



Beyond insurance

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Launching the “beyond” era in the insurance sector with the Next-Generation Insurance concept, we completed a successful year, accelerating our digital transformation by placing customer focus, innovation and technology at the heart of this concept.

Ensuring the future with products and services that meet customer needs, Aksigorta continues to make significant investments in innovation, analytics, new technologies and artificial intelligence.

Aksigorta A.Ş. Agenda for Annual General Meeting 2019

AKSIGORTA ANONİM ŞİRKETİ BOARD OF DIRECTORS RESOLUTION

DATE OF MEETING : 07.02.2020
NUMBER DECISION : 15

ATTENDANTS OF THE MEETING

- Haluk DİNÇER
- Emmanuel Van GRIMBERGEN
- Hayri ÇULHACI
- Kıvanç ZAIMLER
- Stefan Georges Leon BRAEKEVELDT
- Lütfiye Yeşim UÇTUM
- Emin Hakan EMİNSOY
- Uğur GÜLEN

AGENDA:

Decision about the date, location and agenda of the Ordinary General Assembly Meeting

RESOLUTION

It has been decided that the Ordinary General Assembly Meeting of the Company for 2019 to convene on March 11th, 2020 at 15:00 at the address of Istanbul, Beşiktaş, 4. Levent, Sabancı Center with the below agenda.

Agenda

1. Opening and formation of Meeting Chairmanship,
2. Reading and discussion of the Board of Directors' Annual Report for 2019,
3. Reading the summary of Auditors' Reports for 2019,
4. Review and approval of Financial Statements for 2019,
5. Release of the Board of Directors regarding their activities in 2019,
6. Determination of the use of Profit of the year 2019, the dividend payment and share,
7. Determining the compensation of the members of the Board of Directors
8. Approval of the members of the Board who are appointed by the Board of Directors for the vacant memberships for the remaining duty period,
9. Election of the Auditor,
10. Informing the General Assembly regarding the Donations made in 2019,
11. Determination of donation limits of the company for the year 2020,
12. Granting permission to the Chairman and members of the Board of Directors to carry out the transactions written in Articles 395 and 396 of Turkish Commercial Code,
13. Wishes and opinions.

Chairman
Haluk DİNÇER

Vice Chairman
Emmanuel Van GRIMBERGEN

Board Member
Hayri ÇULHACI

Board Member
Kıvanç ZAIMLER

Board Member
Stefan Georges Leon BRAEKEVELDT

Independent Board Member
Lütfiye Yeşim UÇTUM

Independent Board Member
Emin Hakan EMİNSOY

Board Member, General Manager
Uğur GÜLEN

Aksigorta 2019 Figures

4,608

(TL Million)
Total Assets

366

(TL Million)
Net Profit

584

(TL Million)
Technical Profit

4,474

(TL Million)
Premium Production

899

(TL Million)
Shareholders' Equity

8.3%

Market Share



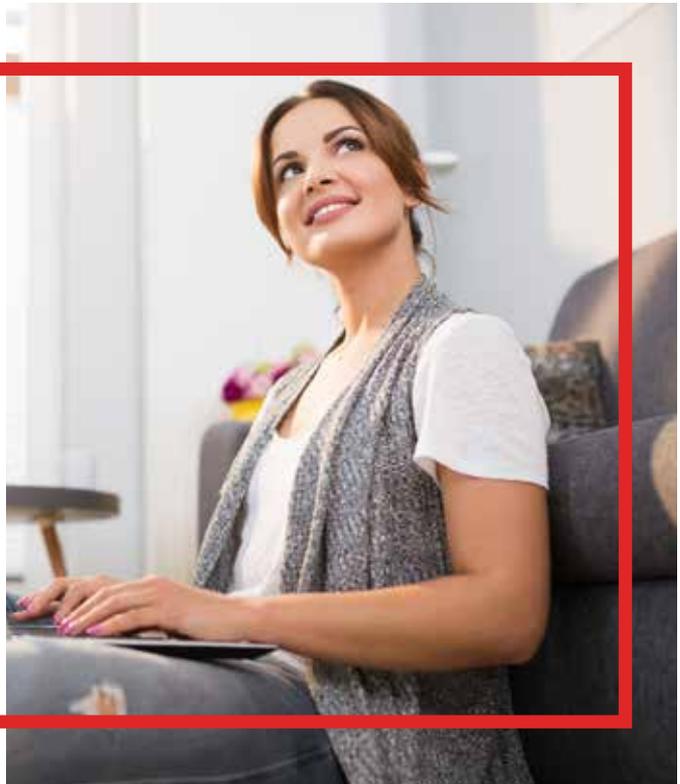
Our Vision

To make the insurance experience simple, understandable and accessible by using data and technology

Our Mission

To support continuity and ease of life by creating value for all stakeholders*

*Customers, employees, distributors, partners, shareholders and the community



Our Values



Self-Development



Result Orientation



Cooperation

Our Priorities



Customer Orientation



Innovation



Analytics



Digital



New Technologies



Our Strategy



Our Choices

In accordance with customer needs, we will improve our balanced product and channel portfolio; and focus on customer acquisition. We will use technology and digital operations.



Our Priorities

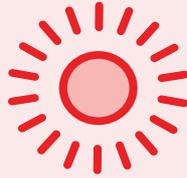
We will improve employee awareness and skills. In parallel with the changing and evolving world; innovation, customer focus, analytics and digitalization will remain our strategic priorities.



Our Goals

We will create value for our shareholders based on sustainable profitability and competitive advantages.

Aksigorta Beyond



☑ What can people expect from an insurance company that goes beyond?



☑ In short, can it meet the needs of people with completely different views of insurance?



☑ To see their true needs, to provide a different set of products and services?

☑ So, can an insurance company meet the requests of people who want completely different things from them?

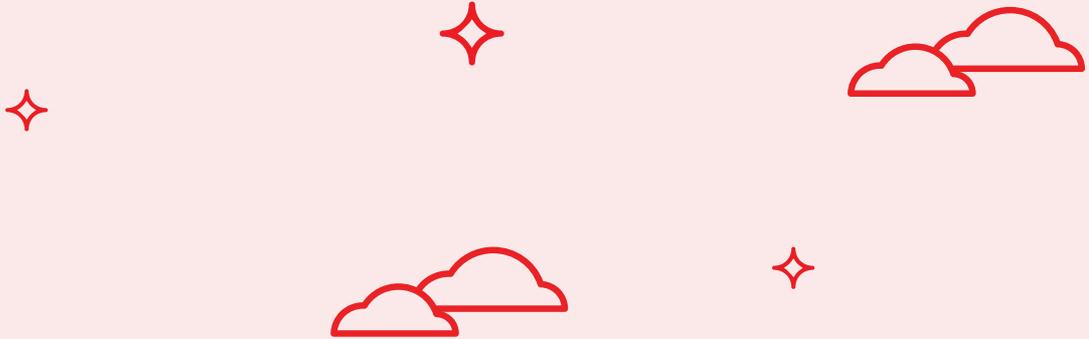


☑ People have a different set of priorities from their insurance, not just on the bad days. But, what can you expect if an insurance company is there for the good days too?



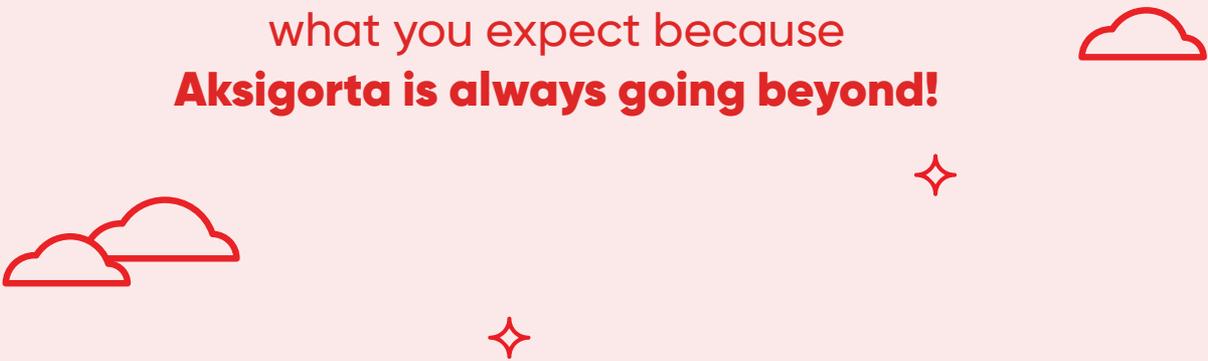
☑ To look at life from a different perspective, not as an insurer but through their own eyes.





There is an insurance company that lives to answer these questions.

With Aksigorta, everything is beyond what you expect because **Aksigorta is always going beyond!**



Corporate Profile

With 59 years of experience, Aksigorta carries on being the innovation leader of the sector since its establishment.

3

million

Customers

10

Regional directorates

664

Employees

~3,000

Independent agencies

782

Akbank branches

69

Brokers

~5,750

Contracted institutions

Boasting 59 years of experience and knowhow, Aksigorta has been the innovation pioneer in the industry since its founding. The Company steadily moves forward with its innovative, customer-oriented vision. While placing the corporate emphasis on customer satisfaction, Aksigorta adheres to all national and international insurance laws, rules, regulations and standards in line with its vision, mission and values. The Company serves corporate and individual customers with 10 regional offices, 664 employees, approximately 3,000 independent agencies, 782 Akbank branches, 69 brokers and near 5,750 contracted institutions.

Focusing on customer focus, digitalization and innovation, Aksigorta strengthens its brand recognition and value every day, following the partnership of Sabancı Holding and Belgium-based Ageas. The Company aims to expand its market share by maintaining its growth, while contributing to the development of the sector and the national economy.

After embracing the concept of "Next-Generation Insurance," Aksigorta focused its efforts on simple, understandable and accessible products and services. Aksigorta plans

to expand beyond the boundaries of the insurance industry and bring a fresh perspective to the sector by looking from the customers' point of view. To this end, Aksigorta made significant investments in customer orientation, innovation, analytics, new technologies and artificial intelligence and plans to take Aksigorta "Beyond" – making innovation and customer orientation its top strategic priority. As well as being the first company in Turkey to use the robots, Aksigorta introduced artificial intelligence to the sector and aims to add a new dimension to the sector by becoming an insurance company that stands by its customers and creates solutions to their needs.

The major shareholders of Aksigorta, whose shares are publicly traded on the BIST National Market under the AKGRT ticker, are H.Ö. Sabancı Holding (36% stake) and Ageas Insurance International N.V.(36% stake). Aksigorta achieved strong financial results in 2019. As of year-end, the Company's total assets reached TL 4,608 million and net profit climbed to TL 366 million. Aksigorta recorded a total premium production of TL 4,474 million, 30.9% more compared to the same period last year. In 2019, Aksigorta increased its total market share to 8.3%.



Aksigorta is **the first company in Turkey to use robotics.**

Management's Assessment

4,474

(TL million)

Aksigorta
premium production

+2

million

Transactions made
with ADA in 2019

Staying aware of our customers' needs and taking steps that deliver new products and services, we have aligned our business with technology.

A focus on customers, innovation, analytics, artificial intelligence and new technologies continued to be among the priority investment areas in 2019.

Esteemed Shareholders,

As we look at the economic developments of 2019, we can see that the uncertainties generated by trade disputes have had a significant impact on the global economy. Following the inclusion of Chinese companies on a blacklist declared by the United States, the USA-China talks, which started on a negative note, concluded in October with a partial agreement. At the same time, as continuing concerns regarding economic activity put negative pressure on oil prices – and predictions that trade disputes could drive global growth to its minimum level since the global crisis – the IMF revised its 2019 projections downwards due to the decrease in production and investment. The IMF increased its predictions for Turkey's economy, from 2.5% to 0.2% for 2019, and from 2.5% to 3% for 2020. Starting to shrink on an annual basis since the last quarter of last year, Turkey's economy resumed growth in the third quarter of 2019. An analysis of GDP data according to production method suggests that only the construction sector limited growth in the third quarter, while all other items drove GDP upwards. Reducing its 2019 inflation prediction to 12%, the CBRT suggested that inflationary

trends would see significant improvement and cited downward updates in import prices and food prices as the reason for this revision.

Expanding in the financial, health and cyber insurance areas, despite a contraction in the automobile sector, the insurance sector maintained its growth in 2019 as well. More than 50% of the premium income in the insurance sector came from MOD and traffic insurance, while shrinkage in vehicle sales affected the sector negatively. However, certain areas that are dependent on foreign currency, such as engineering and transportation, maintained total growth by sustaining the sector; health, supplementary health and liability insurance were among the other areas of growth.

Cyber Protection Insurance

As the sector extends into new areas and new products, areas of risk have also expanded to include intellectual property, databases, digital networks, intangible fixed assets and global warming. Threats posed by cyber-attacks to institutions are also proliferating. As a natural extension and solution, cyber risk insurance has become a USD 5 billion market worldwide:



this figure is expected to reach USD 7.5 billion by the end of 2020.

As well, heightened risk perception due to the Law on the Protection of Personal Data - and the consequent necessity for companies to have a solution regarding the transfer of these risks - increase the demand for cyber insurance. As Aksigorta, we provide protection against data violations and subsequent sanctions that could be imposed, due to the Law on the Protection of Personal data, with our Cyber Protection Insurance. In addition, we provide comprehensive coverage, within the scope of the product, ranging from cyber blackmail to media liability and from business interruptions to cybercrimes.

Customer-Oriented Insurance Approach Developed with Technology

In the 200-year-old insurance sector, it is important to respond to customers' needs: traditional products are enhanced, and new products are developed to address the latest risks. While this transformation motivates the insurance sector to constantly renew itself, the spread of digitalization across all aspects of life has driven a process of change via technology, as in all sectors.

By remaining attentive to the needs of our customers, we take steps that deliver new products and services, and we integrate technology into our business. In 2019, customer focus, innovation, analytics, artificial intelligence and new technologies continued to be among the prioritized investment areas. By establishing end-to-end integrated digital platforms, we are designing even better and more customized experiences with technology and our innovative power.

We are experiencing a 360-degree transformation with the customer at its heart. This includes all business processes, including human resources, integrated physically and digitally. In this transformation, shaped over two main axes while providing continuity and efficiency by analyzing daily needs with core systems, we are developing projects that focus on the customer and prepare them for this new world with value-added systems.

Robot Transformation Project

As the first company in Turkey to use robots, we utilize these tools for clearly defined tasks while our human employees handle assignments that require creative

and critical thinking. Thanks to our Robot Transformation Project, much of our workload is accomplished via automated means. In this framework, last year we commissioned the ADA (Aksigorta Digital Assistant), an artificial intelligence application for the insurance sector. By providing service to our employees, agencies and customers across more than 55 processes, ADA was named Best IT Cost Efficiency Project of the Year by IDC, having successfully completed 850 thousand transactions the previous year.

ClaimsChat Application

Within the scope of our technological transformation, we also introduced the ClaimsChat application, which enables Aksigorta to respond to customers' queries about their claims via live chat. allows customers to return to chat speed. After receiving claim notices from customers, the application creates a WhatsApp group consisting of an expert, a file officer and a service and customer representative for fast and transparent communication. Use of the application reduced process completion time by 30%.

Agile Team

As our customers' demands develop and change more rapidly, we have also adapted our methodologies to respond more quickly and effectively. In this context, we formed a 10-person Agile Team that includes the product owner, the scrum master and the development team required to design end-to-end solutions that are faster and more agile. Implementing the scrum framework for managing this process has enabled Aksigorta to solve problems more quickly, resulting in greater customer satisfaction.

The Agency Companion: Technology

For the sector's most traditional channel - the agency channel - we have established technology and digitalization as the agency's friend and colleague. Thanks to the agency world application, agencies

Management's Assessment

As a result of the responsibility we assume towards future generations, we uphold our cooperation with the World Wildlife Fund, ongoing since 2015, and consistently work to reduce our carbon footprint.



We will continue to develop our collaborations with stakeholders in an open innovation approach.

can instantaneously monitor their commission gains, production, losses and policy renewals. Our agencies now regard technology as a companion - not a competitor - within the framework of our transformation plan.

Cooperation

As Aksigorta, we employ an efficient transformation process by working with competent external enterprises, rather than developing all technologies in-house. In this direction, we are cooperating with

approximately 10 start-ups in our damage, web mobile infrastructure, chatbot, technical and other processes. Our cooperation with two start-ups - both in Turkey - for our ADA and ClaimsChat projects brought us ahead in understanding customer reflexes and behaviors; in both projects, we focused particularly on consumer experience. We plan to continue developing our collaborations with different stakeholders in an open innovation approach.



In parallel with our profitable growth target, **we plan to add more value for our shareholders.**

Environmentally Friendly Applications

As a result of the responsibility we assume towards the generations to come, we have continued our cooperation with the World Wildlife Fund, ongoing since 2015, along with reducing our carbon footprint. Thanks to the sustainable applications we initiated in our working areas, we encourage recycling and minimize the impact of our activities on the environment.

Successful Financial Results

With accurate strategic steps, alongside the efforts of our agencies and employees, we had a year filled with successes and awards. As of the end of 2019, we increased our premium production by 30.9% and produced TL 4,474 billion premium. We have achieved 35% growth in the traffic branch, 25% growth in the transport branch and 23% growth in the MOD insurance branch. In parallel with our profitable growth target, we plan to add even more value for our shareholders in the future.

A Successful Year Crowned with Awards

We had a stellar year in which our successes were recognized. Ranking first in its own category in the Gartner Eye on Innovation awards, among the world's leading technology awards, and placing second in the entire EMEA region, our Digital Mirror Project was awarded first place in the Operational Excellence category at the IDC Artificial Intelligence, Analytical and RPA Technology Awards. We received the Stubborn Owl award at the Owl Awards, in which the Turkish Researchers' Association (TÜAD) recognizes the most successful research projects. Earning two Golden Stevie Awards in the CRM Suite Mid-Market category and the Sales and Marketing Mobile Application category, we also gained two Silver Stevie Awards in the 13th Stevie Sales and Customer Services competition. Our artificial intelligence-based website was recognized with the Gold Stevie Award in the Stevie Awards.

We received the "Turkey's Best Employer" award within the scope of studies conducted with employees for more than 50 years by Aon Hewitt, one of the world's leading companies performing workplace excellence research.

In integrating technological developments with customer-oriented projects, our year was one in which we took successful steps. We hereby thank all our shareholders, especially our main shareholders Sabancı Holding and Ageas, who have supported us in our achievements.

Respectfully yours,

Haluk Dinçer

Chairman of the Board of Directors

Uğur Gülen

Board Member and General Manager



Through digitalization via **the use of Next-Generation Technologies, RPA, AI and Digital Twin**, we strive to create **a productive and need-oriented insurance experience** for all our stakeholders, including our customers, distribution channels and employees.



Financial Highlights

Financial Indicators (TL Million)	2018	2019
Premium Production	3,417	4,474
Incurred Claims	1,341	1,544
Technical Profit (Technical Part Balance)	368	584
Profit Before Tax	294	474
Net Profit	228	366
Capital	306	306
Shareholders' Equity	718	899
Total Assets	3,515	4,608
Capital Solvency Ratios	2018	2019
Written Premiums/Shareholders' Equity	476%	498%
Shareholders' Equity/Total Assets	20%	20%
Solvency Ratio	131	129%*
Operational Ratios (Non-Life)	2018	2019
Retention Ratio	59%	58%
Loss Ratio (Net)	74%	69%
Combined Ratio (Net)	100%	95%
Profitability Ratios	2018	2019
Technical Profit (Technical Part Balance)/Written Premiums	11%	13%
Profit Before Tax	9%	11%
Net Profit/Written Premiums	7%	8%
Return on Equity (ROE)	34%	45%

* As of December 31, 2019 unfinalized calculation.

Aksigorta Partnership Structure

Registered Capital

Aksigorta A.Ş. changed to the registered (authorized) capital system pursuant to the provisions of Turkey's Capital Market Law (Statute 2499) as of 9 March 1995 and holds license number 301 from the Capital Markets Board. The Company's authorized capital ceiling is TL 500 million, and its paid-in capital is TL 306 million.

Capital Structure

No material changes have taken place in the capital structure of Aksigorta A.Ş., as shown in the table below. Both of the Company's major shareholders have purchased the same volume of Aksigorta shares traded on the Borsa Istanbul; as a result, their stake in the Company increased from 33.11% to 36%. There are no privileged shares holding special rights.

Management Methodology

Sabancı Holding and Ageas Insurance International N.V. retain control of the Company management on an equal basis.

Shareholders that Control more than a 10% Stake in the Company's Issued Capital

The names and shareholding interests of shareholders who hold more than a 10% stake in the Company's issued capital are shown in the following chart:

Shareholders	2018		2019	
	Share (%)	Amount (TL)	Share (%)	Amount (TL)
H.Ö. Sabancı Holding	36	110,160,000	36	110,160,000
Ageas Insurance International N.V.	36	110,160,000	36	110,160,000
Free Float	28	85,680,000	28	85,680,000
Total	100	306,000,000	100	306,000,000

Our Customer Relations Policy

As proud members of the Aksigorta family, we, together with our employees, follow these principles in order to deliver a better experience to our customers:

Customer Experience Constitution

Aksigorta adopts the approach of “putting itself in the customers’ shoes” at every level of the organization.

The customers can quickly and easily access Aksigorta’s expert team.



Article 1

Aksigorta offers its customers a personalized, positive and warm experience that inspires them to tell their friends.



Article 5

Aksigorta ensures that customers recognize potential risks and manage those risks effectively.



Article 2

Aksigorta adopts the approach of “putting itself in the customers’ shoes” at every level of the organization.



Article 6

The customers can quickly and easily access Aksigorta’s expert team.



Article 3

Together with its solution partners, Aksigorta owns the entire experience it delivers to policyholders.



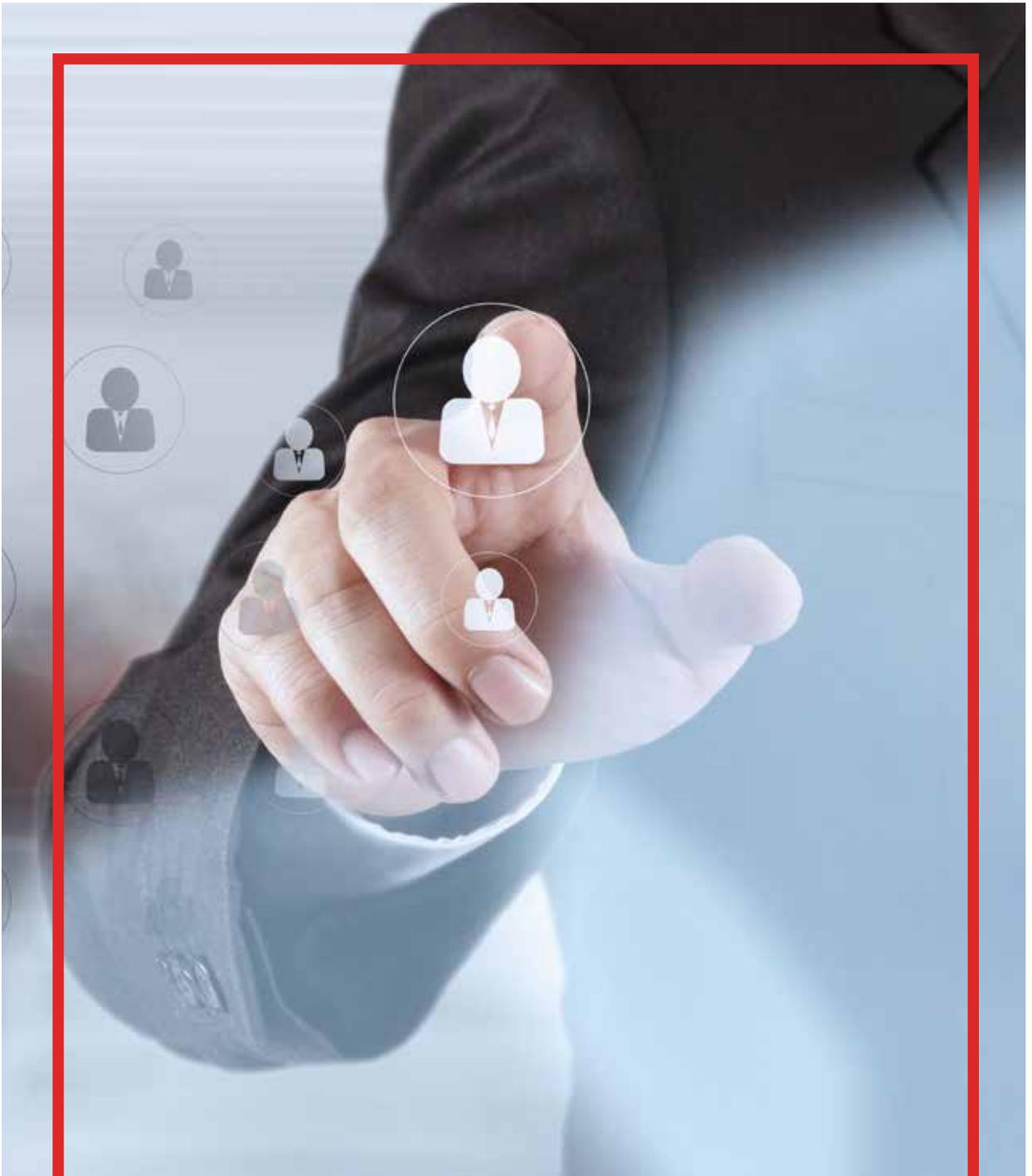
Article 7

Aksigorta does its best to enable policyholders to continue their lives as usual, no matter what.



Article 4

Aksigorta communicates with its customers in a simple, easy-to-understand manner.



Aksigorta shapes its customer relations policy in order to **provide a better experience to its employees and customers.**



A photograph of a person standing next to a large tree in a field, with a red overlay. The person is partially visible on the left side, wearing a light-colored jacket. The tree is on the left, and the field is in the foreground. The background is a soft-focus landscape. The entire image is overlaid with a semi-transparent red color, and the text is in white.

**We recognize the real needs
of our customers and we
develop different solutions**
using our experience and
knowledge to provide
customers with a positive
experience.

An Adventure that Dates Back to 1960...

1960s

The first policy

The first policy was issued by Aksigorta in 1961.

The first insurance agency

Lami Teymen opened the first Aksigorta agency in Adana in 1960s.

1980s

Beginning of bancassurance

Aksigorta brought the bancassurance concept to insurance literature in the early 1980s. Aksigorta issued the first insurance policy through an online connection in 1983. In a short period of time, all regional directorates started to work online. By 1989, the Company has started to provide faster services through utilizing technological platforms.

1990s

Public offering of Aksigorta

Aksigorta shares were offered to the public in 1994, and the shareholder base of the Company was broadened. Aksigorta moved its headquarters from the historic Minerva Han building in Karaköy to a new building located in Findıklı, Istanbul in 1995.

Opening of the Fire and Earthquake Training Center

In 1996, Aksigorta signed up for a unique project and opened the Fire and Earthquake Training Center, which was built entirely with technological infrastructure developed in Turkey. The project proved its success, making an impression worldwide.

The first website

Aksigorta's first website was launched in line with its objective of serving customers more rapidly and effectively.

First online policy

Through the completion of the Bancassurance project in 1998, Aksigorta started cooperation with Akbank's nationwide branch network. Accordingly, the first online policy in Turkey was issued by Aksigorta. Online connections were set up with approximately 150 agencies in the same year, and Aksigorta reinforced its customer satisfaction by improving speed and efficiency within the scope of service cycle.

Considering quality systems to be very significant, Aksigorta established the quality assurance system modeled on ISO 9001:1994 standards, and was also awarded BS EN 9001:1994 Quality Standard Certification.

2000s

Awarded the certificate of authorization in the health branch

Aiming to increase diversity in its service portfolio, Aksigorta obtained a certificate of authorization for the health branch and began to issue health insurance policies in 2002, extending its line of business.



Opening of the Aksigorta Service Center

Also in 2002, in an effort to be more efficient for its customers and to communicate more actively with its agencies, the Aksigorta Service Center was opened, providing services for a complete range of fields from claim file notices to other insurance procedures on a 24/7 basis.

Transition to regional management

Renewing itself constantly in line with market conditions and demand, Aksigorta shifted its management strategy from central management to regional management in 2006 through revising its business and decision making processes. Aksigorta created a widespread regional organization by strengthening the competency and capacity of the regional directorates, given that they are the Company's initial contact points with customers and agencies.

Merger between Ak Emeklilik and Aviva Hayat ve Emeklilik

Ak Emeklilik A.Ş., a subsidiary of Aksigorta, merged with Aviva Hayat ve Emeklilik A.Ş. in 2007 and carried out its operations under the name AvivaSA Emeklilik ve Hayat A.Ş. following the merger. Following the merger, the Company operated under the name AvivaSA Emeklilik ve Hayat A.Ş.

Harmonization with new legislation

In 2008, Aksigorta rapidly completed its efforts to bring itself in line with the newly implemented insurance business laws and regulations in Turkey. Renowned for its efforts to comply with new legal and regulatory requirements, Aksigorta became the leading company on KalDer's Turkish Customer Satisfaction List. During the same year, Tüketici Dergisi (Consumer Magazine) named Aksigorta the "Most Reliable Insurance Company for Quality" for the fourth consecutive year.

"Most Reliable Insurance Company"

As a testament to its success, Aksigorta was chosen by consumers as the "Most Reliable Insurance Company" in a research study conducted by AC Nielsen in 2009.

In a bid to achieve capital optimization and unlock the hidden value of its core insurance business, Aksigorta entered a spinoff process and transferred its participation portfolio to Sabancı Holding in 2010. Following the revisions to the Turkish Commercial Code, the transfer of Aksigorta's participations to Sabancı Holding was initiated and the process completed as of 14 January 2010 following the Extraordinary General Meeting held on 4 January 2010.

50th Anniversary

50th Anniversary and Keep Living Turkey

Hosted by the Chairman of the Board of Directors, Güler Sabancı, and managers at Sabancı Holding, Aksigorta celebrated its 50th anniversary with an event attended by members of leading circles in business and society. At this event, artists who contributed to Aksigorta's "Risk and Trust"-themed art project were presented their awards and the "Keep Living, Turkey" project, initiated in cooperation with AKUT to raise awareness about natural disasters such as earthquakes, floods or fires across Turkey among 5 million people in 5 years, was also introduced.

Joining forces with Ageas

Ageas, a Belgium based international insurance company, became a strategic shareholder of Aksigorta in July 2011 as Sabancı Holding, which held a 62% stake in Aksigorta at the time, sold 31% of the shares to Ageas for USD 220 million to forge a strategic alliance for Aksigorta. The company has reinforced its strengths by including a global dimension, thanks to its new ownership structure.

After joining forces, Aksigorta initiated a transformation program. Accordingly, the Company reviewed its agency and bank channels, as well as the claims processes, and undertook investments in line with sales, technology and digital developments.



An Adventure that Dates Back to 1960...

Ageas is an international insurance group with a heritage spanning 180 years and has chosen to concentrate its business activities in Europe and Asia, which together make up the largest share of the global insurance market. These are grouped around four segments: Belgium, United Kingdom, Continental Europe and Asia.

