings and short term portion of long term borrowings	27.648.483	22.459.615
1 to 5 years	14.308.117	17.985.270
Over 5 years	10.214.902	8.473.189
Long term borrowings	24.523.019	26.458.459
Total	52.171.502	48.918.074

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DİPNOT 5 - FINANCIAL LIABILITIES (Continued)

The repayment schedule of long term financial liabilities at 30 September 2017 and 31 December 2016 is summarized below:

	30 September 2017	31 December 2016
2017	5.768.164	8.179.400
2018	4.825.238	3.556.033
2019	2.221.093	4.445.345
2020	1.493.622	1.804.492
2021 and after	10.214.902	8.473.189
Total	24.523.019	26.458.459

The repricing schedule of borrowings at 30 September 2017 and 31 December 2016 is summarized below:

	30 September 2017	31 December 2016
Up to 3 months	27.560.053	31.821.916
3 to 12 months	13.994.550	6.367.519
1 to 5 years	4.552.747	7.203.894
Over 5 years	6.064.152	3.524.745
Total	52.171.502	48.918.074

The transactions related with the funds and loans as of 30 September 2017 are as follows:

Akbank - Funds borrowed via syndicated credit facilities

Akbank, the Group's subsidiary, has had four syndication credits as at 30 September 2017. The syndication credit, which amounts to EUR 787,8 million and USD 327 million, comprised of shares with 1-year and 3-year maturity, was signed on 18 August 2016. The current balance is EUR 90 million. The cost of the 3-year maturity portion of the credit is Euribor+215 bps annually. The syndication credit comprised (EUR 738,3 million and USD 404,5 million) consisting 1 and 2 years maturity portions was signed on 22 March 2017. The cost of 1-year maturity credit is Euribor+135 bps and Libor+145 bps. The cost of 2-year maturity credit is Libor+220 bps. The third syndication credit comprised of USD 335 million with 3-year maturity was granted with the credit agreement signed on 9 July 2015. The annual cost of credit is Libor+185 bps. The fourth syndication credit comprised of 1-year (EUR 515,1 million) and 2-year (USD 542,6 million) maturity was signed on 15 August 2017. The cost of the 1-year maturity credit is Euribor+125 bps and Libor+135 bps. The cost of the 2-year maturity credit is Libor+220 bps.

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NOTE 5 - FINANCIAL LIABILITIES (Continued)

Issued securities:

Securities issued consist of USD and TL assets.

The repayment plan for USD securities issued is summarized below.

	30 September 2017		31 December 2016	
	USD	TL	USD	TL
2017	596.584	2.099.977	822.429	2.878.501
2018	1.208.577	4.254.189	1.006.961	3.524.364
2019	447.569	1.575.443	757.205	2.650.218
2020	953.568	3.356.559	768.180	2.688.630
2021	465.609	1.638.944	647.571	2.266.499
2022	806.227	2.837.919	762.934	2.670.269
2023	459.030	1.615.786	434.528	1.520.848
2024	396.068	1.394.159	373.192	1.306.172
2025	414.222	1.458.061	380.722	1.332.527
2026	58.686	206.575	39.512	138.292
2027	285.797	1.006.005	20.524	71.834
2028	4.762	16.762	4.762	16.667
Total	6.096.699	21.460.379	6.018.520	21.064.821

The balance amounting to USD 6.096.699 consists of securitization deals and USD denominated securities issued by the Bank.

	30 September 2017		31 December 2016	
	EUR	TL	EUR	TL
2017	16.006	66.497	63.951	235.960
2018	75.085	311.941	75.074	277.001
2019	93.327	387.727	93.317	344.312
2020	45.813	190.330	45.802	168.996
2021	23.072	95.853	23.062	85.092
2022	331	1.375	321	1.184
2023	318	1.321	309	1.140
2024	306	1.271	297	1.096
2025	294	1.221	285	1.052
2026	282	1.172	274	1.011
2027	272	1.130	264	974
2028	261	1.084	253	933
2029	6.479	26.917	6.289	23.205
Total	261.846	1.087.839	309.498	1.141.956

The balance amounting to EUR 261.846 consists of securitization deals and EUR denominated securities issued by the Bank.

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NOTE 5 - FINANCIAL LIABILITIES (Continued)

Issued securities (cont'd):

	30 September 2017		31 December 2016	
	RON	TL	RON	TL
2017	-	-	4.855	3.926
2018	80.282	72.101	78.228	63.263
2019	53.517	48.064	51.959	42.019
Total	133.799	120.165	135.042	109.208

The balance amounting to RON 133.799 consists of securization deals and RON denominated securities issued by the Bank.

	30 September 2017		31 December 2016	
	HUF	TL	HUF	TL
2019	810.302	10.469	796.798	9.562
Total	810.302	10.469	796.798	9.562

The balance amounting to HUF 810.302 consists of securization deals and HUF denominated securities issued by the Bank.

	30 September 2017		31 December 2016	
	JPY	TL	JPY	TL
2017	-	-	19.188	573
2018	9.935	310	18.757	560
2019	990.004	30.898	964.562	28.803
Total	999.939	31.208	1.002.507	29.936

The balance amounting to JPY 999.939 consists of securization deals and JPY denominated securities issued by the Bank.

	30 September 2017		31 December 2016	
	CZK	TL	CZK	TL
2017	-	-	274.959	37.862
Total	-	-	274.959	37.862

As of 31 December 2016, the balance amounting to CZK 274.959 consists of securization deals and CZK denominated securities issued by the Bank.

