

HACI ÖMER SABANCI HOLDİNG A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2018**

(ORIGINALLY ISSUED IN TURKISH)

CONTENTS	PAGE
CONDENSED CONSOLIDATED BALANCE SHEET.....	1-2
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS.....	3
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	4
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW.....	6
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	7-87
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS	7-8
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS	9-26
NOTE 3 SEGMENT REPORTING.....	26-46
NOTE 4 FINANCIAL ASSETS	47-51
NOTE 5 FINANCIAL LIABILITIES.....	52-55
NOTE 6 OTHER RECEIVABLES AND PAYABLES.....	55
NOTE 7 INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD.....	56-58
NOTE 8 PROPERTY, PLANT AND EQUIPMENT	59-60
NOTE 9 INTANGIBLE ASSETS	61
NOTE 10 GOODWILL	62
NOTE 11 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	62-66
NOTE 12 COMMITMENTS.....	67-70
NOTE 13 OTHER ASSETS AND LIABILITIES	71
NOTE 14 EQUITY	72-73
NOTE 15 ASSETS HELD FOR SALE	74
NOTE 16 FINANCE INCOME/EXPENSES	74
NOTE 17 TAX ASSETS AND LIABILITIES	75-78
NOTE 18 DERIVATIVE FINANCIAL INSTRUMENTS.....	79-80
NOTE 19 RECEIVABLES FROM FINANCE SECTOR OPERATIONS.....	80-82
NOTE 20 PAYABLES FROM FINANCE SECTOR OPERATIONS	83
NOTE 21 RELATED PARTY DISCLOSURES	83
NOTE 22 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS	84-87
NOTE 23 EVENTS AFTER THE REPORTING PERIOD.....	87

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2018 AND 31 DECEMBER 2017

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

	Note	30 September	Unaudited	Audited
	References	2018 USD (*)	30 September 2018	31 December 2017
ASSETS				
Current Assets		37.780.667	226.313.754	163.547.705
Cash and Cash Equivalents		8.400.417	50.320.179	14.519.064
Financial Assets		1.586.543	9.503.708	8.832.334
- Financial Assets Through Profit or Loss	4.a	35.860	214.806	39.890
- Financial Assets Through Other Comprehensive Income	4.b	1.051.259	6.297.254	4.190.446
- Financial Assets at Amortised Cost	4.c	499.424	2.991.648	4.593.808
- Time Deposits	4.d	-	-	8.190
Trade Receivables		419.971	2.515.709	1.881.888
Receivables from Finance Sector Operations	19	18.690.424	111.959.375	97.520.756
Bank of the Republic of Turkey		4.802.706	28.769.172	33.055.479
Other Receivables	6	1.097.644	6.575.110	2.464.026
Derivative Financial Instruments	18	1.927.107	11.543.758	1.812.017
Inventories		583.160	3.493.244	2.312.094
Prepaid Expenses		166.364	996.554	749.214
Current Tax Assets		2.663	15.949	9.093
Other Current Assets	13	98.982	592.923	370.559
		37.775.981	226.285.681	163.526.524
Assets Classified As Held for Sale	15	4.686	28.073	21.181
Non-current Assets		36.341.843	217.694.907	190.587.046
Financial Assets		8.000.132	47.922.392	52.944.726
- Financial Assets Through Other Comprehensive Income	4.b	6.673.426	39.975.159	38.655.381
- Financial Assets at Amortised Cost	4.c	1.326.706	7.947.232	14.289.345
Trade Receivables		20.168	120.808	121.678
Receivables From Finance Sector Operations	19	20.978.360	125.664.575	114.186.246
Other Receivables		179.619	1.075.956	998.184
Derivative Financial Instruments	18	4.544.722	27.223.792	7.698.970
Investments Accounted Through Equity Method	7	1.055.872	6.324.884	6.439.214
Investment Property		24.744	148.221	282.506
Property, Plant and Equipment	8	1.054.337	6.315.691	5.529.745
Intangible Assets		345.416	2.069.110	1.690.195
- Goodwill	10	193.578	1.159.568	873.097
- Other Intangible Assets	9	151.838	909.542	817.098
Prepaid Expenses		3.928	23.529	23.098
Deferred Tax Assets	17	110.369	661.130	552.671
Other Non Current Assets	13	24.176	144.819	119.813
TOTAL ASSETS		74.122.510	444.008.661	354.134.751

* USD amounts presented above are translated from TRY for convenience purposes only, at the official TRY Exchange rate announced by CBRT at 30 September 2018, and therefore do not form part of these consolidated financial statements (Note 2.1.6)

These condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 6 November 2018. On behalf of the Board of Directors, it has been signed by the Board Member and CEO Mehmet Göçmen and Finance Group President Barış Oran. The General Assembly has the authority to change the 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 2018 AND 31 DECEMBER 2017

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

	Note References	30 September 2018 USD (*)	Unaudited 30 September 2018	Audited 31 December 2017
LIABILITIES				
Short Term Liabilities		52.560.752	314.849.415	247.467.413
Financial Liabilities	5	2.469.518	14.792.908	13.917.173
Current Portion of Long-Term Financial Liabilities	5	3.336.376	19.985.561	16.018.279
Trade Payables		546.513	3.273.724	2.882.349
Payables from Finance Sector Operations	20	42.321.788	253.515.974	204.692.399
Short Term Employee Benefits		18.726	112.175	75.997
Other Payables	6	1.330.526	7.970.114	5.401.108
Derivative Financial Instruments	18	2.212.039	13.250.557	2.138.123
Deferred Income		42.926	257.134	217.393
Income Taxes Payable	17	10.639	63.729	802.451
Short Term Provisions		141.687	848.735	651.217
- Short Term Provisions for Employee Benefits		47.510	284.592	318.279
- Other Short Term Provisions	11	94.178	564.143	332.938
Other Short Term Liabilities	13	128.947	772.420	665.662
		52.559.686	314.843.031	247.462.151
Liabilities Classified As Held for Sale	15	1.066	6.384	5.262
Long Term Liabilities		12.262.802	73.456.628	54.669.399
Financial Liabilities	5	7.160.703	42.894.042	25.322.315
Payables from Finance Sector Operations	20	2.709.015	16.227.541	23.664.909
Other Payables	6	205.556	1.231.322	1.541.534
Derivative Financial Instruments	18	2.045.164	12.250.941	3.375.454
Deferred Income		23.473	140.606	143.793
Long Term Provisions		73.003	437.302	416.977
- Long Term Provisions for Employee Benefits		72.134	432.096	412.364
- Other Long Term Provisions	11	869	5.206	4.613
Deferred Tax Liabilities	17	36.306	217.478	149.352
Other Long Term Liabilities	13	9.582	57.396	55.065
EQUITY		9.298.956	55.702.618	51.997.939
Equity Attributable to the Parent	14	4.804.598	28.780.512	26.591.788
Share Capital	14	340.624	2.040.404	2.040.404
Adjustment to Share Capital		572.061	3.426.761	3.426.761
Share Premium	14	3.712	22.237	22.237
Treasury Shares (-)	14	(31.797)	(190.470)	(190.470)
Accumulated Other Comprehensive Income or Loss				
That Will Not Be Reclassified to Profit or Loss		(12.125)	(72.631)	(76.380)
- Actuarial Gains/Losses		(12.125)	(72.631)	(76.380)
Accumulated Other Comprehensive Income or Loss		(2.673.763)	(453.064)	64.615
That Will Be Reclassified to Profit or Loss				
- Currency Translation Reserve	14	(2.324.886)	1.636.778	724.660
- Hedge Reserve	14	(97.304)	(582.871)	(349.708)
- Revaluation Reserve	14	(251.573)	(1.506.971)	(310.337)
Restricted Reserves	14	173.430	1.038.882	1.032.916
Retained Earnings		5.693.762	19.567.435	16.790.619
Net Income for the Period		738.694	3.400.958	3.481.086
Non-controlling Interests		4.494.358	26.922.106	25.406.151
TOTAL EQUITY AND LIABILITIES		74.122.510	444.008.661	354.134.751

* USD amounts presented above are translated from TRY for convenience purposes only, at the official TRY Exchange rate announced by CBRT at 30 September 2018, and therefore do not form part of these consolidated financial statements (Note 2.1.6)

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 2018 AND 2017

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

			Unaudited	Unaudited	Unaudited	Unaudited
		1 January -	1 January -	1 January -	1 July -	1 July -
Note	30 September	30 September	30 September	30 September	30 September	30 September
References	2018 (USD) (*)	2018	2017	2018	2017	2017
CONTINUING OPERATIONS						
Sales (net)	3	2.553.250	11.755.194	10.000.847	4.410.668	3.639.408
Cost of Sales (-)	3	(1.998.295)	(9.200.174)	(7.879.380)	(3.413.296)	(2.863.888)
Gross Profit From Non-Financial Operations		554.955	2.555.020	2.121.467	997.372	775.520
Interest, Premium, Commission and Other Income	3	5.820.552	26.797.896	19.706.451	9.696.389	6.894.899
Interest, Premium, Commission and Other Expense (-)	3	(3.511.057)	(16.164.952)	(10.459.136)	(5.948.928)	(3.765.679)
Gross Profit From Financial Operations		2.309.495	10.632.944	9.247.315	3.747.461	3.129.220
GROSS PROFIT		2.864.450	13.187.964	11.368.782	4.744.833	3.904.740
General Administrative Expenses (-)		(1.064.035)	(4.898.831)	(3.850.715)	(1.591.865)	(1.315.218)
Marketing Expenses (-)		(317.448)	(1.461.534)	(1.252.614)	(512.147)	(431.083)
Research and Development Expenses (-)		(2.186)	(10.066)	(6.971)	(3.081)	(2.375)
Other Income from Operating Activities		340.530	1.567.803	527.876	763.706	109.176
Other Expense from Operating Activities(-)		(231.179)	(1.064.350)	(362.932)	(631.712)	(84.189)
Interest in Income of Investments						
Accounted Through Equity Method	7	116.304	535.465	244.390	166.245	173.209
OPERATING PROFIT		1.706.436	7.856.451	6.667.816	2.935.979	2.354.260
Income from Investing Activities	8	159.589	734.748	73.198	4.040	36.213
Expense from Investing Activities (-)		(1.940)	(8.931)	(761)	750	(115)
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		1.864.085	8.582.268	6.740.253	2.940.769	2.390.358
Financial Income	16	29.996	138.101	120.429	130.206	6.690
Financial Expenses (-)	16	(172.211)	(792.860)	(443.865)	(465.322)	(138.891)
INCOME BEFORE TAX						
FROM CONTINUING OPERATIONS		1.721.870	7.927.509	6.416.817	2.605.653	2.258.157
Tax Income/(Expense) from						
From Continuing Operations						
Current Income Tax Expense		(288.090)	(1.326.369)	(1.024.325)	(477.524)	(223.438)
Deferred Income Tax (Expense)/Income	17	(57.421)	(264.368)	(218.743)	(55.399)	(201.232)
PROFIT FOR THE PERIOD						
FROM CONTINUING OPERATIONS		1.376.359	6.336.772	5.173.749	2.072.730	1.833.487
DISCONTINUED OPERATIONS						
Profit/(Loss) After Tax						
From Discontinued Operations	15	28	129	6.291	102	10.044
PROFIT FOR THE PERIOD		1.376.387	6.336.901	5.180.040	2.072.832	1.843.531
ALLOCATION OF PROFIT						
- Non-controlling Interests		637.691	2.935.943	2.839.948	893.560	963.009
- Equity Holders of the Parent		738.694	3.400.958	2.340.092	1.179.272	880.522
Earnings per share						
- thousands of ordinary shares (TRY)		3,62	16,68	11,47	5,79	4,33
Earnings per share from continuing						
- thousands of ordinary shares (TRY)		3,62	16,68	11,44	5,78	4,28

* USD amounts presented above are translated from TRY for convenience purposes only, at the official TRY Exchange rate announced by CBRT at 30 September 2018, and therefore do not form part of these consolidated financial statements (Note 2.1.6)

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 1 JANUARY - 30 SEPTEMBER 2018 AND 2017

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

	Note References	Unaudited 1 January - 30 September 2018	Unaudited 1 January - 30 September 2017	Unaudited 1 July - 30 September 2018	Unaudited 1 July - 30 September 2017
NET INCOME FOR THE PERIOD		6.336.901	5.180.040	2.072.832	1.843.531
Other Comprehensive Income/(Loss):					
Items That Will Not Be Reclassified					
Subsequently To Profit or Loss		9.714	(425)	3.644	1.029
Actuarial gains/(losses)	17	11.126	(4.127)	3.667	(947)
Other comprehensive income/(expense)					
shares of investments accounted					
by equity method, after tax		(1.412)	3.702	(23)	1.976
Items That Will Be Reclassified					
Subsequently To Profit or Loss		(967.292)	764.452	(162.540)	(97.334)
Other comprehensive income/(expense) of fair					
value difference of other comprehensive					
financial assets, after tax	17	(2.399.061)	548.619	(543.237)	(197.726)
Currency translation differences	17	2.183.932	268.413	1.446.675	107.669
Cash flow hedges, after tax	17	165.871	(62.439)	(428.827)	(40.410)
Income/(loss) from the derivative					
financial assets related to the hedging of net					
investment in a foreign operation, after tax	17	(611.471)	(118.989)	(412.740)	(41.242)
Other comprehensive income/(expense)					
shares of investments					
accounted by equity method, after tax		(306.563)	128.848	(224.411)	74.375
OTHER COMPREHENSIVE					
INCOME/(LOSS) (AFTER TAX)		(957.578)	764.027	(158.896)	(96.305)
TOTAL COMPREHENSIVE INCOME		5.379.323	5.944.067	1.913.936	1.747.226
ALLOCATION OF TOTAL					
COMPREHENSIVE INCOME					
- Non-controlling Interests		2.550.147	3.253.462	958.505	899.587
- Equity Holders of the Parent		2.829.176	2.690.605	955.431	847.639

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 2018 AND 2017

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

	Accumulated Other Comprehensive Income or Loss That Will												Equity attributable to the parent	Non- controlling interest	Total
	Share capital	Adjustment to share capital	Treasury Shares (-)	Share premium	Actuarial (loss) / gain	Currency translation reserve	Hedge reserve	Revaluation funds	Restricted reserves	Retained earning	Net income for the year				
												Not Be Reclassified			
Balances at 01 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	
Balances at 01 January 2018	2.040.404	3.426.761	(190.470)	22.237	(76.380)	724.660	(349.708)	(310.337)	1.032.916	16.790.619	3.481.086	26.591.788	25.406.151	51.997.939	
Effect of changes to accounting policies	-	-	-	-	-	-	-	57.591	-	(43.869)	-	13.722	29.183	42.905	
Restated balances at 01 January 2018	2.040.404	3.426.761	(190.470)	22.237	(76.380)	724.660	(349.708)	(252.746)	1.032.916	16.746.750	3.481.086	26.605.510	25.435.334	52.040.844	
Transfers	-	-	-	-	-	-	-	-	19.837	3.461.249	(3.481.086)	-	-	-	
Dividends paid (*)	-	-	-	-	-	-	-	-	-	(639.523)	-	(639.523)	(991.885)	(1.631.408)	
Other (**)	-	-	-	-	696	-	-	(435)	(13.871)	15.765	-	2.155	-	2.155	
Calling of shares in subsidiaries holding (***)	-	-	-	-	-	-	-	-	-	(16.806)	-	(16.806)	(71.490)	(88.296)	
Total comprehensive income	-	-	-	-	3.053	912.118	(233.163)	(1.253.790)	-	-	3.400.958	2.829.176	2.550.147	5.379.323	
Balances at 30 September 2018	2.040.404	3.426.761	(190.470)	22.237	(72.631)	1.636.778	(582.871)	(1.506.971)	1.038.882	19.567.435	3.400.958	28.780.512	26.922.106	55.702.618	

(*) Dividends paid by the Holding per share with a TRY 1 nominal value is 0,30 TRY (2017: 0,20 TRY).