Ageas operates successful partnerships in Belgium, the UK, Luxembourg, Italy, Portugal, Turkey, China, Malaysia, India and Thailand and has subsidiaries in France, Hong Kong and the UK. Ageas is the market leader in Belgium for individual life and employee benefits, as well as a leading Non-Life player through AG Insurance. Ageas is the market leader in Belgium for individual life and employee benefits, as well as a leading Non-Life player through AG Insurance. In the UK,

Ageas is the sixth largest Non-Life insurer with a number three position in cars insured and has a strong presence in the over 50s market. Ageas employs more than 13,000 people in the consolidated entities and over 30,000 in the non-consolidated partnerships, and has annual inflows of more than EUR 23 billion.

New regional structure

Aksigorta made changes in the regional structure to decrease the operational load and responsibility of agency sales teams and to help them focus more on sales in 2013. With the new structuring and organization, the existing 9 regional directorates and 2 representative offices became 16 in total, with the Denizli and Trabzon Representative offices turning into Regional Directorates and with the opening of Regional Directorates in Kocaeli, Çorlu, Gaziantep, Kayseri and Eskişehir.

Aksigorta's new office

Having decided to relocate in consideration of the expanding staff and technological infrastructure, Aksigorta left its headquarters in Fındıklı, Istanbul, in use since 1995; as of October 20, 2014, Aksigorta continues its operations at a new office, Buyaka Ofis Kuleleri, located in Ümraniye Tepeüstü.

55th Anniversary

Celebrating its 55th anniversary in 2015, Aksigorta insures five customers, issuing seven policies every minute. Over the last 55 years, the Company paid TL 14 billion on a total of 9 million claims. Approximately 2.8 million of the customers insured by Aksigorta hold 1.3 policies on average. Aksigorta celebrated its 55th anniversary with its employees and managers, who have significantly contributed to the Company's success, at a cocktail reception held at its Headquarters building.



2017

New regional structure

Aiming to maintain its sustainable leadership position in the industry, Aksamigorta restructured its Agencies and Retail Bank Insurance divisions and regional organizations, while transitioning from channel-based management to customer-focused management in line with the Company's strategies and priorities. Geographical coverage and the organizational structures of the new regions were determined based on criteria such as profitability, production, location and potential. Accordingly, the Company closed 16 agencies and three regional bank offices, and instead established 10 regional retail sales offices.

2018

PURA: Innovation Platform

Aksamigorta established PURA, a corporate innovation platform, in order to implement its innovation centered approach and methodology.

Ongoing Investments in Technology

In line with its digitalization strategy, Aksamigorta launched ADA (Aksamigorta Digital Assistant) – a first-of-its-kind artificial intelligence application in the sector.

Aksamigorta "Goes Beyond"

In line with the concept of next-generation insurance, Aksamigorta shifted its focus from the product to the customer. The Company aimed to create a brand new world that will lead the industry and bring a fresh perspective to the insurance sector. Aksamigorta adopted the slogan "Beyond" to communicate its primary aim of closely supporting its customers and responding to their changing needs while expanding the boundaries of the insurance industry.

2019

Supplementary Health Insurance

With its Supplementary Health Insurance, Aksamigorta provides assurance for the coverage of the difference in fees paid by customers seeking high-quality service – without waiting in line – in SSI-contracted private hospitals.

Cyber Protection Insurance

Pushing the boundaries of the insurance sector with a completely different perspective, Aksamigorta provides protection against sanctions imposed within the scope of data violations and the Law on the Protection of Personal Data with its Cyber Protection Insurance, providing comprehensive coverage to consumers for a range of risks, including cyber blackmail, media liability, business interruptions and cybercrimes.

Credit Insurance

As a pioneer of Government Supported Credit Insurance, which is of great importance in terms of securing commercial risks, the maintenance of the economy, and trade development, Aksamigorta supports the healthy growth of SMEs by assuring small and medium-sized enterprises against the risk of non-payment of receivables arising from their credit sales. Aksamigorta protects these SMEs against unforeseen collection issues and strengthens their financial structures, by contributing to each company's risk management via customer analyses, and by monitoring their financial positions with the Government Supported Credit Insurance.

WhatsApp Business

Aiming to facilitate instant file tracking of customers, in addition to the image recognition and classification technology in claim files, Aksamigorta broke new ground in the sector with its WhatsApp Official Business Account in 2019. Launching a new era in the insurance business, WhatsApp Business allows Aksamigorta customers around-the-clock rapid access to ADA and their claim file status by messaging 444 27 27.



Awards & Achievements

Aksigorta has launched ADA (Aksigorta Digital Assistant), the first artificial intelligence application of insurance sector within the direction of its digitalization strategy; ADA was awarded the "Best IT Cost Efficiency Project of the Year" by IDC.

Aksigorta has redesigned the career paths to be more open, clearer and more transparent with "Your Career, Your Aksigorta" motto.



Best IT Cost Efficiency Project of the Year

Placing innovation and technology at the heart of the next-generation insurance approach and pushing the limits of "completely different" insurance through digital transformation, Aksigorta has launched ADA (Aksigorta Digital Assistant), the first artificial intelligence application in the insurance sector, in accordance with its digitalization strategy. The ADA was recognized with the "Best IT Cost Efficiency Project of the Year" by IDC.

Best Employer of Turkey

Aksigorta was presented with the "Best Workplace of Turkey - Aon Best Employer" award within the scope of

studies conducted with employees for more than 50 years; Aon Hewitt, among the world's leading companies in human resources and management consultancy, is prominent for its workplace excellence research. In selecting awardees, qualities such as leadership, employer brand and performance culture indexes are taken into consideration along with employee engagement.

As the first company in the sector to have won this award, Aksigorta aims to provide a working environment where Aksigorta employees can work together and collaborate, where they can continuously improve themselves and be one step ahead of the requirements of the changing world.



Aksigorta was awarded by Gartner and IDC with its
Digital Mirror – Digital Twin of Organization Project.

As well, Aksigorta strives to provide a workplace where employees produce results, engage in personal development and transform the insurance business; the Company ensures that employees realized and reflect their potential, and become the best in the business. By listening to working groups and employees in this regard, and aiming to exceed expectations in employee experience, Aksigorta designs long-term development programs and practical, department-specific e-learning and video trainings, as well as employee segments in the area of training and development. Providing both Aksigorta and the insurance sector with new talent via the Management Trainee program – prepared for young talents who will direct the digital world of the future – the Company redesigned its career paths to be more open, clearer and more transparent in accordance with its "Your Career, Your Aksigorta" motto. Aksigorta

has redesigned the touch points in the end-to-end Aksigorta experience through its employee experience journey project; as well, the Company extended the culture of cooperation and innovation across its organizational platforms and functions, and has introduced new ideas and products through these platforms.

Aksigorta awarded by Gartner and IDC

Aksigorta was recognized by Gartner and IDC for its "Digital Mirror – Digital Twin of Organization" project. The project, which involved transforming traditional and complex insurance processes to digital systems that meet the requirements of this new era, utilized Digital Twin technology. The Company ranked first in its own category among more than 250 other projects in the Gartner Eye on Innovation awards, and ranked second in the entire EMEA

region. In addition to the Gartner, which is one of the world's leading technology awards, the Digital Mirror Project was awarded first place in the Operational Excellence category at the IDC Artificial Intelligence, Analytical and RPA Technology Awards. Under the project, the digital twins of more than 20 processes were created by holding a digital mirror to the Aksigorta processes, thus providing operational efficiency and improvements in agency and customer experience, as well as more visible and traceable processes.

Within the scope of these projects, the identification of proactive actions and decision making, based on actual data, is possible, thanks to the digital copies and dashboards. Potential customer issues are anticipated, resulting in higher customer satisfaction. Aksigorta plans to extend this new approach to other operations within the Company.

Awards & Achievements

Aksigorta received two Gold Stevie Awards in CRM Suite MidMarket category and Sales and Marketing Mobile Application category.

Aksigorta was granted the Crystal Apple award for its "Dangers on the Road" radio spot, prepared for Akkasko. The Company also earned both a Crystal Apple and a Silver Apple for its virus advertisements promoting the Keep Living Insurance product.



Aksigorta was awarded the "Stubborn Owl" award in the Owl Awards which is also **known as the Oscar of the research world.**

"Stubborn Owl" Award

Thanks to the Company's "beyond" perspective in the insurance sector, driven by a customer-oriented approach, Aksigorta gained additional accolades with the Stubborn Owl award, presented at the Owl Awards. The Owl Awards, where the Turkish Researchers' Association (TÜAD) recognizes the most successful research projects, is considered the "Oscars" of the research world. Starting to measure the brand's 360-degree performance simply by changing the perspective of evaluating the claim process,

Aksigorta is able to obtain detailed information and insights across all brand performance components by reaching all customer groups, creating general actions to take the brand forward.

Four Awards from the Stevie Awards

Earning Golden Stevie awards in both the CRM Suite Mid-Market category and the Sales and Marketing Mobile Application category, Aksigorta was also granted two Silver Stevie Awards in the categories of Best Use of Technology in Sales, and Sales Performance Management at the 13th Stevie Sales and Customer Services Awards.

More than 2,700 projects were submitted to the 13th Stevie Sales and Customer Services Awards, among the world's most prestigious and distinguished organizations. The awards ceremony was held in Las Vegas; all projects were evaluated by a professional and independent international jury.

Aksigorta brings customer relations management to the next level with its CRM and Action Projects. Perfecting the customer experience journey while providing high quality service with its next-generation insurance approach, Aksigorta gathers customer information, call center services, and customer demand and complaint management on a single platform. The information collected via this platform is integrated to enable the tracking of service quality with the systems of the third party companies providing services to consumers on behalf of Aksigorta. This information is analyzed with methods such as machine learning, and employed to increase customer satisfaction.

Two Awards at ARC

Focused on becoming the pioneer of change in the Turkish insurance sector, Aksigorta was recognized with the Honor and Bronze Awards at the ARC (Annual Report Competition) Awards, known as the Oscars of annual reports for the business and finance industry. Aksigorta was granted the Honor award by independent award organization MerComm, at the 33rd ARC Awards Competition, for the Company's 2018 Summary Annual Report, in which TL 228 million net profit was declared, and the Bronze award for its Interactive Report.

Gold Stevie Award

Supported by ADA (Aksigorta Digital Assistant), the Aksigorta website, utilizing the first artificial intelligence application introduced to insurance business, was recognized with the Gold Stevie award at the Stevie Awards. The website, designed in accordance with Aksigorta's digitalization strategy and providing



Aksigorta was awarded for its virus ads at the Felis Awards by Brand Week Istanbul.

dialogue insurance experience, takes customer experience to the next level, enabling consumers to reach rapid solutions across a range of transactions, including policy proposal processes.

Crystal Apple

At the Crystal Apple Awards, one of the most prestigious advertising awards in Turkey, Aksigorta was deemed worthy of numerous accolades for its projects in 2019. The Company was presented with the Crystal Apple award for its "Dangers on the Road" radio spot prepared for Akkasko, and both a Crystal Apple and a Silver Apple for the virus ads prepared for the Keep Living Insurance product. In addition, Aksigorta won two Crystal Apple and two Silver Apple awards for its special "Light On-Ads Off" project.

Felis Awards

Embracing the concept of next-generation insurance, Aksigorta is redrawing the limits of the insurance sector and was recognized for its virus ads during the Felis Awards by Brand Week Istanbul. The virus ads were prepared for Keep Living Insurance, ranking first in the Financial Services category with the message that "A virus can cost you a car or a house." With these ads, Aksigorta raises awareness and draws attention to the greater damage that can be incurred by a lack of health insurance.



Utilizing analytical and digital technology with teams authorized and trained in **agile principles**, we are working on an **end-to-end segment-based customer journey** definition for the products.



2.4%*

Growth rate of global economy

Arguing that the fact that finance policy has left the role of supporting the economy entirely to monetary policy especially in developed countries suppresses global growth performance, OECD pointed out that risks arising from trade wars effect the investments negatively and increases risks in terms of employment.

* The World Bank estimation

The Economy and the Sector in 2019

While USA and EU central banks reduced interest; new monetary expansion programs have been launched. The ongoing negotiations between USA and China are expected to be concluded in 2020.

Global Economy

Growing more slowly than expected, by 2.6% in the first three quarters of 2019, the global economy showed a 2.4% increase in the third quarter. Three significant factors are determined to have driven deceleration and recession in the global commodity market, which declined by 3.1%, and in global industrial production, which shrunk for the first time since 2016. The first factor is trade protectionism; the second includes the sanctions applied to countries such as Russia, Iran, North Korea, Venezuela and Libya; and the third is Brexit.

Unlike the October report published by the IMF, the OECD report predicts that economic growth will not show signs of recovery next year. Maintaining its 2019 economic growth forecast at 2.9%, OECD reduced its projections for 2020 by 0.1% to 2.9%. Asserting that fiscal policy left the role of supporting the economy entirely to monetary policy especially in developed countries suppresses global growth performance, OECD pointed out that risks arising from trade wars produce a negative effect on investment and increases risks in terms of employment.

While USA and EU central banks reduced interest rates, new monetary expansion programs were launched.

Ongoing negotiations between the US and China are expected to be concluded in 2020. As the U.S. stock markets break record after record, gold prices ended November with a 3.3% decline on a monthly basis.

Annualized GDP growth regarding the third quarter, which was declared as 1.9% in the USA, was revised to 2.1%. As the upward correction in stocks was effective in this revision, the U.S. economy grew by 2% in the second quarter. However, primary indicators of the U.S. economy announced in the last quarter offer mixed signals.

During the last week of November, Chair of the Federal Reserve, Jerome Powell, indicated that the U.S. economy is demonstrating a positive performance, and that interest rate reductions put into effect this year drove a revival in the housing market. In the minutes of the October meeting, at which the Fed reduced the interest rate by 25 basis points, a majority of members appear to agree that the impact of the three interest rate reductions this year should be monitored for some time.

The Euro area economy showed quarterly growth of 0.2% in the third quarter of the year and an annual growth of 1.2%. Primary indicators



With a reduction in political risk, **Turkey's economy is expected to be in a more advantageous position at end-2020.**

The Economy and the Sector in 2019

0.9%*

Growth rate of Turkey's economy

Pursuant to the chained volume index, Turkey's economy has grown in accordance with expectations annually, by 0.9% in the third quarter of the year, while private consumption expenditures contributed 0.9 points to growth in the third quarter.

* As of the third quarter of 2019



The data published regarding Asian economies indicate that **the loss of acceleration in regional economies continue.**

regarding the final quarter suggest that the EU economy may not be slowing down, as feared. In the Euro area, inflation remained at low levels although it did exceed expectations.

Following the postponement of Brexit to January 31, 2020, economic activity has a weak outlook. The UK economy, which grew by 0.3% compared to the previous quarter due to import declines in the third quarter, is expected to demonstrate a weaker performance. Meanwhile, it is believed that rising public expenditures may contribute to a slight support in economic activity.

Data published on the Asian economies indicates a continuation in the deceleration of regional economies. Japan's economy showed growth well below expectations, while data on South Korea also suggests a deceleration exceeding expectations. While weak economic activity has encouraged policy makers in China to take steps towards economic

stimulation, the Central Bank of China reduced short-term borrowing costs for the first time since 2015.

Strengthening expectations that supply cuts would continue prior to the OPEC meeting in November led to an increase in petrol prices. For Brent crude, the price per barrel remained at USD 64.50.

Turkey's Economy

Contracting on an annual basis as of the last quarter of 2018, Turkey's economy started to grow on an annual basis after three quarters. Pursuant to the chained volume measure, Turkey's economy has grown in accordance with expectations annually, at 0.9% in the third quarter of the year, while private consumption expenditures contributed 0.9 points to growth in the third quarter. During this period, the contribution of public consumption expenditures to growth continued; and thus total consumption expenditures made the highest contribution in the last year with 1.8 points.



OECD, has increased **the 2020 growth forecast for Turkey's economy** from 1.6% to 3%.

The OECD revised its 0.3% recession prediction - from its report referring to Turkey's economy in 2019 - to 0.3% growth; its 2020 growth prediction rose to 3% from 1.6%.

An examination of industrial production in 14 of the 24 sub-sectors in the manufacturing industry - which contributed three points to the annual increase of 3.4% reveals that production has risen on an annual basis. While the

production of computers, electronics, optical products and garments increased the index by 1.1 and 0.8 points, respectively, declines in the production of basic metal industry and non-metallic mineral products held back the index increase by 1.3 points. A survey of the main industry groups reveals that the production of durable consumer goods has repressed the index, showing a dramatic decline of 15.8% since July 2016.

According to data published by TÜİK, general housing sales throughout Turkey declined in October compared to the same period last year, following an increase in August and September; supported by a decrease in mortgage interest rates, home sales have continued to rise, although property sales to foreigners declined on an annual basis in the last quarter of the year.

Shrinking by 28.5% in 2019, sales in the automobile and light commercial vehicle market were realized as 450 to 500 thousand vehicles, and it is expected that the market will expand by 16% in 2020. There was a 79% decline in white goods sales; while exports increased by 0.6% in the sector, imports decreased by 43%.

On the other hand, domestic markets have shown a positive performance due to an improvement in USA-Turkey relations. Showing a 6.2% decline in October, the BIST-100 Index reached 106,904 points, an increase of 8.6% on a monthly basis as of the end of November. The Central Bank of the Republic of Turkey (CBRT) expects improving loan conditions to strengthen domestic demand and, in its Financial Stability Reports, summarized an increase in Turkey's lira liquidity, a decrease in funding costs, and improvements in economic activity as developments affecting loan growth. While emphasizing a general positive outlook for economic activity, the CBRT also listed risk factors in the global growth outlook, including uncertainty and volatility that could affect risk appetite, along with geopolitical developments.

The Insurance Industry

While many sectors were adversely affected by exchange rate fluctuations in 2018, there was no shrinkage in the insurance sector, which continued to grow in 2019. According to data from the Insurance Association of Turkey, the sector - with a premium production of

The Economy and the Sector in 2019

57.8

(TL billion)

Insurance sector premium production

According to the PWC report, Insurance 2020 & Beyond, "customer orientation," "digitalization" and "new business models" are at the forefront in the sector.



Insurance sector has recorded a growth of **32% in health, 20% in MOD, 20% in Non-Motor and 18% in MTPL insurances.**

TL 57.8 billion - grew by 32% in health, 20% in MOD, 20% in Non-Motor and 18% in MTPL insurances.

However, the insurance sector is undergoing radical change: According to the PWC Insurance 2020 & Beyond report, "customer orientation," "digitalization" and "new business models" are at forefront in

the sector. Many companies in the sector have expanded technology investments alongside a focus on customer expectations. Farsighted companies are adopting an iterative approach similar to that of many telecommunications and technology companies – one that is faster, more flexible, and data driven. Big data analyses, sensor technology



In 2019, topics such as **cyber risks, parametric insurance and liability insurance** were included in the agenda, in addition to industrial and SME packages, and housing, health, personal accident, pension and automobile insurance products.

and communication networks are brought together, enabling insurers to predict risks and customer demands with unprecedented accuracy and precision.

Intellectual property, databases, digital networks, intangible fixed assets and global warming constitute the new risk groups in the sector, with the global cyber risk insurance market reaching USD 5 billion. In the previous year, climate-related damage reached USD 300 billion worldwide; in July 2017, claims due to flood and hail damage in Istanbul were TL 650 million.

As well, the sector is increasing the focus on SMEs, which have a lower penetration rate. The share of insurance sold to SMEs in terms of production value is 56.2%; SMEs have 99.9% share among total enterprises. That the insurance rate of these workplaces is limited to 15% indicates that extending the insurance rate among SMEs will contribute significantly to the development of the sector. Expanded penetration in this market can be achieved by increasing the compulsory insurance or developing dedicated insurance products for each risk. In this respect, Government Supported Credit Insurance, which covers the commercial

risks of SMEs, is among the prioritized products of the sector in 2019.

In 2019, topics such as cyber risks, parametric insurance and liability insurance were included in the agenda, along with industrial and SME packages, and housing, health, personal accident, pension and automobile insurance products. Research reveals that service coverage is more common inside the risk coverage provided in individual insurance products and SME segments, and that risk consultancy services make a difference in areas such as corporate risks and health.

Assessment of Aksigorta's Operations in 2019

Expanding its products and services by taking into account the needs and expectations of its customers, Aksigorta provides assurance for the coverage of the difference fees to be paid by the insured in SSI contracted private hospitals.

As the pioneer of innovation in the sector with its new products, Aksigorta offers Cyber Protection Insurance to protect against sanctions to be imposed within the scope of data violations and the Law on the Protection of Personal Data.

Placing innovation and technology to the heart of next-generation insurance approach, Aksigorta integrated ADA, the artificial intelligence application included in the business processes as a first in the sector, into its website.

Focusing on artificial intelligence and the Robot Transformation Project and start-up area, Aksigorta left behind a successful year with newly developed customer-oriented products.

Placing innovation and technology at the heart of the next-generation insurance approach, the Company integrated ADA into its website. ADA, the artificial intelligence application included in business processes, is a first in the sector. Aksigorta now makes it possible for its customers to experience easy, comprehensible and accessible insurance services on a 24/7 basis.

Breaking new ground in the sector with the WhatsApp Official Business Account, in 2019, the Company combined the service-oriented approach of its artificial intelligence digital assistant, ADA, with the immediacy of smartphones, ensuring that its customers can access their claim file status by messaging 444 27 27, and contact ADA at any time, around the clock.

Continuing to be the pioneer of transformation in the sector with its new products, Aksigorta offers protection against sanctions to be imposed within the scope of data violations and the

Law on the Protection of Personal Data. The Company's Cyber Protection Insurance provides comprehensive coverage to customers, from cyber blackmail to media liability and from business interruptions to cybercrimes.

As a leading company in Government Supported Credit Insurance, Aksigorta contributes to risk management for SMEs by analyzing their customers and monitoring their financial positions; it also protects enterprises against unforeseen collection issues and strengthens their financial structures.

Expanding its products and services in consideration of the needs and expectations of its consumers, Aksigorta provides assurance for the coverage of fee differences to be paid by the insured in SSI-contracted private hospitals. In the absence of coverage, or for other health procedures within the scope of the product - which also provides service advantages at many Aksigorta Contracted Health Institutions at special prices - maternity coverage can also be provided as an option.

Expanding the coverage of its Keep Living Insurance, Aksigorta offers the Treatment Support Package,



Expanding the coverage of the Keep Living Insurance, Aksigorta stands with **Aksigorta customers diagnosed with cancer through the Treatment Support Package** in this difficult process.

standing with customers who have been diagnosed with cancer during this difficult process. Within the scope of the renewed package, in which free medicine transfer service has been included along with many other services, customers are provided the assurance of support and payment, immediately following diagnosis, for 13 diseases and dangerous conditions

such as cancer, kidney failure, MS, Parkinson's disease, Alzheimer's and heart attacks.

Covering the emergency health needs of pets for up to TL 5,000 within the scope of the Pati Pet Insurance product, Aksigorta provides TL 3,000 worth of coverage for potential damages by pets to third parties and their

belongings. Within the scope of the collaboration with the Association for Protection of Disabled Pets (Encander), Aksigorta has donated to Encander on behalf of all customers who hold Pati Pet Insurance or who plan to insure their pets for one year starting from October 4, World Animal Day.

Main Developments in 2019

With new segmentation, Aksigorta provide benefits to its agencies under the "I'm on Your Side," "I'm with Your Business" and "I'm with Your Future" concepts.

Believing that partnership can only improve with mutual development and investment, Aksigorta provides its agencies with development packages that ensure their future with the "I'm with Your Future" concept.

200

agencies

Number of agencies that received training

Agencies Beyond Club

Bringing the "beyond" perspective to the insurance sector, Aksigorta has introduced Beyond Agency segments, extending this vision to its agencies, who are the faces of the Company in the field. In 2020, Aksigorta will continue supporting its agencies and their businesses by providing a unique set of benefits.

Aiming to realize the Company's driving mission, Aksigorta stands by its agencies with the "I'm on Your Side," "I'm with Your Business" and "I'm with Your Future" concepts.

The Agencies Beyond Club consists of seven segments, each featuring different benefit sets. Under the Club, Aksigorta will be supporting its agencies with three basic concepts. "I'm on Your Side" provides benefits that make agencies' daily processes easier, while "I'm with Your Business" benefits enable agencies to perform their business more efficiently. In addition, the Company offers support packages to raise the workplace comfort of agencies and ensure that they provide better service to their customers. Believing that partnership can only improve with mutual development and investment, Aksigorta provides its agencies with development packages that are not

only business oriented, but also affect their personal development and ensure their future with the "I'm with Your Future" concept.

Agency Trainings

Bringing the "beyond" perspective to the insurance sector, Aksigorta reflected its vision to its agencies, who represent the Company in the field, by organizing training programs in 2019. Aksigorta met with around 200 agencies in the VIP and Elite Plus segments in Ankara, Izmir and Istanbul. Coming together with Hakan Turgut, author of Monetary Intelligence and Educational Games, in cooperation with Bilgi University, Aksigorta agencies participated in trainings on "Customer Focus and Digital Media" and "Futurist Leadership." The second segment is planned for October with VIP Plus agencies; Aksigorta will continue to support the training of its agencies in 2020.

Belgium Visit

Acting on the principle that agencies – the most prominent distribution channels – gain special importance in line with the customer-oriented approach, Aksigorta visited the Head Office of its Belgian partner Ageas, together with VIP Plus agencies. The June visit was intended to support the development of Aksigorta



Bringing the "beyond" perspective to the insurance sector, Aksigorta reflected its vision through its agencies - who are the faces of the Company in the field - by **organizing training programs in 2019.**

Main Developments in 2019

Aksigorta agencies had an opportunity to discuss the newest trends in the European insurance sector with the top management of Ageas, one of Europe's largest insurance companies in Belgium.

Offering two contracted institution options according to need, Supplementary Health Insurance covers surgical and internal hospitalizations for inpatient treatments, intensive care, chemotherapy and dialysis, as well as minor medical intervention, private room and companion expenses.



Supplementary Health Insurance

covers the difference in fees to be paid by the insured in SSI-contracted private hospitals.

agencies with the benefit of the new segmentation structure. Thanks to this visit, Aksigorta agencies had an opportunity to discuss the newest trends in the European insurance sector with the top management of Ageas, one of Europe's largest insurance companies.

Supplementary Health Insurance

As the use of private hospitals becomes more common, Aksigorta provides assurance for coverage of the fee difference paid by customers who want to receive high-quality service without waiting in line at SSI-contracted private hospitals.

With Aksigorta Supplementary Health Insurance, infants older than 15 days and children below 18 years of age can also be included in the coverage. With the product providing discounts of up to 10% for those who desire to be insured as a family, customers are able to receive services in SSI-contracted private hospitals without paying the difference.

Offering two contracted institution options according to need, Supplementary Health Insurance covers surgical and internal hospitalizations for inpatient treatments, intensive care,

chemotherapy and dialysis, as well as minor medical intervention, private room and companion expenses. In addition, physical therapy and rehabilitation services, as well as examination, laboratory, imaging and modern diagnosis are available in contracted institutions for outpatient treatment services.

In the absence of coverage, or for other health procedures within the scope of the product - which also provides service advantages at many Aksigorta Contracted Health Institutions at special prices - maternity coverage can also be provided as an option. Aksigorta supports future mothers with 10 routine check-ups and unlimited birth coverage.

Treatment Support Package

Expanding its products and services every day in accordance with the needs and expectations of its customers, Aksigorta has renewed its Keep Living Insurance, expanding its coverage with the newly developed Treatment Support Package. The Treatment Support Package can be used by customers who are diagnosed with cancer and have Keep Living Insurance. MR and CT imaging, and radiotherapy and chemotherapy sessions are included, as are PET and CT imaging, and examinations by professionals working in private or university hospitals. Chemotherapy sessions for insured persons, and a free transfer service for the delivery of medicines to the relevant institution, are included in the renewed package. By extending their coverage with the Treatment Support Package - valid for one year following the diagnosis - customers are assured of receiving support and payment immediately after diagnosis for 13 diseases and dangerous conditions such as cancer, kidney failure, MS, Parkinson's disease, Alzheimer's and heart attacks. Continuing to stand by its customers through difficult times when both financial and emotional support are required, Aksigorta provides the

Aksigorta Pati Kardeşim

AKSigorta
Bambaşka.



**Aksigorta has made a donation to
Encander on behalf of all its customers
who holds a Pati Pet Insurance or who
will insure their pets for 1 year.**

Advantage Dental Package. The Advantage Dental Package is free of charge for customers who have Keep Living Insurance, and includes services such as dental examinations, lower-upper jaw teeth scaling and dental x-rays.

Collaboration with Encander

Within the scope of its collaboration with the Association for the Protection of Disabled Pets (Encander), Aksigorta donated to Encander on behalf of all its customers who have a Pati Pet Insurance policy, or who plan to insure

their pets for one year. As a result of the cooperation with Encander, which protects animals that require human care, the beloved pets of Aksigorta customers will become "Paw Friends" with one of Encander's paralyzed, senior or disabled animals, starting from World Animal Day on October 4.

Cyber Protection Insurance

Pushing the limits in the insurance sector with a completely different perspective, Aksigorta offers Cyber Protection Insurance. Designed to protect against sanctions imposed

Main Developments in 2019

Aksigorta assures the loss of gross income caused by a business interruption related to a cybercrime; for example, partial or complete inactivation of the computer systems of the insured, or, optionally, the computer systems of a service provider contracted to the insured.

6

(USD trillion)

Damage to be
caused by cybercrime
in 2021



Aksigorta offers comprehensive coverage to its customers with **Cyber Protection Insurance.**

within the scope of data violations and the Law on the Protection of Personal Data, the product provides customers with comprehensive coverage for a range of issues, including cyber blackmail, media liability, business interruption and cybercrimes.

Last year, the number of cybercrimes worldwide doubled compared to 2014, while damages caused by cybercrime in 2021 are expected to reach USD 6 trillion. Cyber Protection Insurance offers coverage against various risks such as illegal electronic transfers from

bank accounts, illegal changes to the insured individual's data, and ransom demands made with the threat of damaging computer systems.

Additionally, Aksigorta assures the loss of gross income caused by a business interruption related to a cybercrime; for example, partial or complete inactivation of the computer systems of the insured, or, optionally, the computer systems of a service provider contracted to the insured. Cyber Protection Insurance also provides assurance for compensation claims and legal fees incurred due to



Aksigorta supports the healthy growth of SMEs by assuring the **small and medium-sized enterprises against the risk of non-payment of their receivables arising from their credit sales.**

the infringement of copyrights, titles, slogans, trade name or trademarks, as well as reputational damage, or violation of confidentiality rights that may occur from the website or social media accounts of the enterprises.

Government Supported Credit Insurance

Thanks to Government Supported Credit Insurance, developed against the risk of failure to collect receivables, SMEs are now able to manage their collection risks within the determined standards and a sustainable model. As a pioneer of the Government Supported Credit Insurance - which is of great importance in terms of securing commercial risks, maintenance of economy and trade development - Aksigorta supports the healthy growth of SMEs by assuring small and medium-sized enterprises against the risk of non-payment of receivables arising from credit sales.

Contributing to SMEs' risk management by analyzing their customers and monitoring their financial positions with Government Supported Credit Insurance, Aksigorta protects these enterprises against unforeseen collection issues and strengthens their financial structures.