Additionally, as of 30 September 2017, there are bonds issued by the Bank amounting to TL 508.810 with 3 months maturity, TL 2.148.503 with 4 months maturity, TL 1.868.627 with over 5 years maturity, TL (31 December 2016: TL 987.990 with 3 months maturity, TL 299.259 with a 4 months maturity, TL 48.085 with 6 months maturity, TL 223.708 with 2 years maturity and TL 997.225 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

	30 September 2017	31 December 2016
Other short term receivables:		
Receivables from credit card payments	31.560	14.717
Other receivables	1.332.046	1.123.715
Total	1.363.606	1.138.432

	30 September 2017	31 December 2016
Other long term receivables:		
Deposits and guarantees given	39.586	43.710
Other receivables	863.129	841.286
Total	902.715	884.996

	30 September 2017	31 December 2016
Other short term payables:		
Payables related to credit card transactions	3.948.642	3.483.667
Taxes and funds payable	364.516	331.548
Export deposits and transfer orders	88.574	54.529
Payment orders to correspondent banks	30.954	15.036
Other	1.579.602	840.403
Total	6.012.288	4.725.183

	30 September 2017	31 December 2016
Other long term payables:		
Financial lease payables	59.826	77.762
Other	1.073.408	752.206
Total	1.133.234	829.968

NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Book value of Associates and Joint Ventures is as follows:

	30 September 2017	Share (%)	31 December 2016	Share (%)
Aksigorta	192.072	36,00	153.769	36,00
Avivasa	214.682	40,00	180.483	40,00
Brisa	274.804	43,63	248.767	43,63
Akçansa	361.465	39,72	415.067	39,72
Enerjisa	-	-	4.743.060	50,00
Enerjisa Enerji (*)	2.600.397	50,00	-	-
Enerjisa Üretim (*)	2.123.045	50,00	-	-
Philsa	183.580	25,00	207.467	25,00
Philip Morrissa	44.923	24,75	71.476	24,75
Temsa Mısır	(16.922)	73,75	(11.162)	73,75
Temsa İş Makineleri	105.938	51,00	92.078	51,00
Total	6.083.984		6.101.005	

(*) Enerjisa Enerji A.Ş.'s subcompanies spun off to create Enerjisa Üretim Santralleri A.Ş. E.ON SE, established in Germany, and Enerjisa Enerji A.Ş. each hold %50 of the shares of Enerjisa Üretim Santralleri A.Ş. The Company served as the parent company for generation, trading, sale, distribution and retail service of electricity business lines until 25 August 2017. the Company transferred three subsidiaries (electricity generation, wholesale trading and natural gas trading) by spin-off method with the carrying amounts to a newly established company called Enerjisa Üretim Santralleri A.Ş.

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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 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

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

	1 January - 30 September 2017	1 January - 30 September 2016
Aksigorta	35.645	19.628
Avivasa	42.454	24.390
Brisa	33.015	20.121
Akçansa	34.011	85.473
Enerjisa	-	104.417
Enerjisa Enerji	226.983	-
Enerjisa Üretim	(315.722)	-
Philsa	112.473	122.345
Philip Morrisa	57.628	88.931
Temsa Mısır	(767)	(1.275)
Temsa İş Makineleri	18.670	5.155
Total	244.390	469.185

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

	30 September 2017		31 December 2016	
	Total assets	Total Liabilities	Total assets	Total liabilities
Aksigorta	3.553.503	3.019.969	2.829.049	2.401.912
Avivasa	1.688.444	1.175.277	1.397.157	969.489
Brisa	3.335.766	2.705.914	2.887.859	2.317.684
Akçansa	1.787.854	864.905	1.677.606	619.706
Enerjisa	-	-	28.762.726	19.276.606
Enerjisa Enerji	16.811.248	11.610.454	-	-
Enerjisa Üretim	12.648.814	8.402.725	-	-
Philsa	3.282.071	2.547.749	4.125.277	3.295.411
Philip Morrisa	1.648.868	1.467.360	2.404.384	2.115.595
Temsa Mısır	10.792	33.739	9.943	25.077
Temsa İş Makineleri	589.098	421.994	349.078	168.533
Total	45.356.458	32.250.086	44.443.079	31.190.013

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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 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

Sales

	1 January - 30 September 2017	1 January - 30 September 2016
Aksigorta	1.755.564	1.377.672
Avivasa	344.693	220.338
Brisa	1.620.696	1.272.392
Akçansa	1.091.075	1.088.191
Enerjisa	-	9.265.271
Enerjisa Enerji	8.591.508	-
Enerjisa Üretim	2.961.671	-
Philsa (*)	15.252.143	13.736.791
Philip Morrissa	16.297.133	14.509.327
Temsa Mısır	-	-
Temsa İş Makineleri	700.259	248.507

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

Net profit/loss

	1 January - 30 September 2017	1 January - 30 September 2016
Aksigorta	99.015	54.523
Avivasa	106.136	60.976
Brisa	75.671	46.118
Akçansa	102.787	233.939
Enerjisa	-	208.834
Enerjisa Enerji (*)	453.966	-
Enerjisa Üretim (*)	(631.444)	-
Philsa	449.893	489.378
Philip Morrissa	232.840	359.319
Temsa Mısır	(1.041)	(1.729)
Temsa İş Makineleri	36.608	10.104

(*) Enerjisa Enerji A.Ş.'s subcompanies spun off to create Enerjisa Üretim Santralleri A.Ş. E.ON SE, established in Germany, and Enerjisa Enerji A.Ş. each hold %50 of the shares of Enerjisa Üretim Santralleri A.Ş. The Company served as the parent company for generation, trading, sale, distribution and retail service of electricity business lines until 25 August 2017. the Company transferred three subsidiaries (electricity generation, wholesale trading and natural gas trading) by spin-off method with the carrying amounts to a newly established company called Enerjisa Üretim Santralleri A.Ş.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