(**) As of February 8, 2018, a joint venture of the Group, Enerjisa Enerji A.Ş.'s initial public offering consisting of 20% of the Entity's shares is completed.

(***) In April 2018, 6.908.992 lot shares corresponding to 5,11% of the shares of Çimsa Çimento Sanayi ve Ticaret AS, a subsidiary of the Group, were purchased at a price of TRY 12,78 per lot.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 1 JANUARY - 30 SEPTEMBER 2018

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

		Unaudited Current Period 1 January - 30 September 2018	Unaudited Current Period 1 Ocak - 30 September 2017
	Notes		
Net income before tax from continuing operations		7.927.509	6.416.817
Net income after tax from discontinued operations		129	6.291
Adjustments to reconcile income before taxation to net cash provided by operating activities:		-	-
Depreciation and amortisation expenses	3	608.895	478.130
Provision for loan losses	19	5.342.716	1.361.479
Changes in the fair value of derivative instruments		(9.412.691)	(995.849)
Interest income and foreign currency gains		(6.501.515)	(1.469.451)
Interest expense		688.843	95.667
Provision for employment termination benefits		114.579	68.009
Impairments charge on property, plant and equipment, intangible assets and investment property	3	(6.064)	1.389
Income from sale of property, plant and equipment, intangible assets and investment property		(578.564)	(66.223)
Income from associates and joint ventures		(535.465)	(244.390)
Income from sale of shares of associates and joint ventures		(144.538)	-
Provision for / (reversal of) inventory impairment		2.243	(10.542)
Provision for / (reversal of) doubtful receivables		77.378	(415)
Unrealized foreign currency translation differences		1.594.893	248.994
Other		1.459	3.931
Net cash provided by operating activities before changes in operating assets and liabilities		(820.193)	5.893.837
Changes in trade receivables		(632.126)	(396.433)
Changes in inventories		(1.089.827)	(284.669)
Changes in other receivables and other current assets		(4.676.243)	(244.630)
Changes in trade payables		330.063	21.442
Changes in other liabilities and other payables		2.483.116	1.110.317
Net cash provided in operating activities of assets classified as held for sale		(5.770)	(8.202)
Changes in assets and liabilities in finance segment:			
Changes in securities held for trading		(175.170)	7.580
Changes in receivables from finance sector operations		(27.893.286)	(17.997.719)
Changes in payables from finance sector operations		40.788.895	10.688.486
Changes in Central Bank of the Republic of Turkey account		2.585.402	1.973.460
Income taxes paid	17	(1.287.648)	(1.100.207)
Employment termination benefits paid		(89.686)	(55.125)
Net cash used in operating activities		9.517.526	(391.863)
Cash flows from investing activities:			
Capital expenditures	3	(1.060.072)	(690.348)
Sale / (purchase) of available for sale and held to maturity financial assets		250.003	(3.387.854)
Cash flows used in obtaining control of Subsidiaries		(572.296)	-
Property, plant and equipment inflows used in obtaining control of subsidiaries		-	-
Cash provided from the share sale of joint ventures		738.168	-
Proceeds from sale of non current assets held for sale, property, plant and equipment and intangible assets		965.112	70.095
Dividends received		453.355	325.206
Capital increase of joint ventures		(714.000)	-
Net cash provided from / (used in) investing activities		60.270	(3.682.901)
Cash flows from financing activities:			
Changes in financial liabilities		21.539.276	3.100.325
Dividends paid		(639.523)	(424.786)
Dividends paid to non-controlling interests		(991.885)	(637.813)
Net cash provided by / (used in) financing activities		19.907.868	2.037.726
Effect of change in foreign currency rates on cash and cash equivalents		4.598.984	410.420
Net increase/(decrease) in cash and cash equivalents		34.084.648	(1.626.618)
Cash and cash equivalents at the beginning of the period (*)		9.975.545	7.235.675
Cash and cash equivalents at the end of the period		44.060.193	5.609.057

(*) Cash and cash equivalents at the end of the period comprise interest accruals of TRY 17.241 (31 December 2017: TRY 1.679). At the beginning and at the end of the current period, restricted deposit is TRY 4.541.840 and TRY 6.242.745, respectively (30 September 2017: TRY 5.356.843 and TRY 3.863.309, respectively).

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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 2018 is 63.518 (31 December 2017: 63.152). Holding's registered address is as follows:

Sabancı Center, 4. Levent,
İstanbul, Türkiye.

The Holding is registered with the Capital Markets Board ("CMB") and its shares have been quoted on Borsa Istanbul ("BIST") (previously known as the Istanbul Stock Exchange ("ISE")) since 1997. As of 30 September 2018, 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". The Holding is managed by the Sabancı Family.

Subsidiaries

As of 30 September 2018, 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 employess
Akbank T.A.Ş. ("Akbank")	BİST	Banking	Banking	17.209
Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. ("Carrefoursa")	BİST	Trade	Retailing	11.877
Teknosa İç ve Dış Ticaret A.Ş. ("Teknosa")	BİST	Trade	Retailing	2.409
Çimsa Çimento Sanayi ve Ticaret A.Ş. ("Çimsa")	BİST	Cement	Cement	2.539
Kordsa Teknik Tekstil Anonim Şirketi ("Kordsa")	BİST	Tire	Industry	4.112
Temsa Global Sanayi ve Ticaret A.Ş. ("Temsa")h	-	Automotive	Industry	1.641
Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("Yünsa")	BİST	Textile	Industry	1.147
Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. ("Exsa")	-	Trade	Other	7
Ankara Enternasyonel Otelcilik A.Ş. ("AEO")	-	Tourism	Other	1
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş. ("Tursa")	-	Tourism	Other	3
Bimsa Uluslararası İş, Bilgi ve Yönetim Sistemleri A.Ş. ("Bimsa")	-	Trade of data and processing systems Tourism	Other	166

Subsidiaries are established in Turkey.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 1 - ORGANISATION AND 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 at 30 September 2018, the nature of business and operating segments of the Joint Ventures which are accounted through equity method in the consolidated financial statements are as follows:

Joint ventures	Traded Stock Market	Type of Activity	Business segment	Ventures	Number of employees
Aksigorta A.Ş. ("Aksigorta")	BİST	Insurance	Insurance	Ageas	668
Avivasa Emeklilik ve Hayat A.Ş. ("Avivasa")	BİST	Pension	Insurance	Aviva	1.598
Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş. ("Brisa")	BİST	Tire	Industry	Bridgestone	2.313
Akçansa Çimento Sanayi ve Ticaret A.Ş. ("Akçansa")	BİST	Cement	Cement	Heidelberg	2.473
Enerjisa Enerji A.Ş. ("Enerjisa Enerji") (*)	BİST	Energy	Energy	E.ON SE	10.794
Enerjisa Üretim Santralleri A.Ş. ("Enerjisa Üretim") (*)	-	Energy	Energy	E.ON SE	677
Temsa İş Makinaları	-	Automotive	Industry	Marubeni	258

All Joint Ventures are registered in Turkey.

- (*) Enerjisa Enerji A.Ş., 50% - 50% joint venture of the Group with E.ON SE (established in Germany), transferred its subsidiaries that operate in electricity generation, wholesale trading and natural gas trading to a newly established company named Enerjisa Üretim Santralleri A.Ş. ("EÜSAŞ") by spin-off method. The spin-off of the mentioned subsidiaries to the newly established Enerjisa Üretim Santralleri A.Ş. ("EÜSAŞ") was completed on August 25, 2017. As a result of the spin-off process, Enerjisa Enerji A.Ş. ended up with the subsidiaries operating in electricity distribution and retail.

Associates

As at 30 September 2018, 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	Traded Stock Market	Type of Activity	Business Segment	Ventures	Number of Employees
Philsa Philip Morris Sabancı Sigara ve Tütün San. ve Tic. A.Ş. (Philsa)	-	Tobacco products production	Industry	Philip Morris	3.135
Philip Morris Sabancı Pazarlama Satış A.Ş. ("Philip Morrisa")	-	Tobacco products Marketing and sales	Industry	Philip Morris	

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

All affiliates are registered in Turkey.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Statement of compliance with TAS

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

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards and interpretations ("TAS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

Additionally, the consolidated financial statements and disclosures are presented in accordance with the formats published by CMB on 7 June 2013 and the announcement published by Public Oversight Accounting and Auditing Standards Authority ("POA") on 2 June 2016. The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and Presentation Currency

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

2.1.2 New and Revised Turkish Accounting Standards

- a) **Standards that are effective from 2018 and that do not affect the Group's consolidated financial statements, changes and interpretations to existing standards**

None.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

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

2.1 Basis of Presentation (Continued)

b) Standards, amendments and interpretations applicable as at 30 September 2018:

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.

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.

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.

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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

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

2.1 Basis of Presentation (Continued)

Annual improvements 2014-2016; effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 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,
- IAS 28, 'Investments in associates and joint venture' regarding measuring an associate or joint venture at fair value.

IFRIC 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.

c) Standards, amendments and interpretations that are issued but not effective as at 30 September 2018:

Amendment to IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

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

IFRS 16, 'Leases'; effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15 'Revenue from Contracts with Customers' is also applied. 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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

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

2.1 Basis of Presentation (Continued)

IFRIC 23, ‘Uncertainty over income tax treatments’; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 ‘Provisions, contingent liabilities and contingent assets’, applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

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.

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

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

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.1 Basis of Presentation (Continued)

2.1.3 Basis of Consolidation

- a) The consolidated financial statements include the accounts of the parent company, Hacı Ömer Sabancı Holding A.Ş., its Subsidiaries and Joint Ventures (collectively referred to as the “Group”) on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared at the date of the consolidated financial statements, and are prepared in accordance with 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 that the Holding controls directly or indirectly. The Group controls the entity if it is exposed to variable interest due to its relationship with a company or is entitled to such an offer, and at the same time it has the possibility to influence this offer with the power of the company.
- c) Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.
- d) When the Group loses control of a subsidiary, a gain or loss is recognised 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 recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 “Financial instruments: recognition and measurement”, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.1 Basis of Presentation (Continued)

The table below sets out all consolidated Subsidiaries and shows the proportion of ownership interest and the effective interest of the Holding in these subsidiaries at 30 September 2018 and 31 December 2017:

Subsidiaries	30 September 2018		31 December 2017	
	Direct and indirect		Direct and indirect	
	ownership interest by	Proportion of	ownership interest by	Proportion of
	the Holding	effective	the Holding	effective
	and its Subsidiaries	interest	and its Subsidiaries	Interest
	Direct and indirect		Direct and indirect	
	(%)	(%)	(%)	(%)
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 (*)	63,52	58,10	58,41	53,00
Exsa (*)	61,68	47,90	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

(*) In April 2018, 6,908,992 lot shares corresponding to 5,11% of Çimsa Çimento Sanayi ve Ticaret AS, a subsidiary of the Group, were purchased at a price of TRY 12,78 per lot. The effective shareholding interest in Exsa, a subsidiary of the Group, has increased from 46.23% to 47.90% as Çimsa owns 32.88% of Exsa shares.

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.1 Basis of Presentation (Continued)

- 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 2018 and 31 December 2017:

	30 September 2018		31 December 2017	
	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 (*)	40,00	40,00	50,00	50,00
Enerjisa Üretim	50,00	50,00	50,00	50,00
Temsa Mısır	73,75	73,75	73,75	73,75
Temsa İş Makinaları	51,00	24,84	51,00	24,84

- (*) On 8 February 2018, Enerjisa Enerji A.Ş., a joint venture of the Group, was offered to public. After the initial public offering, the Group's shares in the Company decreased to 40%.

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.1 Basis of Presentation (Continued)

The table below sets out all Associates and shows the total interest of the Holding in these associates at 30 September 2018 and 31 December 2017:

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 Morrisa")	24,75

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

- g) Available-for-sale financial assets that are not have significant effect on the Group or has no material significance in terms of financial statements, not traded in an organized market and whose fair values can not be reliably measured are reflected in the consolidated financial statements at cost, after deducting the amount of provision for impairment losses. Available-for-sale financial assets that are traded on organized markets and whose fair value can be reliably measured are accounted 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 recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.1.5 Comparatives and Restatement of Prior Year Financial Statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. The Group presented the consolidated balance sheet as of 30 September 2018 comparatively with the consolidated balance sheet as of 31 December 2017 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 2018 comparatively with the year 1 January-30 September 2017.

First transition to IFRS 15 "Revenue arising from agreements made with customers"

The Group recognised IFRS 15 "Revenue arising from agreements made with customers", which replaced TAS 18, using the cumulative impact method as of 01 January 2018, the date of first implementation. Using this method, the Group registered the cumulative impact concerning the first transition to IFRS 15 with retained earnings on the date of first implementation. Therefore, there was no need to restate the previous years' consolidated financial statements, and the financial statements were presented in line with TAS 18. The transition impact of the standard was recognised using the to the simplified method. As per this transition method, the Group accounted the effect of the agreements that are effective from 01 January 2018, the date of first implementation, and recognised the cumulative impact under equity.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

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

2.1 Basis of Presentation (Continued)

First transition to IFRS 9 “Financial instruments” standard

The Group applied IFRS 9 “Financial instruments”, which replaced TAS 39, as of 1 January 2018, the date of first implementation. The standard includes obligations concerning the classification and measurement of financial assets and liabilities and the expected credit risk model, which will replace the currently used realised impairment model. The transition impact of the standard was recognised using the simplified method. Using this method, the Group registered the cumulative impact concerning the first transition to IFRS 9 with the equity on the date of first implementation. Therefore, there was no need to restate the previous years’ consolidated financial statements, and the financial statements were presented in line with TAS 39.

2.2 Changes in Accounting Policies and Estimates and Errors

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

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

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

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

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

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

2.2.1 Financial assets:

The Group classifies and recognises its financial assets as “Financial Assets, Fair Value Difference is Reflected to Profit/Loss”, “Financial Assets, Fair Value Difference is Reflected to Other Comprehensive Income” or “Financial Assets Measured by Amortised Cost”. The financial assets are Recognized or Derecognized according to “Recognized or Derecognized in Financial Statements” set forth in the third section of “IFRS 9 Financial Assets”, which relates to the classification and measurement of financial assets and was promulgated in Official Gazette No. 29953, dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured using their fair value when they are first included in financial statements. Transaction costs are also included in the fair value during the first measurement of financial assets other than “Financial Assets Whose Fair Value Difference is Reflected to Profit/Loss”. The Group includes a financial asset in the financial statements only when the Group is a party to agreement provisions concerning the financial instrument. The business model determined by bank management and the characteristics of the cash flows of the financial asset subject to agreement are considered when a financial asset is included in financial statements for the first time. When the business model determined by bank management is changed, all financial asset affected by the change are reclassified prospectively. In these cases, no adjustment is made for revenue, loss or interest previously included in financial statements.

a. Financial assets, fair value differences are accounted under profit/loss:

Financial assets whose fair value difference is accounted under profit/loss are those which are managed by a model other than a model aiming to hold assets to collect cash flows subject to agreement, a model aiming to collect cash flows subject to agreement and sell the asset and the financial assets acquired to make a profit on the price and other fluctuations in the market in the short run, or which are part of a portfolio aiming to make a profit in the short-run regardless of acquiring the asset if the agreement conditions regarding the financial asset do not drive cash flows including interest payments arising only from the principal and the principal balance on specific dates. Financial assets whose fair value difference is reflected to profit/loss are recognised at their fair value and are valued based on their fair value. Gains and losses emerging as a result of a valuation are included in the profit/loss accounts.

b. Financial assets, fair value differences are accounted under other comprehensive income:

If the financial asset is held within the scope of a business model aiming to collect cash flows subject to agreement and to sell the financial asset, and the agreement conditions regarding the financial asset cause cash flows that include interest payments which only arise from principal and principal balance on specific dates, then the financial asset is classified as a financial asset whose fair value difference is accounted under other comprehensive income. Financial assets whose fair value difference is accounted under other comprehensive income are recognised by adding transaction costs to acquisition cost reflecting the fair value. Financial assets whose fair value difference is accounted under other comprehensive income are valued based on their fair value after they are recognised. The interest income by using the effective rate method of financial assets whose fair value difference is accounted under other comprehensive income and dividend income of securities representing the share in capital are reflected on the income statement.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

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

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

The difference between the fair value and amortised costs of financial assets whose fair value difference is accounted under other comprehensive income, namely, "Unrealized profit and loss", is reflected in the income statement of the relevant period until either the price of the financial asset is collected or the asset is sold, disposed of or weakened, and is tracked under "Other Accumulated Comprehensive Income or Expenses to be Reclassified in Profit or Loss" under equity. When the securities are collected or disposed of, the cumulative fair value differences reflected to equities are reflected on the income statement. Securities representing the share of capital classified as financial assets whose fair value difference is reflected to other comprehensive income are recognised using their fair value if they are traded in organised markets and/or their fair value is determined in a reliable manner. If they are not traded in organised markets and their fair value is not determined in a reliable manner, they are reflected on financial statements using their cost after the provision for impairment is deducted.