Aksigorta provides professional support to eliminate non-payment risks arising from SMEs' domestic credit sales with a maximum annual turnover of TL 25 million. Within the scope of the insurance, which provides coverage for credit sales for up to 120, 180 or 360 days, the company's score and the maximum credit limit is determined based on the results of a risk assessment. The premium is based on each company's risk status, the maturity of the receivables and the limits. A 10% cash payment discount is applied to this insurance, which can

be paid in three installments with an advance payment of 25%.

Digital Transformation with Artificial Intelligence

Aksigorta continues to improve its products and services placing innovation and technology at the heart of its next-generation insurance approach. Accordingly, the Company took major steps to meet the needs of its customers. Integrating artificial intelligence into its business processes as a first in the sector, Aksigorta introduced ADA, an artificial intelligence application, to its website in 2018. By ensuring that customers have 24-hour access to an easy, understandable and accessible insurance experience, Aksigorta aims to become an insurer that stands by its customers, provides solutions and pushes the limits of the insurance business.

Main Developments in 2019

2
minutes

Response time of discount requests for MOD insurance and fire insurance products

Performing 3 million transactions with ADA in more than 70 processes for eight different departments in the last two years, Aksigorta enabled employees to focus on more creative businesses by removing routine operations from their duties.



ADA has processed around
75 thousand e-mails and 170 thousand documents in 2019.

A notable feature of ADA is the Image Recognition and Classification Engine. This tool is capable of recognizing and classifying 14 different document types, including driver's licenses, vehicle licenses, accident reports, invoices, declarations, accident photographs and policies, which constitute 80% of the 400 thousand claim documents submitted to Aksigorta. These documents are added to the relevant claim file with the assistance of robot technology. To date, ADA has processed around 75 thousand e-mails, including 170 thousand documents, and these documents have been processed with a 98.6% success ratio.

At the same time, thanks to ADA, the response time for 680 discount requests, for automobile insurance and fire insurance products, was reduced to two minutes from two hours. As a source of inspiration for international companies, the ADA has been recognized by prestigious institutions such as IDC and Gartner.

Performing three million transactions with ADA for more than 70 processes across eight departments in the last two years, Aksigorta increased its customer satisfaction by three points and enabled employees to focus on more innovative activities by eliminating routine operations from their duties.



Bringing a completely different approach to the insurance business, **Aksigorta continues strengthening its customer relations with the "Beyond Stories" series** on its Instagram account.

WhatsApp Business

In 2019, Aksigorta broke new ground in the sector with its WhatsApp Official Business Account, designed to facilitate instant file tracking for customers. In addition to image recognition and classification technology in claim files, the Company extended the service-oriented approach of ADA with the speed and convenience of smartphones. WhatsApp Business is the start of a new era in the insurance business, permitting Aksigorta customers 24-hour access to ADA. Customers can reach their claim file status by messaging 444 27 27 and can achieve rapid solutions.

Advertising Board to Raise Driver Awareness

Approximately 27% of traffic accidents are caused by human error. As such, Aksigorta has launched a project in Istanbul to help drivers focus. The majority of traffic accidents occur when drivers are distracted: the Aksigorta project aims to create awareness via the placement of a digital advertising board at a crossing in Kasımpaşa where accidents occur frequently. The board features a countdown while the light is red, dimming when the light turns green. In this way, drivers are reminded to concentrate only on the road while at the wheel.

Beyond Stories

Bringing a completely different approach to the insurance business, Aksigorta continues to strengthen its customer relations with the "Beyond Stories" series, shared from the Company's Instagram account. With the aim of encouraging people via real-life narratives, the series features the success stories of individuals who have overcome certain difficulties. The series is topical, highlighting women's stories on Mother's Day and International Women's Day, and children's stories on April 23. As well, the series supports animals on days related to pets. In the video series, with new episodes every month, 13 different stories were shared, ranging from Aunt Nuran, who draws pictures on the walls in her village, to Teacher Sezer, who performs concerts with the student choir.





We are using **Robotic Process Automation (RPA)** technology to automatize well-defined processes. **ADA (Aksigorta Digital Assistant)** is the first digital assistant in the sector.

We provide the ADA with new human skills by utilizing next-generation technologies such as AI, RPA and Chatbot.

Human Resources at Aksigorta

664

Employees

With the continuous improvement principles in all Human Resources applications from recruitment to career development, from performance management to training/development opportunities, we ensure that we establish a working environment that will enable employees to reach their best.



In order to **become a committed organization which comes up with solutions, Aksigorta** has adopted agile working.

While Aksigorta strives to make the insurance experience simple, understandable and accessible by using data and technology, the Company adopts employee-centered Human Resources practices in line with the awareness that its most valuable asset in reaching this goal are its employees.

As an organization dedicated to providing solutions, Aksigorta has adopted Agile processes and works, to become a preferred company that develops and retains talent by investing in employee development.

Applying continuous improvement principles across all Human Resources applications, from recruitment to career development, and from performance management to training/development opportunities, we ensure the establishment of a workplace environment that encourages employees to reach their highest performance goals via employee experience maps and end-to-end touch points.

As a result of these works, Aksigorta was awarded "Aon Best Employer" award

within the scope of the researches carried out with employees for more than 50 years by which the workplace excellence is measured by Aon Hewitt, one of the world's leading companies in human resources and management consultancy.

Talent at Aksigorta is developed via more than 40 thousand hours of training and development programs. These programs are designed specifically to address the needs of Aksigorta customers and focus on developing target competencies. Thus, the Company contributes to the expansion of the next-generation insurance concept in Turkey.

How do we work at Aksigorta?

With our **"Continuous Improvement"** competence, we assume our responsibility to develop, seek breakthroughs in all aspects of life, and improve our business with data analytics, technology and digital tools. By maintaining a high level of awareness, we learn from our experiences and always seek to excel.

With our **"Cooperation"** competence, we establish collaborations and support working together, both in our individual functions and across our common work platforms. In the light of our indispensable values that bring us together, we believe in the power of cooperation to achieve success. We care about the differences and we encourage cooperation in a participatory manner.

With our **"Result Orientation"** competence, we focus on results in every job and project we undertake. Therefore, we act for sustainable success and high performance, and we produce results together, without giving up.

We believe in the power of feedback in an environment of open communication, and we provide and request feedback in all aspects of life for our development. With our Pulse mobile application,



Aksigorta aims to **implement the 360-degree feedback culture with "Pulse."**

introduced in 2019, we aim to implement a 360-degree feedback culture at Aksigorta - regardless of title - and we receive and provide feedback whenever and wherever necessary.

Talent Management

The Company is focused on the continuous development of its employer brand, with 60 years of experience, and providing current and potential talent with the optimal employee experience,

starting from the hiring process. As well, employees are offered development opportunities that encourage them to fulfill their potential and attract new talent to Aksigorta.

Accordingly, the Company collaborates with universities, organizes internship programs that focus on professional development, and designs and implements modular special talent programs such as the Management Trainee segment.

Human Resources at Aksigorta

+40
thousand hours

Training and
Development
Programs

Aksigorta designs its training programs under four topics; "Initial Training," "Development Training," "Management Preparation Training," and "Management Training."



At Aksigorta, we believe in
**the success of the teams that are
having fun together.**

Employees are encouraged to recognize their potential and assume their development responsibilities by providing proactive solutions to their training needs with a customer- and employee-focused approach.

Training Development

Aksigorta designs its training programs under four topics: "Initial Training," "Development Training," "Management Preparation Training," and "Management Training." In-class trainings, e-learning and online virtual classrooms, as well as seminars and conferences hosted by authorities in their fields, are offered to Aksigorta employees. In addition, experience sharing meetings are used to encourage employee development in line with needs and in a balanced manner.

To expose Aksigorta and its employer brand to the applicable talent group, cooperation is established with the social communication platforms and career portals preferred among talented young people.

During the recruitment process, the most suitable candidates are assigned to roles following structured, competence-based interviews, personality inventories, aptitude tests and development center applications.

Drawing on the synergy of its two strong partners, the Company helps Aksigorta employees to optimally plan their future, and take firm steps on a career path in an area that also covers Sabanci Holding and Ageas.



In the light of the indispensable values of its two major shareholders, Sabancı Holding and Ageas, Aksigorta places its business conduct and performance-enhancing competencies at the heart of the employer brand.

Featuring the motto "Your Career, Your Aksigorta," a transparent career path map that supports rotation and talent development for all employees is offered.

Along with its Belgian stakeholder Ageas, Aksigorta prepares short- and long-term career experience opportunities and, within the scope of succession plans, it publishes career opportunities across a wide area that covers the Sabancı Group companies.

In light of the indispensable values of its two major shareholders, Sabancı Holding and Ageas, Aksigorta places its business conduct and performance-enhancing competencies at the heart of its employer brand, efficiently utilizing internal communication tools as an essential element of talent management.

Internal Communication

At Aksigorta, we believe that teams that have fun together also succeed together. Within the scope of internal

communications, Aksigorta employees enjoy entertaining organizations, happy hours and other relevant celebrations and events. Aksigorta employees are gathered under the same roof where they are offered a variety of social and hobbyist clubs; the Company also supports participation in arts and sports organizations inside the Company, and between companies by representing Aksigorta.

Aksigorta cares about the work-life balance. To facilitate both personal and professional life balance, Aksigorta offers employees informative seminars. Additionally, office exercises and healthy living practices are shared via mobile applications.

Aksigorta supports social responsibility projects directed towards society and environmental awareness. The Company also prioritizes gender equality and women's participation in business life, participating in various related projects under the Sabancı Volunteers.

Compensation

A competitive, performance-based and fair compensation policy is adopted for Aksigorta employees. This compensation policy addresses employees' social security and health service needs with suitable compensation packages.

Performance Management

Within the framework Aksigorta's performance management system, "Success Path," performance reviews are performed twice a year to monitor business results and competency targets in a balanced manner and prepare development plans accordingly. Performance outputs are used effectively in designing career path maps. Additionally, according to performance results in target competencies, input is provided for the next period's training development plan. With the Mobile Human Resources application, a user-friendly mobile experience is offered across all Human Resources services, from performance evaluations to exit processes.

Board of Directors



Haluk Dinçer

Chairman of the Board of Directors
(Since July 2011)

Haluk Dinçer became President of the Insurance Group of Sabancı Holding in June 2016. Previously, Mr. Dinçer served as President of the Retail and Insurance Group between 2011 and 2016, President of the Retail Group between 2007 and 2011, President of the Retail and Food Group between 2004 and 2007, and President of the Food Group between 2002 and 2004. Since joining Sabancı in 1995, Mr. Dinçer has held several leadership positions in the automotive, food and retail businesses of the Group. Haluk Dinçer is a member of the Brookings International Advisory Council. Mr. Dinçer is also an Executive Committee Member of B20 Turkey. Previously, Haluk Dinçer was the President of TUSİAD – Turkish Industry & Business Association, and acted as the Chairman of DEİK/Turkish-American Business Council for three consecutive terms. Mr. Dinçer earned a B.S. degree in Mechanical Engineering in 1985 and an M.B.A. in 1988, both from the University of Michigan. Haluk Dinçer is married and has two children.



Emmanuel Van Grimbergen

Vice Chairman of the Board of Directors
(Since January 2019)

Van Grimbergen serves as the Risk Director at Ageas SA/NV. Prior to joining Ageas in 2011, Mr. Grimbergen worked for 18 years in the ING Risk/Actuary departments, holding various senior management positions at ING Insurance Belgium and ING Europe, including actuary director at ING South Western Europe in the early 2000s, and insurance risk director at ING Insurance Retail Banking in 2004. In 2007, Mr. Grimbergen moved to Amsterdam to serve as Risk Director for ING Central Europe. He is a member of the Boards of Cardiff Lux Vie, East West Ageas Life (Philippines), Ageas and Intreas. Mr. Grimbergen holds an MBA in mathematics and actuary sciences, and is a member of the Actuaries Institute in Belgium.



Fuat Öksüz

Board Member
(Since March 2018)

Fuat Öksüz graduated from Boğaziçi University, Department of Business Administration in 1986. He began his professional career in the same year as an audit assistant at the Istanbul office of Arthur Andersen, where he eventually became a partner. During his first 10 years at the firm, Mr. Öksüz worked as independent auditor and financial advisor. Later, he founded and managed the Outsourcing Department between 1999 and 2002 and served as head of the Management Consulting Department between 1996 and 1999. In 2003, he joined Ernst & Young Turkey as partner and worked there for one year. Mr. Öksüz joined Sabancı Holding in 2004 as Head of Audit; he also served as Chairman of the Ethics Council of Sabancı Holding. In December 2009, he joined Enerjisa, where he served as Co-CEO and CFO of Enerjisa Production and Trade companies for two years. Subsequently, he served as Head of Planning and Control (three years) and Head of Accounting, Reporting and Tax (three years) at Enerjisa Group. In 2018, Mr. Öksüz was reappointed Head of Audit at Sabancı Holding. Previously, he had also served as Member of the Advisory Board at the Turkish Accounting and Auditing Standards Authority and the Institute of Internal Auditing-Turkey.



Hayri Çulhacı

Board Member

(Since July 2010)

Appointed as Assistant General Manager at Akbank in 1990, Mr. Çulhacı served as Assistant General Manager responsible for Corporate Communications, Investor Relations and Strategy, Consultant for the Chairman of Board of Directors, and an Executive Director at the Board of Directors, respectively. He is currently Vice Chairman of the Board of Directors and Chairman of the Audit Committee and Risk Committee at Akbank. Hayri Çulhacı is also a member of the Board of Trustees of the Sabancı Foundation and a member of the Board of Directors at AvivaSA. Hayri Çulhacı graduated from the Faculty of Political Sciences at Ankara University and received his MBA at Northeastern University in the USA. Hayri Çulhacı is also a member of the Board of Trustees of Sabancı Foundation, And a member of the Board of Directors at AvivaSA.



Steven Georges Leon Braekeveldt

Board Member

(Since July 2011)

Steven Braekeveldt had been in various international management functions before serving as Assistant General Manager at ING America and Mexico in 2001. Mr. Braekeveldt studied Economics at Catholic University in Belgium and then earned his Master's degree in Law in France and Belgium. He was on the Board of Directors at Fortis Insurance between 2006 and 2009. He has served as CEO of Ageas Continental Europe since 2009. He is married and has three children.



Emin Hakan Eminsoy

Independent Board Member

(Since March 2015)

Hakan Eminsoy started his professional career in 1985 at the Istanbul office of Arthur Andersen, and went on to work at the London office. Between 1989 and 2002, he assumed duties as executive and member of the Board of Directors at different levels in Finansbank Group companies. He joined OYAK Group after serving as General Manager at Fibabanka between 2000 and 2002. From 2002 to 2009, he served as member of the Board of Directors and General Manager at many Group companies, including OYAK Bank. After resigning from his position as General Manager at ING Bank Turkey in 2009, he founded Sardes Factoring in 2010, where he is still Chairman of the Board of Directors. Currently he is also Chairman of the Board of Directors of Burgan Bank. He graduated from Boğaziçi University, Department of Business Administration. Hakan Eminsoy is married and has one child.

Board of Directors



Uğur Gülen

Board Member and General Manager
(Since May 2009)

Uğur Gülen obtained undergraduate and Master's degrees from Middle East Technical University, Department of Industrial Engineering. He began his professional career in 1991 and worked in various positions at Interbank, DenizBank, Ak Internet and MNG Bank over the years. Between 2004 and 2009, he served as Assistant General Manager at AkEmeklilik A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş. He has been serving as General Manager and Board Member at Aksigorta since May 2009.



Lütfiye Yeşim Uçtum

Independent Board Member
(Since October 2018)

Lütfiye Yeşim Uçtum began her professional career at Ernst & Young in 1986, working at the company's offices in Turkey and the US. Subsequently, she served as General Manager at Strateji Menkul Değerler; Assistant General Manager at Yapı Kredi Yatırım Menkul Değerler and Koçbank; Coordinator of the Finance Group at Koç Holding, respectively. From 2012 onward, Ms. Uçtum served as Independent Chairman and Board Member, Chairman and Member of the Audit and Corporate Governance

Committees at various companies including Burçelik, Aviva Sigorta, Marshall Boya, and HSBC Bank between 2016 and 2018. Lütfiye Yeşim Uçtum graduated from Boğaziçi University, Department of Business Administration. Ms. Uçtum holds a CPA license. In October 2018, she was appointed Independent Board Member at Aksigorta, per a resolution of the Board of Directors. She also serves as Chairman of the Corporate Governance and Early Detection of Risk Committees, and Member of the Audit Committee.

Board of Auditors

The Audit Committee, which is responsible for assisting the Board of Directors in its audit and supervision activities, is in charge of the operations and capability of the internal systems and the accounting and reporting systems.

Emin Hakan Eminsoy

Chairman of the Audit Committee
(Independent Board Member)

Lütfiye Yeşim Uçtum

Member
(Independent Board Member)

Corporate Governance Committee

The Corporate Governance Committee was established to fulfill the duties and responsibilities of the Board of Directors in a sound manner. Corporate governance is a management process at Aksigorta A.Ş. which is based on ethical values, is responsible toward internal and external parties, is aware of risk, is transparent and responsible for its resolutions, protecting the interests of the stakeholders, targeting sustainable success in a manner complying with the Corporate Governance Principles established by the Capital Markets Board.

The Corporate Governance Committee is responsible for making recommendations to the Board of Directors at Aksigorta A.Ş. to ensure compliance of the corporate governance principles of the Company with the Corporate Governance Principles established by the Capital Markets Board and any other internationally recognized corporate governance principles. The Committee also makes recommendations to introduce and implement such principles, monitors compliance of the Company with such principles, and conducts improvement efforts in these areas.

The duties of the Nomination Committee, the Early Detection of Risk Committee and the Remuneration Committee are also carried out by the Corporate Governance Committee.

Lütfiye Yeşim Uçtum

Chairman of the Corporate Governance Committee

Steven Georges Leon Braekeveldt

Member

Osman Akkoca

Member

Ayşegül Gürkale

Member

Early Detection of Risk Committee

The Committee was formed by the Board of Directors to detect any kind of strategic, operational, financial risk which may endanger the existence, development and continuation of Aksigorta A.Ş. and to apply necessary measurements, corrective actions and risk management.

Lütfiye Yeşim Uçtum

Chairman of the Early Detection of Risk Committee

Steven Georges Leon Braekeveldt

Member

Executive Board



Uğur Gülen

Board Member -
General Manager

(Since May 2009)

Uğur Gülen obtained undergraduate and Master's degrees from Middle East Technical University, Department of Industrial Engineering. He began his professional career in 1991 and worked in various positions at Interbank, DenizBank, Ak Internet, MNG Bank over the years. Between 2004 and 2009, he served as Assistant General Manager at AkEmeklilik A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş. He has been serving as General Manager and Board Member at Aksigorta since May 2009.



Osman Akkoca

Assistant General Manager -
Financial Affairs

(Since January 2017)

Osman Akkoca graduated from Istanbul Technical University, Department of Business Engineering. He began his professional career as an assistant inspector at Sumerbank in 1999. After holding various management positions between 2003 and 2005, he worked as Inspector at AvivaSA from 2005 to 2007. Mr. Akkoca joined Aksigorta in 2007. He worked as Assistant Manager of Internal Control and Compliance during 2007 and 2010; as Risk Manager in 2010 and 2011, and as Financial Control Manager from 2011 to 2017. Since January 2017, Mr. Akkoca has served as Chief Financial Officer (CFO) of Aksigorta.



Fahri Altıngöz

Assistant General Manager -
Corporate Technical, Sales,
Legal and Reinsurance

(Since September 2018)

Fahri Altıngöz graduated from Middle East Technical University, Department of Statistics. He worked as the Founding General Manager of TEB (Zurich) Insurance Company, between 1997 and 2005. In 2005. In 2005, Mr. Altıngöz rejoined Aksigorta Insurance Company and worked as Assistant General Manager responsible for Claims and Recovery; Corporate, Marketing, Health Insurances, Risk Management and Reinsurance, respectively. Altıngöz is currently working as the Assistant General Manager Responsible for Corporate Sales, Corporate Relations, Corporate Legal and Reinsurance. He has been the Chairman of Insurance Practitioners Association since 2002, and a Board Member of Agricultural Insurance Pool (TARSIM) since 2009. Mr. Altıngöz is also a member of International Investors Association of Turkey Insurance and Pension Working Group (YASED) and member of the insurance working group of Turkish Industry and Business Association (TUSİAD).



Ayşegül Gürkale

Assistant General Manager -
Human Resources, Purchasing
and Administrative Affairs

(Since August 2017)

Ayşegül Gürkale graduated from Marmara University, Department of Economics in 1999. She began her professional career in 1999 as a Management Trainee in the Commercial Banking Marketing Department at Pamukbank. In 2003, she joined Garanti Pension and Life, where she served as Product Development Specialist between 2003 and 2005, Regional Performance Monitoring Manager between 2005 and 2007, Planning Manager between 2007 and 2008, and Regional Manager between 2008 and 2013. In her last role at Garanti Pension and Life, she served as Director of Human Resources, Organization, Purchasing and Administrative Affairs from 2013-2017.



Metin Demirel

Assistant General Manager -
Technology, Digital and
Individual Technical

(Since September 2018)

Metin Demirel started his professional career at Akbank in 1992. After 1996, he continued his career in the United States. He first worked at Sulzer Medica Intermedics company as Senior System Analyst. Then, he worked as a Consultant for Oracle. From 2004 to 2006, he managed his own firm Midsoft Inc. Mr. Demirel returned to Turkey in June 2006, and started working for Tofaş as Financial and Commercial Practices Manager. Lastly, he worked as Director in charge of Zürich Insurance Information Technologies Management. After graduating from Boğaziçi University, Department of Computer Engineering in 1992, Metin Demirel attended the Executive MBA program at Koç University.



Tolga Okan Tezbaşaran

Assistant General Manager -
Retail Sales and Health

(Since November 2016)

Tolga Okan Tezbaşaran graduated from Dokuz Eylül University, Department of Industrial Engineering in 1993. He began his professional career at Halk Yaşam Sigorta. He began his professional career at Halk Yaşam Sigorta. Later, he worked as Regional Manager and Group President at Yapı Kredi Sigorta. In 2011, Mr. Tezbaşaran joined Zurich Sigorta, where he served as Assistant General Manager responsible for Individual and Small Enterprise Segment and as Board Member. Mr. Tezbaşaran has been serving as Assistant General Manager of Bancassurances and Health since November 2016; he was promoted to Assistant General Manager of Retail Sales and Marketing on April 1, 2017.



Soner Akkaya

Assistant General Manager -
Claims Customer Experience

(Since January 2017)

Mr. Soner Akkaya graduated from Yıldız Technical University, Department of Civil Engineering. He worked as an auditor at Interbank between 1998 and 2002, and later as Assistant Manager at Tekfenbank between 2003 and 2005. From 2005 to 2011, he worked as Audit Manager at Sabancı Holding, and as Head of Internal Audit at Aksigorta between 2011 and 2017. Mr. Akkaya has been serving as Assistant General Manager of Claims Customer Experience since January 1, 2017.



Esra Öge

Assistant General Manager -
Strategy and Transformation

(Since June 2018)

After graduating from Yıldız Technical University, Department of Mathematical Engineering, Esra Öge earned her Master's Degree in Economics and Finance from Boğaziçi University. She began her professional career in 2006 in the Risk Management Department of Hacı Ömer Sabancı Holding, where she worked as a Risk Management Specialist until 2010. On 20 September 2010, Ms. Öge joined Aksigorta as Risk Management and Actuarial Specialist. Later, she held management positions at Strategic Project Management, Bank Insurance, Digital and Customer Experience, and Corporate Communications departments, respectively. From 2015 to 2018, she worked as Manager of Strategic Planning Department. Esra Öge was appointed as Assistant General Manager responsible for Strategy and Transformation in June 2018.

Corporate Governance Principles Report

Aksigorta adopts four main principles of Corporate Governance which are transparency, fairness, responsibility and accountability. Aksigorta (Company) implements all mandatory principles of CMB Corporate Governance Principles. However, some non-mandatory principles could not be fully complied due to the difficulties in implementation practice of these principles, ongoing debates on some of these principles, some mismatching between the market conditions and these principles. We are pursuing the developments on these issues and following compliance opportunities.

In 2019, we disclosed all useful information to shareholders, investors and analysts for their investment decisions with transparent, consistent and timely manner via Investor Relations announcements on corporate web site, Public Disclosure Platform, Investor meetings and conferences to keep the continuous and effective communication with the investors and the analysts. Also, we were complied with all regulation on this subject.

Despite CMP principle recommends not to participate in more than one committee for a board member, some of our board members involved in more than one committee due to both benefit their global and local experiences in related areas and to fit the required qualifications for the committee members.

Aksigorta will care to be in compliance with the principles and follow the recent developments in the legislation and the market practices.

Aksigorta is sensitive on social responsibility; we care about regulations on environment, consumers, public health and keep our ethics. We support and respect to international human rights.

SECTION I – SHAREHOLDERS

1.1. Investor Relations Department

Their names, titles, tasks and charters of the managers and employees who are involved in investor relations in Aksigorta task are listed as below:

Osman Akkoca, CFO (CMB Charter Level 3, Corporate Governance Rating Charter)

Elif Horasan, Financial Control Department Manager, Investor Relations Head

Halil İbrahim Özman, Investor Relations Manager (CMB Charter Level 3, Derivative Instruments Licence)

Activities of Investor Relations team are as listed as below:

- Releasing the investor relations presentation in which the investors could get summary information about Company's performance, strategies and the market,
- Arranging conference calls at the end of each quarter to share the financial results of the Company,
- Meeting with the investors in domestic and foreign conferences, roadshow organizations, one to one meetings to share the Company performance,
- Respond to investors' questions and info requests which are received via phone, e-mail or one to one meeting,

- Coordinating the investor information on the official web site,
- Coordinating the statement of annual report and quarterly activity reports,
- Publishing the financial announcement calendar of the Company,
- Planning the annual activities of investor relations,
- Coordinating the annual General Assembly Meeting,
- Stating the compliance report for CMB Corporate Governance Principles,
- Reviewing the research report about the Company,
- Reporting the performance of the Company stock

Investor relations team report to Corporate Governance Committee each quarter about their activities.

1.2. Right to Obtain Information

Any information concerning the shareholders and investors, which has been already disclosed to public, is published on the official web site of the Company. Contact information of investor relations team is also available on official web site for using shareholders' and investors' rights to receive information. Requests of the shareholders and investors for information of any kind which is not in nature of a trade secret and which has been already disclosed to public are considered and fulfilled by the Investor Relations team carefully and unerringly in a manner to reflect the whole truth in a short time. They are invited via e-mail and by the announcement on the official web site for the conference calls at each quarter, who wants to follow the company closely and send an e-mail address.

The Articles of Association of the Company does not govern appointment of a special auditor as a right. No request in this regard was received from the shareholders in 2019.

1.3. General Assembly Meeting

One annual General Assembly Meeting was held in 2019. General Meeting was held on March 4th 2019 at 15:00 at the address of Istanbul, Beşiktaş, 4. Levent, 34330, Sabancı Center, Sadika Ana Meeting Hall. Attendees of the General Meeting represented 79% of the total shares. There were no attendees from the press or any other stake holders other than shareholders. The shareholders didn't use their right to ask questions or propose new agenda item during the General Meeting.

Board of Directors had invited the shareholders to the General Meeting as explained in the Commercial Code, CMB Communiques and Articles of Association. The decision of Board of Directors for holding the General Meeting was publicly disclosed on PDP (Public Disclosure Platform) and Central Registry Office. At least three weeks before, General Meeting invitation and information letter was disclosed on the official web site for the shareholders' and investors' information. The annual report also containing the audited financial statements of 2018 was submitted at the Head Office and on the official web site of the Company for the inspection of the shareholders, at least three weeks before General Meeting. It was possible for shareholders to attend the General Meeting both physically in the meeting hall and electronically on EGKS (Electronic General Meeting System).

In the General Meeting; Board of Directors' Annual Report, Auditor's report and Financial Statements were reviewed and discussed, members of the Board of Directors and Auditors were released regarding their activities in 2018, Board's proposal for TL 202.000.000 dividend pay-out out of TL 227.619.080 annual net profit was approved, board members are elected, Board's proposal for auditor election in 2018 was approved, brief information about the donations in 2018 was released and donation limits of the Company for the year 2019 was determined, permission granted to the Chairman and members of the Board of Directors to execute the transactions noted in Articles 395 and 396 of Commercial Code.

No material transaction that could cause conflict of interest, no transaction similar to the business scope of the company or subsidiaries on behalf of themselves or third parties, no shareholding relation as unlimited responsible partner within another company which have similar business, was informed within the shareholders who control the management of the company, board members and executive managers of the company, their spouses and their second-degree relatives by blood or by marriage. Other than those, no transaction in business scope of the company was reported by the people who have right to access internal information on behalf of themselves or third parties.

Material decisions as referred in the Commercial Code are submitted to the approval of the shareholders during the General Meeting. Including the minutes of the General Meeting, all related document is published on

Company's official web site, Public Disclosure Platform and Central Registry System.

1.4. Voting Right

The Articles of Association do not provide for privileged voting rights and each share has single voting right.

Electronic General Meeting System is available and power of attorney form which needs notary approval is available on our corporate web site and in our headquarters for the use of shareholders to attend the General Meeting or authorization of representative. Thus, the shareholders who are registered in the Central Registry Office and have the right to attend the General Meeting or their representatives who are holding the power of attorney attend the General Meeting by themselves or attend the Electronic General Meeting System using the secured electronic sign. Aksigorta cares about providing fair opportunities for the shareholders to attend the General Meeting with easiest and the cheapest way.

1.5. Minority Rights

There isn't any regulation in the Articles of Association regarding the minority rights.

Aksigorta cares about the minority rights as regulated in Commercial Code and CMB communiques and no complaint or critic is received in 2019 for that case.

There isn't a representative of the minority shareholders in the Board of Directors appointed by the General Meeting. However, there are two independent Board members, to represent equally all shareholders, stakeholders and especially minority shareholders.

Corporate Governance Principles Report

1.6. Dividend Receiving Right

There isn't any privilege for shareholders receiving dividend from the Company. The dividend policy was discussed and approved the shareholders in General Meeting in 2014. The Dividend Policy of Aksigorta is disclosed on the official web site for the information of all stakeholders.

We distributed TL 0.66 gross dividend per share to the shareholders in 2019.

1.7. Transfer of Shares

There is no statement in the Articles of Association which restricts the transfer of shares. However, pursuant to the Communique about the Principles of Establishment and Operating of Insurance and Reinsurance Companies, direct or indirect acquisition of shares which will result in owning of ten percent, twenty percent, thirty percent, thirty three percent or fifty percent or more of the capital of an insurance company and a share transfer by which the rate of shares owned by one shareholder reaches or decreases below any of the aforesaid rates are subject to permission of the Undersecretaries of Treasury of the Prime Ministry of Turkey.

SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY

2.1. Official Web Site

The Company has the official web site at the following address: www.aksigorta.com.tr Information for the shareholders and the investors is available under the "Investor Relations" heading on the official web site both in Turkish and in English. Under this heading, there are several pieces of information such as;

- Summary information about the company, mission, vision and values,
- Trade registration details,
- Shareholding structure,
- Articles of Association,
- Members of Board of Directors,
- Board Committees,
- Company Management,
- Independent Auditor,
- Public Disclosure Policy,
- Dividend Policy,
- Remuneration Policy,
- Code of Ethics,
- Corporate Governance Principles Report,
- Financial Statements,
- Annual Reports,
- General Assembly Meeting Documents and Related Information,
- Material Event Disclosures,
- Press Releases,
- Investor Relations Team Contact Information,
- Frequently Asked Questions.

2.2. Annual Report

Our Company's Annual Report is released in accordance with statutory periods set out in regulations and corporate governance principles and disclosed.

Annual Report, is approved by the Board of Directors and disclosed by the same time with Financial Statements unless the Board of Directors decide a different disclosure time with a separate declaration of responsibility. Annual reports are disclosed on the Company's official website.

SECTION III – STAKEHOLDERS

3.1. Informing the Stakeholders

Aksigorta informs stakeholders within the as it is described in Disclosure Policy.

Disclosure Policy, Dividend Policy, Remuneration Policy and Code of Business Ethics of the Company are available on the official web site for all stakeholders.

Employees of the Company are informed through meetings, seminars and training courses and with information sent via the portal application and the Internet in their fields of specialty and on the issues, they are involved in general. Our distribution channels are informed about the practices and procedures of the Company through announcements made by means of circulars published on the web site of the Company at www.aksigorta.com.tr under the page of "Special to Agents," as well as traditional and regional agent meetings, preliminary and technical training sessions and via electronic mails periodically.

As being the Joint Venture of Sabancı and Ageas Insurance who are operating globally, Aksigorta respects and cares about laws and contracts. Company totally cares about the payment of rights and receivables of the employees from sign date to the resign date.

Stakeholders could directly contact to the Board Committees or the Ethic Rule Consultant by filling out the communication form on the official web site, in case Company has any operation or transaction which is contrary to laws or ethics.

3.2. Participation of Stakeholders in the Management of the Company

Participation of the employees in the management is ensured through periodic meetings. The executive meeting is attended by executives from the regional offices and the departments. Meetings held at the departments tend to support the executive meetings. In addition, information about the practices, policies and targets is transmitted to all employees in groups and views of the employees are received through information exchange meetings, so that their participation and contribution needed for efficient management of the Company is ensured. Annual performance assessment meetings are held with the employees. In the meetings, the employees are given feedback about their performance and the opportunity to express their views and expectations. Through the regional agency meetings, developments in the insurance industry and the changing competition environment are shared with the agents. In these meetings, through the practice of Free Platform, the agents who come together with local and central executive units express their current problems. In this way, Aksigorta receives feedback about the current policies and considers the views of the agents in the establishment of the strategies of the Company.

3.3. Human Resources Policy

Human resources policies of the Company are managed in accordance with the vision, mission and values of the Company. To achieve the targets of the Company, an organizational planning congruent

with the strategies of the Company and working with employees who know the values of the Company and behave in accordance with these values are fundamental.

By means of internal promotion, target-oriented efficient performance management, development activities meeting the long-term development needs and social clubs and events, the Company aims at raising the motivation and productivity of the employees.

Behaviors expected from the employees in accordance with the vision, mission and values have been communicated under the name of "Catalogue of Competencies" to the employees of the Company. Just like the targets, the competencies, too, are a part of the annual performance assessment. By means of 360 degrees' assessment, behavior based interviews and central development and assessment applications, strengths and development areas of the employees are identified, and the development programs of the Company are established in line with this. Carrying out the relations with the employees is one of the primary responsibilities of the executives. The executives are closely concerned with the problems of their subordinates and follow their development opportunities.

Creating and maintaining a fair working environment is one of the basic codes of ethics in Aksigorta. In 2018, there is no complaint from employees about discrimination in Aksigorta.

Including performance and rewarding rules, all Human Resources policies and practices are announced to all employees and they are all available for the employees on the company portal application.

3.4. Customer and Supplier Relations

Aksigorta always keeps customer satisfaction and focuses on providing quality insurance service being a strong, reputable, and reliable company in the market in accordance with its vision, mission and corporate values. By this principle, Aksigorta stated Customer Relations Policy and disclosed it on the official web site to receive complaints from customers and suppliers, to improve the quality standards higher levels, to provide quality insurance service and to differentiate in the market. Our principles stated in our Customer Relations Policy are:

Transparency

Customers and suppliers of Aksigorta could deliver their complaints, requests and questions in accurate, complete, understandable and easy way any time they want. All our communication channels are open to our customers and suppliers.

Accessibility

Customers and suppliers of Aksigorta could connect to the company via Call Center numbered 444 27 27 or all other communication channels for their complaints, requests and questions.

Responsiveness

Customers and suppliers of Aksigorta could find solutions in a short time with the privileges of the Call Center for their complaints, requests and questions.

Corporate Governance Principles Report

Objectivity

Complaints, requests and questions of customers and suppliers of Aksigorta are evaluated in an unbiased and fair manner.

Fee

No fee is charged for the evaluation and the solution of their complaints, requests and questions of customers and suppliers of Aksigorta.

Privacy

Security of personal data is extremely important since the establishment of Aksigorta. Therefore, entrusted personal data of customers and suppliers in our company is always kept confidential.

Customer Focus

Effective, realistic and applicable solutions are presented to the customers and suppliers of Aksigorta who we believe always deserve the best and their requests are met and their rights are protected.

Accountability

Complaints, requests and questions of customers and suppliers of Aksigorta are recorded and our decisions are explained with the reasons to provide them more quality insurance service.

Continuous Improvement

As being one of the most powerful companies in the market, Aksigorta continues making investments and improves all insurance services offered to provide more quality insurance service and give the right consultancy to its customers and suppliers.

Fast and Efficient Solution

Aksigorta creates innovations in the market; to provide fast and efficient solutions to its customers and suppliers aligned with their needs.

Professionalism

Aksigorta provides the best quality insurance service to its customers and suppliers with an expert call center team.

3.5. Ethical Rules and Social Responsibility

At the Company, code of business ethics has been established and published. The employees are informed about the business ethic rules at the very beginning of their job, and refreshment training on business ethics is provided regularly every year. There is an Ethic Rule Consultant within the organization of the Company, and all stakeholders can apply to him about their recommendations, complaints and questions involving the ethical rules.

The fact that risk and insurance awareness is at very low level indicates that it is necessary to raise the awareness of the public about the insurance products in the first instance to develop the insurance industry. In all corporate social responsibility activities and all events conducted, Aksigorta focuses on raising the risk and insurance awareness in all segments of the society, primarily among children and women, against fatalistic mentality of the Turkish people. For Aksigorta, which has targeted to add plus value to the

society by realizing many awareness rising and education projects since the very date of its establishment, Social Responsibility is one of the most important constituents of the corporate culture.

In cooperation with AKUT, the Search and Rescue Society, which is one of the most efficient non-governmental organizations of Turkey in the field of natural disasters and search and rescue operations, Aksigorta launched in 2010 the project called "Hayata Devam Türkiye Keep Living Turkey" which is a traveling educational project comprising Turkey's first 3G-Force Earthquake Simulator which travels all over Turkey with the aim of creating and raising awareness of natural disasters. The project, which aims at creating and raising the awareness of Turkish people about the insurance and has been planned to last 5 years, was completed the fifth and the last step in 2014. The project "Keep Living Turkey" visited 52 provinces and 174 sub-provinces and met 5.4 million people in five years. During this valuable project; 60 thousand kilometers were driven, 700 thousand students were educated, 1 million 400 thousand people were informed with the simultaneous studies on the social media.

With "Keep Living Turkey" project, Aksigorta received the Gold Award in International - General category of International CSR Excellence Award in 2014. Prior to this award Aksigorta won; the best project prize in the Corporate

Responsibility –Education category under which 18 projects competed under the organization of Altın Pusula Ödülleri 2011 (Golden Compass Awards) held by Türkiye Halkla İlişkiler Derneği (Turkey Public Relations Society), market's most prestigious award Gold SABRE in 2013, the "Bronze Stevie" award in the category of corporate social responsibility in Stevie International Business Awards in 2013, all with "Keep Living Turkey" project.

Apart from the project "Keep Living Turkey," another project of Aksigorta is YADEM, the Fire and Earthquake Education Center. YADEM, which has been built with the support of the late Sakıp Sabancı entirely with the Turkish technology and which is a rare example of its kind in the world, was established in 1996, before the Marmara Earthquake in 1999. In the center, which has the "best" quality according to the level of technology in those years, the fire and earthquake simulators built on advanced technology are introduced to the children as a first application of its kind. Aksigorta donated YADEM, where 15,000 children at age 7-14 receive training by means of simulations each year, to the Science Center of Şişli Municipality in 2006 to offer the services of the center to a wider public. After the termination of Science Center of Şişli Municipality in 2015 YADEM was donated to Science Center of Istanbul Technical University.

While carrying its long-standing past to future, Aksigorta believes that its responsibility is great. Thinking that the priority is to realize sustainable projects which will cultivate risk

awareness in education and society, Aksigorta has placed its current projects in this field, the essence of which is education, on a long-term platform. Aksigorta will continue to realize different projects which will contribute to upbringing of generations with sound awareness about natural disasters and insurance.

SECTION IV – BOARD OF DIRECTORS

4.1. Functions of the Board

Aksigorta Board of Directors; monitor the compliance of the company activities with the legislation, Articles of Association, internal regulations and the policies, represent and chair the company with strategic decisions while considering the risk, growth and returns of the Company and the long-term targets of the Company.

Board of Aksigorta defines the Company's strategic objectives, determines the human and financial resources the Company will need and oversees the management's performance. The Board of Directors supervises the compliance of the Company's activities with applicable legislation and the Company's Articles of Association, internal regulations and policies.

The Board of Directors executes its activities in a transparent, accountable, fair and responsible manner. The Board of Directors plays an active role in maintaining effective communications between the Company and its shareholders and in obviating and resolving potential conflicts.

4.2. Operating Principles of the Board of Directors

Operating principles of the Board are stated in the Articles of Association.

The Board of Directors meets as often as they could perform their duties effectively, they execute their activities in transparent, accountable, fair and responsible manner, while they also consider the long-term targets and interests of the Company.

4.3. Structure of the Board

Board of Aksigorta is composed of eight members in accordance with the Articles of Association. CEO is a member of the Board of Directors. Board members are elected for three years at most. However, Board members should be re-elected whose mission time is expired.

The duties, authorizations and responsibilities of the Board of Directors are subject to the principles stated in Commercial Code, Insurance Law and Articles of Association.

Minimum qualifications required in Board members are not stated in the Articles of Association. However, minimum qualifications required in Board members are defined in Insurance Law.

Two members of Board of Directors are independent members who are selected in accordance with the Corporate Governance Principles of CMB and Corporate Governance legislation. Independent Board members signed their independence declaration. During the reporting period, there is no condition which interrupts the independency.

Corporate Governance Principles Report

Members of the Board of Directors of the Company, with the breakdown in executive and non-executive and the breakdown in dependent and independent are as follows:

Haluk Dinçer, Chairman, Nonexecutive Member
Emmanuel Van Grimbergen, Deputy Chairman, Non-executive Member
Hayri Çulhacı, Non-executive Member
Stefan Georges Leon Braekeveldt, Non-executive Member
Fuat Öksüz, Non-executive Member
Emin Hakan Eminsoy, Independent Member, Non-executive Member
Lütfiye Yeşim Uçtum, Independent Member, Non-executive Member
Uğur Gülen, Executive Member and CEO

Resumes of Board members are available on the official web site and in the annual report. Intra group and out group tasks of the Board members are underlined in their resumes.

Board members of the company, spend sufficient time to the Company's business. The Board of Directors did not set a rule or restriction for the board members for undertaking other duties or tasks outside the company, except spending sufficient time for Aksigorta business. Members' responsibilities outside the company are underlined in their resumes.

In the Board of Directors, we have one female member. The Board of Directors did not set a target rate for female members.

4.4. Structure of Board Meetings

Board members elect a Chairman among the members to chair the Board meetings and a deputy Chairman to substitute him. Chairman of the Board determines the agenda of the Board meeting in consultation with other members of the Board and Chief Executive Officer. The established agenda and the contents of the issues in the agenda are sent by the General Manager to the Members of the Board of Directors 1 week before the meeting to enable them to make the necessary examinations and works. Agenda items of the Board meetings are discussed clearly and with every aspect. Chairman of the Board shows best effort to ensure the effective participation of the executive and non-executive Board members in the Board meetings.

Timing and the agenda of the Board meetings are organized by the Chairman or the Deputy Chairman. The Board of Directors convenes upon the call of the Chairman and the Deputy Chairman whenever necessary. It's essential to convene the Board of Directors at least four times a year. Board of Directors may also approve on paper a member's recommendation about a certain matter unless one of them requests physical meeting.

Board of Directors had totally 20 meetings in 2019; 4 times face to face meetings, 16 times by written approvals as released in Commercial Code and Articles of Association. Attendance in person of the members without an excuse at the meetings of the Board of Directors held in 2019 was ensured. Board of Directors' meetings and decision quorums are subject to the provisions of Turkish Commercial Code.

Each board member has single and equal vote right in the board meetings. Board of Directors' decisions are approved with consensus and aligned with Corporate Governance Principles. There were no additional queries about the agenda items from the Board members so no matter was materialized. At the meetings held in 2019, no different opinion against the resolutions taken was expressed by the Members of the Board of Directors and all the decisions were written consent.

In 2019 none of the Board members trade with the Company and compete with the Company in the same business.

4.5. Board Committees

Board of Directors benefits from committee studies for carrying out its responsibilities and running its duties. Committee decisions are presented as recommendations to the Board of Directors, and the Board takes the final decision. The committees of the Board of Directors are as follows:

Audit Committee

The Audit Committee, which is responsible for assisting the Board of Directors in its audit and supervision activities, oversees operation and adequacy of the internal systems and the accounting and reporting systems. The committee had 5 meetings in 2019.

Members:

Emin Hakan Eminsoy – Chairman
(Independent Member of the Board)
Lütfiye Yeşim Uçtum – Member
(Independent Member of the Board)

Corporate Governance Committee

The Corporate Governance Committee has been established with the aim of performance of the duties and responsibilities of the Board of Directors in a sound manner. The Corporate Governance is a governance process of Aksigorta A.Ş. targeting a sustainable success based on ethical rules, responsible toward internal and external parties, having risk awareness, being transparent and responsible in its decisions, observing the interest of its stakeholders in compliance with the Corporate Governance Principles established by the Capital Market Board. Objective of the Corporate Governance Committee is to propose recommendations to the Board of Directors with a view to ensuring compliance of the corporate governance principles of Aksigorta A.Ş. with the Corporate Governance Principles established by the Capital Market Board and other internationally recognized corporate governance principles, ensuring implementation

of these principles and monitoring the compliance of the Company with these principles and carrying out improvement works on such matters. Committee had 6 meetings in 2018.

Members:

Lütfiye Yeşim Uçtum – Chairman
(Independent Member of the Board)
Stefan Georges Leon Braekeveldt,
Member (Board Member)
Ayşegül Gürkale, Member (HR Assistant
General Manager)
Osman Akkoca, Member (CFO)

Duties of the Nomination Committee and the Remuneration Committee are carried out by the Corporate Governance Committee as well.

Early Detection of Risk Committee

It conducts works for the purposes of early detection of risks which may endanger existence, growth and continuation of the Company, implementation of the necessary measures and remedies taken against the detected risks and management of the risk. The Committee evaluates the situation, points out to the dangers, if any, and indicates the remedies in the report to the Board of Directors. The report is sent to the auditor as well. It reviews the risk management systems at least once a year. Committee had 6 meetings in 2018.

Members:

Lütfiye Yeşim Uçtum – Chairman
Stefan Georges Leon BRAEKEVELDT –
Member

It is sensitively cared about the Board Members not to take part in more than one committee. To both benefit their global and local experiences in related areas and to fit the required qualifications for the committee members; Independent Board Member

Mrs. Lütfiye Yeşim Uçtum is involved in 3 committees and Board Member
Mr. Stefan Georges Leon Braekeveldt is involved in 2 committees.

4.6. Financial Rights of the Board Members and Executive Directors

The remuneration policy is approved by the General Assembly at the meeting on 2012 May 30th and it is available on the official web site of the company.

There is no Board Member or C-level Manager, having payable or credit account, receiving bail or collateral, either for themselves or on behalf of third parties.

The "Corporate Governance Compliance Report (CRF)" and the Corporate Governance Information Form (CGIF) are accessible at <https://www.kap.org.tr/tr/Bildirim/818898> and <https://www.kap.org.tr/tr/Bildirim/818897>.



To ensure **a green world** for future generations, we act in awareness of our responsibilities, protecting nature from our own office.

We have worked with the World Wildlife Fund (WWF) since 2015 to reduce our carbon footprint for **a sustainable green future.**

Sustainability

Collaborating with the World Wildlife Fund (WWF) since 2015, Aksigorta uses automated air conditioning systems to maximize energy conservation.



Aksigorta has started **protecting nature with changes and beyond** from its own office.

4
tons

Household oil prevented from polluting nature

Acting responsibly for the green future of generations to come, Aksigorta protects nature from its own office. Collaborating with the World Wildlife Fund (WWF) since 2015, the Company minimizes energy losses through air conditioning automation.

Aiming to change electricity, water and paper consumption habits in its offices, Aksigorta takes measures such as displaying informative placards, as well as recycling paper in its printers and printing double-sided

documents. By increasing the number of recycle bins, the Company is now able to recycle more batteries and paper. Starting a waste recycling project to ensure that paper, glass and domestic waste are recycled in recycling facilities, Aksigorta separates wastewater from the dining hall in special tanks and discharges them to official wastewater separation facilities. In this way, the Company prevents approximately four tons of household oil consisting of organic oils from polluting the environment.

Information about Transactions the Company Enters into with Members of its Own Risk Group

Under article 199 of the Turkish Commercial Code (Statute 6102), which went into force on 1 July 2012, the Board of Directors of Aksigorta A.Ş. is required, within three months of the end of its fiscal year, to draw up a report about any dealings the Company had with its controlling shareholder or with any affiliates of its controlling shareholder during the fiscal year just ended and to include the conclusions of that report in its annual report. The required statements about Aksigorta A.Ş.'s related-party transactions are presented in footnote 45 to the financial statements.

The conclusion reached in the report dated 07.02.2020 prepared by the Board of Directors of Aksigorta A.Ş. is, to the best of the Board's knowledge of the circumstances and conditions at the time that a transaction took place or a measure was taken or refrained from, in each and every transaction which Aksigorta A.Ş. entered into with its controlling shareholder or with any of the affiliates of its controlling shareholder during 2019, that an appropriate mutual performance was achieved, that there were no measures taken or refrained from which might have caused the company to suffer a loss, and that there were no such transactions or measures whose consequences need to be offset.

Financial Information and Risk Management

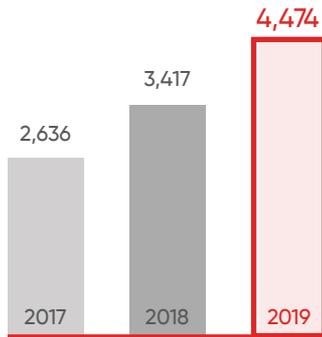
Maintaining its strong financial performance, Aksigorta has generated a technical profit of TL 584 million.

Financial Position, Profitability and Solvency

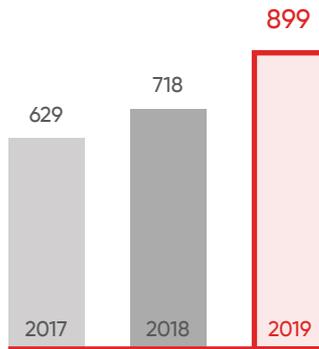
With a solid financial structure that included TL 899 million in shareholders' equity at end-2019, Aksigorta is one of the leading companies in the Turkish insurance sector.

Continuing to grow upon sustainable profitability, Aksigorta completed the year with TL 366 million of profit.

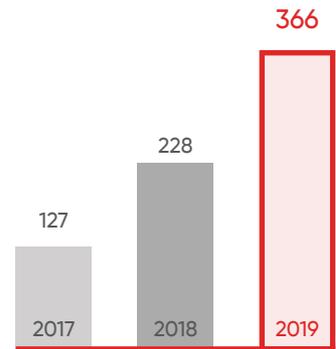
Premium Production (TL Million)



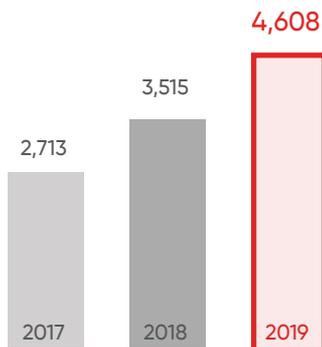
Shareholders' Equity (TL Million)



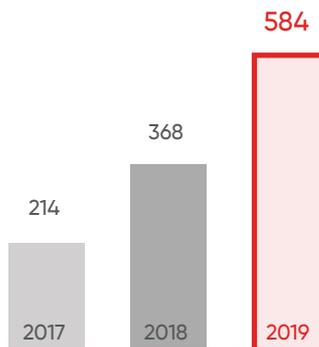
Net Profit (TL Million)



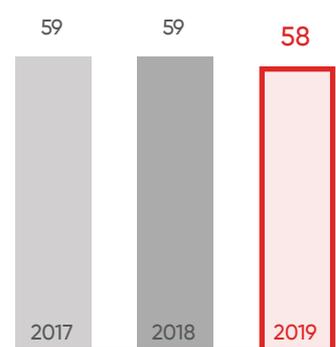
Total Assets (TL Million)

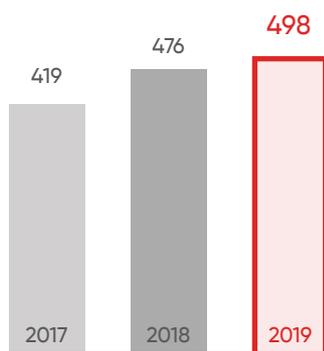
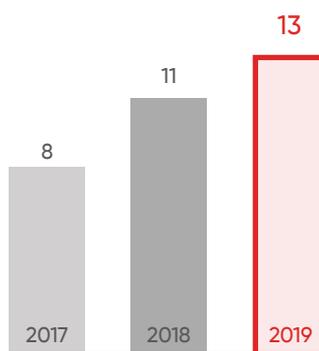
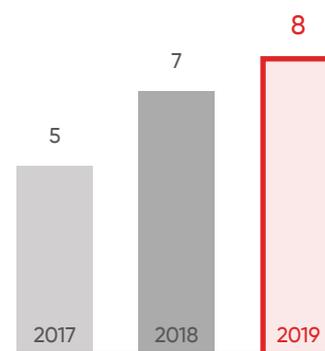


Technical Profit (Technical Part Balance)



Retention Ratio (Non-Life) (%)



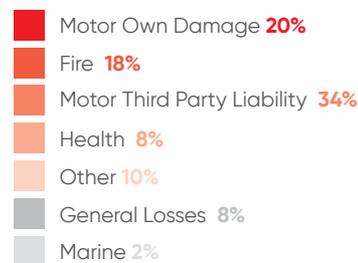
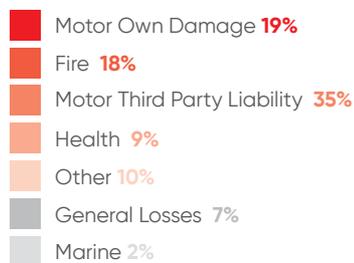
Written Premiums/Shareholders' Equity (%)**Technical Profit (Technical Part Balance)/Written Premiums (%)****Net Profit/Written Premiums (%)**

In 2019, the Company reached to TL 4,474 million premium production. A breakdown of premiums by business line during the most recent two years is shown below:

Breakdown of Premiums by Business Line

(TL Thousand)	Written Premiums (%)			Distribution (%)	
	2018	2019	Change 18/19 (%)	2018	2019
Fire	603,475	812,778	35	18	18
Marine	75,241	93,811	25	2	2
Motor Own Damage	697,319	855,799	23	20	19
Motor Third Party Liability	1,148,315	1,553,652	35	34	35
Other	329,981	468,618	42	10	10
General Losses	286,340	297,970	4	8	7
Health	276,668	390,932	41	8	9
Total	3,417,338	4,473,560	31	100	100

Financial Information and Risk Management



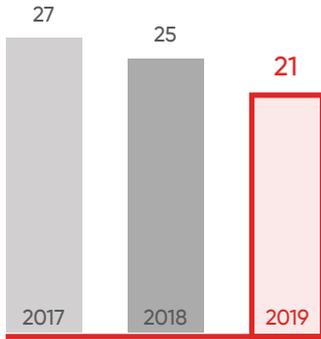
As of end-2019, 58% of generated premiums (amounting to TL 2,602 million in value) were retained by the Company.

The charts below show the amounts and relative percentages of produced premiums that were retained by the Company during the most recent two years, broken down by business line:

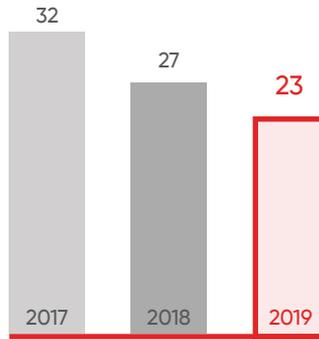
(TL Thousand)	Retention Premium		Retention Ratio (%)	
	2018	2019	2018	2019
Fire	149,448	172,352	25	21
Marine	27,722	26,460	37	28
Motor Own Damage	692,915	851,151	99	99
Motor Third Party Liability	884,797	1,234,580	77	79
Other	89,004	106,395	27	23
General Losses	77,946	96,752	27	32
Health	79,427	114,647	29	29
Total	2,001,259	2,602,338	59	58

Retention Ratio (%)

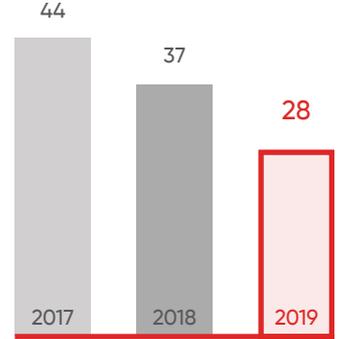
Fire



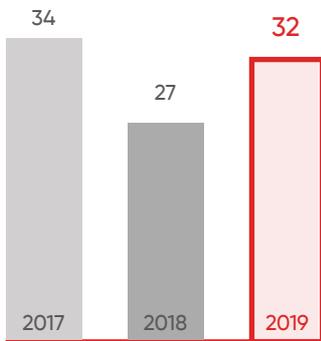
Other



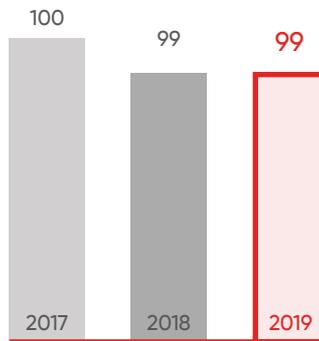
Marine



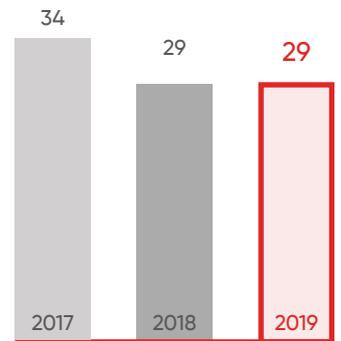
General Losses



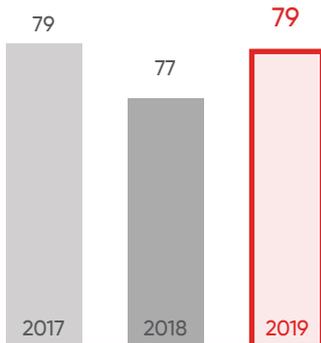
Motor Own Damage



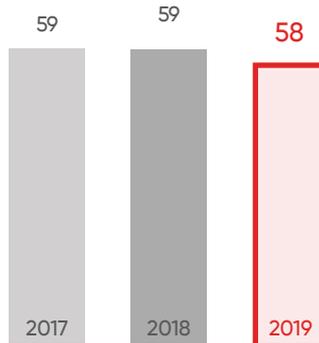
Health



Motor Third Party Liability



Total

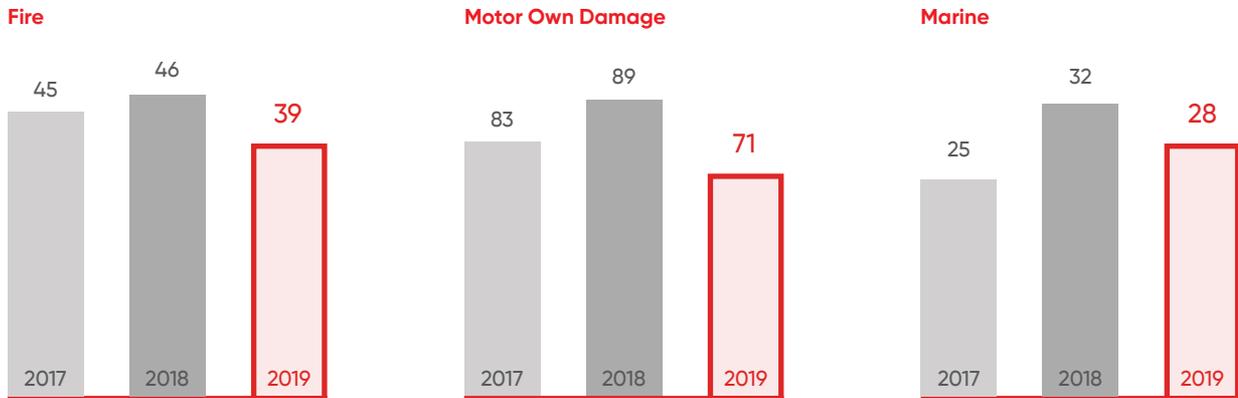


Financial Information and Risk Management

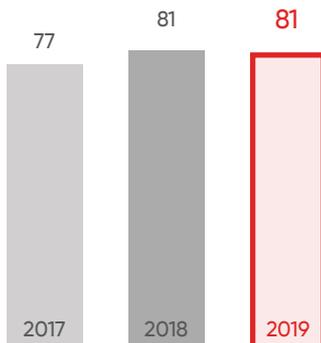
As of end-2019, Aksigorta retained TL 2,243,324,000 in premiums which it had earned in the non-life branch. Meanwhile, the Company's share of incurred non-life claims amounted to TL 1,544,397,000. As of the same date, the ratio of incurred non-life claims to earned premiums (net) was 69%. The charts below show the amounts and relative percentages of the Company's incurred claims and earned premiums during the most recent two years, broken down by business line:

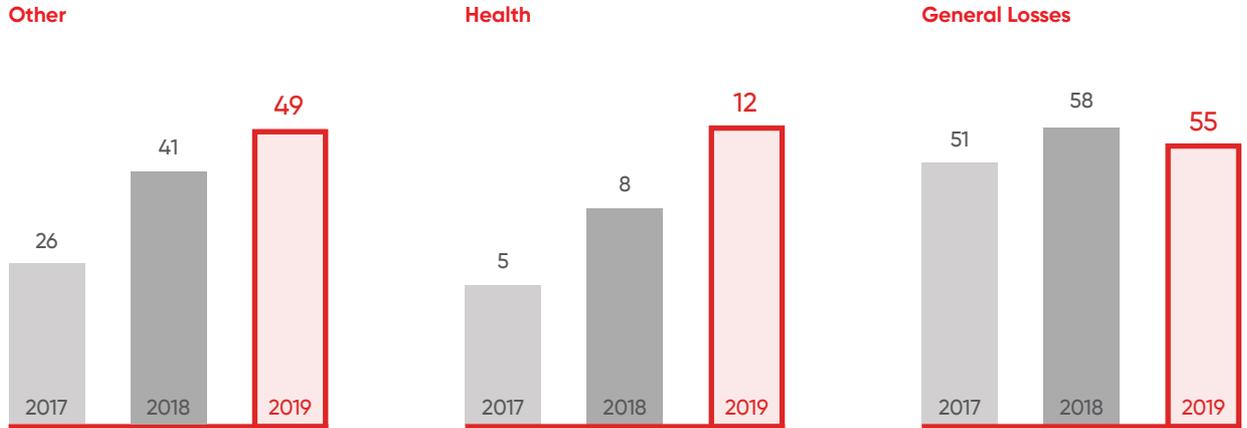
(TL Thousand)	Claims Incurred (Net)		Earned Premiums (Net)		Claims Incurred/Earned Premiums (Net) (%)	
	2018	2019	2018	2019	2018	2019
Fire	68,471	62,391	147,251	158,658	46	39
Marine	8,752	6,635	27,376	23,808	32	28
Motor Own Damage	595,937	551,209	670,580	771,968	89	71
Motor Third Party Liability	589,919	821,830	726,263	1,015,026	81	81
Other	58,862	71,183	145,121	145,351	41	49
General Losses	12,537	20,180	21,777	36,922	58	55
Health	6,878	10,968	86,471	91,591	8	12
Non-Life Total	1,341,357	1,554,397	1,824,838	2,243,324	74	69

Claims Incurred/Earned Premiums (Net) (%)



Motor Third Party Liability



Claims Incurred/Earned Premiums (Net) (%)**Technical Profit Balance**

At end-2019, Aksamort showed a total technical profit amounting to TL 584,132 million. The charts below show the amounts and relative percentages of the Company's technical profit during the most recent two years, broken down by business line:

General Technical Profit Balance

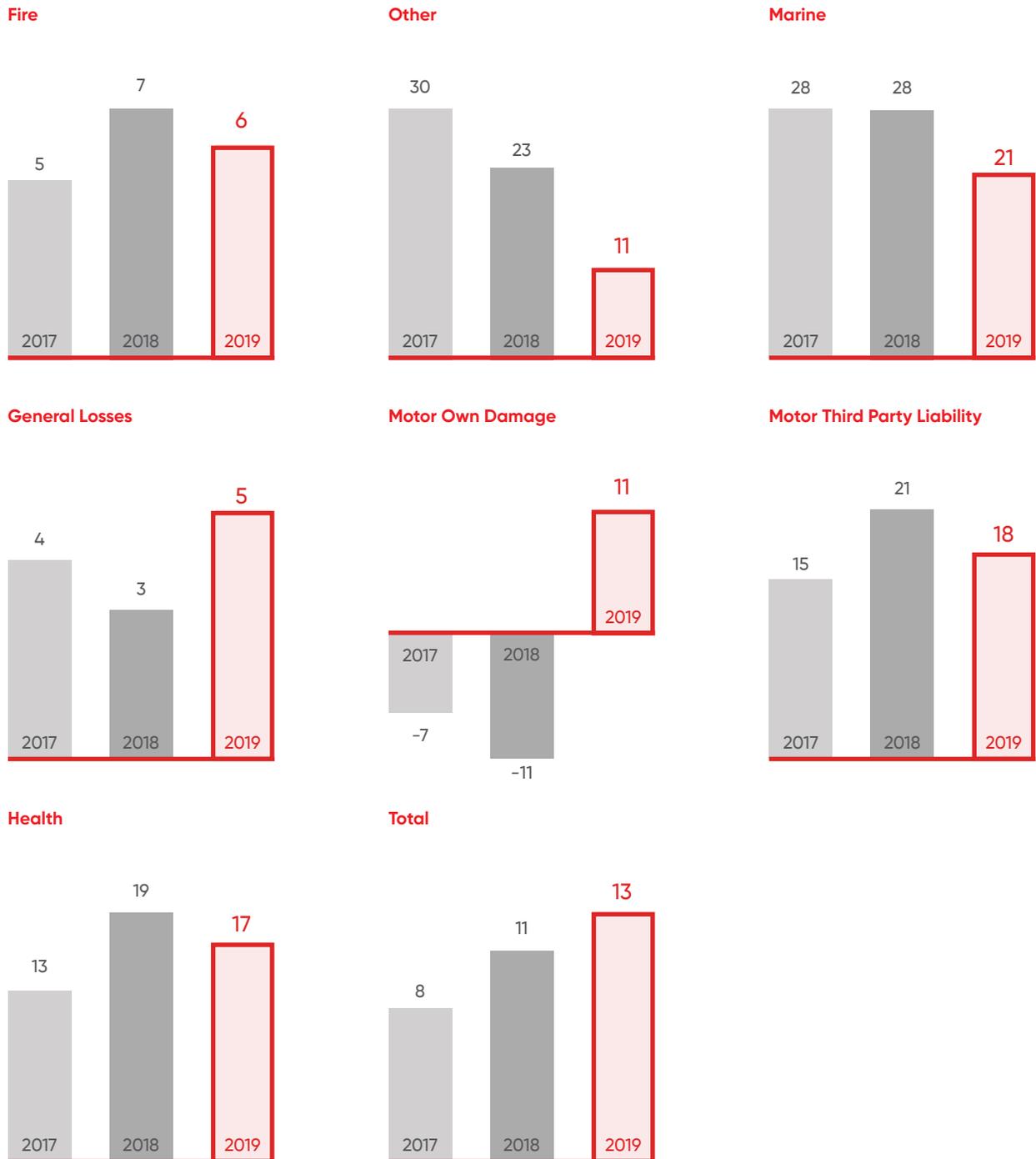
(TL Thousand)	2018	2019
Fire	42,721	52,029
Marine	21,296	19,327
Motor Own Damage	-79,601	90,787
Motor Third Party Liability	245,860	287,306
Other	76,240	53,333
General Losses	7,719	15,475
Health	53,698	65,875
Total	367,934	584,132

General Technical Profit Balance/Written Premiums (%) (Non-life)

	2018	2019
Fire	7	6
Marine	28	21
Motor Own Damage	-11	11
Motor Third Party Liability	21	18
Other	23	11
General Losses	3	5
Health	19	17
Total	11	13

Financial Information and Risk Management

General Technical Profit Balance/Written Premiums (Non-Life) (%)



In 2019, Aksigorta earned TL 662,995 thousand in investment income in addition to the earnings generated by its insurance business activities. The Company's investment income during the most recent two years is shown below.

Investment Income (TL Thousand)	2018	2019	Change
Foreign Exchange Gain	314,167	230,548	-27%
Income from Financial Investment	244,917	277,421	13%
Real Estate Income	0	0	0%
Income from Derivatives	99,961	155,027	55%
Other Investment Income	0	0	0%
Total Investment Income	659,045	622,995	1%

Based on all of these technical and financial results, Aksigorta booked profit before tax of TL 492 million. The Company's shareholders' equity amounted to TL 899 million at end-2019. The breakdown of shareholders' equity items during the most recent two years is shown below:

Shareholders' Equity (TL Million)	2018	2019	Change
Paid-in Capital	306	306	0%
Nominal Capital	306	306	0%
Profit and Capital Reserves	98	140	43%
Previous Years Income	86	86	0%
Net Profit of the Period	228	366	61%
Total Shareholders' Equity	718	899	25%

At end-2019, Aksigorta's principal investments amounted to TL 1,332 million in value.

Developments in the Company's investments during the most recent two years are shown below:

Investments (TL Thousand)	2018	2019	Change
Financial Assets and Investments with Risks on Policyholders	559,874	1,330,189	138%
Affiliates	-	-	-
Properties	1,599	1,770	11%
Total Investments	561,472	1,331,959	137%

Aksigorta does not have affiliates in 2019.

Quality Policy and Quality Management Systems

Our Quality Policy

As a strong, reputable and trustworthy company together with our agents, employees and suppliers, we are committed to provide quality service and continuous improvement of our services by prioritizing customer satisfaction in line with our vision, mission and values and in conformance with national and international laws, regulations and standards regarding insurance business.

Quality Management Systems

Aksigorta is committed to providing quality service to its customers, business partners, stakeholders and employees.

To this end, Aksigorta established the quality assurance system and obtained BS EN ISO 9001:1994 Quality Standard Certification from BVQI (Bureau Veritas Quality International) in 1998. The Quality Management System standard was updated according to changing customer needs and current conditions. Subsequently, ISO 9001:2015 Quality Management System was published in 2015. Aksigorta adapted its existing systems to the updated version.

Embracing a customer-focused approach, Aksigorta aligned its customer relationship management system with international standards and established the ISO 10002:2015 Customer Complaints Management System.

Risk Management and Internal Control System

Pursuant to Article 4 of the Regulation on the Internal Systems of Insurance, Reinsurance and Pension Companies issued as per Article 4 of the Insurance Law no. 5684, insurance and reinsurance companies are required to establish an effective internal control system, including internal audit and risk management, in order to regularly control and audit the compliance of all their business and operations with insurance legislation and other relevant legislation, internal regulations of the company and its management strategy and policies, and to detect and prevent mistakes, fraud and unlawfulness.

In accordance with the prior mentioned article, internal control and risk management activities are conducted by the "Internal Control and Risk Management Department."

Internal Control

The internal control system is in place to ensure that the company's assets are protected; that its activities are conducted in accordance with the requirements of laws and regulations, with company policies and procedures, and with established insurance industry practices and in such a way as to be both effective and productive; and that the accounting and financial reporting system is secure, coherent, and capable of providing timely access to information. The Internal Control Unit is responsible for ensuring that such responsibilities are fulfilled consistently.

Each business unit is individually responsible for the transactions which they are authorized to perform while the Internal Control Unit is responsible for overseeing the fulfillment of such responsibilities. The unit also coordinates activities that are essential to the fulfillment of business units' responsibilities. The Internal Control Unit undertakes coordination activities in order to ensure efficient internal control throughout business units. In order to perform an efficient internal control throughout the company, processes and their control points are identified and followed up through a proactive internal control system.

In 2018, the Internal Control Unit conducted its activities according to the Internal Control Plan to maintain the efficiency/productivity of business units/processes, and to ensure legal compliance. The actions that are taken to offset risks and deficiencies in controls are efficiently monitored by the Internal Control Unit.

Compliance

The Compliance Unit conducted its activities in order to comply with insurance-related and other laws and regulations that the company is subject to, under the Internal Control and Risk Management Department transferred to the Corporate Legal Unit responsibilities in 2018. The unit is primarily responsible for ensuring the compliance with all related Laws and regulations. Announcing new/amended laws and regulations to company, determining and monitoring actions that need to be taken in order to comply with these laws and regulations are also under the Compliance Unit's responsibility.

In addition, the unit is charged with developing and implementing a risk-sensitive program to ensure the company's compliance with the requirements of anti-money-laundering laws, regulations, and administrative provisions; conducting activities required by such a compliance program; and communicating and coordinating activities as necessary with the Financial Crimes Investigation Board (MASAK). The Compliance Unit is responsible for raising awareness throughout the company and all distribution channels about Anti-Money Laundering/Combating the Financing of Terrorism by providing trainings, and also informing the Financial Crimes Investigation Board about suspicious transactions.

Notable Changes in Regulations – 2019

A. 2019 NOTABLE CHANGES IN REGULATIONS – 2019

1. General Communiqué on the Tax Procedural Code numbered 509

The Communiqué numbered 509 was published in the Official Gazette dated 19.10.2019 and numbered 30923, and entered into force as of the publication date. One of the developments enacted with the said Communiqué has been the application of “electronic policy,” which is important for the insurance industry. In the Communiqué, “e-Insurance Policy Application” is defined as an application that enables insurance, pension, and reinsurance companies, and also insurance and pension intermediaries to issue their previously paper-based insurance policies in an electronic environment as an electronic document, to transmit to the interested parties in paper or electronic form according to their request, and to keep and present the policies in an electronic environment. e-Insurance Policy which is regulated with the Communiqué will have the same legal characteristics of the paper-based “Insurance Policy.” e-Insurance Policy is not stipulated to be a mandatory application. Insurance, pension and reinsurance companies, and insurance and pension intermediaries that wish to be included in the application have to file an application and meet certain conditions. However, the Revenue Administration is authorized to impose the application of e-Insurance Policy as an obligation on insurance, pension and reinsurance companies, and insurance and pension intermediaries, with a notice period of at least 3 months.

2. The President's Executive Order numbered 47, on the Organization and Responsibilities of the Insurance and Private Pension Regulation and Supervision Agency

The Executive Order was published in the Official Gazette dated 18.10.2019 and numbered 30922 and entered into force as of the publication date. With the said Executive Order, Insurance and Private Pension Regulation and Supervision Agency is established, having the public legal personality, and having administrative and financial autonomy. In the Executive Order, major duties of the Agency are stated as; to take precautions for the development of insurance industry in the country and the development of private pension practices, for protection of policyholders and pension participants, to implement these precautions, to instruct the related entities to implement these precautions, monitor implementation, and to conduct inspections, audits, and investigations for the persons and entities operating in the field of insurance and private pension.

The Law on Digital Services Tax, and on the Changes to Certain Laws and the Statutory Decree Numbered 375, was published in the Official Gazette dated 07.12.2019 and numbered 30971. This Law inserted the supplementary article 5 to the Insurance Law. Provisions inserted to the Insurance Law are about the Insurance and Private Pension Regulation and Supervision Agency, in line with the requirements of the President's Executive Order.

3. The Regulation on the Expert Persons of the Insurance Arbitration Commission

The Regulation was published in the Official Gazette dated 18.04.2019 and numbered 30749 and entered into force as of 18.08.2019. The purpose of the Regulation is to regulate the rules and procedures to be applied for the conditions of the applications to be an expert with the Insurance Arbitration Commission, acceptance criteria for these applications, the experts' qualifications, their registration, assignment, principles that they should comply with, their operating rules, their inspection, and delisting. For cases that are not regulated with the Regulation, the related provisions of the regulations on the judicial expert mechanism shall apply by comparison.

4. Supplementary Article 4 to the Insurance Law

With the Law on the Changes to the Tax Laws and Certain Laws and Statutory Decrees that was published in the Official Gazette dated 18.01.2019, supplementary article 4 was inserted to the Insurance Law.

With supplementary article 4, a company with the title of Türk Reasürans Anonim Şirketi was established, the capital being owned by the Ministry of Treasury and Finance. The purpose of the company is to provide insurance and reinsurance coverage for material damages and bodily injuries, which may occur due to various risks that the domestic insurance industry cannot cover, or where there are difficulties in finding a domestic reinsurance coverage. The Company will also aim to increase domestic reinsurance capacity. It is stated in the Law that the company shall be exempt from the fees that are collected under

the Law on Governmental Service Fees numbered 492, and exempt from banking and insurance transaction tax, over the amounts collected. It is also stated in the Law that, when this company requests a provisional injunction, provisional seizure or a suspension of enforcement, collateral shall not be sought.

5. The Amendment to the Catastrophe Insurance Law

An amendment was made in article 6 of the Catastrophe Insurance Law numbered 6305, with the Law on the Changes to the Tax Laws and Certain Laws and Statutory Decrees, which was published in the Official Gazette dated 18.01.2019. With the provision inserted to the article, Turkish Natural Catastrophe Insurance Pool is allowed to be the shareholder to international insurance and reinsurance companies, provided that the company is approved by the Minister.

B. IMPORTANT DECISIONS OF THE PERSONAL DATA PROTECTION AUTHORITY

- Principle Resolution dated 18/10/2019, numbered 2019/308
It was detected that; law firms and certain persons and entities operating in industries such as finance, real estate advisory, insurance, etc. were using software enabling to inquire about personal data such as identification and contact information, this personal information is obtained by various methods. It was decided that the necessary administrative and judicial proceedings to be initiated for the persons who were detected to be using these software, under the Turkish Criminal Code and the Law on Protection of Personal Data.
- The Summary of the Resolution dated 26/07/2018 and Numbered 2018/90
A group of companies being the data holder was accepting job applications online, and it was detected that this company was directing the applicants to mark one box at the time of application, which means both to have read the disclosure text and to have provided the clear consent for processing personal data. Further to this finding, the Authority instructed the data holder to differentiate the two mechanisms.
- The Summary of the Resolution dated 16/10/2018 and Numbered 2018/104
As a result of a data breach caused by an error in a picture application of Facebook, the Authority issued two separate administrative fines to the company, being TL 1,100,000 and TL 550,000. The fine totaling TL 1,650,000 has been the highest amount of administrative fine issued by the Authority up to date.
- The Summary of the Resolution dated 31/05/2019 and Numbered 2019/157
It was stated that; when using the G-mail infrastructure of the company Google, e-mails sent and received are being kept at data centers that are located at various locations throughout the world. This means that personal data is transferred overseas, is subject to the conditions of overseas data transfer, as stipulated in the legal regulation. Briefly, the Authority stated that when procuring service from data holder/data processors having servers overseas, this would qualify as overseas data transfer.
- The Summary of the Resolution Dated 31/05/2019 and Numbered 2019/159
It was stated that; the use of personal data is a data processing activity under the Law on Protection of Personal Data. Therefore, a data holder sending messages to the telephone number of the related person on different dates, multiple times and in the same content is decided to be an abuse of a right by the data holder. Then, an administrative fine in the amount of TL 20,000 was issued to the data holder.
- The Summary of the Resolution Dated 31/05/2019 and Numbered 2019/166
The related person made an application to the data holder because he/she was sent irrelevant content, but did not receive a sufficient answer. Then the related person applied to the Personal Data Protection Authority, resulting in an administrative fine issued to the data holder in the amount of TL 50,000.
- The Summary of the Resolution Dated 31/05/2019 and Numbered 2019/162
The complainant's data (mobile phone number) was used by the data holder to send messages to the complainant having advertisement content. The case is stated to be a personal data processing activity, and based on the grounds that the sending of messages did not rely on any personal data processing condition, an administrative fine was issued to the data holder, for TL 50,000.

Notable Changes in Regulations – 2019

- The Summary of the Resolution Dated 18/09/2019 and Numbered 2019/277
The complainant has given his/her phone number to the bank he/she is doing business with, to be reached for the business and transactions concerning him/her. However, the bank has shared the phone number to be able to reach his/her spouse. This was decided to be a case where the personal data is used beyond the purpose of its processing, and the related data holder was issued an administrative fine for TL 10,000.
- The Resolution Dated 24/01/2019 and Numbered 2019/10
There is a provision in the Law stating that; when processed personal data is obtained illegally by others, the data holder shall notify the incident to the Authority and the related person as soon as possible. It is decided that the phrase “as soon as possible” is interpreted as 72 hours, and where the data holder does not notify the Authority in 72 hours without any reasonable grounds, the late notification shall include an explanation of the delay.
- The Resolution Dated 18/09/2019 and Numbered 2019/271
For the data breach notifications sent by the data holder to the related persons, the Authority announced the minimum content that such notifications should contain.
- The Resolution Dated 27/12/2019 and Numbered 2019/387
Deadlines for registration and notification of data holders to the Data Holder Registry were extended as follows:

Data Holders	The Start Date of Registration Obligation	The Deadline for Registration Obligation
Real and legal person data holders, having employees more than 50 in a year, or an annual balance sheet over TL 25 million	01.10.2018	30.06.2020
Real and legal person data holders residing overseas	01.10.2018	30.06.2020
Real and legal person data holders, having employees less than 50 in a year and an annual balance sheet less than TL 25 million, and where their subject matter of business is processing sensitive personal data	01.01.2019	30.09.2020
Data holders which are governmental entities and institutions	01.04.2019	31.12.2020

Regulations

- The Regulation on Personal Health Data entered into force and was published in the Official Gazette dated 21.06.2019 and numbered 30808. Under the Law on Protection of Personal Data, the Regulation regulates the rules and procedures to be complied with, during the processes and practices of the organization of the Ministry of Health, including their central units and regional offices, and the health service providers that are operating under the authority of the Ministry’s organization and the subsidiaries and relevant organizations of the Ministry. The execution of the Regulation on the “Processing of Personal Health Data and Ensuring Their Privacy” was suspended previously, with a court decision. With the new Regulation, this regulation now became null and void.
- The Regulation on the “Changes to the Regulation on Deletion, Destruction or Anonymization of Personal Data” entered into force and was published in the Official Gazette dated 28.04.2019 and numbered 30758. This Regulation clarified the meanings of some of the terms of the “Regulation on Deletion, Destruction or Anonymization of Personal Data,” and corrected the material errors.
- The Regulation on “Personal Data Protection Authority Disciplinary Supervisors” entered into force and was published in the Official Gazette dated 17.05.2019 and numbered 30777. The Regulation determines the disciplinary supervisors of the employees of the Personal Data Protection Authority and regulates the rules and procedures of disciplinary actions.

Communiqués

- The Communiqué on the “Changes to the Communiqué on the Rules and Procedures for the Disclosure Obligation” entered into force and was published in the Official Gazette dated 28.04.2019 and numbered 30758. This Communiqué clarified the meanings of some of the terms of the “Communiqué on the Rules and Procedures for the Disclosure Obligation,” and corrected the material errors.

Internal Audit Activities

Internal audit activities in Aksigorta are carried out by the Internal Audit Department, directly affiliated to the Board of Directors and organized independently. Although the ultimate responsibility lies with the Board of Directors, two independent members of the Board of Directors who do not have executive responsibility have been appointed as members of the Audit Committee. The Internal Audit Department submits its reports to the Audit Committee. In addition, in the periodic meetings of the Board of Directors, there is an agenda item regarding the results of the internal audit and the audit reports are added on the agenda through the Audit Committee. Internal audit activities for 2019 were carried out by the Internal Audit Department consisting of an Internal Audit Chairman, an Internal Audit Manager and four Internal Auditors in accordance with the "Internal Audit Plan for 2019", approved by the Board of Directors. Within the scope of the Annual Audit Plan, audits of 10 business processes have been completed and the results have been presented to the Audit Committee. The actions taken by the Company executives regarding the internal control deficiencies observed within the scope of the Audit Reports were followed up later, the effect of the actions taken was questioned and the results were reported to the Audit Committee.

Dividend Policy

AKSIGORTA ANONİM ŞİRKETİ BOARD OF DIRECTORS RESOLUTION

DATE OF MEETING : 07.02.2020
NUMBER DECISION : 16

ATTENDANTS OF THE MEETING

- Haluk DİNÇER
- Emmanuel Van GRIMBERGEN
- Hayri ÇULHACI
- Kıvanç ZAIMLER
- Stefan Georges Leon BRAEKEVELDT
- Lütfiye Yeşim UÇTUM
- Emin Hakan EMİNSOY
- Uğur GÜLEN

AGENDA:

Determination of use of profit of the year 2019, the dividend payment and share

RESOLUTION

It has been recognized that there is a "Net Period Profit" of TL 366,358,436 on the Financial Statements prepared in accordance with Capital Market Board's Accounting Standards and Generally Accepted Accounting Principles and audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (PwC) for the period of 01.01.2019-31.12.2019. Board has decided to propose and ask for the approval of our shareholders at the Ordinary General Assembly Meeting which will take place on March 11, 2020 for the following:

Dividend distribution out of the net distributable period income , after allocating the legal reserves from the net profit of the period of TL 201,960,000. Thus, to distribute a total gross dividend of TL 201,960,000 in cash to shareholders holding a total equity of TL 306,000,000, corresponding to 66% ratio, and to charge 15% of withholding tax on the dividend income, and to make the dividend payments starting from the date March 13, 2020.

Chairman

Haluk DİNÇER

Vice Chairman

**Emmanuel Van
GRIMBERGEN**

Board Member

Hayri ÇULHACI

Board Member

Kıvanç Zaimler

Board Member

**Stefan Georges Leon
BRAEKEVELDT**

Independent Board
Member

Lütfiye Yeşim UÇTUM

Independent Board
Member

Emin Hakan EMİNSOY

Board Member, General
Manager

Uğur GÜLEN

Independent Auditor's Report on the Annual Report of the Board of Directors



CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Aksigorta A.Ş.

1. Opinion

We have audited the annual report of Aksigorta A.Ş. (the "Company") for the 1 January - 31 December 2019 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Company's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSAs") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and the regulations on the principles on auditing as set out in the insurance legislation. Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Financial Statements

We expressed an unqualified opinion in the auditor's report dated 30 January 2020 on the full set financial statements for the 1 January - 31 December 2019 period.

4. Board of Director's Responsibility for the Annual Report

Company management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No.14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and "Regulation on Financial Structures of Insurance, Reinsurance and Pension Companies" ("Regulation") published on the 7 August 2007 dated Official Journal No. 26606 are as follows:

- to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- to prepare the annual report to reflect the Company's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Company may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- to include the matters below in the annual report:
 - events of particular importance that occurred in the Company after the operating year,
 - the Company's research and development activities,
 - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Customs and Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC, Communiqué and Regulation provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements of the Company and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation and the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements and with the information obtained in the course of audit.

ORIGINALLY ISSUED IN TURKISH

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



Partner

Istanbul, 7 February 2020

(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

Aksigorta A.Ş.

Financial Statements as of
December 31, 2019 Together with the
Independent Auditor's Report



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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Aksigorta A.Ş.

A. AUDIT OF THE FINANCIAL STATEMENTS

1. Opinion

We have audited the accompanying financial statements of Aksigorta A.Ş. (the "Company") which comprise the balance sheet as at 31 December 2019 and the statement of income, statement of changes in shareholders' equity and statement of cash flows for the year then ended and the notes to the financial statements and a summary of significant accounting policies and financial statement notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with accounting and financial reporting regulations enforced by insurance legislation and Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by insurance legislation "Regulation on Insurance Accounting and Financial Reporting Principles".

2. Basis for Opinion

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



3. Key Audit Matters

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

Key audit matter	How our audit addressed the matter
<p>Estimation of claims incurred but not reported</p> <p>As explained in Notes 2 and 4, the Company has accounted for the net incurred but not reported claims provision amounting to TL 683,240,035 as of 31 December 2019.</p> <p>Abovementioned provision is calculated according to the best estimation methods determined within the opinion of the Company's actuary in accordance with "Circular on Outstanding Claim Provisions" dated 5 December 2014 and numbered 2014/16 published by the Undersecretariat of the Treasury. The reason we focus on this area during our audit is the significance of the incurred but not reported claims provision for the financial statements and the significant actuarial judgments and estimates required by the nature of provision in the financial statements.</p>	<p>We tested the design and operational effectiveness of the key controls implemented by the Company's management in relation to the ultimate claims used in the calculation of incurred but not reported claims provision.</p> <p>We tested the mathematical accuracy of the calculation of incurred but not reported claims for selected branches and reconciled with the information in the financial statement. We tested the appropriateness of the methods and assumptions used by branch in association with our own actuary experts by inquiring the Company's management and actuary. In addition, for selected branches, we made an independent assessment and defined reasonable ranges for the incurred but not reported claims provision and compared them with the Company's records.</p> <p>We checked the conformity and accuracy of the disclosures in the financial statements related to such provisions against Regulation on Insurance Accounting and Financial Reporting Principles.</p>



4. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulation on Insurance Accounting and Financial Reporting Principles and TAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

5. Auditor's Responsibilities for the Audit of the Financial Statements

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

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

As part of an independent audit conducted in accordance with the regulations on the principles on auditing as set out in the insurance legislation SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



B. OTHER RESPONSIBILITIES ARISING FROM REGULATORY REQUIREMENTS

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2019 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 30 January 2020.

ORIGINALLY ISSUED IN TURKISH

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


Adnan Akar, SMMM
Partner



Istanbul, 30 January 2020

**THE MANAGEMENT'S REPRESENTATION ON THE FINANCIAL
STATEMENTS PREPARED AS OF DECEMBER 31, 2019**

The accompanying financial statements, related disclosures and notes of December 31,2019 ("the financial report") are prepared in accordance with the requirements set out by Republic of Turkey Ministry of Treasury and Finance and accordance with the accounting principles and standarts that inforced by insurance legislation and are in compliance with our Company's accounting records.

Istanbul, January 30,2020



Osman AKKOCA
Chief Financial Officers



Uğur GÜLEN
Chief Executive Officer



Halil KOLBAŞI
Actuary
Licence No: 72



Seza TANINMIŞ ÖZGÜR
Accounting Manager

Aksigorta A.Ş.

The Financial Statements for the Period January 1 – December 31, 2019

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Aksigorta A.Ş.

Convenience Translation of the Balance Sheets as of December 31, 2019 and 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

ASSETS			
		Audit Current Period (31/12/2019)	Audit Previous Period (31/12/2018)
I- CURRENT ASSETS			
A- Cash and Cash Equivalents	Note	2,063,042,512	1,969,568,662
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	1,356,583,321	1,485,633,722
4- Cheques Given and Payment Orders (-)		-	-
5- Receivables From Credit Cards with Bank Guarantee Due Less Than Three Months	14	706,459,191	483,934,940
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Investments with Risks on Policy Holders		1,330,189,267	559,873,665
1- Financial Assets Available for Sale	11.1	702,749,632	379,629,308
2- Financial Assets Held to Maturity	11.1	34,881,722	9,752,674
3- Financial Assets Held for Trading	11.1	590,751,326	168,805,442
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders	11.1	1,806,587	1,686,241
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)		-	-
C- Receivables From Main Operations	12.1	760,619,614	600,837,632
1- Receivables From Insurance Operations	12.1	770,022,957	603,065,523
2- Provision for Receivables From Insurance Operations (-)	12.1	(18,093,784)	(11,935,533)
3- Receivables From Reinsurance Operations		-	-
4- Provision for Receivables From Reinsurance Operations (-)		-	-
5- Cash Deposited For Insurance & Reinsurance Companies	12.1	30,954	30,954
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operation		-	-
9- Doubtful Receivables From Main Operations	12.1	142,028,430	116,410,789
10- Provisions for Doubtful Receivables From Main Operations (-)	12.1	(133,368,943)	(106,734,101)
D- Due from Related Parties		160,165	126,885
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		160,165	126,885
7- Rediscount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
E- Other Receivables		17,597,262	20,668,330
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		802,322	518,123
4- Other Receivables	47	16,794,940	20,150,207
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals	4.2.2	294,531,083	261,130,832
1- Deferred Commission Expenses	17.20	291,440,909	222,173,395
2- Accrued Interest and Rent Income		9950	-
3- Income Accruals		510,490	33,895,401
4- Other Prepaid Expenses	47	2,569,734	5,062,036
G- Other Current Assets	4.2.2	7,623,377	5,635,630
1- Inventories		22	22
2- Prepaid Taxes and Funds		7,610,410	5,416,876
3- Deferred Tax Assets		-	-
4- Business Advances		12,945	-
5- Advances Given to Personnel		-	218,732
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		4,473,763,280	3,417,841,636

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

Aksigorta A.Ş.