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

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for nine month period ended 30 September 2017 is as follows:

	1 January 2017	Currency translation differences	Additions	Disposals	Transfers (*)	Impairment	Transfers to assets held for sale	30 September 2017
Cost:								
Land and land improvements	626.281	2.150	5.423	(33.978)	31.461	-	-	631.337
Buildings	2.402.987	12.552	13.937	(43.555)	(193.833)	(1.474)	(16.671)	2.648.719
Machinery and equipment	3.248.618	34.932	28.528	(57.205)	409.225	-	-	3.664.098
Motor vehicles	113.579	26	8.207	(5.086)	3.776	-	-	120.502
Furniture and fixtures	2.883.082	1.573	104.888	(68.108)	13.896	1.928	-	2.937.259
Total	9.274.547	51.233	160.983	(120.822)	625.191	454	(16.671)	10.001.915
Construction in progress	944.284	207	437.926	(2.090)	(682.837)	-	-	647.490
Total	10.218.831	51.440	598.909	(122.912)	(30.646)	454	(16.671)	10.699.405
Accumulated depreciation:								
Land and land improvements	(234.731)	(300)	(5.187)	236	-	-	-	(239.982)
Buildings	(975.917)	(6.506)	(37.955)	9.764	-	-	-	(1.010.614)
Machinery and equipment	(1.914.886)	(24.315)	(108.269)	48.486	-	-	-	(1.998.984)
Motor vehicles	(95.865)	(66)	(4.969)	3.412	-	-	-	(97.356)
Furniture and fixtures	(2.032.923)	(2.610)	(171.606)	59.295	-	(392)	-	(2.143.016)
Total	(5.524.322)	(28.445)	(327.986)	121.193	-	(392)	-	(5.589.952)
Net book value	4.964.509							5.209.453

(*) Transfers that have been realized during the period amounting of TL 30.646 recognized to 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 8 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	1 January 2016	Currency translation differences	Additions	Disposals	Transfers (*)	Impairment	Count Differences	30 September 2016
Cost:								
Land and land improvements	586.172	1.751	39.517	(149)	405	-	48	627.744
Buildings	2.352.264	13.436	5.130	(5.868)	(7.274)	-	5.408	2.363.096
Machinery and equipment	2.887.108	74.051	29.681	(9.445)	22.316	-	-	3.003.711
Motor vehicles	111.801	561	2.984	(6.521)	432	-	-	109.257
Furniture and fixtures	2.711.864	4.240	76.358	(93.029)	26.140	4.340	1.902	2.731.815
Total	8.649.209	94.039	153.670	(115.012)	42.019	4.340	7.358	8.835.623
Construction in progress	346.690	1.617	571.940	(7.929)	(64.128)	(26)	-	848.164
Total	8.995.899	95.656	725.610	(122.941)	(22.109)	4.314	7.358	9.683.787
Accumulated depreciation:								
Land and land improvements	(224.464)	(1.000)	(4.671)	-	13	-	(48)	(230.170)
Buildings	(893.849)	(7.998)	(40.875)	1.967	-	(10.198)	(5.408)	(956.361)
Machinery and equipment	(1.678.897)	(40.035)	(87.457)	5.744	-	-	-	(1.800.645)
Motor vehicles	(86.671)	(441)	(7.538)	4.788	-	-	-	(89.862)
Furniture and fixtures	(1.829.060)	(2.828)	(167.581)	47.791	(13)	(67.675)	(1.902)	(2.021.268)
Total	(4.712.941)	(52.302)	(308.122)	60.290	-	(77.873)	(7.358)	(5.098.306)
Net book value	4.282.958							4.585.481

(*) Transfers that have been realized from Construction in progress during the period amounting of TL 22.109 recognized to intangible assets.

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NOTE 9 - INTANGIBLE ASSETS

The movements in intangible assets for nine month periods ended 30 September 2017 and 2016 are as follows:

	1 January 2017	Currency translation differences	Additions	Impairment	Disposals	Transfers	Count Differences	30 September 2017
Cost	1.474.679	11.384	90.624	(2.179)	(2.514)	30.646	-	1.602.640
Accumulated amortisation (-)	(801.910)	(9.328)	(147.050)	56	364	-	-	(957.868)
Net book value	672.769							644.772

	1 January 2016	Currency translation differences	Additions	Impairment	Disposals	Transfers	Count Differences	30 September 2016
Cost	1.167.409	3.905	92.649	(9)	(11.251)	22.109	(2.506)	1.272.306
Accumulated amortisation (-)	(636.966)	(2.081)	(112.635)	(4.535)	4.395	-	-	(751.822)
Net book value	530.443							520.484

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DİPNOT 10 - GOODWILL

The movements of goodwill for the nine month period ended on 30 September 2017 and 2016 are as follows:

	2017	2016
1 January	1.014.815	1.014.355
Additions	-	460
30 September	1.014.815	1.014.815

No impairment related to value of the cash-generating units has occurred in 2017.

NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short term provisions	30 September 2017	31 December 2016
Provision for liabilities	262.004	350.048
<i>Credit bonus provision</i>	75.406	90.654
<i>Litigation</i>	116.158	124.477
<i>Uncompensated and not encashed non-cash loans</i>	58.521	73.085
<i>Onerous contracts</i>	4.260	30.091
<i>Other short-term provisions</i>	7.659	31.741
Other	65.467	61.308
Total	327.471	411.356

Other long term provisions	30 September 2017	31 December 2016
Provision for liabilities	4.183	4.239
Other long-term provisions	4.183	4.239
Total	4.183	4.239

Commitments - Banking segment	30 September 2017	31 December 2016
Letters of guarantee given	32.530.604	26.900.857
Letters of credit	5.824.210	4.993.055
Foreign currency acceptance	3.764.938	3.583.106
Other guarantees given	6.217.172	3.962.154
Total	48.336.924	39.439.172

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

Commitments - Non-banking segment	30 September 2017	31 December 2016
Letters of guarantee given	427.706	558.419
Other guarantees given	287.214	297.193
Mortgages, guarantees and pledges for tangible assets	-	83.208
Total	714.920	938.820

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 September 2017 and 31 December 2016 are as follows:

	30 September 2017	31 December 2016
Repurchase commitments	24.106.944	25.877.459

Transactions for held for trading

	30 September 2017	31 December 2016
Foreign currency purchases	8.064.632	8.911.930
Foreign currency sales	7.989.890	9.064.075
Total	16.054.522	17.976.005

	30 September 2017	31 December 2016
Currency swap purchases	106.998.542	87.664.943
Currency swap sales	101.046.437	86.427.026
Interest swap purchases	41.959.826	42.198.785
Interest swap sales	41.959.826	42.198.785
Total	291.964.631	258.489.539

	30 September 2017	31 December 2016
Spot purchases	5.519.232	8.257.572
Spot sales	5.525.001	8.318.772
Total	11.044.233	16.576.344

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

	30 September 2017	31 December 2016
Currency, interest and securities options purchases	50.537.790	43.145.261
Currency, interest and securities options sales	50.672.279	43.319.700
Total	101.210.069	86.464.961

	30 September 2017	31 December 2016
Future sales	-	55.335
Total	-	55.335

	30 September 2017	31 December 2016
Other purchase transactions	5.892.702	7.170.681
Other sales transactions	8.171.783	5.154.039
Total	14.064.485	12.324.720

Derivative transactions for hedging

	30 September 2017	31 December 2016
Interest swap purchases	13.162.827	8.814.305
Interest swap sales	13.162.827	8.814.305
Total	26.325.654	17.628.610

	30 September 2017	31 December 2016
Foreign currency purchases	18.267	203.533
Foreign currency sales	178.362	73.346
Total	196.629	276.879

	30 September 2017	31 December 2016
Currency swap purchases	3.277.484	3.257.872
Currency swap sales	2.506.650	2.505.565
Total	5.784.134	5.763.437

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

The maturity analysis of the off-balance sheet assets of the Banking segment at 30 September 2017 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	6.106.443	26.424.161	32.530.604
Letters of credits	4.497.103	1.327.107	5.824.210
Acceptance credits	3.421.320	343.617	3.764.937
Other guarantees	3.196.397	3.020.776	6.217.174
Total	17.221.263	31.115.661	48.336.925

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2016 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	3.932.167	22.968.691	26.900.858
Letters of credits	2.118.797	2.874.258	4.993.055
Acceptance credits	3.569.249	13.857	3.583.106
Other guarantees	1.335.410	2.626.743	3.962.153
Total	10.955.623	28.483.549	39.439.172

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.

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

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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)

The economic sector risk concentrations of the commitments of the Banking segment at 30 September 2017 and 31 December 2016 are as follows:

	30 September 2017	31 December 2016
Wholesale	10.627.683	8.348.084
Financial institutions	6.695.601	6.433.036
Construction	6.005.298	4.652.569
Small-scale retailers	4.557.582	3.845.270
Other manufacturing	2.823.208	1.445.639
Steel and mining	2.715.716	2.086.619
Chemicals	2.690.175	2.910.411
Electricity, gas and water	1.918.194	1.977.548
Textile	1.383.584	934.968
Automotive	1.119.214	620.213
Food and beverage	917.476	616.372
Electronics	701.783	639.372
Transportation	630.301	1.170.174
Tourism	280.852	246.057
Telecommunications	213.174	153.924
Agriculture and forestry	116.736	54.738
Other	4.940.347	3.304.178
Total	48.336.924	39.439.172

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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

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries at 30 September 2017 is as follows;

	30 September 2017				
	Total TL Equivalent	TL	USD	EUR	TL Equivalent Other
A. Total amount of the Collaterals given for its own legal entity	711.746	118.146	104.797	52.570	954
B. Collaterals given on behalf of fully consolidated companies	1.354.688	288.993	93.955	169.700	20.505
C. Collaterals given on behalf of the third parties' debt for continuation of their economic activities	48.336.925	19.624.564	4.914.916	2.624.340	237.610
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	50.403.359	20.031.703	5.113.668	2.846.610	259.069
A. Total amount of the mortgages given for its own legal entity	-	-	-	-	-
B. Mortgages given on behalf of fully consolidated companies	-	-	-	-	-
C. Mortgages given on behalf of third parties' debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other Mortgages	-	-	-	-	-
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Mortgages	-	-	-	-	-
A. Total amount of the pledges given for its own legal entity	-	-	-	-	-
B. Pledges given on behalf of fully consolidated companies	-	-	-	-	-
C. Pledges given on behalf of third parties' debt for continuation of their economic activities	-	-	-	-	-
D. Total amount of other Pledges	-	-	-	-	-
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Pledges	-	-	-	-	-

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

(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 Joint ventures at 30 September 2017 is as follows:

	30 September 2017				
	Total TL Equivalent	TL	USD	EUR	TL Equivalent Other
A. Total amount of the Collaterals given for its own legal entity	480.508	324.613	43.469	355	-
B. Collaterals given on behalf of fully consolidated companies	-	-	-	-	-
C. Collaterals given on behalf of the third parties' debt for continuation of their economic activities	495	495	-	-	-
D. Total amount of other Collaterals					
i. Given on behalf of majority shareholder	-	-	-	-	-
ii. Given on behalf of other group companies which are not in the scope of B and C	-	-	-	-	-
iii. Given on behalf of third parties which are not in scope of C	-	-	-	-	-
Total Collaterals	481.003	325.108	43.469	355	-
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 12 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries at 31 December 2016 is as follows;

	31 December 2016				
	Total TL Equivalent	TL	USD	EUR	TL Equivalent Other
A. Total amount of the Collaterals given for its own legal entity	844.294	199.537	121.439	58.351	912
B. Collaterals given on behalf of fully consolidated companies	918.961	234.727	82.544	106.134	-
C. Collaterals given on behalf of the third parties' debt for continuation of their economic activities	39.439.172	15.741.725	4.108.779	2.400.827	308.838
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	41.202.427	16.175.989	4.312.762	2.565.312	309.750
A. Total amount of the mortgages given for its own legal entity	73.369	-	-	19.777	-
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	73.369	-	-	19.777	-
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 the Joint Ventures at 31 December 2016 is as follows:

	31 December 2016				
	Total TL Equivalent	TL	USD	EUR	TL Equivalent Other
A. Total amount of the Collaterals given for its own legal entity	1.118.066	895.219	61.434	1.791	-
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	541	540	-	-	-
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	1.118.607	895.759	61.434	1.791	-
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

	30 September 2017	31 December 2016
Other Current Assets		
Cheques in clearance	137.084	418.721
Deductible, deferred and other VAT	132.526	114.087
Other	60.127	44.063
Total	329.737	576.871
Other Non-Current Assets		
Long term tax claims and other legal receivables	34.453	29.434
Deductible, deferred and other VAT	5.841	3.027
Other non-current assets	86.911	59.274
Total	127.205	91.735
Other Short Term Liabilities		
Cheques in clearance	283.050	778.619
Saving deposits insurance	43.416	45.569
Other short term liabilities	335.646	364.210
Total	662.112	1.188.398
Other Long Term Liabilities		
Other long term liabilities	42.279	18.070
Total	42.279	18.070

NOTE 14 - EQUITY

The Holding's authorized and issued capital consists of 204.040.393.100 (31 December 2016: 204.040.393.100) shares of Kr 1 each.

The Holding's authorized and paid-in share capital and shareholding structure at 30 September 2017 and 31 December 2016 is as follows:

Shareholders	Share (%)	30 September 2017	Share (%)	31 December 2016
Sakıp Sabancı Holding A.Ş.	14,07	287.100	14,07	287.100
Serra Sabancı	7,21	147.160	7,21	147.160
Suzan Sabancı Dinçer	6,94	141.567	6,94	141.567
Çiğdem Sabancı Bilen	6,94	141.567	6,94	141.567
Other	64,84	1.323.010	64,84	1.323.010
Share capital	100,00	2.040.404	100,00	2.040.404
Capital adjustments due to cross-ownership (-)		(190.470)		(190.470)
Share premium		22.237		22.237

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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 14 - EQUITY (Continued)

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 September 2017. These shares in consolidated equity as capital adjustments due to cross-ownership.

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 September 2017	31 December 2016
Legal reserves	694.272	596.381
Gain on sales of association	333.369	333.369
Total	1.027.641	929.750

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 2016	(440.301)	(86.721)	(88.909)	283.604
Increases/ (decreases) during the period	324.117	(25.354)	(27.723)	56.954
Gains transferred to income statement	(123.524)	18.287	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	21.047	-	-	-
Tax effect	(43.722)	828	5.545	-
Balance as of 30 September 2016	(262.383)	(92.960)	(111.087)	340.558
Balance as of 1 January 2017	(444.676)	(177.288)	(146.024)	499.438
Increases/ (decreases) during the period	347.557	48.910	(60.610)	112.434
Gains transferred to income statement	(67.498)	18.766	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	9.746	-	-	-
Tax effect	(57.360)	(14.137)	12.122	-
Balance as of 30 September 2017	(212.231)	(123.749)	(194.512)	611.872

NOTE 15 - ASSETS CLASSIFIED AS HELD FOR SALE

1 January - 30 September 2017

As of 30 September 2017, Temsa, a subsidiary of the Group acquired a real estate with value of TL 16.671.395 as a guarantee. The Entity has intention to dispose of the real estate and impairment is booked amounting to total TL 6.685.000. The remaining TL 9.986.395 is accounted under "Assets Held for Sale".

Nile Kordsa Company for Industrial Fabrics S.A.E., which is a subsidiary of Kordsa, which is a subsidiary of the Group generated profit total amount of TL 6.290.725 for the period ended 30 September 2017 (30 September 2016: Total amount of TL 6.503.673 loss). Operation results related to this company were classified under revenues/expenses related to discontinued operations in the consolidated financial statements as of 30 September 2017 and 30 September 2016. The total amount recognised under "Assets Held For Sale" has been total amount of TL 11.246.897 as of 30 September 2017 (31 December 2016: Total amount of TL 21.780.383). The total amount recognised under "Liabilities Held For Sale" has been total amount of TL 2.969.234 as of 30 September 2017 (31 December 2016: total amount of TL 11.718.193).

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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 15 - ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

1 January - 30 September 2016

According to Group's subsidiary Kordsa Global's Board of Management decision numbered 2015/29 dated 31 December 2015; shares belonging to Nile Kordsa Company for Industrial Fabrics S.A.E. and Interkordsa GmbH which Kordsa Global has %51 and %100 ownership 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 September 2016.