During the first time adoption period, the company may choose to make an irreversible choice to present future changes in the fair value of an investment in an equity instrument which is not held for sale under other comprehensive income. In this case, dividends earned from the said investment are transferred to financial statements as profit or loss.

c. Financial assets measured by amortised cost:

If the financial asset is held within the scope of a business model aiming to collect cash flows subject to agreement, and the agreement conditions regarding the financial asset cause cash flows that include interest payments which only arise from principal and principal balance on specific dates, then the financial asset is classified as a financial asset which is measured by amortised cost. Financial assets measured by amortised cost are first recognised by adding transaction costs to acquisition cost reflecting their fair value, and then are measured by amortised cost using the "efficient interest (internal rate of return) method". Interest income concerning financial assets measured by amortised cost are reflected in the income statement. There are bonds index-linked to consumer prices ("CPI") in the securities portfolio for which the fair value difference is reflected to other comprehensive income and which are measured by amortized cost.

The said securities are valued and recognised according to the effective interest method and are based on the index calculated considering real coupon rates, the reference inflation index on the date of issuance and estimated inflation rates. Reference indexes used to calculate the actual coupon payment amounts of the securities are created based on CPIs from two months prior. The Group sets the estimated inflation rate in line with the reference indexes. The estimated inflation rate used is updated during the year when necessary. At the end of the year, real inflation rate is used.

d. Derivative Assets:

The Group's derivative transactions generally consist of foreign currency swaps and interest swaps, cross currency swaps, currency options and future contracts. The Group's derivative instruments are classified as "Derivative Financial Instruments, Fair Value Difference is Reflected to Profit Loss" or "Derivative Financial Instruments, Fair Value Difference is Reflected to Other Comprehensive Income" as per "IFRS 9 Derivative Instruments" ("IFRS 9").

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

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

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

Receivables and liabilities arising in derivatives transactions are recognised in memorandum accounts based on contractual amounts. Derivatives transactions are valued based on their fair value after they are recognised.

If the fair value of a derivative instrument is positive, it is classified under “Fair Value Difference of Derivative Assets Which is Reflected Under Profit Loss” or “Fair Value Difference of Derivative Assets Which is Reflected Under Other Comprehensive Income”, and if the fair value is negative, it is classified under “Fair Value Difference of Derivative Liabilities Which is Reflected Under Profit Loss” or “Fair Value Difference of Derivative Liabilities Which is Reflected Under Other Comprehensive Income”. Differences in the fair value of derivative assets reflected under profit/loss are recognised under profit/loss from derivative financial transactions in the profit/loss item on the income statement. The fair values of derivatives are calculated based on the market value or discounted cash flow methods.

e. Borrowings:

Loans are financial assets which have fixed or specifiable payments and are not listed in an active market. The said held-to-maturity loans cost is first recognised by adding transaction costs to acquisition cost, reflecting their fair value, and then are measured along with the amortised amount using the “effective interest (internal efficiency) rate method”. All Group loans are tracked under “Amortized Costs”.

f. Explanations on expected loss provisions:

The Group allocates expected loss provisions for amortised costs and financial assets whose fair value differences are measured by reflecting them to other comprehensive income.

As per the “Regulation on Classification of Loans and Procedures and Principles for Provisions to be Allocated for Loans” promulgated in Official Gazette No. 29750, dated 22 June 2016, the Group began allocating impairment provisions in line with IFRS 9 as of 01 January 2018. Within this scope, the method for allocating loan provisions as per the relevant legislation dated 31 December 2017 was changed with the implementation of the expected loan losses model as per IFRS 9. The estimate of expected credit loss includes information which is objective, weighted based on possibility and supported by past, current and future economic conditions.

g. Explanations on IFRS 9 Financial Instruments Standard

The “IFRS 9 Financial Instruments” standard, regarding the classification and measurement of financial instruments, promulgated by the Public Oversight Accounting and Auditing Standards Authority in Official Gazette No. 29953 dated 19 January 2017, replaced the “TMS 39 Financial Instruments: Recognition and Measurement” standard as of 01 January 2018. The IFRS 9 standard sets forth new principals regarding classification and measurement of financial instruments, expected loss provisions for financial instruments and hedge accounting.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

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

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

Classification and measurement of financial instruments

According to the IFRS 9 standard, financial assets are classified and measured based on the business model with which the financial asset is managed and whether the assets depend on contractual cash flows including interest payments for only the principal and principal balance.

Information about cases where contractual cash flows only include interest payments concerning the principal and principal balance:

“Principal” is defined as the fair value when the financial asset is initially recognised in financial statements. “Interest” considers the loan risk related with the time value of money for a specific period, the other main loan risks and the costs related to the profit margin (e.g. liquidity risk and administrative costs). The Group considers the contractual conditions of the financial asset when evaluating contractual cash flows including only principal and interest payments concerning principal. This includes evaluating whether there is any contractual condition that may change the timing or amount of the contractual cash flows of the financial asset. The Group considers the following when making the evaluation:

- incidents that may change the amount and timing of cash flows,
- leverage features,
- down payment and extension conditions,
- conditions that limit the Group’s access to cash flow arising from specific assets,
- things that must be considered when measuring the time value of money (e.g. resetting interest rates periodically).

The Group meets balance sheet classification and measurement criteria by implementing the above-mentioned procedures for all its financial assets. When recognised in financial statements for the first time, each financial asset is classified by reflecting its fair value in profit or loss based on its recognized cost or by reflecting the fair value change to other comprehensive income. Implementation of provisions in TAS 39 do not significantly change for the classification and measurement of financial assets. The following section includes the Group's explanations concerning the implementation of IFRS 9.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

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

Reconciliation of the statement of financial positions of classified financial assets during transition to IFRS 9:

	Before IFRS 9 Book Value 31 December 2017	Reclassifications	Remeasurements	IFRS 9 Book Value 1 January 2018
Amortized cost				
Before reclassifications (held-to-maturity)	18,883,153	-	-	-
Fair value effect reclassified under other comprehensive income	-	(4,927,185)	-	-
Book value after reclassification	-	-	-	13,955,968
Fair value effect reclassified under profit/loss				
Before reclassifications (held for purchase and sale)	39,890	-	-	-
Classified from held for sales	-	84,865	-	-
Book value after reclassification	-	-	-	124,755
Fair value effect accounted under other comprehensive income				
Before reclassifications (held for sales)	42,845,827	-	-	-
Classified from held-to-maturity	-	4,927,185	-	-
Valuation effect of asset held for sales	-	-	142,269	-
Fair value effect accounted under profit/loss	-	(84,865)	-	-
Book value after reclassification	-	-	-	47,830,416

The reasons for classification of some financial assets held by the Group in accordance with IFRS 9 terms as above are explained below:

1) Financial assets that have fair value differences accounted under other comprehensive income:

The Group reassessed the management model for the collection of contractual cash flows in the security portfolio, the sale of the financial asset and the contractual cash flows of the investment securities. The Bank classifies securities of TRY 4,927.185 previously classified as held-to-maturity and measured at amortized cost, the fair value difference from the date of transition is measured by reflecting the other comprehensive income as it is for the purpose of selling the cash flow or selling the financial asset.

2) Securities for which the fair value difference represents the share of capital accounted under profit/loss:

The Group classified its securities, previously classified as available-for-sale financial assets and which represent a capital share amounting to 84.865 TRY, under Fair Value Difference Accounted under Profit/Loss as of the first implementation day of IFRS 9.

3) Classification of equity based financial instruments:

The Group irreversibly classified the strategic investments in equity based financial instruments under "Fair Value Difference Reflected to Other Comprehensive Income" and not traded at organised markets and classified as available-for-sale. When the said securities are disposed of, the changes in their fair value will not be reclassified under profit or loss.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

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

4) Reclassification of categories no longer in use without changing the measurement:

In addition to the above, since the previous categories under TAS 39 following debt securities are no longer in use, they are reclassified in the scope of IFRS 9 without changing basis for measurement.

- (i) Those classified as available-for-sale, and those classified as Financial Assets Whose Fair Value Difference is Accounted under Other Comprehensive Income as of 1 January 2018, and
- (ii) those classified as held-to-maturity and those classified as measured by amortised cost as of 1 January 2018.

5) Equity impact of transition to IFRS 9 and IFRS 15:

The impact of the changes concerning the implementation of IFRS 9 on the summary consolidated financial statements dated 1 January 2018 is as follows:

	31 December 2017 Report	Effect of IFRS 9	1 January 2018 Restated
Consolidated statement of financial position			
Financial Investments	61.777.060	142.269	61.919.329
Receivable from Financial Sector Activities	211.707.002	(112.192)	211.594.810
Deferred Tax Assets-Net	403.319	(6.617)	396.702
Income Tax Liability	802.451	25.795	828.246

The impact of the transition to IFRS 9 and IFRS 15 on equity dated 1 January 2018 is as below:

IFRS 9 impact related to subsidiaries	49.255
IFRS 9 impact related to joint ventures	11.209
IFRS 15 impact related to joint ventures	(17.559)
Total impact on equity	42.905

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

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

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

2.2.2 Information on previous period accounting policies that are not effective during the current period:

As of 1 January 2018, the “IFRS 9 Financial Instruments” standard replaced the “TAS 39 Financial Instruments: Recognition and Measurement” standard. Below are the accounting policies that are invalid after the transition to IFRS 9. The Group classifies and recognises its financial assets as “financial assets whose fair value difference is reflected to profit/loss”, “available-for-sale financial assets”, “loans and receivables” or “held-to-maturity financial assets”. The trading transactions of the said financial assets are recorded and removed from the records in accordance with the “delivery date”. The classifications of financial assets are decided upon on the date of their acquisition, considering bank management’s purpose for the acquisition.

a. Financial assets whose fair value difference is accounted under profit/loss:

This category has two subcategories: “Financial assets held for trading” and “financial assets classified as financial assets whose fair value difference is reflected to profit/loss” during the first period. Available-for-sale financial assets are acquired to gain profit from the short-term fluctuations in prices and such, or, independent from the reason for acquisition, are part of a portfolio aimed at gaining short-term profit. Financial assets held for trading are recognised at their fair value and are valued based on their fair value. Gains and losses emerging as a result of a valuation are included in the profit/loss accounts. Interest gained from financial assets held for trading is recorded as interest income, and profit shares gained are recorded as dividend income. Unless derivative financial instruments are defined as hedging instruments, they are classified as financial assets held for trading.

The Group does not own financial assets classified as financial assets whose fair value difference is reflected to profit/loss.

b. Financial assets available for sale:

Available-for-sale financial assets include those other than loans and receivables, assets held-to-maturity, financial assets whose the fair value is reflected in profit/loss and financial assets that are not derivative financial assets. Available-for-sale financial assets are recognised by adding transaction costs to acquisition costs reflecting fair value. Available-for-sale financial assets are valued at fair value after they are recorded. Interest income of available-for-sale debt securities calculated using the effective interest method and dividend income of securities representing a share of capital are reflected on the income statement. The “unrealized profit and loss” arising from the amortised cost of available-for-sale financial assets and changes in fair value is not reflected to the period statement until either the price of the financial asset is collected or the asset is sold, disposed of or weakened and tracked under “real estate valuation differences” under equities. When the said securities are collected or disposed of, the cumulative fair value difference reflected to equities is reflected to the income statement. Securities representing the share in capital classified as available-for-sale financial assets are recognised at fair value if they are traded in organised markets and/or their fair value is determined in a reliable manner. If they are not traded in organised markets and their fair value is not determined in a reliable manner, they are reflected on financial statements at cost after the depreciation provision is deducted.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

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

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

c. Loans and receivables:

Loans and receivables are financial assets whose fair value difference is reflected in profits/losses, which have fixed and specifiable payments and are not quoted on an active market, which are not shown as "available-for-sale" in records and are not derivative financial instruments. The cost of the said held-to-maturity loans and receivables are first recognised by adding transaction cost to acquisition cost reflecting their fair value, and then are valued at a discounted amount by using the "efficient interest (internal rate of return) method". Fees and other similar expenses paid in relation to assets acquired as collateral for the mentioned loans and receivables are not considered part of transaction costs and are not reflected on expense accounts determining the Characteristics of Loans and Other Receivables and Provisions Set Aside For Them", promulgated in Official Gazette No. 26333 dated 1 November 2006, and other regulations and statements from the BRSA, and classifies its loans and receivables in the relevant groups and allocates special or general provisions depending on the Group the loans and receivables are tracking. Allocated special provisions are recognised under "Provision for impairment of loan and other receivables" and recorded as expenses in the relevant year. When the receivables for which a provision is allocated in the same year, they are deducted from the "Provision for impairment of loan and other receivables" account. Receivables collected from allocated provisions from previous years are reflected as income under "Other operation income". Non-collectible receivables are deducted from the records after all legal processes are complete.

d. Held-to-maturity investments:

Held-to-maturity financial assets are assets that are held until maturity with custody intentions, with regard to which the conditions required for being held to maturity, including funding capability, are fulfilled; which have fixed terms with fixed and definable payments and are not loans or receivables; for which the fair value difference is reflected in profits/losses during initial recognition; which are not shown as "available-for-sale" in records; and are not derivative financial instruments. Financial assets held-to-maturity are first recognised by adding transaction costs to acquisition cost reflecting their fair value and then are valued at amortised cost value using the "efficient interest (internal rate of return) method". Interest income related to held-to-maturity financial assets is reflected in the income statement. The Group does not own financial assets classified as held-to-maturity securities but which cannot be subjected to this classification due to a failure to comply with the classification principles. The Group's securities portfolios, which are ready to be sold and are held-to-maturity, have CPI-indexed bonds. The said securities are valued and recognised according to the effective interest method and are based on the index calculated considering real coupon rates, the reference inflation index on the date of issuance and estimated inflation rates. Reference indexes used to calculate the actual coupon payment amounts of the securities are created based on CPIs from two months prior. The Group sets the estimated inflation rate in line with the reference indexes. The estimated inflation rate used is updated during the year when necessary.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

2.3 Summary of Significant Accounting Policies

The condensed consolidated interim financial statements for the period ended 30 September 2018 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 2018 are consistent with those used in the preparation of consolidated financial statements for the year ended 31 December 2017. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the consolidated statements for the year ended 31 December 2017.