Convenience Translation of the Balance Sheets as of December 31, 2019 and 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

ASSETS			
	Note	Audited Current Period (31/12/2019)	Audited Previous Period (31/12/2018)
II- NON CURRENT ASSET			
A- Receivables From Main Operations			
1- Receivables From Insurance Operations		-	-
2- Provision for Receivables From Insurance Operations (-)		-	-
3- Receivables From Reinsurance Operations		-	-
4- Provision for Receivables From Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables From Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties			
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
C- Other Receivables			
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Receivables		-	-
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
D- Financial Assets			
1- Investments In Associates		-	-
2- Affiliates	9 and 11.4	-	30,116,653
3- Capital Commitments to Affiliates (-)		-	-
4- Subsidiaries		-	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Joint Ventures		-	-
7- Capital Commitments to Joint Ventures (-)		-	-
8- Financial Assets and Investments with Risks on Policy Holders		-	-
9- Other Financial Assets		-	-
10- Diminution in Value of Financial Assets (-)	11.4	-	(30,116,653)
E- Tangible Fixed Assets			
1- Investment Properties	6 and 7	49,455,053	24,329,768
2- Diminution in Value for Investment Properties (-)	7	170,958	-
3- Owner Occupied Properties	6	1,598,569	1,598,569
4- Machinery and Equipments		-	-
5- Furnitures and Fixtures	6	27,612,750	23,741,539
6- Vehicles	6	2,720,001	2,720,001
7- Other Tangible Assets (Including Leasehold Improvements)	6	21,347,617	21,052,437
8- Leased Tangible Fixed Assets	6	34,372,885	-
9- Accumulated Depreciation (-)	6 and 7	(38,367,727)	(24,782,778)
10- Advances Paid for Tangible Fixed Assets (Including Construction In Progresses)		-	-
F- Intangible Fixed Assets			
1- Rights	8	134,184,258	111,808,560
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortizations (-)	8	(77,104,087)	(58,117,829)
7- Advances Regarding Intangible Assets	8	3,489,088	1,949,163
G- Prepaid Expenses and Income Accruals			
1- Deferred Commission Expenses		149,980	149,980
2- Accrued Interest and Rent Income		-	-
3- Other Prepaid Expenses	47	14,9980	14,9980
H- Other Non-current Assets			
1- Effective Foreign Currency Accounts		23,935,685	16,972,963
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	35	23,935,685	16,972,963
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non current Assets			
		134,109,977	97,092,605
TOTAL ASSETS (I+II)			
		4,607,873,257	3,514,934,241

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

Aksigorta A.Ş.

Convenience Translation of the Balance Sheets as of December 31, 2019 and 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

LIABILITIES			
	Note	Audited Current Period (31/12/2019)	Audited Previous Period (31/12/2018)
III- SHORT TERM LIABILITIES			
A- Borrowings			
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables	20	12,599,956	-
3- Deferred Finance Lease Borrowing Costs (-)	20	(8,793,389)	-
4- Current Portion of Long Term Borrowings		-	-
5- Principal, Installments and Interests on Issued Bills (Bonds)		-	-
6- Other Financial Assets Issued		-	-
7- Value Differences on Issued Financial Assets (-)		-	-
8- Other Financial Borrowings (Liabilities)	14	60,777,683	58,448,710
B- Payables From Main Operations		554,050,816	418,719,301
1- Payables Due to Insurance Operations	191	554,050,816	418,719,301
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Rediscount on Other Payables From Main Operations (-)		-	-
C- Due to Related Parties		287,654	254,558
1- Due to Shareholders		1,143	1,143
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		286,511	253,415
6- Due to Other Related Parties		-	-
D- Other Payables		147,073,119	132,714,389
1- Deposits and Guarantees Received	12.1	3,002,608	-
2- Due to SSI regarding Treatment Expenses	191	42,392,477	28,112,544
3- Other Payables	191	101,678,034	104,601,845
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		2,515,041,331	1,910,327,687
1- Unearned Premiums Reserve - Net	20	1,405,431,056	1,040,175,238
2- Unexpired Risk Reserves - Net	20	14,410,790	20,653,057
3- Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net	4.1 and 20	1,095,191,072	849,402,337
5- Provision for Bonus and Discounts - Net	20	8,413	97,055
6- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Relevant Provisions		93,440,050	44,131,441
1- Taxes and Dues Payable		40,384,078	31,716,632
2- Social Security Premiums Payable	23.1	219,015	168,325
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		4,977	4,977
5- Corporate Tax Liability Provision on Period Profit	35	125,897,143	66,694,754
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	35	(73,065,163)	(54,453,247)
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks		59,947,386	40,333,473
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	191 and 23.4	59,947,386	40,333,473
H- Deferred Income and Expense Accruals	191	144,643,673	101,719,094
1- Deferred Commission Income	191	115,046,314	101,508,921
2- Expense Accruals	2.11 and 191	29,597,359	-
3- Other Deferred Income	191	-	210,173
I- Other Short Term Liabilities		235	235
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short Term Liabilities		235	235
III - Total Short Term Liabilities		3,579,068,514	2,706,648,888

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

Aksigorta A.Ş.

Convenience Translation of the Balance Sheets as of December 31, 2019 and 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

LIABILITIES			
	Note	Audited Current Period (31/12/2019)	Audited Previous Period (31/12/2018)
IV- LONG TERM LIABILITIES			
A- Borrowings			
		25,943,674	-
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables	20	36,383,769	-
3- Deferred Finance Lease Borrowing Costs (-)	20	(10,440,095)	-
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Value Differences on Issued Financial Assets (-)		-	-
7- Other Financial Borrowings (Liabilities)		-	-
B- Payables From Main Operations			
1- Payables Due to Insurance Operations		-	-
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Discount on Other Payables From Main Operations (-)		-	-
C- Due to Related Parties			
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables			
1- Deposits and Guarantees Received		-	-
2- Due to SSI regarding Treatment Expenses		-	-
3- Other Payables		-	-
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves			
		97,139,342	83,822,206
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Mathematical Reserves - Net	172 and 20	1,446,871	1,473,636
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	20	95,692,471	82,348,570
F- Other Liabilities and Provisions			
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks			
		7,052,711	6,503,684
1- Provision for Employment Termination Benefits	22	7,052,711	6,503,684
2- Provisions for Employee Pension Fund Deficits		-	-
H- Deferred Income and Expense Accruals			
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long Term Liabilities			
1- Deferred Tax Liability		-	-
2- Other Long Term Liabilities		-	-
IV- Total Long Term Liabilities		130,135,727	90,325,890

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

Aksigorta A.Ş.

Convenience Translation of the Balance Sheets as of December 31, 2019 and 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

SHAREHOLDERS' EQUITY

	Note	Audited Current Period (31/12/2019)	Audited Previous Period (31/12/2018)
V- SHAREHOLDERS' EQUITY			
A- Paid in Capital		306,000,000	306,000,000
1- (Nominal) Capital	15	306,000,000	306,000,000
2- Unpaid Capital (-)		-	-
3- Positive Inflation Adjustment on Capital		-	-
4- Negative Inflation Adjustment on Capital (-)		-	-
5- Unregistered Capital		-	-
B- Capital Reserves		90,989,327	95,377,201
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital	15	90,989,327	95,377,201
4- Translation Reserves		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		48,970,786	2,612,715
1- Legal Reserves	15	45,882,288	15,835,334
2- Statutory Reserves		62	62
3- Extraordinary Reserves		1,018,015	1,018,015
4- Special Funds (Reserves)	15 and 22	(4,518,213)	(3,602,019)
5- Revaluation of Financial Assets	16.1	6,588,634	(10,638,677)
6- Other Profit Reserves		-	-
D- Previous Years' Profits		86,350,467	86,350,467
1- Previous Years' Profits		86,350,467	86,350,467
E- Previous Years' Losses (-)		-	-
1- Previous Years' Losses		-	-
F- Net Profit of the Period	37	366,358,436	227,619,080
1- Net Profit of the Period		366,358,436	227,619,080
2- Net Loss of the Period (-)		-	-
3- Net Income not Subject to Distribution		-	-
V- Total Shareholders' Equity		898,669,016	717,959,463
Total Liabilities and Shareholders' Equity (III+IV+V)		4,607,873,257	3,514,934,241

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

Aksigorta A.Ş.

Convenience Translation of the Statement of Income for the Periods January 1 – December 31, 2019 and 2018 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note	Audited Current Period 01/01/2019 - 31/12/2019	Audited Previous Period 01/01/2018 - 31/12/2018
I-TECHNICAL PART			
A- Non-Life Technical Income			
1- Earned Premiums (Net of Reinsurer Share)		2,243,324,247	1,824,838,348
1.1- Written Premiums (Net of Reinsurer Share)	24	2,602,337,798	2,001,259,494
1.1.1- Gross Written Premiums (+)	24	4,473,559,840	3,417,337,929
1.1.2- Ceded Premiums to Reinsurers (-)	17.16 and 24	(1,736,056,065)	(1,315,722,213)
1.1.3- Ceded Premiums to SSI (-)	17.16 and 24	(135,165,977)	(100,356,222)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(365,255,818)	(156,244,210)
1.2.1- Unearned Premiums Reserve (-)	20	(586,816,135)	(297,945,489)
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)	17.16 and 20	198,196,693	123,625,496
1.2.3- SSI of Unearned Premiums Reserve (+)	17.16 and 20	23,363,624	18,075,783
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		6,242,267	(20,176,936)
1.3.1- Unexpired Risks Reserve (-)	20	(36,709,082)	(112,026,341)
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)	17.16 and 20	42,951,349	91,849,405
2- Investment Income Transferred from Non-Technical Part		476,255,314	359,339,576
3- Other Technical Income (Net of Reinsurer Share)		5,678,324	5,939,710
3.1- Gross Other Technical Income (+)		5,678,324	5,939,710
3.2- Reinsurance Share of Other Technical Income (-)		-	-
4- Accrued Subrogation and Salvage Income (+)		26,975,220	21,793,959
B- Non-Life Technical Expense (-)			
1- Total Claims (Net of Reinsurer Share)		(1,544,397,091)	(1,341,356,999)
1.1- Claims Paid (Net of Reinsurer Share)		(1,298,615,714)	(1,071,874,506)
1.1.1- Gross Claims Paid (-)		(2,112,547,994)	(1,485,190,439)
1.1.2- Reinsurance Share of Claims Paid (+)	17.16	813,932,280	413,315,933
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(245,781,377)	(269,482,493)
1.2.1- Outstanding Claims Reserve (-)		(701,073,116)	(690,746,785)
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)	17.16	455,291,739	421,264,292
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	20	88,642	(89,988)
2.1- Bonus and Discount Reserve (-)	20	61,262,144	(61,622,938)
2.2- Reinsurance Share of Bonus and Discount Reserve (+)	17.16 and 20	(61,173,502)	61,532,950
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	20	(13,343,901)	(11,784,194)
4- Operating Expenses (-)	32	(512,963,572)	(431,341,251)
5- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5.1- Mathematical Reserves (-)		-	-
5.2- Reinsurance Share of Mathematical Reserves (+)		-	-
6- Other Technical Expenses (-)	47	(97,485,609)	(59,405,229)
6.1- Gross Other Technical Expenses (-)	47	(97,485,609)	(59,405,229)
6.2- Reinsurance Share of Other Technical Expenses (+)		-	-
C- Non Life Technical Net Profit (A-B)			
		584,131,574	367,933,932

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

Aksigorta A.Ş.

Convenience Translation of the Statement of Income for the Periods January 1 - December 31, 2019 and 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Audited	Audited
		Current Period	Previous Period
		01/01/2019 -	01/01/2019 -
	Note	31/12/2019	31/12/2019
I-TECHNICAL PART			
D- Life Technical Income			
1. Earned Premiums (Net of Reinsurer Share)		130,771	135,124
1.1 - Written Premiums (Net of Reinsurer Share)	24	-	500
1.1.1 - Gross Written Premiums (+)		-	500
1.1.2 - Ceded Premiums to Reinsurers (-)		-	-
1.2 - Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		-	-
1.2.1- Unearned Premium Reserves (-)		-	-
1.2.2- Unearned Premium Reserves Reinsurer Share (+)		-	-
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
1.3.1- Unexpired Risks Reserves (-)		-	-
1.3.2- Unexpired Risks Reserves Reinsurer Share (+)		-	-
2. Life Branch Investment Income		130,771	134,624
3. Unrealized Income from Investments		-	-
4-Other Technical Income (Net of Reinsurer Share) (+/-)		-	-
4.1- Gross Other Technical Income (+/-)		-	-
4.2- Reinsurance Share of Other Technical Income (+/-)		-	-
5- Accrued Subrogation and Salvage Income (+)		-	-
E- Life Technical Expense		(158,154)	(162,937)
1- Total Claims (Net of Reinsurer Share)		(184,919)	(298,423)
1.1- Claims Paid (Net of Reinsurer Share)		(177,561)	(367,607)
1.1.1- Gross Claims Paid (-)		(177,561)	(367,607)
1.1.2- Claims Paid Reinsurer Share (+)		-	-
1.2- Changes in Outstanding Claims Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(7,358)	69,184
1.2.1 - Outstanding Claims Reserve (-)		(7,358)	69,184
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)		-	-
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1 - Bonus and Discount Reserve (-)		-	-
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3-Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		26,765	135,491
3.1- Mathematical Reserves (-)		26,765	135,491
3.1.1- Actuarial Mathematical Reserve (-)		24,088	121,942
3.1.2- Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		2,677	13,549
3.2- Reinsurer Share of Mathematical Reserves (+)		-	-
3.2.1- Reinsurance Share of Actuarial Mathematical Reserve (+)		-	-
3.2.2- Reinsurance Share of Profit Share Reserve		-	-
(Reserves for Life Insurance Policies Including Investment Risk) (-)		-	-
4- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5- Operating Expenses (-)	32	-	(5)
6- Investment Expenses (-)		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non- Technical Part (-)		-	-
F- Life Technical Profit (D-E)		(27,383)	(27,813)
G- Individual Retirement Technical Income			
1- Fund Management Fee		-	-
2- Management Fee Deduction		-	-
3- Initial Contribution Fee		-	-
4- Management Fee In Case Of Temporary Suspension		-	-
5- Withholding tax		-	-
6- Increase in Market Value of Capital Commitment Advances		-	-
7-Other Technical Income		-	-
H- Individual Retirement Technical Expense			
1- Fund Management Expenses (-)		-	-
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Expense (-)		-	-
I- Individual Retirement Technical Profit (G-H)			

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

Aksigorta A.Ş.

Convenience Translation of the Statement of Income for the Periods January 1 – December 31, 2019 and 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Audited Current Period 01/01/2019 - 31/12/2019	Audited Previous Period 01/01/2019 - 31/12/2019
II-NON TECHNICAL PART			
	Note		
C- Non Life Technical Profit (A-B)		584,131,574	367,933,932
F- Life Technical Profit (D-E)		(27,383)	(27,813)
I - Individual Retirement Technical Profit (G-H)		-	-
J- Total Technical Profit (C+F+I)		584,104,191	367,906,119
K- Investment Income		662,995,479	659,044,752
1- Income From Financial Investment	26	198,964,567	172,123,072
2- Income from Sales of Financial Investments	26	71,670,639	54,944,720
3- Revaluation of Financial Investments	26	6,785,384	17,849,568
4- Foreign Exchange Gains	36	230,548,082	314,166,805
5- Income from Affiliates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income Received from Land and Building		-	-
8- Income from Derivatives	13	155,026,807	99,960,587
9- Other Investments		-	-
10- Investment Income transferred from Life Technical Part		-	-
L- Investment Expenses (-)		(704,762,152)	(679,394,430)
1- Investment Management Expenses (including interest) (-)	20	(8,316,084)	-
2- Valuation Allowance of Investments (-)	26	(16,145,073)	(18,123,768)
3- Losses On Sales of Investments (-)	26	(8,798,476)	(3,232,315)
4- Investment Income Transferred to Life Technical Part (-)		(476,255,314)	(359,339,576)
5- Losses from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	36	(161,736,401)	(278,335,770)
7- Depreciation Expenses (-)	6, 7 and 8	(33,510,804)	(20,363,001)
8- Other Investment Expenses (-)		-	-
M- Other Income and Expenses (+/-)	47	(50,081,939)	(53,242,607)
1- Provisions Account (+/-)	47	(30,294,342)	(47,271,113)
2- Discount account (+/-)		-	-
3- Mandatory Earthquake Insurance Account (+/-)	47	1,356,101	1,135,070
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Asset Accounts(+/-)	35 and 47	18,330,425	120,044
6- Deferred Tax Expense Accounts (-)		-	-
7- Other Income and Revenues	47	1,374,123	1,303,230
8- Other Expense and Losses (-)	47	(40,848,246)	(8,529,838)
9- Prior Period Income		-	-
10- Prior Period Losses (-)		-	-
N- Net Profit/(Loss)	37	366,358,436	227,619,080
1- Profit/(Loss) Before Tax		492,255,579	294,313,834
2- Corporate Tax Liability Provision (-)	35	(125,897,143)	(66,694,754)
3- Net Profit/(Loss)		366,358,436	227,619,080
4- Inflation Adjustment Account		-	-

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

Aksigorta A.Ş.

Convenience Translation of the Statement of Changes in Shareholders' Equity for the Periods January 1 – December 31, 2019 and 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Statement of Changes in Shareholders' Equity – January 1 – December, 31 2019 ⁽¹⁾

CURRENT PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit / (Loss) for the Period	Previous Years' Profit/ (Loss)	Total
I - Closing Balance of Prior Period (31/12/2018)	306,000,000	-	(10,638,677)	-	-	15,835,334	62	92,793,197	227,619,080	86,350,467	717,959,463
A- Capital increase (A1+A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal sources	-	-	-	-	-	-	-	-	-	-	-
B- Equity shares purchased by the company	-	-	-	-	-	-	-	-	-	-	-
C- Income/(expense) recognized directly in the equity	-	-	-	-	-	-	-	-	-	-	-
D- Revaluation of financial assets (Note 16.1)	-	-	17,227,311	-	-	-	-	-	-	-	17,227,311
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income/(expenses)	-	-	-	-	-	-	(916,194)	-	-	-	(916,194)
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	366,358,436	-	366,358,436
I- Dividend distributed	-	-	-	-	-	-	-	-	(197,572,126)	(4,387,874)	(201,960,000)
J- Transfer	-	-	-	-	-	30,046,954	-	(4,387,874)	(30,046,954)	4,387,874	-
II- Closing Balance (31/12/2019)	306,000,000	-	6,588,634	-	-	45,882,288	62	87,489,129	366,358,436	86,350,467	898,669,016
(I+ A+B+C+D+E+F+G+H+I+J)											

⁽¹⁾ Details of equity accounts are explained in Note 15.

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

Aksigorta A.Ş.

Convenience Translation of the Statement of Changes in Shareholders' Equity for the Periods January 1 - December 31, 2019 and 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Statement of Changes in Shareholders' Equity - January 1 - December 31, 2018 (*)

CURRENT PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
I - Closing Balance of Prior Period (31/12/2017)	306,000,000	-	(14,470)	-	-	-	62	109,779,823	126,986,683	86,350,467	629,102,565
A- Capital increase (A1+A2)	-	-	-	-	-	-	-	-	-	-	-
Cash	-	-	-	-	-	-	-	-	-	-	-
Internal sources	-	-	-	-	-	-	-	-	-	-	-
B- Equity shares purchased by the company	-	-	-	-	-	-	-	-	-	-	-
C- Income/(expense) recognized directly in the equity	-	-	-	-	-	-	-	-	-	-	-
D- Revaluation of financial assets (Note 16.1)	-	-	(10,624,207)	-	-	-	-	-	-	-	(10,624,207)
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income/(expenses)	-	-	-	-	-	-	-	(17977975)	-	-	(17977975)
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	227,619,080	-	227,619,080
I- Dividend distributed	-	-	-	-	-	15,835,334	-	991,349	(16,826,683)	-	(110,160,000)
J- Transfer	-	-	-	-	-	-	-	-	-	-	-
II- Closing Balance (31/12/2018)	306,000,000	-	(10,638,677)	-	-	15,835,334	62	92,793,197	227,619,080	86,350,467	717,959,463
(I+ A+B+C+D+E+F+G+H+I+J)											

(*) Details of equity accounts are explained in Note 15.

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

Aksigorta A.Ş.

Convenience Translation of the Statement of Cash Flows for the Periods January 1 - December 31, 2019 and 2018

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Audited	Audited
	Note	Current Period 31/12/2019	Previous Period 31/12/2018
CASH FLOW STATEMENT			
A. CASH FLOWS FROM THE OPERATING ACTIVITIES		4,634,970,139	4,239,482,072
1. Cash inflows from the insurance operations		-	-
2. Cash inflows from the reinsurance operations		-	-
3. Cash inflows from the pension operations		(3,802,854,511)	(3,632,448,738)
4. Cash outflows due to the insurance operations (-)		-	-
5. Cash outflows due to the reinsurance operations (-)		-	-
6. Cash outflows due to the pension operations (-)		832,115,628	607,033,334
7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)		-	-
8. Interest payments (-)		(85,306,670)	(68,591,105)
9. Income tax payments (-)		1,361,178	1,330,456
10. Other cash inflows		(199,640,045)	(196,807,237)
11. Other cash outflows (-)		548,530,091	342,965,448
12. Net cash generated from the operating activities			
B. CASH FLOWS FROM THE INVESTING ACTIVITIES		434,393	52,994
1. Sale of tangible assets	6, 7, 8	(29,696,762)	(27,889,432)
2. Purchase of tangible assets (-)		(1,825,273,019)	(432,158,028)
3. Acquisition of financial assets (-)		1,209,995,140	487,947,489
4. Sale of financial assets		390,861,575	238,202,705
5. Interest received		-	-
6. Dividends received		-	-
7. Other cash inflows		-	-
8. Other cash outflows (-)		(253,678,673)	266,155,728
9. Net cash generated from the investing activities			
C. CASH FLOWS FROM THE FINANCING ACTIVITIES		-	-
1. Issue of equity shares		-	-
2. Cash inflows from the loans to policyholders	20	(9,560,804)	-
3. Payments of financial leases (-)	38	(201,960,000)	(110,160,000)
4. Dividend paid (-)		-	-
5. Other cash inflows	20	-	-
6. Other cash outflows (-)		(211,520,804)	(110,160,000)
7. Cash generated from the financing activities		(15,024,795)	63,996,935
D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS			
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		14	1,200,503,027
F. Cash and cash equivalents at the beginning of the period		14	1,763,461,138

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

Aksigorta A.Ş.

Convenience Translation of Notes to the Financial Statements for the Period January 1 – December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

1. GENERAL INFORMATION

1.1 Name of the Parent Company and the ultimate owner

Aksigorta Anonim Şirketi ("the Company") is a subsidiary of Hacı Ömer Sabancı Holding A.Ş. and Ageas Insurance International N.V. as of December 31, 2019, 38.02% (December 31, 2018: 38.02%) of the Company is issued in Borsa İstanbul ("BİST") (Note 2.14).

Agreement about the sale of 50% of 189,658,802 units of Aksigorta A.Ş. shares with TL 189,658,802 nominal value that belongs to H.Ö. Sabancı Holding ("Holding") portfolio was signed with Ageas Insurance International N.V. at February 18, 2011. At the date of July 29, 2011, 9,482,940,100 units of Aksigorta A.Ş. shares that correspond to 50% of the Holding's portfolio have been transferred to Ageas Insurance International N.V. with the sale price (excluding the corrections) of USD 220,029,000.

1.2 The Company's address and legal structure and address of its registered country and registered office (or, if the Company's address is different from its registered office, the original location where the Company's actual operations are performed)

The Company is a corporation, which was established in accordance with the requirements of Turkish Commercial Code and registered in Turkey as at April 25, 1960. The headquarter of the Company is located at 'Poligon Cad. Buyaka 2 Site, No. 8, Kule 1, Kat: 0-6 34771 Ümraniye - İstanbul'.

1.3 Main operations of the Company

The Company's main operations include insurance activities based on non-life insurance branches, including primarily motor vehicle, motor third party liability, fire, marine, accident, personal accident, engineering, agriculture and health. The headquarters of the Company is in İstanbul. The Company has 10 district offices of which three of them are in İstanbul (İstanbul Anatolian Region, İstanbul European Region and İstanbul Thracian Region), and one in each White Sea and South Aegean Region, Ankara Region, Çukurova and Central Anatolia Region, Eastern Anatolia and Eastern Black Sea Region, Southeast Region, İzmir and North Aegean Region, Marmara and West Black sea Region. As of December 31, 2019, the Company has 2,878 authorized agencies (December 31, 2018: 2,654).

1.4 Details of the Company's operations and nature of field of activities

Explained in Note 1.2 and Note 1.3.

1.5 Average number of the Company's personnel based on their categories

	January 1 - December 31 2019	January 1 - December 31 2018
Top executive	9	8
Manager assistant manager	121	104
Specialist/Executives	534	627
Total	664	739

1.6 Remuneration and fringe benefits provided to top management

For the year ended December 31, 2019, wages and similar benefits provided to the senior management including chairman, members of the board of the directors, general manager, general coordinator, and deputy general managers amounted to TL 7,418,631 (December 31, 2018: TL 6,208,932).

Aksigorta A.Ş.

Convenience Translation of Notes to the Financial Statements for the Period January 1 – December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

1.7 Distribution keys used in the distribution of investment income and operating expenses in the financial statements (personnel expenses, administration expenses, research and development expenses, marketing and selling expenses and other operating expenses)

Within the framework of the Republic of Turkey of the Treasury and Finance Ministry ("Treasury and Finance Ministry") "Circular relating to Procedures and Principles for Keys used in Financial Statements prepared in the scope of Uniform Chart of Accounts for Insurance No. 2008/1 is dated January 4, 2008" is changed to "Circular relating to Procedures and Principles for Keys used in Financial Statements prepared in the scope of Uniform Chart of Accounts for Insurance in relation amending No. 2010/9 is dated August 9, 2010

Other investment revenues were classified under the non-technical division. While distributing to sub-branches the operating expenses transferred to technical division, the last three-year weighted average of number of policies generated in the current period, the premium amount written as gross and number of claims were taken into account.

1.8 Stand-alone or consolidated financial statements

The accompanying financial statements comprise the stand-alone financial statements for Aksigorta A.Ş. as of December 31, 2019.

1.9 Name and other information of the reporting company and subsequent changes to the prior balance sheet date

There has been no change in The Company's name and other company information presented in Note 1.1, Note 1.2 and Note 1.3 as of the prior balance sheet date.

1.10 Subsequent Events

The financial statements as of December 31, 2019 have been approved by the Company's Board of Directors on January 30, 2019. The financial statements, according to Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pensions Funds", were signed by the Chief Executive Officer Uğur Gülen, Chief Financial Officer Osman Akkoca, Accounting Manager Seza Tanınmış Özgür and Actuary Halil Kolbaşı on behalf of the Board of Directors. Detailed information about this subsequent events is disclosed in Note 46.

2. SUMMARY OF THE ACCOUNTING POLICIES

2.1 Basis of Preparation

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used

Accounting Standards

In accordance with Article 50(a) of Section VII of the Capital Markets Law, insurance companies have to comply with their own specific laws and regulations in matters of establishment, auditing, supervision/oversight, accounting and financial reporting. Therefore, the Company's financial statements are prepared in accordance with the prevailing accounting principles and standards for Insurance and Reinsurance Companies and Pension Funds set out by the by Treasury and Finance Ministry and applicable regulations required by the Insurance Law No: 5684 published in the Official Gazette No: 26522 on June 14, 2007.

Aksigorta A.Ş.

Convenience Translation of Notes to the Financial Statements for the Period January 1 – December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

The financial statements are prepared in accordance with the Insurance Chart of Accounts included in the communiqué issued by the Treasury regarding the Insurance Chart of Accounts and Prospects, published in the Official Gazette (No:25686) dated December 30, 2004 (Insurance Accounting System Communiqué No:1) and announcement of new account codes in the Insurance Account Plan dated December 27, 2011 and numbered 2011/14. Content and the format of the financial statements prepared and explanations and notes thereof are determined in accordance with the Communiqué on Presentation of Financial Statements published in the Official Gazette numbered 26851 dated June 18, 2008 and the Communiqué on the New Accounting Codes and Presentation of Financial Statements published in the Official Gazette dated May 31, 2012 and numbered 2012/7.

Financial statements has been prepared in TL, based on cost basis, subject to inflation adjustment until December 31, 2004 except for financial assets designated at fair value.

As of January 1, 2008, the Company accounts for its operations in accordance with the "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" issued on July 14, 2007 and effective from January 1, 2008 within the framework of this regulation a, Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") issued by Turkish Accounting Standards Board ("TASB") and other regulations, communiqués and explanations issued by Treasury on accounting and financial reporting.

With reference to the notice of Treasury No. 9 dated February 18, 2008, "TAS 1- Financial Statements and Presentation", "TAS 27- Consolidated and Non-consolidated Financial Statements", "TFRS 1 - Transition to TFRS" and "TFRS 4- Insurance Contracts" were not included in the scope of this application for the year 2008. In addition, as of March 31, 2009, the companies are obliged to apply the Communiqué on the Preparation of the Consolidated Financial Statement of Insurance and Reinsurance Companies and Pension Companies" ("Consolidation Communiqué") dated December 31, 2009 and published in the Official Gazette numbered 27097.

The Company does not have any subsidiaries to be consoled in this direction.

The Company accounts and recognizes its insurance technical provisions in its not consolidated financial statements as of December 31, 2018 in accordance with the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested," ("Regulation on Technical Reserves") dated July 28, 2010 and published in official gazette numbered 27655 and published in Official Gazzette dated July 17, 2012 numbered 28356 effective and the regulations issued for insurance and reinsurance companies by the Treasury and Finance Ministry.

Entities established in order to execute at least one of the fields of activity projected in the Banking Law dated October 19, 2005 and numbered 5411, set an example to the financial statements to be prepared by companies obliged to apply TAS; except for development and investment banks and financial holding companies as well as financial institutions established to engage in insurance, individual retirement and capital market within the frame of the Capital Market Law dated December 6, 2012 and numbered 6362, Insurance Law dated June 3, 2007 and numbered 5684, Individual Saving and Investment System Law dated March 28, 2011 and numbered 4632 and regulations pertaining to their own clauses.

Financial Statements are prepared accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Accounting Standards decree for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation".

Comparative information on the presentation of the financial statements in the current period is classified as necessary.

Aksigorta A.Ş.