As of 30 September 2016; the operating loss of Kordsa Global's subsidiary Nile Kordsa Company for Industrial Fabrics S.A.E. is Total TL 6.503.673 (30 September 2015: Total TL 8.538.648 Profit). In the consolidated financial statements; operating results of the company (Nile Kordsa) reclassified as discontinued operations income/expenditure

As of 30 September 2016; the operating loss of Kordsa Global's subsidiary InterKordsa GmbH is total TL 4.516.472 (30 September 2015: Total TL 352.164 Profit). In the consolidated financial statements; operating results of the company (InterKordsa) reclassified as discontinued operations income/expenditure.

NOTE 16 - FINANCE INCOME/EXPENSES

	1 January- 30 September 2017	1 January- 30 September 2016	1 July- 30 September 2017	1 July- 30 September 2016
Financial income				
Foreign currency gains	120.429	45.159	6.690	4.075
Total	120.429	45.159	6.690	4.075
Financial expenses				
Foreign currency loss	(159.046)	(51.503)	(15.210)	(23.362)
Interest expense	(242.502)	(176.514)	(107.969)	(59.948)
Other financial expenses	(42.317)	(20.162)	(15.712)	(5.029)
Total	(443.865)	(248.179)	(138.891)	(88.339)

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

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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

	30 September 2017	31 December 2016
Corporate and income taxes payable	1.010.806	1.157.130
Less: prepaid taxes	(752.600)	(809.523)
Total taxes payable	258.206	347.607

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 2017 is %20 (2016: %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.

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 assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate.

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

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

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

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.

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THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017**

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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

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.

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 nondeductible 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. 2012/9 (“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.

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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

The tax charges for comprehensive income statement items for the periods ended 30 September 2017 and 2016 are as follows:

	30 September 2017			30 September 2016		
	Before Tax	Tax Charge	After Tax	Before Tax	Tax Charge	After Tax
Net unrealized fair value from from available for sale financial	839.180	(167.836)	671.344	771.779	(154.356)	617.423
Net gain on available for sale financial assets transferred to the income statement	(165.639)	33.128	(132.511)	(303.126)	60.625	(242.501)
Net gain included in the income Statement due to transfer of available For sale financial assets into held To maturity assets	23.918	(4.784)	19.134	51.650	(10.330)	41.320
Cash flow hedges	69.081	(13.816)	55.265	7.638	(1.528)	6.110
Income/(loss) from the derivative Financial assets related to hedging of Net investment in a foreign operations	(148.736)	29.747	(118.989)	(68.034)	13.607	(54.427)
Currency translation Differences	270.209	-	270.209	134.078	-	134.078
Actuarial gain/loss	(531)	106	(425)	(433)	87	(346)
Other comprehensive income	887.482	(123.455)	764.027	593.552	(91.895)	501.657

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.

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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)

The Group has a carried forward loss of TL 1.085.392 (31 December 2016: TL 819.512) on which a tax claim has been calculated since 30 September 2017. This carry forward financial loss can be deducted from corporate profit for a period on the condition 5 years have not passed. Below you can see carry forward financial loss amounts and the last accounting periods in which they can be utilized starting from 30 September 2017 and 31 December 2016:

	30 September 2017	31 December 2016
2019	17.548	17.548
2020	58.126	58.126
2021	741.504	743.838
2022	268.214	-
Total	1.085.392	819.512

The movements in deferred income tax assets/ (liabilities) for the years ended at 30 September 2017 and 31 December 2016 are as follows:

	30 September 2017	31 December 2016
Deferred tax assets	462.052	635.401
Deferred tax liabilities	(298.488)	(139.150)
Net Deferred Tax Assets	163.564	496.251

The movements in deferred income tax assets/ (liabilities) for the nine-month periods ended 30 September 2017 and 2016 are as follows:

	2017	2016
1 January	496.251	596.375
Charged to equity	(115.671)	(137.482)
Currency translation differences	4.413	(689)
Charged to statement of profit or loss	(218.743)	75.737
Other	(2.686)	(407)
30 September	163.564	533.534

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NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS

30 September 2017

Derivative instruments held for trading:

Foreign exchange derivative instruments

	Fair Value	
	Asset	Liability
Currency and interest rate swaps purchases and sales	5.583.398	2.958.246
Forward currency purchases and sales	310.680	279.940
Foreign exchange and interest rate future purchases and sales	-	-
Currency options purchases and sales	212.107	270.041
Other	1.511.747	11.959
Total derivative instruments held for trading	7.617.932	3.520.186

Derivative instruments held for hedging:

Currency and interest rate swap purchases and sales	808.654	118.612
Forward currency purchases and sales	493	2.723
Currency options purchases and sales	33.019	-
Total derivative instruments held for hedging	842.166	121.335

Total derivative instruments	8.460.098	3.641.521
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31 December 2016

Derivative instruments held for trading:

Foreign exchange derivative instruments

	Fair Values	
	Asset	Liability
Currency and interest rate swaps purchases and sales	5.242.799	3.900.948
Forward currency purchases and sales	467.073	418.684
Foreign exchange and interest rate future purchases and sales	-	-
Currency options purchases and sales	262.589	289.771
Other purchases and sales	1.649.098	4.709
Total derivative instruments held for trading	7.621.559	4.614.112

Derivative instruments held for hedging:

Currency and interest rate swap purchases and sales	807.874	98.991
Forward exchange	895	3.714
Currency options purchases and sales	40.243	-
Total derivative instruments held for hedging	849.012	102.705

Total derivative instruments	8.470.571	4.716.817
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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 18 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Akbank, Brisa, Yünsa, Carrefoursa 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.

NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

Banking

Loans and advances to customers	30 September 2017	31 December 2016
Consumer loans and credit cards receivables	46.814.078	45.037.601
Project finance loans (*)	33.572.718	26.431.817
Construction	25.086.072	24.078.639
Financial institutions	23.579.902	20.779.263
Small-scale enterprises	17.848.452	14.706.397
Mining	5.410.591	6.262.631
Telecommunication	6.020.169	5.819.867
Other manufacturing industries	8.170.690	5.537.903
Food and beverage, wholesale and retail	4.685.435	4.939.823
Textile	4.826.318	4.109.589
Chemicals	3.977.657	3.377.208
Automotive	3.479.479	2.413.289
Other	15.687.365	19.070.544
Total loans and advances to customers	199.158.926	182.564.569
Allowance for loan losses	(6.943.210)	(6.964.605)
Leasing receivables	5.654.981	4.983.239
Net loans and advances to customers	197.870.697	180.583.203

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

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NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

(*) As of 30 September 2017 and 31 December 2016, the bank has a cash loan risk of USD 1,5 billion under the acquisition financing of a company operating in the telecommunications sector and within the framework of syndication participation, which is done by pledging share collateral from other local and foreign banks. The Company's partners, creditors, banks and relevant public intuitions started negotiations regarding restructuring loan risks which are overdue based on balance sheet date, and they also want to include a shareholder change to the current main partner. These negotiations are expected to conclude positively.

Effective interest rates on loans and advances given to customers denominated in USD, Euro, Yen and Turkish Lira are %5,70 (31 December 2016: %5,07), %3,70 (31 December 2016: %3,66), %4,4 (31 December 2016: %4,27) and %13,99 (31 December 2016: %13,04) respectively.

The movement of loan loss provision of banking segment as of 30 September 2017 by class is as follows:

	Corporate	Consumer	Total
1 January 2017	3.662.281	3.302.324	6.964.605
Gross provisions	719.923	641.556	1.361.479
Recoveries	(218.803)	(444.219)	(663.022)
Written-off (*)	(181.291)	(538.561)	(719.852)
30 September 2017	3.982.110	2.961.100	6.943.210

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

	Corporate	Consumer	Total
1 January 2016	2.679.248	3.022.624	5.701.872
Gross provisions	774.488	901.714	1.676.202
Recoveries	(133.222)	(376.808)	(510.030)
Written-off (*)	(106.021)	(360.190)	(466.211)
30 September 2016	3.214.493	3.187.340	6.401.833

(*) TL 450,1 million (Total TL amount) part of Bank's non-performing loan portfolio which has provided %100 provision in prior periods, were sold to Güven Varlık Yönetimi A.Ş. at a price of TL 49,1 million (Total TL amount).

The maturity schedule of loans and advances to customers at 30 September 2017 and 31 December 2016 are summarized below:

	30 September 2017	31 December 2016
Up to 3 months	51.240.426	49.297.126
3 to 12 months	38.362.258	36.937.861
Current	89.602.684	86.234.987
1 to 5 years	80.292.532	67.482.991
Over 5 years	22.320.500	21.881.986
Non-current	102.613.032	89.364.977
Total	192.215.716	175.599.964

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NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

The repricing schedule of loans and advances to customers at 30 September 2017 and 31 December 2016 are summarized below:

	30 September 2017	31 December 2016
Up to 3 months	71.144.958	72.647.190
3 to 12 months	46.302.025	42.692.991
1 to 5 years	65.630.899	51.031.046
Over 5 years	9.137.834	9.228.737
Total	192.215.716	175.599.964

NOTE 20 - PAYABLES FROM FINANCE SECTOR OPERATIONS

Banking

	30 September 2017			31 December 2016		
	Demand	Time	Total	Demand	Time	Total
Saving deposits	17.185.163	84.539.363	101.724.526	14.430.486	76.583.302	91.013.788
Commercial deposits	16.767.005	52.971.687	69.738.692	14.750.250	53.845.681	68.595.931
Bank deposits	1.251.137	8.902.141	10.153.278	972.501	6.229.124	7.201.625
Funds provided						
From repo transactions	-	23.437.087	23.437.087	-	26.042.359	26.042.359
Other	717.194	3.724.668	4.441.862	566.748	5.295.076	5.861.824
Total	35.920.499	173.574.946	209.495.445	30.719.985	167.995.542	198.715.527

Effective interest rates of time deposits denominated USD, EUR and TL are average annual %2,01 (31 December 2016: %1,62), %0,37 (31 December 2016: %0,43) ve %11,41 (31 December 2016: %9,42) respectively.

The analysis of the maturity and repricing dates of deposits and money market liabilities in the agreement as of 30 September 2017 and 31 December 2016 is as follows:

	30 September 2017	31 December 2016
Demand	37.640.817	29.247.950
Up to 3 months	145.769.243	142.247.469
3 to 12 months	18.920.091	20.413.857
1 to 5 years	6.547.788	6.335.809
Over 5 years	617.506	470.442
Total	209.495.445	198.715.527

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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 September 2017 and 2016 are as follows:

	30 September 2017	30 September 2016
Short term benefits	17.147	18.234
Benefits resulted from termination	1.745	677
Other long term benefits	180	205
Total	19.072	19.116

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

22.1 Financial Instruments and Financial risk management

22.1.1 Financial Risk Management

The Group'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.