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 2018	1 January - 30 September 2017
Banking	26.797.896	19.706.451
Industry	3.973.469	3.118.254
Retail	6.392.795	5.739.309
Cement	1.305.179	1.054.452
Other	83.751	88.832
Total (*)	38.553.090	29.707.298

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 3 - SEGMENT REPORTING (Continued)

b) Segment assets (Consolidated):

	30 September 2018	31 December 2017
Banking	423.931.840	337.538.775
Industry	7.655.119	4.816.631
Retail	3.903.661	4.083.814
Cement	3.523.830	3.042.382
Other	3.875.873	2.600.516
Segment assets	442.890.323	352.082.118
Assets classified as held for sale	28.073	21.181
Investments accounted through equity method (Note 7)	6.324.884	6.439.214
Unallocated assets	(303.990)	(955.871)
Less: intersegment eliminations	(4.930.629)	(3.451.891)
Total assets as per consolidated financial statements	444.008.661	354.134.751

c) Segment liabilities (Consolidated):

	30 September 2018	31 December 2017
Banking	382.472.332	297.938.890
Industry	4.811.044	2.562.011
Retail	3.613.914	3.996.900
Cement	2.290.422	1.834.398
Other	355.075	195.468
Segment liabilities	393.542.787	306.527.667
Assets classified as held for sale	6.384	5.262
Unallocated Liabilities	(314.036)	(946.791)
Less: intersegment eliminations	(4.929.093)	(3.449.326)
Total liabilities as per consolidated financial statements	388.306.043	302.136.812

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 3 - SEGMENT REPORTING (Continued)

d) The balance sheet items by segment:

i) Banking:

	Combined(*) 30 September 2018	Consolidated(**) 30 September 2018	Combined(*) 31 December 2017	Consolidated(**) 31 December 2017
Cash and cash equivalents	49.769.209	49.769.209	13.881.582	13.881.582
Financial assets	57.412.723	57.412.723	61.764.823	61.764.823
Derivative financial instruments	38.608.746	38.608.746	9.452.332	9.452.332
Reserve deposits with the Central Bank of Republic of Turkey	28.769.172	28.769.172	33.055.479	33.055.479
Receivables from finance sector operations	238.626.174	238.626.174	212.706.935	212.706.935
Property, plant and equipment	1.207.715	1.207.715	973.573	973.573
Intangible assets	553.738	553.738	478.542	478.542
Other receivables and other assets	8.984.363	8.984.363	5.225.509	5.225.509
Total segment assets	423.931.840	423.931.840	337.538.775	337.538.775
Financial liabilities	72.622.818	72.622.818	51.890.944	51.890.944
Payables from finance sector operations	273.649.469	273.649.469	230.770.592	230.770.592
Derivative financial instrument	25.333.190	25.333.190	5.498.740	5.498.740
Other payables and other liabilities	10.866.855	10.866.855	9.778.614	9.778.614
Total segment liabilities	382.472.332	382.472.332	297.938.890	297.938.890

(*) 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.

The bank's cash flows regarding the operating activities equal to TRY 29.881.655 as of 30 September 2018 (30 September 2017: TRY (8.127.812)).

The bank's cash flows regarding the investing activities equal to TRY (2.411.179) as of 30 September 2018 (30 September 2017: TRY (2.607.716)).

The bank's cash flows regarding the financing activities equal to TRY (504.570) as of 30 September 2018 (30 September 2017: TRY (2.847.502)).

Banking segment consists of Akbank. Akbank's accumulated non-controlling interests calculated from its financial statements amount to TRY 25.564.035 as of 30 September 2018 (31 December 2017: TRY 23.464.002).

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

DİPNOT 3 - SEGMENT REPORTING (Continued)

ii) Insurance:

	Combined(*) 30 September 2018	Consolidated(**) 30 September 2018	Combined(*) 31 December 2017	Consolidated(**) 31 December 2017
Cash and cash equivalents	2.452.474	-	1.941.785	-
Financial assets	1.296.011	-	1.068.201	-
Receivables from finance sector operations	756.362	-	711.505	-
Investments accounted through equity method (Note 7)	-	448.539	-	435.071
Property, plant and equipment	52.299	-	45.619	-
Intangible assets	90.682	-	79.147	-
Other receivables and other assets	2.955.441	-	2.074.898	-
Total segment assets	7.603.269	448.539	5.921.155	435.071
Payables from finance sector operations	6.005.828	-	4.473.101	-
Other payables and other liabilities	439.392	-	326.724	-
Total segment liabilities	6.445.220	-	4.799.825	-

(*) 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.

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 2018

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

NOT 3 - SEGMENT REPORTING (Continued)

iii) Energy:

	Combined(*) 30 September 2018	Consolidated(**) 30 September 2018	Combined(*) 31 December 2017	Consolidated(**) 31 December 2017
Cash and cash equivalents	2.400.870	-	208.188	-
Financial assets	836	-	836	-
Trade receivables	4.114.435	-	2.685.139	-
Inventories	298.550	-	217.618	-
Investments accounted through equity method (Note 7)	-	4.649.782	-	4.960.285
Property, plant and equipment	9.936.917	-	10.116.942	-
Intangible assets	5.523.739	-	5.715.215	-
Other receivables and other assets	16.111.953	-	13.748.493	-
Total segment assets	38.387.300	4.649.782	32.692.431	4.960.285
Financial liabilities	19.456.473	-	14.820.651	-
Trade payables	2.358.802	-	1.859.818	-
Other payables and other liabilities	6.002.585	-	6.091.392	-
Total segment liabilities	27.817.860	-	22.771.861	-

(*) 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

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 2018

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

NOTE 3 - SEGMENT REPORTING (Continued)

iv) Industry:

	Combined(*) 30 September 2018	Consolidated(**) 30 September 2018	Combined(*) 31 December 2017	Consolidated(**) 31 December 2017
Cash and cash equivalents	893.529	229.719	227.760	33.244
Financial assets	213	213	141	141
Trade receivables	2.799.759	1.881.652	2.185.680	1.354.018
Inventories	2.711.476	2.114.282	1.536.591	1.143.366
Investments accounted through equity method	330.810	819.494	367.944	666.147
Property, plant and equipment	3.945.605	2.204.096	3.305.540	1.593.964
Intangible assets	307.953	242.432	268.799	207.776
Other receivables and other assets	2.965.837	1.010.798	872.574	505.303
Total segment assests	13.955.182	8.502.686	8.765.029	5.503.959
Financial liabilities	6.276.846	3.006.186	3.420.139	1.390.144
Trade payables	1.938.551	1.017.522	1.211.520	624.032
Other payables and other liabilities	1.404.529	793.720	792.793	553.097
Total segment liabilities	9.619.926	4.817.428	5.424.452	2.567.273

(*) 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.

The industrial sector includes the results of Kordsa, Temsa, Yünsa, Brisa and Philsa and Philip Morrissa.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 3 - SEGMENT REPORTING (Continued)

v) Retail:

	Combined(*) 30 September 2018	Consolidated(**) 30 September 2018	Combined(*) 31 December 2017	Consolidated(**) 31 December 2017
Cash and cash equivalents	516.058	516.058	584.336	584.336
Trade receivables	134.586	132.752	118.254	117.720
Inventories	1.108.032	1.108.032	1.020.866	1.020.866
Investment property	10.197	10.197	186.962	186.962
Property, plant and equipment	707.615	707.615	904.493	904.493
Intangible assets	85.378	85.378	99.139	99.139
Other receivables and other assets	1.280.959	1.343.629	1.108.927	1.170.298
Total segment assets	3.842.825	3.903.661	4.022.977	4.083.814
Financial liabilities	1.319.862	1.319.862	1.599.951	1.599.951
Trade payables	1.881.918	1.880.722	1.939.207	1.938.672
Other payables and other liabilities	412.133	413.330	457.737	458.277
Total segment liabilities	3.613.913	3.613.914	3.996.895	3.996.900

(*) 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.

The retail sector includes the results of Teknosa and Carrefoursa.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 3 - SEGMENT REPORTING (Continued)

vi) Cement:

	Combined (*) 30 September 2018	Consolidated(**) 30 September 2018	Combined(*) 31 December 2017	Consolidated(**) 31 December 2017
Cash and cash equivalents	458.332	200.218	255.014	217.946
Financial assets	195.569	64	162.783	64
Trade receivables	1.109.356	602.126	999.154	513.467
Inventories	505.037	266.790	297.729	146.775
Investments accounted through equity method	-	407.070	-	377.711
Property, plant and equipment	2.835.628	1.993.166	2.682.867	1.855.212
Intangible assets	57.249	16.345	59.260	16.841
Other receivables and other assets	614.594	445.121	483.487	292.077
Total segment assets	5.775.765	3.930.900	4.940.294	3.420.093
Financial liabilities	2.195.547	1.633.764	1.762.257	1.376.837
Trade payables	734.333	357.271	578.203	290.768
Other payables and other liabilities	455.117	299.387	308.403	166.793
Total segment liabilities	3.384.997	2.290.422	2.648.863	1.834.398

(*) 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.

The cement sector includes the results of Çimsa and Akçansa.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 3 - SEGMENT REPORTING (Continued)

vii) Other:

	Combined(*) 30 September 2018	Consolidated(**) 30 September 2018	Combined(*) 31 December 2017	Consolidated(**) 31 December 2017
Cash and cash equivalents	3.511.143	3.511.143	2.216.076	2.216.076
Financial assets	11.938.346	13.100	11.788.296	12.032
Trade receivables	27.874	27.368	46.315	46.098
Inventories	4.140	4.140	1.087	1.087
Property, plant and equipment	220.580	184.516	219.983	183.920
Intangible assets	11.684	11.684	14.835	14.835
Other receivables and other assets	198.058	123.922	164.698	126.468
Total segment assets	15.911.825	3.875.873	14.451.290	2.600.516
Financial liabilities	92.544	92.544	-	-
Trade payables	24.320	23.919	43.501	43.482
Other payables and other liabilities	249.371	238.613	181.490	151.986
Total segment liabilities	366.235	355.076	224.991	195.468

(*) 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.

The other sector includes the results 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 2018

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated. Currencies other than TRY 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 2018			1 January - 30 September 2017		
	Total Consolidation of Segments Before Elimination	Elimination and Consolidation Adjustments	Consolidated	Total Consolidation of Segments Before Elimination	Elimination and Consolidation Adjustments	Consolidated
Total revenue	38.720.730	(167.640)	38.553.090	29.782.977	(75.679)	29.707.298
Cost of sales and interest, premiums, commissions and other expenses	(26.285.213)	920.087	(25.365.126)	(18.502.227)	163.711	(18.338.516)
General administration expenses	(4.956.052)	57.221	(4.898.831)	(3.885.024)	34.309	(3.850.715)
Sales, marketing and distribution expenses	(1.462.050)	516	(1.461.534)	(1.253.674)	1.060	(1.252.614)
Research and development expenses	(10.066)	-	(10.066)	(6.971)	-	(6.971)
Other operating income/(expense) - net	498.043	5.410	503.453	165.949	(1.005)	164.944
Interest in income of joint ventures	535.465	-	535.465	244.391	(1)	244.390
Operating profit	7.040.857	815.594	7.856.451	6.545.421	122.395	6.667.816
Income/(expense) from investing activities - net	1.656.414	(930.597)	725.817	239.531	(167.094)	72.437
Operating profit before financial expense	8.697.271	(115.003)	8.582.268	6.784.952	(44.699)	6.740.253
Financial income/(expense) - net	(776.950)	122.191	(654.759)	(368.392)	44.956	(323.436)
Income before tax	7.920.321	7.188	7.927.509	6.416.560	257	6.416.817
Tax	(1.590.737)	-	(1.590.737)	(1.243.069)	1	(1.243.068)
Profit/(loss) after tax from discontinued operations	129	-	129	6.291	-	6.291
Income for the period	6.329.713	7.188	6.336.901	5.179.782	258	5.180.040
Net income attributable to equity holders of the parent			3.400.958			2.340.092

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 3 - SEGMENT REPORTING (Continued)

f) The income statement items by segment:

i) Banking:

	Combined(*) 30 September 2018	Consolidated(**) 30 September 2018	Combined(*) 30 September 2017	Consolidated(**) 30 September 2017
Interest, commission and other income	26.902.954	26.902.954	19.743.428	19.743.428
Interest, commission and other expenses	(17.077.506)	(17.077.506)	(10.618.531)	(10.618.531)
General administration expenses	(4.424.408)	(4.424.408)	(3.533.794)	(3.533.794)
Other operating income/(expense) - net	331.620	331.620	135.621	135.621
Operating profit	5.732.660	5.732.660	5.726.724	5.726.724
Income/(expense) from investing activities - net	6.195	6.195	2.640	2.640
Profit before tax	5.738.855	5.738.855	5.729.364	5.729.364
Tax	(1.297.021)	(1.297.021)	(1.178.029)	(1.178.029)
Net income	4.441.834	4.441.834	4.551.335	4.551.335
Net income attributable to equity holders of the parent		1.810.048		1.854.663
EBITDA	5.981.078	5.981.078	5.916.453	5.916.453

(*) 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.

Akbank's net income attributable to non-controlling interest is TRY 2.631.787 as of 30 September 2018 (30 September 2017: TRY 2.696.672).

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 3 - SEGMENT REPORTING (Continued)

ii) Insurance:

	Combined(*) 30 September 2018	Consolidated(**) 30 September 2018	Combined(*) 30 September 2017	Consolidated(**) 30 September 2017
Gross premiums written	1.713.053	-	1.185.545	-
- Gross written premiums	2.868.833	-	2.100.257	-
- Unearned premiums reserves	(1.155.780)	-	(914.712)	-
Premiums, commission and other expenses	(1.741.020)	-	(943.354)	-
General administration expenses	(359.385)	-	(310.627)	-
Other operating income/(expense) - net	747.201	-	297.773	-
Interest in income of joint ventures (Note 7)	-	111.080	-	78.100
Operating profit	359.849	111.080	229.337	78.100
Income/(expense) from investing activities - net	42.065	-	31.108	-
Operating profit before financial expense	401.914	111.080	260.445	78.100
Financial income/(expense) - net	(22.487)	-	(2.783)	-
Profit before tax	379.427	111.080	257.662	78.100
Tax	(87.515)	-	(52.515)	-
Net income	291.912	111.080	205.147	78.100
Net income attributable to equity holders of the parent		111.080		78.100
EBITDA	361.524		236.399	

(*) 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 2018

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

NOTE 3 - SEGMENT REPORTING (Continued)

iii) Energy:

	Combined(*) 30 September 2018	Consolidated(**) 30 September 2018	Combined(*) 30 September 2017	Consolidated(**) 30 September 2017
Sales revenue (net)	16.076.990	-	11.553.179	-
Cost of sales	(11.965.296)	-	(8.730.847)	-
General administration expenses	(1.353.594)	-	(1.060.191)	-
Sales, marketing and distribution expenses	-	-	(30.169)	-
Other operating income/(expense) - net	(57.372)	-	(59.576)	-
Interest in income of joint ventures (Note 7)	-	150.932	-	(88.739)
Operating profit	2.700.728	150.932	1.672.396	(88.739)
Income/(expense) from investing activities - net	194	-	(286.721)	-
Operating profit before financial expense	2.700.922	150.932	1.385.675	(88.739)
Financial income/(expense) - net	(2.077.408)	-	(1.603.555)	-
Profit before tax	623.514	150.932	(217.880)	(88.739)
Tax	(168.797)	-	40.220	-
Net income	454.717	150.932	(177.660)	(88.739)
Net income attributable to equity holders of the parent		150.932		(88.739)
EBITDA	3.369.170		2.142.610	

(*) 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 2018

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

NOTE 3 - SEGMENT REPORTING (Continued)

iv) Industry:

	Combined(*) 30 September 2018	Consolidated(**) 30 September 2018	Combined(*) 30 September 2017	Consolidated(**) 30 September 2017
Sales revenue (net)	6.210.418	3.973.571	4.739.430	3.118.735
Cost of sales	(4.807.753)	(3.144.211)	(3.761.156)	(2.561.005)
General administration expenses	(318.640)	(210.048)	(174.708)	(92.352)
Sales, marketing and distribution expenses	(440.596)	(228.741)	(332.216)	(160.875)
Research and development expenses	(8.088)	(7.229)	(11.458)	(5.495)
Other operating income/(expense) - net	217.125	202.005	104.955	74.650
Interest in income of joint ventures (Note 7)	175.711	208.474	188.002	221.019
Operating profit	1.028.177	793.821	752.849	594.677
Income/(expense) from investing activities - net	6.473	6.291	23.571	23.350
Operating profit before financial expense	1.034.650	800.112	776.420	618.027
Financial income/(expense) - net	(565.619)	(374.885)	(246.212)	(126.181)
Profit before tax	469.031	425.227	530.208	491.846
Tax	(31.872)	(28.891)	(43.412)	(47.082)
Income/(expenses) after discontinued operations	129	129	6.291	6.291
Net income	437.288	396.465	493.087	451.055
Net income attributable to equity holders of the parent		331.506		332.688
EBITDA	1.065.769	728.124	827.963	624.978

(*) 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 2018

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

NOTE 3 - SEGMENT REPORTING (Continued)

v) Retail:

	Combined(*) 30 September 2018	Consolidated(**) 30 September 2018	Combined(*) 30 September 2017	Consolidated(**) 30 September 2017
Sales revenue (net)	6.404.282	6.401.032	5.760.697	5.757.068
Cost of sales	(4.997.997)	(4.994.457)	(4.450.654)	(4.446.363)
General administration expenses	(157.095)	(156.878)	(128.976)	(128.529)
Sales, marketing and distribution expenses	(1.218.518)	(1.218.518)	(1.081.573)	(1.081.573)
Other operating income/(expense) - net	(122.979)	(122.979)	(93.673)	(93.673)
Operating profit	(92.307)	(91.800)	5.821	6.930
Income/(expense) from investing activities - net	569.415	569.415	22.436	22.436
Operating profit before financial expense	477.108	477.615	28.257	29.366
Financial income/(expense) - net	(245.644)	(245.644)	(179.044)	(179.044)
Profit before tax	231.464	231.971	(150.787)	(149.678)
Tax	(37.234)	(37.234)	34.956	34.956
Net income	194.230	194.737	(115.831)	(114.722)
Net income attributable to equity holders of the parent		97.324		(56.913)
EBITDA	131.130	131.637	185.693	186.802

(*) 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 2018

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

NOTE 3 - SEGMENT REPORTING (Continued)

vi) Cement:

	Combined(*) 30 September 2018	Consolidated(**) 30 September 2018	Combined(*) 30 September 2017	Consolidated(**) 30 September 2017
Sales revenue (net)	2.624.260	1.305.194	2.145.533	1.054.458
Cost of sales	(1.961.970)	(953.840)	(1.661.208)	(782.337)
General administration expenses	(122.693)	(71.263)	(98.373)	(51.201)
Research and development expenses	(2.837)	(2.837)	(1.476)	(1.476)
Sales, marketing and distribution expenses	(24.015)	(10.396)	(22.289)	(7.580)
Other operating income/(expense) - net	68.242	77.487	(259)	7.206
Interest in income of joint ventures	-	64.980	-	34.011
Operating profit	580.987	409.325	361.928	253.081
Income/(expense) from investing activities - net	39.885	19.860	32.666	23.825
Operating profit before financial expense	620.872	429.185	394.594	276.906
Financial income/(expense) - net	(204.752)	(156.468)	(109.776)	(62.762)
Profit before tax	416.120	272.717	284.818	214.144
Tax	(76.816)	(33.984)	(51.497)	(32.376)
Net income	339.304	238.733	233.321	181.768
Net income attributable to equity holders of the parent		163.783		109.101
EBITDA	643.308	401.994	473.592	300.246

(*) 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 2018

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

NOTE 3 - SEGMENT REPORTING (Continued)

vii) Other:

	Combined(*) 30 September 2018	Consolidated(**) 30 September 2018	Combined(*) 30 September 2017	Consolidated(**) 30 September 2017
Sales revenue (net)	1.353.393	137.979	991.781	109.289
Cost of sales	(115.479)	(115.198)	(94.210)	(93.991)
General administration expenses	(97.455)	(93.455)	(82.680)	(79.149)
Sales, marketing and distribution expenses	(4.395)	(4.395)	(3.646)	(3.646)
Other operating income/(expense) - net	17.521	9.907	47.267	42.143
Operating profit	1.153.585	(65.162)	858.512	(25.354)
Income/(expense) from investing activities - net	1.061.822	1.054.654	172.058	167.281
Operating profit before financial expense	2.215.407	989.492	1.030.570	141.927
Financial income/(expense) - net	47	47	(404)	(404)
Profit before tax	2.215.454	989.539	1.030.166	141.523
Tax	(193.606)	(193.606)	(20.537)	(20.537)
Net income	2.021.848	795.933	1.009.629	120.986
Net income attributable to equity holders of the parent		736.286		111.192
EBITDA	1.172.922	(45.417)	878.312	(5.713)

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 3 - SEGMENT REPORTING (Continued)

g) Net income attributable to equity holders of the parent

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

	30 September 2018	30 September 2017
Banking	1.810.048	1.854.663
Insurance	111.080	78.100
Industry	329.205	312.958
Cement	155.488	102.878
Energy	106.770	25.414
Retail	(138.694)	(73.749)
Other	613.352	78.100
Total	2.987.249	2.378.364

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

	30 September 2018	30 September 2017
Adjusted net income for		
reported operating segments (Equity holders of the Parent)	2.987.249	2.378.364
Carrefoursa one-off income/(expenses)	236.018	13.020
Teknosa one-off income/(expenses)	-	3.816
Enerjisa one-off income/(expenses)	44.162	(114.153)
The company one-off income/(expenses)	122.932	35.686
Other	10.597	23.359
Net income (Equity holders of the Parent)	3.400.958	2.340.092

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 3 - SEGMENT REPORTING (Continued)

h) Combined EBITDA Detail

	Profit before tax	Amortization expense	Income/(expense) from investing activities – net	Financial income/(expense) - net	Operating foreign exchange difference /interest	EBITDA
30 September 2018						
Banking	5.738.855	248.418	6.195	-	-	5.981.078
Industry	469.031	249.408	6.473	(565.619)	211.816	1.065.769
Cement	416.120	143.206	39.885	(204.752)	80.885	643.308
Retail	231.464	129.869	569.415	(245.644)	(93.568)	131.130
Energy	623.514	514.226	194	(2.077.408)	(154.216)	3.369.170
Insurance	379.427	24.972	42.065	(22.487)	23.297	361.524
Other	2.215.454	21.915	1.061.822	47	2.578	1.172.922
	Profit before tax	Amortization expense	Income/(expense) from investing activities - net	Financial income/(expense) - net	Operating foreign exchange difference /interest	EBITDA
30 September 2017						
Banking	5.729.364	189.729	2.640	-	-	5.916.453
Industry	530.208	177.612	23.571	(246.212)	102.498	827.963
Cement	284.818	118.037	32.666	(109.776)	6.373	473.592
Retail	(150.787)	107.342	22.436	(179.044)	(72.530)	185.693
Energy	(217.880)	489.506	(286.721)	(1.603.555)	19.292	2.142.610
Insurance	257.662	17.731	31.108	(2.783)	10.669	236.399
Other	1.030.166	20.281	172.058	(404)	481	878.312

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

3 - SEGMENT REPORTING (Continued)

1 January - 30 September 2018	Finance	Insurance	Industry	Cement	Energy	Retail	Other	Total
	Banking							
Depreciation and amortization	248.418	-	128.181	80.543	-	129.869	21.884	608.895
Impairment/(reversal of impairment) of property, plant and equipment and investment properties	429	-	-	-	-	5.635	-	6.064
Capital expenditure	565.575	-	202.949	178.542	-	92.609	20.398	1.060.073

1 January - 30 September 2017	Finance	Insurance	Industry	Cement	Energy	Retail	Other	Total
	Banking							
Depreciation and amortization	189.729	-	104.359	56.579	-	107.342	20.121	478.130
Impairment/(reversal of impairment) of property, plant and equipment and investment properties	(1.474)	-	(1.509)	-	-	1.594	-	(1.389)
Capital expenditure	135.601	-	167.452	293.273	-	74.227	19.795	690.348

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

3 - SEGMENT REPORTING (Continued)

1 January - 30 September 2018	Finance	Insurance	Industry	Cement	Energy	Retail	Other	Total
	Banking							
Depreciation and amortization	248.418	24.972	249.408	143.206	514.226	129.869	21.915	1.332.014
Impairment/(reversal of impairment) of property, plant and equipment and investment properties	429	-	-	-	-	5.635	-	6.064
Capital expenditure	565.574	44.738	366.049	255.622	1.510.780	92.609	20.399	2.855.771

1 January - 30 September 2017	Finance	Insurance	Industry	Cement	Energy	Retail	Other	Total
	Banking							
Depreciation and amortization	189.729	17.731	177.612	118.037	489.506	107.342	20.281	1.120.238
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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 4 - FINANCIAL ASSETS

a) Financial assets through profit or loss

The analysis of financial assets at 30 September 2018 fair value through profit and loss is as follows

	30 September 2018
Share certificates	183.745
Government bonds	9.525
Other	21.536
Total	214.806

The analysis of financial assets at 31 December 2017 fair value through profit and loss is as follows:

	31 December 2017
Share certificates	23.432
Government bonds	9.525
Other	6.933
Total	39.890

Effective interest rates of TRY denominated securities are as follows:

	30 September 2018	31 December 2017
TRY	24,01%	16,16%

The Group's activities in the finance sector as collateral for the purchase and sale of financial assets is TRY 9.371 (31 December 2017: TRY 9.731).

The analysis of maturities at 30 September 2018 and 31 December 2017 is as follows:

	30 September 2018	31 December 2017
3 to 12 months	16.170	16.459
1 to 5 years	2.195	-
No maturity	196.441	23.431
Total	214.806	39.890

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 4 - FINANCIAL ASSETS (Continued)

Period remaining to contractual repricing dates:

	30 September 2018	31 December 2017
Up to 3 months	8.566	2.060
3 to 12 months	9.799	14.399
No maturity	196.441	23.431
Total	214.806	39.890

b) Financial assets through other comprehensive income

The details of the financial assets at fair value through other comprehensive income are as follows
30 September 2018:

	30 September 2018
Debt securities	
- Government bonds	22.505.707
- Eurobonds	14.866.802
- Investment funds	273.770
- Other bonds denominated in foreign currency	8.606.495
Sub-total	46.252.774
Equity securities	
- Listed	138
- Unlisted	19.501
Sub-total	19.639
Total financial investments available for sale	46.272.413

The details of available-for-sale financial assets as of 31 December 2017 are as follows:

	31 December 2017
Debt securities	
- Government bonds	23.159.176
- Eurobonds	13.657.442
- Investment funds	277.987
- Other bonds denominated in foreign currency	5.648.781
Sub-total	42.743.386
Equity securities	
- Listed	116
- Unlisted	102.325
Sub-total	102.441
Total financial investments available for sale	42.845.827

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 4 - FINANCIAL ASSETS (Continued)

Effective interest rates of USD, EUR, JPY and TRY denominated debt securities are 4,51% (31 December 2017: 4,20%), 2,45% (31 December 2017: 2,47%), 3,09% (31 December 2017: 3,09) and 15,93% (31 December 2017: 12,48%), respectively. The Group's financial assets available for sale subject to funds provided from repo are TRY23.486.552 (31 December 2017: TRY20.055.533). Available for sale financial assets that are given as collateral because of the Group's financing activities are amounting to TRY10.098.963 (31 December 2017: TRY3.470.880). No available for sale financial asset exists whose risk is undertaken by insurance policy holders (31 December 2017: None).

Akbank's securities portfolios, available for sale and held-to-maturity, have CPI-indexed bonds. Reference indexes used to calculate the actual coupon payment amounts of the securities are created based on CPIs from two months prior. The bank sets the estimated inflation rate in line with the reference indexes. The estimated inflation rate used is updated during the year when necessary.

The maturity analysis in accordance with expiring date as at 30 September 2018 and 31 December 2017 is as follows:

	30 September 2018			31 December 2017		
	Other			Other		
	Banking	companies	Total	Banking	companies	Total
3 to 12 months	4.529.399	-	4.529.399	3.086.122	-	3.086.122
1 to 5 years	29.300.823	12.685	29.313.508	25.783.774	-	25.783.774
Over 5 years	10.661.651	-	10.661.651	12.871.607	-	12.871.607
No maturity	1.767.855	-	1.767.855	1.104.324	-	1.104.324
Total	46.259.728	12.685	46.272.413	42.845.827	-	42.845.827

Based on period remaining to contractual repricing dates as of 30 September 2018 and 31 December 2017 is as follows:

	30 September 2018			31 December 2017		
	Other			Other		
	Banking	companies	Total	Banking	companies	Total
Up to 3 months	10.686.610	-	10.686.610	6.936.341	-	6.936.341
3 to 12 months	11.231.721	-	11.231.721	11.749.801	-	11.749.801
1 to 5 years	17.175.673	12.685	17.188.358	16.298.430	-	16.298.430
Over 5 years	6.878.334	-	6.878.334	7.485.228	-	7.485.228
No maturity	287.390	-	287.390	376.027	-	376.027
Total	46.259.728	12.685	46.272.413	42.845.827	-	42.845.827

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 4 - FINANCIAL ASSETS (Continued)

c) Financial assets at amortised cost:

The breakdown of held to maturity financial assets is listed below at 30 September 2018:

	30 September 2018
Government bonds	10.938.880
Total	10.938.880

The breakdown of held to maturity financial assets is listed below at 31 December 2017:

	31 December 2017
Government bonds	18.883.153
Total	18.883.153

The movement table of held to maturity securities is as follows at 30 September 2018 and 31 December 2017:

	30 September 2018	31 December 2017
1 January	18.883.153	17.976.984
Additions	124.364	226
Foreign exchange differences in monetary assets	2.462.078	1.223.819
Valuation effect	27.647	523.600
Disposals through sales and redemptions (*)	(10.720.323)	(766.185)
Allowance for impairment	161.961	(75.291)
Total	10.938.880	18.883.153

(*) The Group reassessed its management model for securities in accordance with IFRS 9 standard and reviewed the securities previously classified as held-to-maturity and measured at amortized cost of TRY4.927.185 for the purpose of collecting the cash flow of the appropriate management model or for selling the financial asset, classified the fair value through other comprehensive income.

Effective interest rate of debt securities in USD, Euro and TRY are 4,35%, 3,57% and 20,37% respectively. (31 December 2017: Effective interest rate of debt securities in USD, Euro and TRY are 4,11%, 3,62% and 13,22%).