Convenience Translation of Notes to the Financial Statements for the Period January 1 – December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

a. Preparation of Financial Statements in Hyperinflationary Periods

In accordance with the Treasury and Finance Ministry's statement no: 19387 issued on April 4, 2005, the Company's financial statements as of December 31, 2004 are adjusted and its 2005 openings are prepared based on the requirements set out in "the preparation of financial statements in hyperinflationary periods" specified in the Capital Market Board's (CMB) Decree Volume: XI, No: 25 "Accounting Standards in Capital Markets" which was published in the Official Gazette No: 25290 on November 15, 2003. In addition, the preparation of financial statements in hyperinflationary periods has not been applied in accordance with the statement of the Treasury and Finance Ministry. Therefore, as of December 31, 2018, non-monetary balance sheet assets and liabilities and equity items, including capital share, are calculated by indexing of inputs as of December 31, 2004 (for inputs prior to December 31, 2004) and carrying inputs subsequent to December 31, 2004 at nominal value.

b. Comparative Information and Restatement of Prior Period Financial Statements

The Company's balance sheet as of December 31, 2019 is presented in comparison with its balance sheet as of December 31, 2018; income statement, statement of changes in equity and cash flow statement for the period between January 1 – December 31, 2019 are presented in comparison with its income statement, statement of changes in equity and cash flow statement for the period between January 1 – December 31, 2018.

c. Technical Reserves

Unearned Premium Reserve

An unearned premium reserve is calculated on a daily basis for all policies in force as of the balance sheet date for unearned portions of premiums written. For marine policies with an uncertain end date, unearned premium reserve is calculated as 50% of the premiums written in the last three months. During the calculation of unearned portion of premiums written on a daily basis, it is supposed that the policies start at 12:00 noon and finish at 12:00 noon again. Commissions paid for written premium and commissions received from ceded premium that hit future months and future income statements are accounted in prepaid expenses and prepaid expenses for future years respectively in balance sheet, net in operating expenses. According to the Technical Reserves Regulation, foreign exchange selling rates declared in the Official Gazette of the CBRT on the date of accrual of the relevant premium are taken into account in the account of the unearned premiums related to the insurance contracts, which are indexed to beverages, if no foreign exchange rate is specified in the insurance contract (Note 20).

Within the framework of the Circular numbered 2007/25 and dated December 28, 2007 published by Treasury, the unearned portion of commissions paid to agencies for the written premiums and commissions received from reinsurers for the ceded premium, are recorded as in deferred expenses and deferred income, respectively on the balance sheet, and as operating expenses on a net basis in the income statement.

Unexpired Risks Reserve

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that, future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. If the loss ratio for a branch is higher than 95%, net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch; and gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross and net amounts is considered as the reinsurance share.

In accordance with the Treasury and Finance Ministry's announcement no: 2012/13, article of 7 in order to eliminate the misleading effect of changes in the claims provision calculation, the Company has recalculated the prior period claims provision with new method to calculate unexpired risk reserve.

Aksigorta A.Ş.

Convenience Translation of Notes to the Financial Statements for the Period January 1 – December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Within the framework of "the Circular on Discount of Net Cash Flows Related to Outstanding Claim Reserve" numbered 2016/22 and dated June 10, 2016 and within the framework of "the amendment to the Circular on Discount of Net Cash Flows Related to Outstanding Claim Reserve" numbered 2017/7 and dated September 15, 2017 published by Treasury, The Company has revised retrospectively the calculation of outstanding claims provision and ongoing risk provision that it has applied after discounting.

In the Circular on Provision for Unexpired Risk Reserve 2019/5, it is stated that the amount of Unexpired Risks Reserve can be calculated on the basis of the accounting year or the year of accident as explained in the first paragraph. If the calculation is based on the accident year, separate calculations will be made for the works transferred to the pool. As a result of the related circular, the Company makes Unexpired Risks Reserve accounts on the basis of accounting year.

As of December 31,2019, the Company provided a net reserve of TL 14,410,790, TL 13,674,8175 in general liability branch, TL 735,575 in water craft branch and TL 1,040 in aircraft liability branch. (December 31, 2018: TL 20.653.057) (Note 20).

Bonuses and rebates reserve

The bonus and rebates provisions are the amount that has to be made provision if the Company commits to pay bonus to insured's' policies in force regardless of renewal of the related policies. According to Insurance Law Article No.16, if the Company decides to bonus or discount operations, the amount must be allocated for insured person or beneficiaries regarding to technical results of the current year.

The Company has calculated and accounted for gross bonuses and rebates reserve amounting to TL 900,431 and TL 8,413 net at December 31, 2019 (as of December 31, 2018 company has calculated and accounted gross bonus and rebates reserve amounting to TL 62,162,575 and TL 97,055 net) (Note 20).

Claims provision

The Company accounts for outstanding claims and indemnities for the claims and indemnity costs which have accrued and determined on account, but not actually paid in the previous fiscal periods or in the current fiscal period or if this amount could not be calculated, for the claims and indemnity costs which have emerged in expected amounts, but not reported.

In accordance with Technical Reserve Regulation and "Circular on Regarding to Statements Related to Accounting of Claim Files in a Lawsuit, Actuarial Chain Ladder Method and Recovery and Salvage Income" dated January 14, 2011 numbered 2011/1, outstanding claim reserves are made according to calculated average amounts in accordance with the methods determined by Treasury as of July 1, 2012 for cases with uncertain amounts. Furthermore, outstanding claim reserves are updated according to experts' reports received from courts and stated amounts according to lawsuit judgements.

The Company recognizes outstanding claims reserve for the claims which are accrued but not paid yet in the current period or previous periods and for claims incurred but not reported.

In accordance with the "Regulation Regarding the Amendment of the Regulation Regarding Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested" published in the Official Gazette dated July 28, 2010 and numbered 27655 and the Circular on Claims Provision dated December 5, 2014 and numbered 2014/16, the Company's Incurred But Not Reported (IBNR) claims provisions were calculated using the actuarial chain ladder methods ("ACLM").

The Regulation on the amendment of the related Regulation, published in the Official Gazette dated July 5, 2012 and numbered 28356 has enforced the provision "Incurred but not reported claims are calculated using the actuarial chain ladder method, the content and implementation basis are determined by the Treasury and Finance Ministry or other calculation methods to be determined by the Treasury and Finance Ministry.

Aksigorta A.Ş.

Convenience Translation of Notes to the Financial Statements for the Period January 1 - December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

In accordance with the circular issued by Turkish Treasury dated December 5, 2014 and numbered 2014/16, as of January 1, 2015 selection of data to be used in the calculation in branch-basis, adjusting process, selection of most appropriate method to interfere with the development factors are performed by the Company's actuary. IBNR calculation in non-life insurance in accordance with the same circular, chain ladder methods are Standard Chain, Claim/Premium, Cape Cod, Frequency/Severity, Munich Chain or Bornhuett-Ferguson. The method's using by the actuary are as follows:

Branch	Applied Method	December 31, 2019		December 31, 2018		
		Gross Additional Reserve	Net Additional Reserve	Gross Additional Reserve	Net Additional Reserve	
Motor Liability	Frequency/Severity /Standard	658,290,473	658,290,473	Frequency/Severity /Standard	469,201,267	469,201,272
General Liability	Standard Chain / Damage Premium	119,748,673	32,107,540	Standard Chain / Damage Premium	84,270,336	27,964,168
General Losses	Bornhuetter-Ferguson	10,814,816	281,819	Bornhuetter-Ferguson	12,530,010	306,358
Fire and Natural Disaster	Bornhuetter-Ferguson	17,298,485	(800,489)	Bornhuetter-Ferguson	8,977,040	(1,603,399)
Marine	Bornhuetter-Ferguson	(2,229,694)	(707,912)	Bornhuetter-Ferguson	847,566	(270,181)
Accident	Bornhuetter-Ferguson	1,908,026	867,099	Bornhuetter-Ferguson	467,249	(3,966)
Health	Standart Chain	776,358	775	Standard Chain	638,476	11,809
Credit	Standard Chain	148,614	7,430	Standard Chain	667,542	33,377
Air Crafts Liability	Standard Chain	662,131	546	Standard Chain	420,236	533
Financial losses	Standard Chain	3,514,079	(197,884)	Standard Chain	879,982	(195,325)
Water Crafts	Standard Chain	567,812	152,879	Standard Chain	188,309	110,943
Indemnity	Standard Chain	307,177	177,484	Standard Chain	318,456	175,997
Air Crafts	Standard Chain	51,264	2	Standard Chain	83,183	19
Legal Protection	Standard Chain	108,650	108,650	Standard Chain	67,538	67,538
Motor own damage	Standard Chain	(7,048,377)	(7,048,377)	Standard Chain	(15,663,332)	(15,663,332)
Total		804,918,487	683,240,035		563,893,858	480,135,811

With the resolution of Ministry of Treasury and Finance dated July 5, 2017 and numbered 18145, "Risky Insurance Pool" is founded as of April 12, 2017. Within this framework; On Motor Third Party Liability branch, premium and claim amounts that are transferred to Pool will be deducted from data used for IBNR calculation. For the damages that the company will take over from the pool; The loss premium rate of 138% for 2017, 142% for 2018 and 141% for 2019 was taken into consideration, IBNR was calculated with the earned premium estimate and the provision amounting to TL 122,499,995 was reflected in the financial statements. Related loss ratio, is the expected loss ratio for the pool said pool by Turkey manages Bureau of Motor Vehicles is described in the report published on December 31, 2019. Since the loss premium rates in the IBNR calculation of the company correspond to 76 bases, the expected loss premium rate used in the calculation is specified by considering the same base in the report.

A similar pool practice is founded for Medical Malpractice with the sectoral announcement dated September 6, 2017 and numbered 2017/4. When company calculates IBNR for TKU breakdowns with its own modelling, even though IBNR is negative, IBNR have not been recognized for conservative purposes.

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As of December 31, 2019, Outstanding Claim Provision discount is calculated as TL 252,705,358 for General Liability and Motor Liability branches within the framework of "the Circular on Discount of Net Cash Flows Related to Outstanding Claim Reserve" numbered 2016/22 and dated June 10, 2016 and within the framework of "the amendment to the Circular on Discount of Net Cash Flows Related to Outstanding Claim Reserve" published by Treasury (December 31, 2018: TL 178,356,695). The discount calculation was made considering the development of the claims paid. In this calculation, the distribution of the payments of material and bodily damages for the Motor Vehicle Branch has been evaluated separately. As of December 31, 2019, the net outstanding claims provisions of the Company are presented below before and after the discount. The Company has not applied discounts in outstanding compensation provisions in the branches other than the Motor Liability and General Liability branches, where discounting is mandatory.

December 31, 2019

Branch	Net Outstanding Claim Provision Before Discount	Discount Amount	Net Discounted Outstanding Claim Provision
Motor Third Party Liability	995,107,625	206,012,886	789,094,739
General Liability	178,049,961	46,692,472	131,357,489
Total	1,173,157,586	252,705,358	920,452,228

December 31, 2018

Branch	Net Outstanding Claim Provision Before Discount	Discount Amount	Net Discounted Outstanding Claim Provision
Motor Third Party Liability	736,930,680	150,182,505	586,748,175
General Liability	120,127,029	28,174,190	91,952,839
Total	857,057,709	178,356,695	678,701,014

While determining the amount of IBNR, the company actuary has determined the threshold values for major damages with plot analysis starting from 2015, whereas it was calculated by Box-Plot method, which is permitted only by the Treasury and Finance Ministry in the Compulsory Traffic branch before 2014/16 Circle, in order to work with a more homogenous dataset. Files exceeding the threshold value determined by this method are considered as major damage. Since the damage progress of these files is separate from the other files, IBNR amounts have been determined and added to the provisions by a separate calculation for these files. Threshold values determined by December 31, 2018 are total number of files subject to calculation, number of files determined as major damage and their shares in total files are as follows;

BRANCH	December 31 2019				December 31 2018			
	Threshold	# of Major Claim Files	Total Number of Claim Files	% of Elimination	Threshold	# of Major Claim Files	Total Number of Claim Files	% of Elimination
General Liability	200,000	553	29,747	1.86%	200,000	379	26,469	1.43%
General Losses	999,999	74	171,777	0.04%	999,999	59	158,243	0.04%
Transportation	499,999	87	59,792	0.15%	499,999	62	57,321	0.11%
Fire and Natural Disaster	999,999	193	260,399	0.07%	999,999	156	232,606	0.07%
Accident	299,999	33	6,977	0.47%	299,999	27	6,571	0.41%
Suretyship	149,999	87	9,112	0.95%	149,999	57	8,063	0.71%
Financial Losses	50,000	48	35,299	0.14%	50,000	41	30,989	0.13%

In the branches where major damages are determined, gross and net additional provision amounts that are separately made for these files and added to Outstanding Claim Provisions are shown in the following table.

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Branch	Gross Additional Amount	NET IBNR
General Liability	23,457,451	3,136,464
Fire and Natural Disaster	20,738,191	1,441,844
General Losses	9,549,934	93,965
Financial Losses	3,813,211	100,861
Facultative Public Liability	2,580,636	2,580,636
Accident	347,025	30,153

The circular numbered 2015/7 published by the Treasury and Finance Ministry has made it possible to recognize gradually the increases to occur in the IBNR amount to be calculated as of January 1, 2015 in accordance with the circular numbered 2014/6 when compared to the IBNR amount calculated as of prior year as of quarterly periods from 2015 to 2017. In compliance with the circular published at 2nd quarter of 2017, the company has not used the gradual transition rate in the Compulsory Traffic and General Liability branches (December 31, 2017: gradual transition is not used). In accordance with the statement of Ministry of Treasury and Finance about Incurred But Not Reported (IBNR) (2011/23); Companies have to calculate a win rate on the amounts of the cases against them on sub branches in the last 5 years starting from the concluding dates of cases. By doing this that can make a discount for their cases in litigation process in condition of not exceeding 25% of accrued outstanding cases (15% for branches that recently began and not applicable for accessing 5 years old data). According to company's actuary's opinion, Company did not calculate a discount on the case win rate from company outstanding claim reserves because of actuarial chain stairway methods mentioned above reflects the case win discount to calculations.

In accordance with the circular, IBNR was calculated by the company actuary in gross amount based on the Accident Periods using the above-mentioned methods. For these gross IBNR amounts, reinsurer shares were calculated taking into consideration the reinsurance rates and the effective reinsurance agreement types in the related accident periods in related branches.

Equalization Reserve

In accordance with the Regulation on Technical Reserves, insurance companies are required to record an equalization reserve for the insurance contracts including earthquake and credit coverage, in order to cover the catastrophic risks and in order to equalize the fluctuations within the claim ratios that may occur during the following accounting periods. Such reserve is calculated over 12% of net earthquake and credit premiums corresponding to each year. In the calculation of the net premium, the amounts paid for the non-proportional reinsurance agreements are regarded as ceded premiums.

In condition of not being of balancing provision of current year, paid claims for earthquake and provision of outstanding claim which is supported by documents such as appraisal report or taken from official organizations in term of disaster can be discounted from balancing reserve.

The Company has calculated TL 95,692,471 (December 31, 2018: TL 82,348,570) of equalization reserve as of December 31, 2019, and presented in the long term liabilities in the accompanying financial statements under "Other Technical Reserves" (Note 20).

Life mathematical reserves

Life mathematical reserves comprise actuarial mathematical reserves and life profit share reserves and represent the Company's total liability to the policyholders in the life branch.

Mathematical Reserves has been calculated with the tariffs approved by the Treasury in the current period of the policies and applicable methods and assumptions specified in the profit share technical principles (Note 20).

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d. Subrogation and salvage income

Within the framework of the Treasury and Finance Ministry's Office of Republic of Turkey. Circular relating to Subrogation and salvage income No. 2015/6, dated February 10, 2015; as of December 31, 2019, the Company recognizes receivables from salvage and subrogation on an accrual basis up to coverage limit of debtor insurance company, on conditions that following the payment of claim, the Company receives the acquaintance or document agreed on payment from individuals and notification is made to individuals or insurance company. However, a doubtful receivables provision for these receivables is accounted under "Provisions for Doubtful Receivables From Main Operations" in case where related amounts are not collected from insurance companies after six months and from individuals after four months following the payment of claim

Accordingly, accrued receivables from salvage and subrogation and doubtful receivables provision for salvage and subrogation as of December 31, 2019 are TL 31,126,674 (December 31, 2018: TL 29,909,283) and TL 7,983,926 (December 31, 2018: TL 8,061,143) respectively (Note 12.1).

The amounts of the net salvage and subrogation income which are collected and the accrued income amounts from salvage and subrogation receivables for the claims paid by the Company are as follows:

	December 31, 2019					
	Collection			Accrual		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Motor Own Damage	214,908,496	(820)	214,907,676	23,429,417	-	23,429,417
Motor Crafts Liability	9,232,283	(373,776)	8,858,507	7,170,979	(286,586)	6,884,393
Transportation	5,672,117	(3,002,323)	2,669,794	48,076	(35,249)	12,827
Fire and Natural Disaster	6,420,064	(4,424,592)	1,995,472	1,242,057	(510,410)	731,647
General Liability	163,244	(112,271)	50,973	114,875	(93,533)	21,342
General Responsibility	73,730	(43,603)	30,127	21,022	(790)	20,232
Water Crafts	34,502	(24,152)	10,350	33,584	(8,396)	25,188
Suretyship	11,527	(6,124)	5,403	-	-	-
Legal Protection	3,769	-	3,769	-	-	-
Financial Losses	-	-	-	3,256	(1,628)	1,628
Total	236,519,732	(7,987,661)	228,532,071	32,063,266	(936,592)	31,126,674

	December 31, 2018					
	Collection			Accrual		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Motor Own Damage	209,470,121	-	209,470,121	24,876,295	-	24,876,295
Motor Crafts Liability	6,314,630	(294,645)	6,019,985	4,246,439	(507,324)	3,739,115
Transportation	2,429,948	(677,614)	1,752,334	347,783	(35,845)	311,938
Fire and Natural Disaster	4,342,443	(2,317,410)	2,025,033	1,062,428	(186,425)	876,003
General Liability	539,228	(240,590)	298,638	239,492	(183,528)	55,964
Genel Responsibility	57,476	(13,357)	44,119	115,551	(79,713)	35,838
Water Crafts	16,945	(4,986)	11,959	-	-	-
Suretyship	137,216	(93,443)	43,773	14,130	-	14,130
Legal Protection	12,886	-	12,886	-	-	-
Accident	36,000	-	36,000	-	-	-
Total	223,356,893	(3,642,045)	219,714,848	30,902,118	(992,835)	29,909,283

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e. Premium Income and Claims

Premium income represents premiums on policies written during the year. Unearned premium reserves are determined from premiums written during the year on a daily basis.

Claims are recognized as expense as they are paid. Outstanding claims provision is provided for both reported unpaid claims at period-end and incurred but not reported claims. Reinsurer's shares of claims paid and outstanding loss provisions are off-set against these reserves.

f. Receivables from Insurance Operations

In accordance with the Turkish Tax Code article No: 323, the Company provided provision for doubtful receivables by taking the nature and the value of the receivable into account. As of December 31, 2019, the Company has provided provision for the doubtful receivables under legal and management follow up in the account of "Provision for doubtful receivables from insurance operations" amounting to TL 23,816,352 (December 31, 2018: TL 23,016,557) provision for the overdue receivables which are not under legal follow up in the account of "Provision for doubtful receivables from main operations" amounting to TL 18,093,784 (December 31, 2018: TL 11,935,533). Furthermore, provision is accounted for the retention of claim recovery transactions under legal follow up amounting to TL 109,552,591 (December 31, 2018: TL 83,717,544) and it has been accounted in "Provision for doubtful receivables from main operations" account (Note 12).

g. Earnings per Share

Earnings per share presented in the statement of income is calculated by dividing the net profit into the weighted average number of the outstanding shares throughout the financial year.

Companies in Turkey can increase their capital by distributing "bonus shares" to shareholders from the prior periods' profit. Such "bonus share" distributions are considered as issued shares in the earnings per share calculations. Accordingly, weighted average number of equity shares used in the calculations is calculated by considering the retrospective effects of share distributions.

h. Subsequent Events

Subsequent events cover the events between the balance sheet date and the issuance of the financial statements, even if they are occurred subsequent to the disclosures made on profit or other selected financial information.

The Company adjusts its financial statements in the occurrence of any subsequent events (Note 46).

i. Provisions, Contingent Liabilities and Assets

If there is an existing obligation arising from past events, it is probable that the obligation will be fulfilled and the amount in question is reliably predictable, a provision is made in the financial statements. The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. If provision is measured using the cash flows estimated to settle the present obligation, its carrying amount will be equal to the present value of such cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 23.2).

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j. Accounting Policies, Changes and Misstatements on Accounting Estimates

Significant changes in accounting policies and significant accounting errors are applied retrospectively and prior period financial statements are restated. If the changes in accounting estimates are related to only one period, they are applied in the current period in which the change is made, and if they are related to the future periods, they are applied prospectively both in the period of change and in the future period.

k. Corporate Taxation and Deferred Tax

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

Corporate Tax

Corporation tax is payable at a rate of 22% on the total income of the Company and its Subsidiaries registered in Turkey in 2019 (2018: 22%) after adjusting for certain disallowable expenses, exempt income and investment and other allowances. 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, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution thus does not incur withholding tax and no stoppage is applied.

Corporations are required to pay advance corporation tax quarterly at the rate of 22% on their corporate income. Advance Tax is declared by 14th of the second month following and payable by the 17th 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.

The affiliate shares stocked for minimum 2 years and the 50% of the profit obtained from the property sales are considered as tax exemptions in such condition that the amount is added onto capital as restated in Corporate Tax Law or the amount is kept in equity for 5 years.

According to Turkish tax legislation, financial losses on the returns can be offset against period income for up to 5 years. However, financial losses cannot be offset against previous years' profits. There is no such application for the reconciliation of payable taxes with the tax authority. Corporate tax returns are submitted to the related tax office by the 25th day of the 4th month following the month when the accounting period ends. In tax reviews authorized bodies can review the accounting records for the past five years and if errors are detected, tax amounts may change due to tax assessment.

In accordance with Tax Law No.5024 "Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law" published in the Official Gazette on December 30, 2003 to amend the tax base for non-monetary assets and liabilities, effective from January 1, 2004 income and corporate taxpayers are required to prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the Law in question, the cumulative inflation rate for the last 36 months and the inflation rate for the last 12 months must exceed 100% and 10% respectively (Wholesale Price Index increase rate). Since these conditions in question were not fulfilled in 2019 and 2018, no inflation adjustments were performed (Note 35).

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Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are determined using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The asset and liabilities are not recognized if the temporary difference related to the transaction that does not affect the commercial or financial profit / loss is due to the first time the goodwill or other assets and liabilities are included in the financial statements (other than business combinations).

Except the conditions that the Company can control its temporary differences removal and when the possibility of that removal is very low, deferred tax liabilities are accounted for all of the taxable temporary differences that are related with the rates in partnerships and investments in subsidiaries and participations. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, "Law on the Amendment of Some Tax Acts and Some Other Laws", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of December 31, 2019 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.

As of December 31, 2019, the Company has booked the deferred tax assets in amounting to TL 23,935,685 (December 31, 2018: TL 16,972,963). The Company management is in the opinion that the Company is able to make sufficient taxable income based on the business plans and projections therefore the Company foresees no indicator of any concern regarding its recoverability of deferred tax assets.

Income tax withholding

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from April 24, 2003 by the end of July 22, 2006. However, this rate was changed to 15% commencing from July 22, 2006 upon the order no: 2006/10731 of the Council of Ministers. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

2.1.2 Other related accounting policies for the understanding of financial statements

All accounting policies are explained in Note 2.1.1 "Basis of Preparation of Financial Statements and Specific Accounting Policies Used".

2.1.3 Functional currency

The Company's financial statements are expressed in TL, which is the functional and presentation currency of the Company

2.1.4 Rounding degree used in the financial statements

All the balances presented in the financial statements are expressed in full in Turkish Lira (TL) and rounded to the closest whole number.

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2.1.5 Valuation method(s) used in the presentation of financial statements

Financial statements, except for revaluation of financial instruments, are prepared based on the historical cost method.

2.1.6 New and Revised International Financial Reporting Standards

New and revised standards and comments

Turkey Financial Reporting Standards (IFRS) financial statements are register changes in the standards and comments should be as follow in the notes:

a) Standards, amendments and interpretations applicable as at December 31, 2019:

Explanations on the effects of the new IFRS on financial statements:

- a) Title of the IFRS,
- b) the accounting policy change is made in accordance with the relevant transition provisions, if any,
- c) explanation of the changes in the accounting policy,
- d) a description of the transitional provisions, if any,
- e) the effect of the transition provisions, if any, to the future periods,
- f) as far as possible, the amounts of the adjustment for the current and each prior period presented,
 - i. should be presented for each effected financial statement item and ,
 - ii. If the standard TAS 33 earnings pe sharely applies, the amount of ordinary shares and diluted earnings per share should be recalculated
- g) The correction amounts if possible, of the periods preceding the periods not presented
- h) The retrospective application should be disclosed outdoors where this is possible for any period or periods, and which one of the leading accounting policy is explained and how it is applied.

Amendment to IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after January 1,2019. This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) 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.

Until the date of validity of IFRS 17, the Company benefits from the temporary relief subjects for IFRS 9 partaking IFRS 4.

Amendment to IAS 28, "Investments in associates and joint venture"; effective from annual periods beginning on or after January 1,2019. 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.

The changes are not applicable for the Company. There is no impact on the Company's financial situation and performance.

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b) Standards, amendments and interpretations that are issued but not effective as at December 31, 2019:

IFRS 16, "Leases"; effective from annual periods beginning on or after January 1,2019, 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 far-reaching 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 recognize 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.

The company has applied first adoption of "IFRS 16 Leases" from the new standarts, amendments and interpretations effective from January 1,2019, in accordance with transition provision of the related standart.

The effects of the changes in account policies and the application of the related standarts for the first time are as follows:

From January 1,2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the lease term on a straight line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payment:

- a) Fixed payments (including in substance fixed payments), less any lease incentives receivable
- b) Payment of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar economic environment with similar terms and conditions.

Right of use assets are measured at cost comprising the following:

- a) The amount of the initial measurement of lease liability
- b) Any lease payments made at or before the commencement date less any lease incentives received
- c) Any initial direct costs and
- d) Restoration costs

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On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principle of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 25% for local currency liabilities.

	January 1, 2019
Lease liabilities under IAS 17	58,360,359
- Short term leases (-)	(18,880)
Total Lease liabilities under IFRS 16 (Undiscounted)	58,341,479
Total Lease liabilities under IFRS 16 (Discounted) (discounted with alternative borrowing rate)	31,004,961
Short term lease liabilities	1,937,578
Long term lease liabilities	29,067,383

The recognised right of use assets relate to the following types of assets:

	December 31, 2019	January 1, 2019
Property	22,186,756	27,717,430
Vehicles	3,391,179	6,080,531
Fixtures	550,969	-
Total right of use assets	26,128,904	33,797,961

The Company has TL 8,243,981 depreciation expense and TL 574,924 new lease agreement with regards to booked right of use assets between January 1,- December 31, 2019.

- **IFRIC 23, "Uncertainty over income tax treatments";** effective from annual periods beginning on or after January 1, 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 recognize 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.

The Company assesses the effects of the related standard on the financial situation and performance.

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Annual improvements 2015 – 2017; effective from annual periods beginning on or after January 1, 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.

The Company assesses the effects of the standards above on the financial situation and performance.

Amendments to IAS 19, "Employee benefits' on plan amendment, curtailment or settlement"; effective from annual periods beginning on or after January 1, 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
- recognize 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 recognized because of the impact of the asset ceiling.

Improvement will be valid for the periods after January 1, 2019. The Company assesses the effects of the standards on the financial situation and performance.

Amendments to IAS 1 and IAS 8 on the definition of material; effective from Annual periods beginning on or after January 1, 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

- i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- ii) clarify the explanation of the definition of material; and
- iii) incorporate some of the guidance in IAS 1 about immaterial information.

The effects of the mentioned standard on the financial status and performance of the Company are evaluated.

Amendments to IFRS 3 – definition of a business; effective from Annual periods beginning on or after January 1, 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

The amendment does not apply to the Company. It will not have an impact on the financial position or performance of the Company.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform; effective from Annual periods beginning on or after January 1, 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

IFRS 17, 'Insurance contracts'; effective from annual periods beginning on or after January 1, 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.

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2.2 Consolidation

The Company has no subsidiaries or joint ventures that fall within the scope of consolidation as per "IFRS 10 – Consolidated and Separate Financial Statements" as of December 31, 2019 (December 31, 2018: None).

2.3 Segment Reporting

Reporting segments are determined to conform to the reporting made to the Company's chief operating decision maker. The chief operating decision maker is responsible for making decisions about resources to be allocated to the segment and assess its performance. Details related to the segment reporting are disclosed in the Note 5. The competent authority for decision-making is responsible for making decisions on the resources to be allocated to the department and for evaluating the performance of the department. Details of segment reporting are explained in Note 5.

2.4 Discontinued Operations

The Company does not have any discontinued or disposed operations as of December 31, 2019 and December 31, 2018.

2.5 Foreign Currency Translation

The Company's functional currency is Turkish Lira ("TL"). In preparing the financial statements of the Company, transactions in currencies other than TL (foreign currencies) are recognized at exchange rates prevailing at the transaction date. At each balance sheet date, monetary items denominated in foreign currencies are retranslated to Turkish Lira at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated to Turkish Lira at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in equity.

Foreign exchange differences arising from the translation of non-monetary financial assets and liabilities are considered as part of the fair value changes and those differences are accounted for in the accounts in which the fair value changes.

2.6 Tangible assets

Tangible assets are carried at cost, less any accumulated depreciation and impairment loss.

Assets held for use in the construction, or for leasing, administrative or any other purposes are carried at cost, less any impairment. Legal charges are also added to costs. For assets that need substantial time to be ready for use or sale, borrowing costs are capitalized based on the Company's accounting policy.

Such assets are depreciated, on the same basis used for other fixed assets, when they are ready to use. Assets, other than land and ongoing constructions, are depreciated over their expected useful lives by using the straight line method. Estimated useful life, residual value, and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Assets acquired under finance lease are depreciated as the same basis as tangible assets or, where shorter, the term of the relevant lease.

Gain or loss arising on the disposal or retirement of an item of tangible assets are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized to profit or loss.

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Depreciation periods for tangible assets are presented in the table below:

	Useful Life
Properties	50 years
Furniture and fixtures	10 years
Motor vehicles	5 years
Other intangible assets	5 years

2.7 Investment Properties

Investment property is held to earn rentals and/or for capital appreciation is carried at cost less accumulated depreciation and any accumulated impairment losses. Carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is provided on investment property on a straight line basis. Depreciation period for investment property is nil for land, and 50 years for buildings.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the period of retirement or disposal.

Transfers are made to or from investment property only, when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy applied to "Property, Plant and Equipment" up to the date of change in use.

Real estate's held under finance lease are classified as investment properties.

2.8 Intangible Assets

Intangible assets acquired

Intangible assets acquired are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred from the date of acquisition to the date to bring the specific software in use. These costs are capitalized under intangible advances account and amortized over their estimated useful lives (1 to 10 years).

Costs associated with developing or maintaining computer software programs are recognized as expense as incurred. Costs that are directly associated with the development of identifiable and unique software products that are controlled by the Company and will probably provide more economic benefits than costs in one year are recognized as intangible assets. Costs include software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets from the date that the assets become to provide economic benefit are amortized over their estimated useful lives (December 31, 2019: 5 years – December 31, 2018: 5 years).