22.1.1.1 Foreign Exchange Risk

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

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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017

(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 (Continued)

The Risk Management Committee monitors the general economic conditions and developments in the markets and sets new limits when necessary. These limits are set and monitored separately for the net FC position and for the cross rate risk. When necessary swap and forward contracts are used as a tool to hedge the foreign exchange risk.

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

Foreign currency denominated assets and liabilities held by the Group before consolidation eliminations as at 30 September 2017 and 31 December 2016 in terms of TL are as follows:

	30 September 2017	31 December 2016
Assets	152.324.744	149.842.286
Liabilities	(167.099.644)	(156.415.980)
Net foreign currency balance sheet position	(14.774.900)	(6.573.694)
Net foreign currency position of off-balance sheet derivative financial instruments	16.045.272	6.631.871
Net foreign currency balance sheet and off-balance sheet position	1.270.372	58.177

30 September 2017	Total TL Equivalent	USD TL Equivalent	EUR TL Equivalent	GBP TL Equivalent	Other TL Equivalent
Assets:					
Cash and cash equivalents	8.881.154	6.243.605	2.424.255	62.631	150.662
Financial assets	30.426.125	23.496.078	6.392.234	-	537.812
Receivables from financial operations	80.305.433	40.563.209	39.633.691	8.029	100.502
Reserve deposits at Central Bank	29.985.981	20.545.216	4.641.762	-	4.799.003
Trade receivables	1.164.859	400.876	626.531	9.478	127.974
Other current assets	1.561.192	1.110.598	411.921	117	38.556
Total Assets	152.324.744	92.359.582	54.130.394	80.255	5.754.513
Liabilities:					
Funds borrowed and debt securities in issue	44.695.978	39.980.206	4.537.726	1.426	176.620
Customer deposits	119.022.109	75.751.093	39.268.011	1.967.015	2.035.989
Trade payables	430.391	256.357	115.277	920	57.836
Other payables and provisions	2.951.166	1.135.040	1.752.947	2.103	61.076
Total Liabilities	167.099.644	117.122.696	45.673.961	1.971.464	2.331.521
Net foreign currency position of off-balance sheet derivative financial instruments	16.045.272	18.755.564	(1.249.361)	1.899.050	(3.359.981)
Net foreign currency monetary position	1.270.372	(6.007.550)	7.207.072	7.841	63.011

Net foreign currency position which affects the consolidated net income is TL 301.360 as of 30 September 2017 (Bank and Philsa - Philip Morris excluded).

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

31 December 2016	Total TL Equivalent	USD TL Equivalent	EUR TL Equivalent	GBP TL Equivalent	Other TL Equivalent
Assets:					
Cash and cash equivalents	11.622.582	8.832.383	2.599.686	76.124	114.389
Financial assets	29.098.496	22.981.074	5.603.484	-	513.938
Receivables from financial operations	77.712.296	41.652.192	35.942.621	18.424	99.059
Reserve deposits at Central Bank	28.943.471	21.185.548	7.023.056	-	734.867
Trade receivables	925.201	288.557	525.755	3.617	107.272
Other current assets	1.540.243	972.613	505.501	56	62.073
Total Assets	149.842.289	95.912.367	52.200.103	98.221	1.631.598
Liabilities:					
Funds borrowed and debt securities in issue	42.993.036	31.813.593	10.957.565	4.607	217.271
Customer deposits	111.134.033	68.971.285	38.666.933	1.479.832	2.015.983
Trade payables	430.287	289.770	97.751	1.367	41.399
Other payables and provisions	1.858.624	833.338	953.497	2.201	69.588
Toplam Liabilites	156.415.980	101.907.986	50.675.746	1.488.007	2.344.241
Net foreign currency position of off-balance sheet derivative financial instruments	6.631.869	4.478.023	(56.837)	1.388.984	821.699
Net foreign currency monetary position	58.178	(1.517.596)	1.467.520	(802)	109.056

Net foreign currency position which affects the consolidated net income is TL 502.179 as of 31 December 2016 (Bank and Philsa - Philip Morris excluded).

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

The foreign exchange risk of Group companies other than that the banking segment ended 30 September 2017 and 30 September 2016 is summarized as follows:

30 September 2017

	Profit/(Loss)	
	Appreciation of Foreign currency	Depreciation of Foreign currency
Change in USD against TL by %10		
USD net assets/liabilities	82.611	(82.611)
Hedged items (-)	-	-
USD net effect	82.611	(82.611)
Change in EUR against TL by %10		
EUR net assets/liabilities	29.696	(29.696)
Hedged items (-)	-	-
EUR net effect	29.696	(29.696)
Change in GBP against TL by %10		
GBP net assets/liabilities	769	(769)
Hedged items (-)	-	-
GBP net effect	769	(769)
Change in other currency against TL by %10		
Other currency net assets/liabilities	835	(835)
Hedged items (-)	-	-
Other currency net effect	835	(835)

30 September 2016

	Profit/(Loss)	
	Appreciation of Foreign currency	Depreciation of Foreign currency
Change in USD against TL by %10		
USD net assets/liabilities	26.518	(26.518)
Hedged items (-)	-	-
USD net effect	26.518	(26.518)
Change in EUR against TL by %10		
EUR net assets/liabilities	17.758	(17.758)
Hedged items (-)	-	-
EUR net effect	17.758	(17.758)
Change in GBP against TL by %10		
GBP net assets/liabilities	(45)	45
Hedged items (-)	-	-
GBP net effect	(45)	45
Change in other currency against TL by %10		
Other currency net assets/liabilities	(1.433)	1.433
Hedged items (-)	-	-
Other currency net effect	(1.433)	1.433

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NOTE 23 - EVENTS AFTER THE REPORTING PERIOD

None.