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 4 - FINANCIAL ASSETS (Continued)

Period remaining to contractual maturity dates for held to maturity financial assets as at 30 September 2018 and 31 December 2017 is as follows:

	30 September 2018			31 December 2017		
	Other			Other		
	Banking	companies	Total	Banking	companies	Total
3 to 12 months	2.991.460	187	2.991.647	4.593.686	122	4.593.808
1 to 5 years	6.695.602	-	6.695.602	12.668.937	-	12.668.937
Over 5 years	1.251.631	-	1.251.631	1.620.408	-	1.620.408
Total	10.938.693	187	10.938.880	18.883.031	122	18.883.153

The remaining period for the re-pricing date specified in the contract as of 30 September 2018 and 31 December 2017 is as follows:

	30 September 2018			31 December 2017		
	Other			Other		
	Banking	companies	Total	Banking	companies	Total
Up to 3 months	1.679.800	-	1.679.800	6.403.521	-	6.403.521
3 to 12 months	5.501.358	187	5.501.545	2.623.044	122	2.623.166
1 to 5 years	2.505.904	-	2.505.904	8.897.479	-	8.897.479
Over 5 years	1.251.631	-	1.251.631	958.987	-	958.987
Total	10.938.693	187	10.938.880	18.883.031	122	18.883.153

d) Time Deposits:

The breakdown of maturities of time deposits over 3 months is as follows:

	30 September 2018	31 December 2017
3 to 12 months	-	8.190
Total	-	8.190

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 5 - FINANCIAL LIABILITIES

Short term funds borrowed, bank borrowings and debt securities:

	30 September 2018	31 December 2017
Short term	14.792.908	13.917.173
Short-term portion of long term	19.985.561	16.018.279
Total short term	34.778.469	29.935.452
Long-term funds borrowed, bank borrowings and debt securities:		
Long term	42.894.042	25.322.315
Total	77.672.511	55.257.767

Maturity analysis as of 30 September 2018 and 31 December 2017 is as follows:

	30 September 2018	31 December 2017
Up to 3 months	12.816.419	14.837.249
3 to 12 months	21.962.050	15.098.203
Short term borrowings and short term portion of long term borrowings	34.778.469	29.935.452
1 to 5 years	26.420.470	16.168.062
Over 5 years	16.473.572	9.154.253
Long term borrowings	42.894.042	25.322.315
Total financial liabilities	77.672.511	55.257.767

The maturity schedule of long term borrowings at 30 September 2018 and 31 December 2017 is summarised below:

	30 September 2018	31 December 2017
2018	-	5.296.171
2019	10.671.934	5.029.825
2020	4.971.699	2.191.491
2021	3.829.232	3.650.575
2022 and beyond	23.421.177	9.154.253
Total	42.894.042	25.322.315

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 5 - FINANCIAL LIABILITIES (Continued)

The repricing schedule of borrowings at 30 September 2018 and 31 December 2017 is summarised below:

	30 September 2018	31 December 2017
Up to 3 months	44.429.756	33.182.206
3 to 12 months	13.637.370	9.872.514
1 to 5 years	10.451.934	7.133.178
Over 5 years	9.153.451	5.069.869
Total	77.672.511	55.257.767

The transactions related with the funds and loans as of 30 September 2018 are as follows:

Akbank - Funds borrowed via syndicated credit

As of 30 September 2018, Akbank has four outstanding syndicated loan. EUR 738.3 million and USD 404.5 million with a maturity of 1 year and 2 years was obtained through the loan agreement signed on 22 March 2017. The current amount is USD 185 million. The cost of 2 years maturity loan is Euribor + 220 bps. EUR 515.1 million and USD 542.6 million with a maturity of 1 year and 2 years was obtained through the loan agreement signed on 15 August 2017. The current amount is USD 205 million. The cost of 2 year maturity loan is Euribor +220 bps. EUR 483 million and USD 604.5 million with a maturity of 1 year and 2 years was obtained through the loan agreement signed on 26 March 2018. The cost of 1 year maturity loan is Euribor +120 and Euribor +130 bps and the cost of 2 year maturity loan is Euribor +210 bps. EUR 591 million and USD 385 million with maturities of 1 year were obtained through the loan agreement signed on 27 September 2018. The cost of loans are Euribor +265 and Euribor +275 bps, respectively.

Issued securities:

Securities issued consist of USD and TRY assets.

The repayment plan for USD securities issued is summarized below.

	30 September 2018		31 December 2017	
	USD	TRY	USD	TRY
2018	121.439	724.991	1.208.548	4.519.968
2019	481.200	2.872.764	452.230	1.691.340
2020	1.067.944	6.375.626	848.888	3.174.841
2021	576.111	3.439.383	516.436	1.931.471
2022	970.698	5.795.067	773.845	2.894.180
2023	507.775	3.031.417	464.207	1.736.134
2024	531.560	3.173.413	482.772	1.805.567
2025	836.439	4.993.541	426.707	1.595.884
2026	75.965	453.511	63.293	236.716
2027	320.053	1.910.716	293.150	1.096.381
2028	222.719	1.329.632	9.893	37.000
Total	5.711.903	34.100.061	5.539.969	20.719.482

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 5 - FINANCIAL LIABILITIES (Continued)

The balance amounting to USD 5.711.903 consists of securitization deals and USD denominated securities issued by the Bank.

	30 September 2018		31 December 2017	
	EUR	TRY	EUR	TRY
2018	11.427	79.153	75.260	336.963
2019	45.843	317.559	93.331	417.871
2020	45.828	317.455	45.817	205.136
2021	23.086	159.919	23.075	103.314
2022	345	2.390	334	1.495
2023	331	2.293	321	1.437
2024	318	2.203	309	1.383
2025	306	2.120	297	1.330
2026	294	2.037	285	1.276
2027	283	1.960	274	1.227
2028	272	1.884	263	1.178
2029	6.741	46.679	6.543	29.295
Total	135.074	935.652	246.109	1.101.905

The balance amounting to EUR 135.074 consists of securitization deals and EUR denominated securities issued by the Group.

	30 September 2018		31 December 2017	
	RON	TRY	RON	TRY
2018	-	-	80.994	77.398
2019	55.652	82.214	54.049	51.649
Total	55.652	82.214	135.043	129.047

The balance amounting to RON 55.562 consists of securitization deals and RON denominated securities issued by the Group.

	30 September 2018		31 December 2017	
	HUF	TRY	HUF	TRY
2019	756.100	16.188	782.916	11.431
Total	756.100	16.188	782.916	11.431

The balance amounting to HUF 756.100 consists of securitization deals and HUF denominated securities issued by the Group.

	30 September 2018		31 December 2017	
	JPY	TRY	JPY	TRY
2018	-	-	9.925	329
2019	1.000.180	52.519	992.585	32.894
Total	1.000.180	52.519	1.002.510	33.223

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 5 - FINANCIAL LIABILITIES (Continued)

The balance amounting to JPY1.000.180 consists of securization deals and JPY denominated securities issued by the Group.

Additionally, as of 30 September 2018, there are bonds issued by the Group amounting to TRY1.643.670 with 1-3 months maturity, TRY 723.619 with 3-6 months maturity and TRY 1.720.064 with 5 years and over maturity. (31 December 2017, there are bonds issued by the Group amounting to TRY 3.533.520 with 3 months maturity, TRY 1.122.952 with 4 months maturity, and TRY 2.480.799 with 5 years and over maturity).

NOTE 6 - OTHER RECEIVABLES AND PAYABLES

	30 September 2018	31 December 2017
Other short term receivables:		
Receivables from credit card payments	52.198	38.266
Other receivables	6.522.912	2.425.760
Total	6.575.110	2.464.026

	30 September 2018	31 December 2017
Other short term payables:		
Payables related to credit card transactions	4.282.803	3.988.420
Taxes and funds payable	688.227	420.915
Export deposits and transfer orders	88.156	71.952
Payment orders to correspondent banks	50.916	268.028
Financial lease payables	28.675	31.976
Other	2.831.337	619.817
Total	7.970.114	5.401.108

	30 September 2018	31 December 2017
Other long term payables:		
Financial lease payables	72.235	59.490
Taxes and funds payable	-	3.981
Other	1.159.087	1.478.063
Total	1.231.322	1.541.534

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Book value of Associates and Joint Ventures is as follows:

	30 September 2018	Share (%)	31 December 2017	Share (%)
Aksigorta	216.869	36,00	205.889	36,00
Avivasa	231.670	40,00	229.182	40,00
Brisa	488.685	43,63	298.202	43,63
Akçansa	407.069	39,72	377.711	39,72
Enerjisa Üretim Santralleri	2.110.028	50,00	2.020.084	50,00
Enerjisa Enerji (*)	2.539.754	40,00	2.940.201	50,00
Philisa	187.804	25,00	207.015	25,00
Philip Morrisa	33.265	24,75	51.490	24,75
Temsa Mısır	(12.449)	73,75	(1.248)	73,75
Temsa İş Makineleri	122.189	51,00	110.688	51,00
Total	6.324.884		6.439.214	

(*) On 8 February 2018, Enerjisa Enerji A.Ş., a joint venture of the Group, was offered to public. After the initial public offering, the Group's shares in the Company decreased to 40%.

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

	1 January - 30 September 2018	1 January - 30 September 2017
Aksigorta	51.176	35.645
Avivasa	59.903	42.454
Brisa	32.762	33.015
Akçansa	64.980	34.011
Enerjisa Üretim Santralleri (*)	(154.774)	(315.722)
Enerjisa Enerji (*)	305.706	226.983
Philisa	115.348	112.473
Philip Morrisa	37.585	57.628
Temsa Mısır	231	(767)
Temsa İş Makineleri	22.548	18.670
Total	535.465	244.390

(*) Enerjisa Enerji A.Ş. is a joint venture of the Group and E.ON SE which is established in Germany, based on equal shares structure, has divided its energy production, energy wholesale and natural gas wholesale activities partially to Enerjisa Üretim Santralleri A.Ş. The divestiture process, which was conducted by the method of establishing a new company, was completed on August 25, 2017. As a result of the completion of the partial division process, Enerjisa Enerji A.Ş. has only the companies that carry out electricity distribution and retail sales activities.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

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

	30 September 2018		31 December 2017	
	Total assets	Total liabilities	Total assets	Total liabilities
Aksigorta	5.314.877	4.712.465	4.098.960	3.527.045
Avivasa	2.288.392	1.732.756	1.822.195	1.272.780
Brisa	5.922.565	4.802.498	3.540.658	2.857.178
Akçansa	2.132.337	1.094.575	1.778.315	814.465
Enerjisa Üretim Santralleri	16.239.443	12.019.387	12.649.409	8.609.240
Enerjisa Enerji	22.147.857	15.798.473	20.043.023	14.162.620
Philisa	3.652.982	2.901.766	3.276.178	2.448.119
Philip Morrissa	1.517.377	1.382.971	1.529.981	1.321.939
Temsa Mısır	15.814	32.694	23.120	24.814
Temsa İş Makineleri	749.760	550.792	551.677	374.999
Total	59.981.404	45.028.377	49.313.516	35.413.199

Sales

	1 January - 30 September 2018	1 January - 30 September 2017
Aksigorta	2.446.499	1.755.564
Avivasa	422.334	344.693
Brisa	2.236.847	1.620.696
Akçansa	1.319.066	1.091.075
Enerjisa Üretim Santralleri (*)	3.578.391	2.961.671
Enerjisa Enerji (*)	12.498.599	8.591.508
Philisa (**)	18.729.055	15.252.143
Philip Morrissa	18.486.458	16.297.133
Temsa İş Makineleri	727.920	700.259

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (Continued)

Net profit/(loss)

	1 January - 30 September 2018	1 January - 30 September 2017
Aksigorta	142.154	99.015
Avivasa	149.758	106.136
Brisa	75.090	75.671
Akçansa	171.617	102.787
Enerjisa Üretim Santralleri (*)	(309.548)	(631.444)
Enerjisa Enerji (*)	764.266	453.966
Philsa	461.393	449.893
Philip Morrissa	151.859	232.840
Temsa Mısır	313	(1.041)
Temsa İş Makineleri	44.213	36.608

(*) Enerjisa Enerji A.Ş., 50% - 50% joint venture of the Group with E.ON SE (established in Germany), transferred its subsidiaries that operate in electricity generation, wholesale trading and natural gas trading to a newly established company named Enerjisa Üretim Santralleri A.Ş. ("EÜSAŞ") by spin-off method. The spin-off of the mentioned subsidiaries to the newly established Enerjisa Üretim Santralleri A.Ş. ("EÜSAŞ") was completed on August 25, 2017. As a result of the spin-off process, Enerjisa Enerji A.Ş. ended up with the subsidiaries operating in electricity distribution and retail.

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment for the year ended 30 September 2018 is as follows:

	1 January 2018	Currency translation differences	Additions	Disposals (**)	Transfers (*)	Impairment	30 September 2018
Maliyet:							
Land and land improvements	549.569	14.959	5.019	(68.185)	3.590	-	504.952
Buildings	2.688.983	209.065	16.750	(116.649)	98.335	-	2.896.484
Machinery and equipment	3.906.821	840.278	21.201	(2.905)	323.013	-	5.088.408
Motor vehicles	111.243	3.526	5.355	(6.987)	(72)	-	113.065
Furniture and fixtures	3.143.030	19.549	268.369	(177.709)	12.116	-	3.265.355
Total	10.399.646	1.087.377	316.694	(372.435)	436.982	-	11.868.264
Construction in progress	644.620	27.484	519.464	(8.976)	(479.711)	-	702.881
Total	11.044.266	1.114.861	836.158	(381.411)	(42.729)	-	12.571.145
Accumulated depreciation:							
Land and land improvements	(235.214)	(70.387)	(15.729)	656	8.480	-	(312.194)
Buildings	(977.040)	(411.432)	(102.889)	38.847	-	429	(1.452.085)
Machinery and equipment	(1.990.166)	(17.760)	(70.423)	1.066	-	-	(2.077.283)
Motor vehicles	(95.743)	(3.811)	(9.264)	3.512	-	-	(105.306)
Furniture and fixtures	(2.216.358)	(12.896)	(216.782)	131.815	-	5.635	(2.308.586)
Total	(5.514.521)	(516.286)	(415.087)	175.896	8.480	6.064	(6.255.454)
Net book value	5.529.745						6.315.691

(*) TRY33.331 of the transfers from the construction in progress during the period are recognised under intangible fixed assets, TRY918 of the transfers from the construction in progress during the period are recognised under investment property.

(**) As a result of the sale of two real estate properties in the period by the retailing group, the assets with net book values of TRY 64.503 and TRY 40.093 respectively were disposed from the property, plant and equipment; and an income of TRY 578.564 was accounted under investment income.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The movement in property, plant and equipment for the year ended 30 September 2017 is as follows:

	1 January 2017	Currency translation differences	Additions	Disposals	Transfers (*)	Impairment	Transfers to assets held	30 September 2017
Maliyet:								
Land and land improvements	626.281	2.150	5.423	(33.978)	31.461	-	-	631.337
Buildings	2.402.987	82.215	13.937	(26.108)	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	120.896	160.983	(190.485)	652.191	454	(16.671)	10.001.915
Construction in progress	944.284	207	437.926	(2.090)	(682.837)	-	-	697.490
Total	10.218.831	121.103	598.909	(192.575)	(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	(5.254.322)	(28.445)	(327.986)	121.193	-	(392)	-	(5.489.952)
Net book value	4.964.509							5.209.453

(*) TRY30.346 of the transfers from the construction in progress during the period are recognised under intangible fixed assets.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 9 - INTANGIBLE ASSETS

The movement in intangible assets for the year ended 30 September 2018 is as follows:

	1 January 2018	Currency translation difference	Additions	Impairment	Disposals	Transfers	30 September 2018
Cost	1.827.717	67.273	228.009	154	(6.460)	33.331	2.150.004
Accumulated depreciation: (-)	(1.010.619)	(38.711)	(192.301)	(154)	1.323	-	(1.240.462)
Net book value	817.098						909.542

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

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 10 - GOODWILL

The movements of goodwill for the nine month period ended on 30 September 2018 and 2017 are as follows:

	2018	2017
1 January	873.097	1.014.815
Additions or disposals (*)	286.471	-
30 September	1.159.568	1.014.815

* Kordsa Inc., which is 100% subsidiary of Kordsa, a subsidiary of the Group, and resident in the USA, completed the acquisition of two different unlimited companies that named as "Fabric Development, Inc." and "Textile Products, Inc.", which provide advanced composite materials to commercial aviation industry and fully owned by Piyush A.Shah and Abantika P.Shah. In parallel with the acquisition, the capital of Kordsa Inc. has increased by USD 65 million. In accordance with IFRS 3, Business Combinations, measurement of the fair value of identifiable assets and liabilities required for recognition by using the acquisition method, and allocation of the purchase price to tangible and intangible fixed assets ("Purchase price allocation") are performed by an independent valuation organization, Houlihan Lokey Financial Advisors, Inc. and valuation studies are ongoing as of the report date. In this context, the fair value of the identifiable assets, liabilities and contingent liabilities of the related companies have been adjusted in accordance with IFRS and therefore the estimated amounts are reflected in the financial statements. In accordance with IFRS 3, the measurement period is defined as a maximum of one year from the date of purchase and additional assets and liabilities may be recognized if new information is obtained after the completion of the report. As a result of the acquisition transaction; the amount of TRY 286.471 which is the exceeding amount of purchase price from the fair value of acquired identifiable assets, liabilities and contingent liabilities; has been recorded as goodwill in the balance sheet.

NOTE 11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short term provisions	30 September 2018	31 December 2017
Provision for liabilities	489.566	241.673
<i>Credit bonus provision</i>	47.710	69.960
<i>Litigation</i>	97.498	97.249
<i>Uncompensated and not encashed non-cash loans</i>	339.043	67.754
<i>Onerous contracts</i>	4.260	4.260
<i>Other short-term provisions</i>	1.056	2.450
Other	74.577	91.265
Total	564.143	332.938

Other long term provisions	30 September 2018	31 December 2017
Provision for liabilities	5.206	4.613
<i>Other long-term provisions</i>	5.206	4.613
Total	5.206	4.613

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

Commitments - Banking segment	30 September 2018	31 December 2017
Letters of guarantee given	39.871.857	34.576.533
Letters of credit	10.289.748	6.579.073
Foreign currency acceptance	5.042.602	3.757.710
Other guarantees given	7.636.483	5.914.738
Total	62.840.690	50.828.054

Commitments - Non-banking segment	30 September 2018	31 December 2017
Letters of guarantee given	979.420	649.971
Other guarantees given	458.340	294.789
Mortgages, guarantees and pledges for tangible assets	11.480	25.185
Total	1.449.240	969.945

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 2018 and 31 December 2017 are as follows:

	30 September 2018	31 December 2017
Repurchase commitments	28.845.306	29.229.448

Transactions for held for trading:

	30 September 2018	31 December 2017
Foreign currency purchases	14.798.608	10.601.547
Foreign currency sales	13.975.583	10.564.713
Total	28.774.191	21.166.260

	30 September 2018	31 December 2017
Currency swap purchases	141.934.945	111.502.891
Currency swap sales	137.781.762	106.924.680
Interest swap purchases	89.994.455	46.369.365
Interest swap sales	89.994.455	46.369.365
Total	459.705.617	311.166.301

	30 September 2018	31 December 2017
Spot purchases	9.268.700	5.034.625
Spot sales	8.886.063	5.050.637
Total	18.154.763	10.085.262

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

	30 September 2018	31 December 2017
Currency, interest and securities options purchases	82.054.247	50.144.128
Currency, interest and securities options sales	81.917.029	50.460.763
Total	163.971.276	100.604.891

	30 September 2018	31 December 2017
Other purchase transactions	15.741.725	6.225.924
Other sales transactions	10.439.491	8.623.132
Total	26.181.216	14.849.056

Derivative transactions for hedging:

	30 September 2018	31 December 2017
Interest swap purchases	16.949.198	11.759.837
Interest swap sales	16.949.198	11.759.837
Total	33.898.396	23.519.674

	30 September 2018	31 December 2017
Foreign currency purchases	20.578	31.708
Foreign currency sales	26.294	97.386
Total	46.872	129.094

	30 September 2018	31 December 2017
Currency swap purchases	15.845.546	3.482.506
Currency swap sales	11.766.330	2.507.376
Total	27.611.876	5.989.882

The maturity analysis of the off-balance sheet assets of the Banking segment at 30 September 2018 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	6.149.515	33.722.342	39.871.857
Letters of credits	6.364.196	3.925.552	10.289.748
Acceptance credits	3.978.835	1.063.767	5.042.602
Other guarantees	3.211.383	4.425.100	7.636.483
Total	19.703.929	43.136.761	62.840.690

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

The maturity analysis of the off-balance sheet assets of the Banking segment at 31 December 2017 is as follows:

	Up to 1 year	Over 1 year	Total
Letters of guarantees given	6.616.283	27.960.249	34.576.532
Letters of credits	5.188.694	1.390.378	6.579.072
Acceptance credits	2.900.711	857.000	3.757.711
Other guarantees	2.497.120	3.417.619	5.914.739
Total	17.202.808	33.625.246	50.828.054

The economic sector risk concentrations of the commitments of the Banking segment at 30 September 2018 and 31 December 2017 are as follows:

	30 September 2018	31 December 2017
Financial institutions	8.223.051	7.006.200
Construction	7.626.215	6.252.263
Chemicals	2.582.369	2.791.301
Wholesale	14.151.993	9.970.378
Small-scale retailers	4.808.278	4.806.478
Steel and mining	3.887.094	3.152.082
Food and beverage	1.439.821	798.144
Electricity, gas and water	2.176.107	1.926.591
Automotive	1.362.312	855.703
Other manufacturing	5.367.795	2.965.513
Electronics	354.448	676.712
Textile	1.670.791	1.423.271
Transportation	701.871	621.471
Telecommunications	218.080	224.582
Tourism	395.709	278.993
Agriculture and forestry	187.304	165.071
Other	7.687.452	6.913.301
Total	62.840.690	50.828.054

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

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

Aksigorta, one of the Group's joint ventures, has been subject to tax investigation by the T.C. Ministry of Finance Tax Audit Board started at 24 June 2014. Through this limited tax investigation, covering BİTT for the years 2009, 2010, 2011 and 2012; 1,8 Million tax base amount and 2,8 Million tax penalty amount for year 2009, 2 Million tax base amount and 3 Million tax penalty amount for year 2010, 3 Million tax base amount and 4,6 Million tax penalty amount for year 2011, 4,3 Million tax base amount and 6,4 Million tax penalty amount for year 2012, and totally 27,9 Million tax base amount and tax penalty amount have been charged to Aksigorta for the claim recovery and salvage operations; since banking and insurance transactions were not subject to tax and the Company has not booked any provision on its financial statements. The company has requested settlement for the year 2009 tax penalty on 16 January 2015 and for the years 2010, 2011 and 2012 tax penalty on 20 February 2015 with the Ministry of Finance Commission responsible for settlements. The negotiations with the Ministry of Finance at the date of 15 February 2018 has not been reached on conclusion. No payment will be made at this stage regarding tax incentives and penalties, and legal proceedings will be carried within our legal rights.

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 TRY 18.025.556 (full TRY 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 TRY 13.519.167 (full TRY 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 of 60 days period.

In December 2016, the Competition Authority resolved to start an investigation regarding the Group's subsidiary, Enerjisa Enerji A.Ş., following a preliminary inspection in November 2016, in order to determine whether the Group's subsidiaries are acting in accordance with the Competition Law No. 4054. The Competition Authority communicated to the company, its report regarding the investigation on 5 January 2018, claiming that the company's distribution and retailing companies are abusing their dominance and power; so, an administrative fine must be imposed. The Competition Authority announced its brief decision regarding this matter on 9 August 2018 and resolved to impose a total administrative fine of TRY 143.061.738,12 to İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş., Başkent Elektrik Perakende Satış A.Ş. and Enerjisa Toroslar Elektrik Perakende Satış A.Ş. The reasoned judgement is expected to be communicated within 2018. Since the said penalty shall be subject to a discount of 25% in case of payment within 30 days from the notification of the reasoned The Competition Authority decision, a provision amounting to TRY 107.296.303,59 has been made in financial statements.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 12 - COMMITMENTS

Collaterals, pledges and mortgages ("CPM") given by Subsidiaries at 30 September 2018 is as follows:

	30 September 2018				
	Total TRY Equivalent	TRY	USD	EUR	Other
A. Total amount of the Collaterals					
given for its own legal entity	1.437.760	369.627	111.249	57.799	-
B. Collaterals given on behalf of fully consolidated companies	1.503.436	331.869	11.684	157.676	5.643
C. Collaterals given on behalf of the third parties' debt for continuation of their economic activities	62.840.689	22.879.598	3.740.593	2.441.727	582.970
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	65.781.885	23.581.094	3.863.526	2.657.202	588.613
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	-	-	-	-	-

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 12 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by Joint ventures at 30 September 2018 is as follows:

	30 September 2018				
	Total TRY Equivalent	TRY	USD	EUR	Other
A. Total amount of the Collaterals					
given for its own legal entity	1.238.575	1.183.742	7.549	1.383	-
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	381	381	-	-	-
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	1.238.956	1.184.123	7.549	1.383	-
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	-	-	-	-	-

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 12 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Subsidiaries at 31 December 2017 is as follows;

	31 December 2017				TRY Equivalent Other
	Total TRY Equivalent	TRY	USD	EUR	
A. Total amount of the Collaterals given for its own legal entity	1.295.946	434.563	133.887	78.704	987
B. Collaterals given on behalf of fully consolidated companies	1.135.058	276.886	64.605	135.303	3.528
C. Collaterals given on behalf of the third parties' debt for continuation of their economic activities	50.810.439	21.370.968	4.744.023	2.471.376	385.992
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	53.241.443	22.082.417	4.942.515	2.685.383	390.507
A. Total amount of the mortgages given for its own legal entity	97.083	-	-	21.500	-
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	97.083	-	-	21.500	-
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	-	-	-	-	-

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 12 - COMMITMENTS (Continued)

Collaterals, pledges and mortgages ("CPM") given by the Joint Ventures at 31 December 2017 is as follows;

	31 December 2017				
	Total TRY	TRY	USD	EUR	TRY
	Equivalent				Equivalent Other
A. Total amount of the Collaterals given for its own legal entity	895.128	893.057	393	130	-
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	895.623	893.552	393	130	-
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	-	-	-	-	-

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 13 - OTHER ASSETS AND LIABILITIES

Other Current Assets	30 September 2018	31 December 2017
Cheques in clearance	180.237	149.829
Deductible, deferred and other VAT	330.612	156.615
Other	82.074	64.115
Total	592.923	370.559

Other Non-Current Assets	30 September 2018	31 December 2017
Long term tax claims and other legal receivables	20.873	26.941
Deductible, deferred and other VAT	6.804	4.928
Other non-current assets	117.142	87.944
Total	144.819	119.813

Other Short Term Liabilities	30 September 2018	31 December 2017
Cheques in clearance	368.020	291.353
Saving deposits insurance	54.023	50.641
Other short term liabilities	350.377	323.668
Total	772.420	665.662

Other Long Term Liabilities		
Other long term liabilities	57.396	55.065
Total	57.396	55.065

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 14 - EQUITY

The Holding's authorized and issued capital consists of 204.040.393.100 (31 December 2017: 204.040.393.100) shares of Kr 1 each.

The Holding's authorized and paid-in share capital and shareholding structure at 30 September 2018 and 31 December 2017 is as follows:

Shareholders	Share (%)	30 September 2018	Share (%)	31 December 2017
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
Treasury shares (-)		(190.470)		(190.470)
Share premium		22.237		22.237

According to Exsa Export Sanayi Mamulleri Satış ve Araştırma A.Ş. (Exsa)'s Board of Director decision on December 22, 2015, Exsa 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 2018. These shares in consolidated equity as capital adjustments due to treasury shares.

Restricted Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The 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 with 75% and property with 50% 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% and 50% respectively of the related gain arising in the statutory financial statements as a result of the subsidiary sale was held in the 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 2018	31 December 2017
Legal reserves	705.513	699.547
Gain on sales of association	333.369	333.369
Total	1.038.882	1.032.916

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 14 - EQUITY (Continued)

Dividend Distribution

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

Companies distribute their profits with a decision of the general assembly, within the framework of profit distribution policies determined by their general assemblies and in accordance with the related legislation provisions. As per the related Communiqué, a minimum distribution rate was not set. The companies pay dividends as specified in their articles of association or profit distribution policies.

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

	Revaluation Fund	Cash Flow Hedge Fund	Net Investment Hedge Fund	Currency translation differences
Balance as of 1 January 2017	(444.676)	(177.288)	(146.024)	49.438
Increases/(decreases) during the period	347.557	48.910	(60.610)	112.434
Gain 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
Balance as of 1 January 2018	(310.337)	(121.522)	(228.186)	724.660
Increases/(decreases) during the period	(1.419.223)	39.346	(319.454)	912.118
Gain transferred to income statement	(149.035)	(18.818)	-	-
Net gains & losses included in the income statement due to transfer of available for sale financial assets into held to maturity assets	34.112	-	-	-
Tax effect	337.512	(4.516)	70.280	-
Balance as of 30 September 2018	(1.506.971)	(105.511)	(477.360)	1.636.78

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

DİPNOT 15 - ASSETS CLASSIFIED AS HELD FOR SALE

1 January - 30 September 2018

As of 30 September 2018, Temsa, a subsidiary of the Group acquired a real estate with value of TRY9.986.395 in return of receivables as a guarantee which is accounted under "Assets Held for Sale" (31 December 2017: Total TRY9.986.395).

Nile Kordsa Company for Industrial Fabrics S.A.E., a subsidiary of Kordsa, which is a subsidiary of the Group, had a full period profit amounting to Total TRY128.796 as of 30 September 2018 (30 September 2017: Total TRY6.290.725). In 30 September 2018 and 30 September 2017, operating results of this company reclassified as income/expense from the discontinued operations in consolidated financial statements.

The amount recognised under "Assets Held For Sale" is Total TRY18.086.303 as of 30 September 2018 (31 December 2017: Total TRY11.194.785). The amount recognised under "Liabilities Held For Sale" is Total TRY6.384.235 as of 30 September 2018 (31 December 2017: Total TRY5.261.866).

1 January - 30 September 2017

Assets the Group showed as "Assets Classified as Held for Sale" in its financial statements are comprised of real estate worth Total TRY 16.671.395 which Temsa, Group's subsidiary, acquired for guarantee and now wants to dispose and also comprised of shares of Kordsa worth TRY 11.246.897, which is a subsidiary of Group and owns 51% of Nile Kordsa Company for Industrial Fabrics S.A.E. as per Board of Directors' decision no 2015/29 dated 31 December 2015. These shares are the result of classifying Nile Kordsa Company for Industrial Fabrics S.A.E. under "Assets Classified as Held for Sale" amounting to Total TRY2.969.234.

A subsidiary of the Group, Kordsa Global's subsidiary Nile Kordsa Company for Industrial Fabrics S.A.E.'s had a full period loss amounting to Total TRY 6.290.725 as of 30 September 2017. In 30 September 2017 consolidated financial statements the operating result of this company is classified as income/(expense) from discontinued operations.

NOTE 16 - FINANCE INCOME/EXPENSES

	1 January - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2018	1 July - 30 September 2017
Financial income				
Foreign currency gains	116.695	120.429	114.136	6.690
Interest income	21.136	-	16.070	-
Total	138.101	120.429	130.206	6.690
Financial expenses				
Foreign currency loss	(348.012)	(159.046)	(234.203)	(15.210)
Interest expense	(395.187)	(242.502)	(199.724)	(107.969)
Other financial expenses	(49.661)	(42.317)	(31.395)	(15.712)
Total	(792.860)	(443.865)	(465.322)	(138.891)

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 17 - TAX ASSETS AND LIABILITIES

	30 September 2018	31 December 2017
Corporate and income taxes payable	548.926	1.705.443
Less: Prepaid taxes	(485.197)	(902.992)
Total taxes payable	63.729	802.451

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

The Corporate Tax Law was amended as of 13 June 2006 with Law No 5520. The majority of the clauses of Law No 5520 are effective as of 1 January 2006. The effective tax rate of the fiscal year 2018 is 22% (2017: 20%). Corporation tax is payable 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.

Corporations calculate corporate tax quarterly at the rate of 22% on their corporate income and declare it until the 10th day and pay it on the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Turkey, corporate tax rate is 20%. This ratio will be applied as 22% for a period of three years (2018,2019, 2020) according to Law No: 7061 "The Law regarding amendments on Certain Tax Laws and their implications on Deferred Tax Calculations" published in the Official Gazette dated 5 December 2017.

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

Tax inspection authorities may review the accounting records within five years, and if an incorrect transaction is detected, the tax amount to be paid may change due to a tax assessment.

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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

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

Exemption for participation in subsidiaries

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

Preferential right certificate sales and issued premiums exemption

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

Exemption for participation into foreign subsidiaries

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

Exemption for sale of participation shares and property

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which have remained in assets for more than two full years are exempt from corporate tax. This exemption was revised to be 50% for real property effective from 1 January 2018. 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 undeductible and carry forward investment incentive due to in sufficient earnings irrespective of having any time constraints. However, deductible amount for investment incentive exception used in the determination of tax base cannot exceed 25% of the related period’s income. In addition, companies that opt to use the investment incentive exemption are allowed to apply 22% of income tax, instead of 30% under the related revised regulation.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

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.

The tax charges for comprehensive income statement items for the periods ended 30 September 2018 and 2017 are as follows:

	30 September 2018			30 September 2017		
	Before Tax	Tax Charged	After Tax	Before Tax	Tax Charged	After Tax
Fair value of financial assets transferred to the other comprehensive income	(3.112.372)	684.722	(2.427.650)	697.459	(139.492)	557.967
Cash flow hedges	(144.049)	31.691	(112.358)	69.081	(13.816)	55.265
Income/(loss) from the derivative financial assets related to the hedging of net investment in a foreign	(783.937)	172.466	(611.471)	(148.736)	29.747	(118.989)
Change in currency translation differences	2.184.187	-	2.184.187	270.209	-	270.209
Actuarial gains/(losses)	12.454	(2.740)	9.714	(531)	106	(425)
Other comprehensive income	(1.843.717)	886.139	(957.578)	887.482	(123.455)	764.027

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%. With the amendment made in the law, this ratio was set at 22% for the years 2018, 2019 and 2020.

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.

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

According to Law No: 7061 "The Law regarding amendments on Certain Tax Laws and their implications on Deferred Tax Calculations" published in the Official Gazette No: 30261 dated 5 December 2017 and temporary 10th Article added to Corporate Income Tax Law No. 5520, tax ratio will be applied as 22% for the periods of 2018, 2019 and 2020. After these three years, it is foreseen that the tax rate will be 20%. The Council of Ministers is authorised to reduce the rate up to 20%.

For the period ended 30 September 2018, tax on the income generated for the three-month periods are paid at the rate of 22% (2017: 20%) according to tax legislation and the amounts paid in this manner are deducted from the tax calculated on the annual earnings. With the amendment made in the law, this ratio was set at 22% for the years 2018, 2019 and 2020.

At 30 September 2018, the Group has not recognized deferred income tax assets over carry forward tax losses in the amount of TRY 903.213 which can offset against future taxable profits for a period of five years (31 December 2017: TRY1.142.324). As of 30 September 2018 and 31 December 2017, carried forward tax losses and the latest annual periods are as follows:

	30 September 2018	31 December 2017
2019	-	11.970
2020	24.796	41.345
2021	518.440	741.504
2022	353.219	347.505
2023	6.758	-
Total	903.213	1.142.324

The movements in deferred income tax assets/(liabilities) for the years ended at 30 September 2018 and 31 December 2017 are as follows:

	30 September 2018	31 December 2017
Deferred tax assets	661.130	552.671
Deferred tax liabilities	(217.478)	(149.352)
Net Deferred Tax Assets	443.652	403.319

The movements in deferred income tax assets/(liabilities) for the nine-month periods ended 30 September 2018 and 2017 are as follows:

	2018	2017
1 January	403.319	496.251
Charged to equity	342.833	(115.671)
Currency translation differences	(46.639)	4.413
Charged to statement of profit or loss	(264.368)	(218.743)
Other	8.507	(2.686)
30 September	443.652	163.564

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS

30 September 2018	Fair Value	
	Asset	Liability
Derivative instruments held for trading:		
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales	23.473.539	20.306.708
Forward currency purchases and sales	2.571.690	1.850.639
Currency options purchases and sales	2.216.715	1.937.594
Other purchases and sales	3.247.722	-
Total derivative instruments held for trading	31.509.666	24.094.941
Derivative instruments held for hedging:		
Currency and interest rate swap purchases and sales	7.252.030	1.277.936
Currency options purchases and sales	5.854	128.621
Forward exchange	-	-
Total derivative instruments held for hedging	7.257.884	1.406.557
Total derivative instruments	38.767.550	25.501.498
31 December 2017	Fair Value	
	Asset	Liability
Derivative instruments held for trading:		
Foreign exchange derivative instruments		
Currency and interest rate swaps purchases and sales	6.104.829	4.722.590
Forward currency purchases and sales	421.897	457.597
Currency options purchases and sales	203.603	242.212
Other purchases and sales	1.587.534	5.092
Total derivative instruments held for trading	8.317.863	5.427.491
Derivative instruments held for hedging:		
Currency and interest rate swaps purchases and sales	1.136.284	75.710
Currency options purchases and sales	19.817	10.376
Forward exchange	37.023	-
Total derivative instruments held for hedging	1.193.124	86.086
Total derivative instruments	9.510.987	5.513.577

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Akbank, Brisa, Yünsa, Carrefoursa and Enerjisa are protected from cash flow risk through the use of interest rate swaps against the cash flow risk arising from financial borrowings. 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 is also protected against cross-currency swaps and Turkish currency fixed interest rate financial assets and foreign currency financial debt arising from fair value risk.

NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS

Banking

Loans and advances to customers	30 September 2018	31 December 2017
Consumer loans and credit cards receivables	48.577.825	48.763.903
Project finance loans (*)	44.009.542	35.328.282
Construction	36.063.573	29.093.069
Financial institutions	28.763.242	28.290.165
Small-scale enterprises	17.289.297	17.271.905
Mining	6.829.599	6.746.537
Telecommunication	10.916.939	6.804.962
Other manufacturing industries	10.661.842	6.418.826
Food and beverage, wholesale and retail	5.911.445	5.392.196
Textile	7.223.361	5.273.075
Chemicals	4.424.436	4.099.549
Automotive	4.022.580	3.616.780
Other	16.033.856	15.759.297
Total loans and advances to customers	240.727.537	212.858.546
Allowance for loan losses	(10.804.276)	(6.963.538)
Leasing receivables	7.700.689	5.811.994
Net loans and advances to customers	237.623.950	211.707.002

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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

- (*) Includes a cash loan exposure to Oger Telekomünikasyon A.Ş. (OTAŞ) with a principal balance of USD 1.783 million included accrued interest related with the acquisition finance of Türk Telekomünikasyon A.Ş. (Türk Telekom) within a syndicate formed by various domestic and foreign banks, where the financing structure includes acquired company's shares pledged as collateral. The respective loan is classified as loans under follow up as of 30 September 2018. All creditors including Akbank, have reached an agreement on restructuring the related loan. As per the agreed structure, it is contemplated that OTAŞ's 1.925.000.000. Class A shares in Türk Telekom, representing 55% of Türk Telekom's issued share capital, which have been pledged as security for the existing facilities would be taken over by a special purpose vehicle incorporated or to be incorporated directly or indirectly by the creditors in the Republic of Turkey. The transaction expected to be completed following agreements with respect to the facilities to be restructured at the new company level being agreed, all requisite corporate, governmental and any other approvals and consents being obtained and all requisite conditions under the agreements being met.

Effective interest rates of USD, EUR, YEN and TRY denominated loans and advances to customers are 6,89% p.a. (31 December 2017: 5,93% p.a.), 4,25% p.a. (31 December 2017: 3,73% p.a.), %10,24% p.a. (31 December 2016: 4,24% p.a.), and 18,88% (31 December 2017: 14,55% p.a) respectively).

The movement of loan loss provision of banking segment as of 30 September 2018 by class is as follow:

	Corporate	Commercial	Total
1 January 2018	3.942.225	3.021.313	6.963.538
Gross provisions	4.081.350	1.261.366	5.342.716
Recoveries	(386.117)	(343.193)	(729.310)
Currency translation differences (*)	(234.617)	(538.051)	(772.668)
30 September 2018	7.402.841	3.401.435	10.804.276

- (*) The Bank has sold TRY 774 million (total TRY amount) in the following loans portfolio to three companies which are Güven Varlık Yönetim A.Ş., Efes Varlık Yönetim A.Ş. and Hayat Varlık Yönetimi A.Ş. for a consideration of TRY 36 million (total TRY amount).

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

	Corporate	Commercial	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

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 19 - RECEIVABLES FROM FINANCE SECTOR OPERATIONS (Continued)

The maturity schedule of loans and advances to customers at 30 September 2018 and 31 December 2017 are summarized below:

	30 September 2018	31 December 2017
Up to 3 months	71.273.044	52.114.105
3 to 12 months	38.213.367	43.286.730
Current	109.486.411	95.400.835
1 to 5 years	91.059.252	86.445.812
Over 5 years	29.377.598	24.048.361
Non-current	120.436.850	110.494.173
Total	229.923.261	205.895.008

The repricing schedule of loans and advances to customers at 30 September 2018 and 31 December 2017 are summarized below:

	30 September 2018	31 December 2017
Up to 3 months	102.270.707	76.335.391
3 to 12 months	56.738.502	48.493.144
1 to 5 years	65.496.473	71.314.084
Over 5 years	5.417.579	9.752.389
Total	229.923.261	205.895.008

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

NOTE 20 - PAYABLES FROM FINANCE SECTOR OPERATIONS

Banking

	30 September 2018			31 December 2017		
	Demand	Time	Total	Demand	Time	Total
Saving deposits	24.072.760	108.846.107	132.918.867	17.851.983	89.346.331	107.198.314
Commercial deposits	19.859.516	76.760.600	96.620.116	17.616.473	57.209.394	74.825.867
Bank deposits	1.421.720	6.868.783	8.290.503	1.187.569	12.741.468	13.929.037
Fund provided from repo transactions	-	28.228.833	28.228.833	-	28.850.276	28.850.276
Other	746.690	2.938.506	3.685.196	546.072	3.007.742	3.553.814
Total	46.100.686	223.642.829	269.743.515	37.202.097	191.155.211	228.357.308

Effective interest rates of USD, EUR and TRY denominated customer deposits are 3,48% p.a. (31 December 2017: 1,97% p.a.), 0,74% p.a. (31 December 2017: 0,49% p.a.) and 20,54% p.a. (31 December 2017: 10,81% p.a.).

As of 30 September 2018 and 31 December 2017, deposits and money market borrowings, the analysis of the remaining maturity dates and repricing dates in the contract are presented below:

	30 September 2018	31 December 2017
On demand	42.529.015	35.239.920
Up to 3 months	193.688.957	166.467.421
3 to 12 months	26.074.621	19.360.469
1 to 5 years	6.709.469	6.693.448
Over 5 years	741.453	596.050
Total	269.743.515	228.357.308

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

The detailed schedule of compensation paid or payable to key management for the periods ended 30 September 2018 and 2017 are as follows:

	30 September 2018	30 September 2017
Short term benefits	20.373	17.147
Benefits resulted from termination	2.548	1.745
Other long term benefits	203	180
Total	23.124	19.072

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018**

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

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. 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 2018 and 31 December 2017 in terms of TRY are as follows:

	30 September 2018	31 December 2017
Assets	230.305.696	161.104.048
Liabilities	(245.654.243)	(182.835.953)
Net foreign currency balance sheet position	(15.348.547)	(21.731.905)
Net foreign currency position of off-balance sheet derivative financial instruments	19.157.786	25.034.376
Net foreign currency balance sheet and off-balance sheet position	3.809.239	3.302.471

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

30 September 2018	Total TRY Equivalent	USD	EUR	GBP	Other
Assets:					
Cash and cash equivalents	48.057.038	42.444.603	3.989.877	1.176.304	446.254
Financial investments	30.376.486	22.319.538	7.278.931	-	778.017
Receivables from financial operations	116.460.667	55.120.102	61.238.974	4.875	96.716
Reserve deposits at Central Bank	25.346.398	14.525.263	7.225.818	-	3.595.317
Trade receivables	939.359	355.811	533.222	2.346	47.980
Other current assets	9.125.748	5.762.393	3.178.089	168	185.098
Total Assets	230.305.696	140.527.710	83.444.911	1.183.693	5.149.382
Liabilities:					
Funds borrowed and debt securities in issue	66.814.456	55.184.696	11.447.010	3.718	179.032
Customer deposits	172.222.378	107.273.911	57.526.419	3.880.079	3.541.969
Trade payables	409.707	192.584	165.628	1.110	50.385
Other payables and provisions	6.207.702	4.053.437	2.053.479	8.785	92.001
Total Liabilities	245.654.243	166.704.628	71.192.536	3.893.692	3.863.387
Net foreign currency position of off-balance sheet derivative financial instruments					
	19.157.786	26.687.064	(8.871.734)	2.696.961	(1.354.505)
Net foreign currency position	3.809.239	510.146	3.380.641	(13.038)	(68.510)

Net profit effect of the consolidated to the total net foreign currency position is (long) TRY716.548 as of 30 September 2018 (Akbank and Philsa - Philip Morris excluded).

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

31 December 2017	Total TRY Equivalent	USD	EUR	GBP	Other
Assets:					
Cash and cash equivalents	12.318.462	7.893.806	4.145.078	52.544	227.034
Financial investments	32.180.170	25.185.618	6.392.315	-	602.237
Receivables from financial operations	83.896.510	41.048.634	42.768.170	11.770	67.936
Reserve deposits at Central Bank	26.021.620	15.713.902	5.189.660	-	5.118.058
Trade receivables	1.121.971	376.046	606.215	8.308	131.402
Other current assets	5.565.315	4.003.835	1.376.868	135	184.477
Total Assets	161.104.048	94.221.841	60.478.306	72.757	6.331.144
Liabilities:					
Funds borrowed and debt securities in issue	45.039.292	32.586.221	12.256.491	4.043	192.537
Customer deposits	133.504.077	84.394.537	44.909.486	2.020.256	2.179.798
Trade payables	511.452	335.149	126.560	432	49.311
Other payables and provisions	3.781.132	1.378.168	2.238.673	6.000	158.291
Total Liabilities	182.835.953	118.694.075	59.531.210	2.030.731	2.579.937
Net foreign currency position of off-balance sheet derivative financial instruments					
	25.034.376	26.382.824	314.075	1.961.391	(3.623.914)
Net foreign currency position	3.302.471	1.910.590	1.261.171	3.417	127.293

Net profit effect of the consolidated to the total net foreign currency position is TRY301.360 as of 30 September 2017 (Akbank and Philsa - Philip Morris excluded).

HACI ÖMER SABANCI HOLDİNG A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

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

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

The foreign exchange risk of Group companies other than that of the banking segment for the years ended 30 September 2018 and 31 December 2017 is summarized as follows:

30 September 2018

	Profit/(Loss)	
	Appreciation of Foreign currency	Depreciation of Foreign currency
Change in USD against TRY by 20%		
USD net effect	294.063	(294.063)
Change in EUR against TRY by 20%		
EUR net effect	(25.664)	25.664
Change in GBP against TRY by 20%		
GBP net effect	(330)	330
Change in other currency against TRY by 20%		
Other currency net effect	(5.666)	5.666

30 September 2017

	Profit/(Loss)	
	Appreciation of Foreign currency	Depreciation of Foreign currency
Change in USD against TRY by 20%		
USD net effect	165.522	(165.522)
Change in EUR against TRY by 20%		
EUR net effect	59.392	(59.392)
Change in GBP against TRY by 20%		
GBP net effect	1.538	(1.538)
Change in other currency against TRY by 20%		
Other currency net effect	1.670	(1.670)

NOTE 23 - EVENTS AFTER THE REPORTING PERIOD

On 2 November 2018, Kordsa Inc., which is 100% subsidiary of Kordsa, a subsidiary of the Group and resident in the USA, completed the acquisition of a company named "Advanced Honeycomb Technologies Corporation" which provides advanced composite materials to the commercial aviation industry and owned by Richard Greven, Monnie Greven, Walsh Family Trust of 1981 ve Richard A. Greven, Jr. for USD 3,2 million.