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2.9 Financial Assets:

Investments, other than those that are classified as financial assets at fair value through profit and loss, are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Investments are recognized and derecognized on a trade date, where the purchase or sale of an investment under a contract, whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: financial assets as "available-for-sale" (AFS) financial assets, "financial assets at fair value through profit and loss" and "loans and receivables".

Effective interest method

Effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

2.10 Investment Properties

Held for trading financial assets

Financial assets that are measured at fair value by the Company and associated with the income statement are classified under financial assets held for trading in the financial statements.

Financial assets measured at fair value and associated with the income statement are obtained for the purpose of gaining profit from the fluctuations in price and similar factors that occur in the market in the short term, or regardless of the reason for obtaining them, financial assets in a short term profit portfolio and measured at fair value by the Company are classified in this category during the purchase.

Financial assets at fair value through profit or loss are initially measured at fair value, and are subsequently remeasured at their fair values. Gains and losses arising from the valuation are included in the income statement (Note 11).

Available-for-sale financial assets

Available-for-sale financial assets are measured at subsequent reporting dates at fair value except available-for-sale investments that do not have quoted prices in an active market and their fair values cannot be reliably measured are stated at cost and restated to the equivalent purchasing power. Gains and losses arising from available-for-sale financial assets are included in profit or loss for the period. Changes in the fair value of such these assets are recognized in the equity. When the related asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss.

Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

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Held-to-maturity financial assets

Held-to-maturity financial assets are intended to be held until their maturities and including ability to funding, provided the circumstances to be held to maturity, with fixed or determinable payments and with fixed maturity, and apart from loans and receivables, when recognized, not recognized as financial assets at fair value through profit or loss and not available for sale financial assets. These financial assets, initially recognized at the acquisition cost and is considered fair value. The fair value of held-to-maturity financial assets is determined on transaction cost of these financial assets or market price of similar financial instruments. Held-to-maturity financial assets are carried at amortized cost. Contribution income related to held-to-maturity financial assets is reflected in the income statement.

The Company does not allocate any impairment on short-term market fluctuations, provided that there is no risk of collection of the securities representing the borrowings classified as held-to-maturity financial assets. If there is a risk of collection, the amount of the impairment is the difference between the book value of the financial asset and the value of the cash flows expected from the financial asset, if any, amortized based on the original effective rate of return.

As of December 31,2019, the Company has TL 34,881,722 of financial assets under held-to-maturity investment account (December 31, 2018: TL 9,752,674).

Financial Assets at Insured's Risk

Such assets are classified as available for sale and held to maturity financial assets. Available for sale financial assets are carried at fair value and revaluation difference arising from amortized cost is recognized under the statement of income. Also, 5% of the difference in between the fair value and amortized cost is recognized under equity and 95% of insurance technical reserves that are attributable to insures are recognized in the Insurance Technical Reserves – Life Mathematical Reserves account. Assets that are not carried at fair value are carried at amortized cost using the effective interest rate method.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Associates

An associate is an entity that retains at the shares of voting rights or has significant power over another entity. The difference between carrying value and fair value (to the extent that it is measured reliably) of such assets are recognized in shareholders' equity and assets that have fair value are carried at fair value while the other assets are carried at book value.

Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate, that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that are impaired, are reviewed for possible reversal of the impairment at each reporting date.

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Impairment of financial assets

The Company assesses its financial assets, other than those at FVTPL, at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as held-to-maturity, available-for-sale or loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

For loans and receivables, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets except for trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Except for AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For AFS equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

2.11 Derivative Financial Instruments

The Company uses foreign currency swap and option contracts, the Company uses end of period market exchange rates and interest rates to calculate market value of foreign exchange swap contracts. As of December 31, 2019, there is a registered financial asset amounting to TL 1,114,629,998 which costed to TL 1,085,032,639 (December 31, 2018: TL 1,068,791,711).

As of December 31, 2019, the Company has accrued TL 29,597,359 arising from valuation of derivative instruments. (December 31, 2018: TL 33,895,401 income accrual).

2.12 Offsetting Financial Instruments

Financial assets and liabilities are offset only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or when the acquisition of the asset and the settlement the liability take place simultaneously.

2.13 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments, which have maturities with three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. (Note 14.)

2.14 Share Capital

As of December 31, 2019, the Company's nominal capital is TL 306,000,000 (December 31, 2018: TL 306,000,000). Share capital is represented by 30,600,000,000 of equity shares having a nominal amount of TL 0.01 each. The share capital structure of the Company is as follows:

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	December 31 2019		December 31 2018	
	Rate %	Amount TL	Rate %	Amount TL
H.Ömer Sabancı Holding A.Ş.	36.00	110,160,000	36.00	110,160,000
Ageas Insurance International NV	36.00	110,160,000	36.00	110,160,000
Other	28.00	85,680,000	28.00	85,680,000
	100.00	306,000,000	100.00	306,000,000

Agreement about the sale of 50% of 18,965,880,200 units of Aksigorta A.Ş. shares with TL 189,658,802 nominal value that belong to H.Ö. Sabancı Holding ("Holding") portfolio was signed with Ageas Insurance International N.V. at February 18, 2011. At the date of July 29, 2011, 9,482,940,100 units of Aksigorta A.Ş. shares that correspond to 50% of the Holding's portfolio have been transferred to Ageas Insurance International N.V. with the sale price (excluding the corrections) of USD220,029,000.

The Company has accepted the registered capital system set out in accordance with the provisions of Law No: 2499 and applied the system as of 15 June 2000 upon the permission no: 67/1039 granted by the Capital Markets Board.

As of December 31, 2019, Company has TL 500,000,000 registered share capital ceiling. December 31, 2018: TL 500,000,000. More extensive details related to the company capital are disclosed in the Note 15.

2.15 Insurance and Investment Contracts

Insurance Contracts

Insurance contracts are contracts in which one part accepts a significant insurance risk and pays compensation (insurer) to the other part (insure) when any uncertain case affects the insure. The Company makes reinsurance agreements in which the Company (ceding company) is compensated by the insurer (reinsurer company) for one or more claims. Insurance contracts entered into by the Company under which the contract holder is another insurer (reinsurance) are included with insurance contracts.

Insurance and reinsurance contracts of the Company are included in classification of Insurance contracts.

Insurance contracts are accounted when the insurance risk is transferred and classified as an insurance contract as of the maturity date and/or amortization of the all contractual rights and liabilities.

Investment Contracts

The accumulation component present in some life insurance contracts is measured by the Company on a separate basis; On the other hand, as the accounting policies require the recognition of rights and obligations related with the accumulation component, regardless of the measurement principles, the insurance and investment components are not decomposed.

Reinsurance Agreements

Reinsurance agreements are the agreements agreed by the Company and reinsurance company for the loss which may occur in one or more insurance agreements signed by the Company, and those meet all conditions to be classified as insurance contract and those whose costs are paid.

The Company has excess of loss, surplus and quota share treaty agreements in related branches. In the context of excess of loss agreements, the ceded premiums are accounted for on accrual basis over the related period. The ceded premiums and claims of other agreements are accounted on the basis of the income and loss from related insurance contracts.

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The Company has surplus reinsurance agreement in fire, marine, engineering and other accident branches. Besides, The Company has excess of loss agreements in fire, marine and engineering branches. The Company continues to be exposed to the insurance risk under the insurance contracts whereas the liability of the reinsurer ceases by the end of the agreement period. Company has annual proportional quota-share reinsurance agreement for third person liability, electronic equipment, personal accident, health, professional liability, machinery breakdown and bus compulsory chair branches. Mentioned reinsurance agreements, the reinsurer's liability continues even after expiration of the agreement in the run-off agreements. Catastrophic excess of loss re-insurance agreement, natural disasters such as flood and earthquake is also protected in these branches.

In addition, the Company has facultative reinsurance agreements signed separately for certain risks based on certain policies.

Premiums Transferred to Social Security Institution

The collection and settlement of expenses with respect to the medical care related services provided to the injured people due to the traffic accidents have been regulated by Article 98 of Road Traffic Act numbered 2918 altered by Article 59 of "The Law on Restructuring of Some Receivables and Changes in Social Security and General Insurance Law and Other Laws and Law Decrees" (the "Law") numbered 6111 and dated February 25, 2011. In this context, all the traffic accident related medical care services provided by any public or private health institution will be covered by Social Security Institution ("SSI") regardless of social security status of the injured. Besides, in accordance with the temporary Article 1 of the Law, all of the expenses with respect to the traffic accident related medical care services provided before enforcement of the Law, will also be covered by SSI.

The liability of the insurance companies with respect to the service costs to be incurred in the context of abovementioned articles has been determined in accordance with the provisions of "The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated August 27, 2011 ("The Regulation"), "The Communiqué on the Principles of the Implementation of the Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated September 15, 2011 and numbered 2011/17 (the "Communiqué numbered 2011/17") and "The Communiqué on the Accounting of Payments to Social Security Institution ("SSI") with respect to Treatment Expenses and Introduction of New Account Codes to Insurance Account Chart" dated. October 17, 2011 (the "Communiqué numbered 2011/18"), the regulation (the "Communiqué numbered 2012/3") making changes in "The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated March 16, 2012 and numbered 2012/3 and the communiqué about changes related "the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated April 30, 2012 and numbered 2012/6 (Note 2.24) (the "Communiqué numbered 2012/6"). Within this framework, the Group is required to cede a certain amount of premiums to be determined in accordance with the Regulation and the Communiqué numbered 2011/17 to SSI in relation to policies issued as of February 25, 2011 the notice numbered 2012/3 and the communiqué numbered 2012/6 in "Compulsory Transportation", "Compulsory Traffic" and "Compulsory Motor Personal Accident" branches regarding the expenses with respect to the traffic accident related medical care services provided after enforcement of the Law.

Based on the aforementioned regulations, the Company has calculated the amount of the premiums to be ceded to SSI in January 1 – December 31, 2019 accounting period as TL 135,165,977 (January 1 – December 31, 2018: TL 100.356.222) and unearned premium reserve amounting to TL 76,801,473, (January 1 – December 31, 2018: TL 53.437.849) for the period ended as of January 1 – December 31, 2018; classified under the accounts of "Premiums ceded to SSI" and "Change in SSI share of of Unearned Premiums Reserve", respectively (Note 20).

In the Board of Directors meeting of The Association of the Insurance and Reinsurance Companies of Turkey dated September 22, 2011 and numbered 18, it was decided to appeal Council of State for the "suspense of execution" and "cancellation" of the Regulation and the Communiqué numbered 2011/17; and the cancellation of related provisions of the Law as being contradictory to the Constitution. The legal procedures are in progress as of the date of the preparation of the financial statements.

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Premium ceded to Turkish Motor Insurers' Bureau

The Pool of Higher Risk Policies ("The Pool") was established by Treasury and Finance Ministry in accordance with "the Regulation Regarding Change in the Regulation on Tariff Application Principals of Motor Liability Insurance" issued on the Official Gazette dated July 11, 2017 and numbered 30121 for the vehicle groups and/or steps what have high damage frequency valid for written motor liability policies after April 12, 2017. In accordance with the Higher Risk Policies Operating Principals that is effectuated with aforementioned regulation, Turkey Motor Insurance Bureau ("TMIB") makes two-step calculations premiums and claims of motor liability policies which are subject to the Pool. Hereunder, 50% of premiums and claims is apportioned between insurance companies equally and the other 50% is apportioned according to insurance companies' share of motor liability premiums in last 3 years.

In accordance with the Higher Risk Policies Operating Principals issued by TMIB on August 15, 2017; 76% of total premiums net of deductions to be received from the insured, on policies issued after July 11, 2017 which are subject to the Pool, will be ceded to the Pool.

The Company has recorded the amounts of premiums, claims and commissions paid to the Pool under the regulation and taken over from the Pool within the scope of the Company's share, taking into account the monthly receipts finalized by the TMTB as of December 31, 2019. As at December 31, 2019, the Company accounted TL 182,355,370 premium ceded to the Pool and TL 90,369,466 paid claim; TL 100,106,439 premium which is reported as Company share from the pool, TL 38,077,397 claims paid, TL 308,481 recourse and TL 483,779 salvage are accounted in accordance with the related legislation.

2.16 Insurance and Investment Contracts With Discretionary Participation Features

None (December 31, 2018: None).

2.17 Investment Contracts without Discretionary Participation Features

None. (December 31, 2018: None).

2.18 Borrowings

As of December 31, 2019, the Company has TL 12,806,818 borrowings with one day maturity without interest rate and classified as "Other Financial Liabilities. (December 31, 2018: TL 8,494,258).

2.19 Employee Benefits

The Company accounts for its liability related to employment termination and vacation benefits according to "Turkish Accounting Standards Regarding Employee Benefits" ("TAS 19") and classifies in balance sheet under the account "Provision of Employment Termination Benefits".

According to the Turkish Labor Law, the Company is required to pay termination benefits to each employee whose jobs are terminated except for the reasons such as resignation, retirement and attitudes determined in Labor Law. The provision for employment termination benefits is calculated over present value of the possible liability in scope with the Labor Law by considering determined actuarial estimates (Note 22).

2.20 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are measured over expenditures expected to be required to settle the obligation by considering the risks and uncertainties related to the obligation at the balance sheet date. When the provision is measured by using the estimated cash outflows that are required to settle the obligation, the carrying value of the provision is equal to present value of the related cash outflows.

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Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized as an asset if and only if it is virtually certain that reimbursement will be received and the reimbursement can be reliably estimated.

Liabilities that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity are classified as contingent liabilities and not included in the non-consolidated financial statements (Note 23).

2.21 Revenue Recognition

Written Premium Commission

Written premiums represent premiums on policies written during the year, net of cancellations. Premium income is recognized in the financial statements on accrual basis by allocating the unearned premium provision over written premiums.

Commission income received in relation to ceded premiums to reinsurance companies is accrued in the related period and classified in technical part under operating expenses in the income statement.

The part of paid amounts to the assistance services which hit the following periods are deferred in accordance with the Technical Provisions Regulation numbered 27655 and dated July 28, 2010.

Interest income and expense

Interest income and expenses are accounted on an accrual basis in the related period's profit/loss. Interest income includes income gains from the coupons of the fixed return investment instruments and valuation of discounted government bonds based on internal rate of return method.

Dividend income

Dividend income from the equity share investments are recognized when the shareholder has the right to receive dividends.

2.22 Profit Share Distribution

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from February 1, 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable installments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the Company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

The excess portion of the inflation adjustment of the general reserves including prior year losses and profits, share premiums and shareholders' equity excluding capital is considered in the calculation of the net distributable profit.

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2.23 Related parties

Parties are considered related to the Company if;

- a) A person or a close member of that person's family is related to a reporting entity if that person:
- i) has control or joint control over the reporting entity;
 - ii) has significant influence over the reporting entity or
 - iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting.

2.24 Foreign currency transactions

Transactions are recorded in TL, which represents the Company's functional currency. Transactions denominated in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions. Foreign currency denominated monetary assets and liabilities are converted into TL at the exchange rates ruling at the reporting date with the resulting exchange differences recognized in the statement of profit or loss as foreign exchange gains or losses.

Foreign currency assets and liabilities are converted by using period end exchange rates of Central Bank of the Republic of Turkey's bid rates. For the conversion of liabilities the exchange rate stated at the contract is used.

The Central Bank of the Republic of Turkey exchange rates used in the conversion is as follows:

	December 31, 2019		December 31, 2018	
	USD/ TL	EUR/ TL	USD/ TL	EUR/ TL
Buying rate	5,9402	6,6506	5,2609	6,0280
Selling rate	5,9598	6,6725	5,2783	6,0479

3. SIGNIFICANT ACCOUNTING ESTIMATES AND REQUIREMENTS

Preparation of financial statements requires the use of assumptions and estimates that might affect the amounts of assets and liabilities reported as of balance sheet date, explanation of the conditional assets and liabilities and amounts of the income and expenses reported throughout the accounting period. Accounting evaluations, estimates and assumptions are evaluated taking into consideration past experience, other factors, current conditions and reasonable expectations for future events. Such evaluations and estimates might differ from actual consequences, even though they are based on the best knowledge of the management about current events and transactions.

One of the most important accounting estimates for the Company is to estimate the final net liabilities relating to the expenses to arise from the effective policies. As per its nature, estimating liabilities regarding the insurance business includes the evaluation of many uncertainties.

4. INSURANCE AND FINANCIAL RISK MANAGEMENT

4.1 Insurance Risk

4.1.1 Objective of managing risks arising from insurance contracts and policies used to minimize such risks

Insurance risk is the probability of risk exposure that is covered under any insurance contracts and the uncertainty of the magnitude of the claims in relation to the risk exposed. Due to the nature of insurance transactions, risks are incidental and hard to anticipate. Maximum risk that the Company bears is limited to the coverage amount specified in the insurance contract.

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The Company has adopted central risk assessment policy and this policy is applied in relation to the Company's specified operations and limitations. Principally, in risk assessment, potential claims are measured based on the past experience, similar risk comparisons and risks in relation to production process. Location, geographical area, field of activity and fire and theft measures are also key issues used in the assessment of the insured risk.

The Company is managing its insurance risk by policy production strategies, reinsurance contracts and effective settlement and payment operations.

4.1.1.1 Sensitivity to insurance risk

The Company is managing its insurance risk by policy production strategies, reinsurance contracts and effective settlement and payment operations.

The Company's policy production strategy follows an effective risk management in the policy production process considering the nature, extent, geographical area and accurate distribution of the risk incurred.

Reinsurance contracts include excess of loss (quota-share and excess loss) and catastrophic coverage. The Company can also enter into reinsurance contracts with facultative participation under its reinsurance program.

Reinsurance Company Notification

2019		2018	
Reinsurance Company	Standard & Poor's Rating	Reinsurance Company	Standard & Poor's Rating
African Re	A-	African Re	A-
ARIG	NR	ARIG	BB-
Asia Capital Re	A-	Asia Capital Re	A-
China Re	A	China Re	A
Covea Cooperations	A+	Covea Cooperations	A+
Everest Re	A+	Everest Re	A+
Fair Pool	NR	Fair Pool	NR
GIC	NR	GIC	NR
Hannover Re	AA-	Hannover Re	AA-
Korean Re	A	Korean Re	A
Mapfre Re	A	Mapfre Re	A
Milli Re	trA+	Milli Re	trA+
MS Amlin AG	A	MS Amlin AG	A
Odyssey Re	A-	Odyssey Re	A-
Partner Re	A+	Partner Re	A+
QBE	A+	QBE	A+
Samsung Fire&Marine Re	AA-	Samsung Fire&Marine Re	AA-
Sava Re	A	Sava Re	A
Scor Global P&C	AA-	Scor Global P&C	AA-
Toa Re	A+	Toa Re	A+
Tokio Millenium Re	A+	Tokio Millenium Re	A+
Trust Re	NR	Trust Re	NR
Unipol Re	NR	Unipol Re	NR
VIG	A+	VIG	A+
XL Catlin Re	AA-	XL Catlin Re	A+

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4.1.1.2 Insurance risk concentrations with explanations of how management identify risk concentrations and common features of each concentration (the nature of insurance, geographic region or currency)

Generally, the Company's insurance contracts include fire and natural disasters, marine, accident, motor vehicles, air crafts, water crafts, general losses, motor vehicles liability, air crafts liability, general liability, financial losses, legal protection, illness/health and life branches. The Company's gross and net insurance risk concentrations (after reinsurance) in terms of insurance branches are summarized as below:

	December 31, 2019			December 31, 2018		
	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
Total Claims Liability ⁽¹⁾						
Motor Crafts Liability	813,372,523	(24,277,783)	789,094,740	602,744,898	(15,996,721)	586,748,177
General Liability	587,034,338	(455,674,426)	131,359,912	317,979,138	(226,026,299)	91,952,839
Motor Own Damage	99,102,286	(204)	99,102,082	94,454,919	(181)	94,454,738
Fire and Natural Disaster	682,056,042	(645,451,686)	36,604,356	592,426,425	(550,469,556)	41,956,869
General Losses	275,074,848	(264,431,598)	10,643,250	267,069,677	(256,781,293)	10,288,384
Transportation	58,021,514	(48,146,372)	9,875,142	39,538,203	(33,365,205)	6,172,998
Health	18,591,478	(13,191,962)	5,399,516	16,500,937	(13,142,555)	3,358,382
Financial Losses	90,207,565	(85,959,053)	4,248,512	56,541,493	(49,053,205)	7,488,288
Fidelity Guarantee	87,583,476	(84,371,502)	3,211,974	74,959,768	(72,180,205)	2,779,563
Water Crafts	32,231,008	(30,061,736)	2,169,272	5,392,784	(3,716,914)	1,675,870
Accident	5,901,468	(3,017,587)	2,883,881	4,603,245	(2,640,550)	1,962,695
Legal Protection	412,001	-	412,001	302,965	-	302,965
Accident	136,311	-	136,311	128,954	-	128,954
Credit	727,288	(690,924)	36,364	2,715,263	(2,598,366)	116,897
Air Crafts Liability	15,756,454	(15,742,695)	13,759	5,563,092	(5,554,759)	8,333
Air Crafts	31,150,045	(31,150,045)	-	15,356,409	(15,350,024)	6,385
Total	2,797,358,645	(1,702,167,573)	1,095,191,072	2,096,278,170	(1,246,875,833)	849,402,337

⁽¹⁾ Total claim liability includes all outstanding claims reserves and IBNR as of the balance sheet date.

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	December 31, 2019				December 31, 2018			
	Effect on Current Period (Net)	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Reinsurance Share of Total Claims Liability	
Unpaid Claims	(117,025,817)	2,412,577,612	(1,748,057,528)	664,520,084	1,783,361,109	(1,235,866,842)	547,494,267	
Discount Effect of Reported Damages	74,348,663	(420,273,765)	167,568,407	(252,705,358)	(251,105,751)	72,749,056	(178,356,695)	
Claim Provisions ⁽¹⁾	(203,104,224)	804,918,487	(121,678,452)	683,240,035	563,893,858	(83,758,047)	480,135,811	
Non-life Total	(245,781,378)	2,797,222,334	(1,702,167,573)	1,095,054,761	2,096,149,216	(1,246,875,833)	849,273,383	
Life	(7,357)	136,311	-	136,311	128,954	-	128,954	
Grand Total	(245,788,735)	2,797,358,645	(1,702,167,573)	1,095,191,072	2,096,278,170	(1,246,875,833)	849,402,337	

⁽¹⁾ Claim provisions include all additional provisions within unpaid claims in the total outstanding compensation provision in the balance sheet date.

Outstanding Claim Reserve:

	December 31, 2019			December 31, 2018		
	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
Beginning of the period - January 1	1,783,361,109	(1,235,866,842)	547,494,267	1,255,436,620	(814,608,226)	440,828,394
Opened in the period	2,741,942,058	(1,326,122,966)	1,415,819,092	2,013,482,535	(834,574,549)	1,178,907,986
Paid from current period (-)	(1,415,526,122)	545,334,628	(870,191,494)	(1,069,601,793)	297,587,472	(772,014,321)
Paid from previous periods (-)	(697,199,433)	268,597,652	(428,601,781)	(415,956,253)	115,728,461	(300,227,792)
Period end reported claims	2,412,577,612	(1,748,057,528)	664,520,084	1,783,361,109	(1,235,866,842)	547,494,267
Life	136,311	-	136,311	128,954	-	128,954
Reported claims discount effect	(420,273,765)	167,568,407	(252,705,358)	(251,105,751)	72,749,056	(178,356,695)
IBNR	804,918,487	(121,678,452)	683,240,035	563,893,858	(83,758,047)	480,135,811
Total	2,797,358,645	(1,702,167,573)	1,095,191,072	2,096,278,170	(1,246,875,833)	849,402,337

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Claims development tables prepared in accordance with the Technical Provision Regulations which are used in the ACLM calculation are explained below:

Gross claim development table prepared on the principles of incurred claims by December 31, 2019:

	01/01/2013 12/31/2013	01/01/2014 12/31/2014	01/01/2015 12/31/2015	01/01/2016 12/31/2016	01/01/2017 12/31/2017	01/01/2018 12/31/2018	01/01/2019 12/31/2019	Gross Claim
Claim realized in the accident period	673,019,738	838,172,102	841,913,192	930,621,837	1,366,238,878	1,564,047,984	2,299,187,241	8,513,200,972
1 year later	160,181,399	239,937,131	216,699,946	420,934,178	793,577,616	606,286,572	-	2,437,616,842
2 year later	84,819,582	144,014,862	126,303,760	345,579,004	633,208,482	-	-	1,333,925,690
3 year later	67,301,174	120,606,234	110,917,359	344,631,786	-	-	-	643,456,553
4 year later	65,886,722	133,086,346	113,024,946	-	-	-	-	311,998,014
5 year later	65,079,638	151,210,207	-	-	-	-	-	216,289,845
6 year later	70,135,757	-	-	-	-	-	-	70,135,757
TOTAL	1,186,424,010	1,627,026,882	1,408,859,203	2,041,766,805	2,793,024,976	2,170,334,556	2,299,187,241	13,526,623,673

Gross claim development table prepared on the principles of incurred claims by December 31, 2018:

	01/01/2012 12/31/2012	01/01/2013 12/31/2013	01/01/2014 12/31/2014	01/01/2015 12/31/2015	01/01/2016 12/31/2016	01/01/2017 12/31/2017	01/01/2018 12/31/2018	Gross Claim
Claim realized in the accident period	805,358,245	673,026,038	838,172,102	841,913,192	930,621,837	1,366,238,878	1,564,047,984	7,019,378,276
1 year later	202,466,775	160,175,099	239,937,131	216,699,946	420,934,178	793,577,616	-	2,033,790,745
2 year later	63,973,783	84,819,582	144,014,862	126,303,760	345,579,002	-	-	764,690,989
3 year later	54,371,895	67,301,174	120,606,234	110,917,361	-	-	-	353,196,664
4 year later	51,998,615	65,886,722	133,086,346	-	-	-	-	250,971,683
5 year later	47,498,155	65,079,638	-	-	-	-	-	112,577,793
6 year later	48,136,076	-	-	-	-	-	-	48,136,076
TOTAL	1,273,803,544	1,116,288,253	1,475,816,675	1,295,834,259	1,697,135,017	2,159,816,494	1,564,047,984	10,582,742,226

4.2 Financial Risk

4.2.1 Capital risk management and capital requirement

The Company's main purpose in capital management is to maintain its status as an revenue generating company of the group and to protect shareholder and corporate partners' benefits while sustaining the most effective capital structure in order to reduce capital costs.

The Company measures its adequacy semi-annually in accordance with the Decree "Measurement and Assessment of Capital Adequacy of Insurance and Reinsurance Companies and Pension Funds" published in the Official Gazette No: 26761 on January 19, 2008. The Treasury and Finance Ministry has not published capital adequacy calculation tables for the interim period ended on December 31, 2019 as of publication date of financial statements. The minimum required capital of the company as of June 30, 2019, calculated within the framework of the regulation on capital adequacy measurement is TL 670,438,613. Company management believes that, as of December 31, 2019, the necessary capital adequacy has been provided for the interim period January 1 - December 31, 2019 considering the movement of equity.

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4.2.2. Financial risk factors

The Company is exposed to market risk (exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk due to its assets and liabilities and reinsurance assets and liabilities. The Company's risk management generally focuses on minimizing the probable adverse effects of uncertainties in financial markets over the Company's performance. The Company's exposure to interest rate risk and credit risk in general is due to its financial investments and insurance receivables, respectively.

Market risk

The Company is exposed to market risk due to fluctuations in the exchange rates, interest rates and equity share prices.

Exchange rate risk

The Company's foreign currency denominated assets and liabilities expose the Company to exchange rate risks. These risks are monitored by analyzing exchange rate position. The details of the Company's foreign currency denominated assets and liabilities as of December 31, 2019 and December 31, 2018 are presented in details in Note 12.4.

Sensitivity to exchange rate risk

The Company's sensitivity to a 10% increase/decrease in USD and Euro currencies are presented below. Sensitivity analysis only includes foreign currency denominated monetary assets outstanding at the end of period and indicates the effects of 10% changes in exchange rates. Positive value indicates an increase in profit/loss and other equity items.

	December 31, 2019		December 31, 2018	
	USD Effect	EUR Effect	USD Effect	EUR Effect
Profit/Loss Increase	10,913,037	5,177,297	7,937,030	6,534,897
Profit/Loss (Decrease)	(10,913,037)	(5,177,297)	(7,937,030)	(6,534,897)

Interest rate risk

	December 31, 2019	December 31, 2018
	Effect on profit and profit reserves	
Total		
Market interest rate increase / (decrease)		TL
+1%	(6,705,683)	(226,353)
-1%	7,942,645	253,313
Financial assets	Effect on profit and profit reserves	
Market interest rate increase / (decrease)		TL
+1%	(6,705,683)	(195,413)
-1%	7,942,645	216,688
+1% Financial Assets with Risks on Policy Holders	-	(30,940)
-1% Financial Assets with Risks on Policy Holders	-	34,625

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The Company is required to manage its interest rate risks due to price fluctuations in its financial instruments arising from changes in interest rates. The Company's sensitivity to interest rate risk results from the mismatch in maturities of its assets and liabilities. Interest rate risk is managed by offsetting the assets that are affected by the interest rate fluctuations against the liabilities in same nature.

Price risk

The Company is exposed to price risk due to its available for sale financial assets. As of the reporting date, if data used in the valuation method is increased/decreased by 10% and all variables remain fixed, the Company's sensitivity is as follows. The sensitivity of the Company for the price risk is arising from the available for sale financial assets as of December 31, 2019.

	December 31, 2019	December 31, 2018
Total	Effect on Financial assets available for sale	
Price increase / (decrease)		TL
+10%	73,763,135	55,818,742
-10%	(73,763,135)	(55,818,742)

Credit risk

Credit risk is the risk that the debtor defaults on its obligations under the terms of the transaction. Credit risk is managed by setting out limits and providing guarantees for receivables from a specific party. Limits and guarantees are determined based on the assessment of the respective party's financial ability and trading capacity. The Company is exposed to credit risk in Turkey because it mainly performs its operations in Turkey.

As of December 31, 2019, the Company has presented its receivables from insurance operations and guarantees received and provision for doubtful receivables in Note 12.1.

Liquidity risk

Liquidity risk is the possibility of non-performance of the Company's due liabilities. Events that give rise to funding shortages, such as; market deteriorations and decrease in credit ratings, are the main reasons of liquidity risk. The Company manages its liquidity risk through having adequate cash and cash equivalents in order to fulfill its current and possible liabilities by allocating its funds.

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Liquidity risk table

December 31, 2019

	Up to 1 month	1 – 3 month	3 months- 1 year	1 – 5 years	5 years and over	No maturity	Total
Cash and Cash Equivalents	942,019,120	1,080,190,601	20,293,159	-	-	20,539,632	2,063,042,512
Financial Assets Available for Sale	20,993,443	16,816,813	114,942,696	415,543,534	56,413,071	78,040,075	702,749,632
Financial Assets Held for Trading	448,138,096	-	-	-	-	142,613,230	590,751,326
Held-to-Maturity Financial Assets	-	-	-	34,881,722	-	-	34,881,722
Investments with Risks on Policy Holders Investments	-	-	-	1,806,587	-	-	1,806,587
Receivables From Main Operations	235,458,533	200,768,514	294,341,193	30,051,374	-	-	760,619,614
Due from Related Parties	-	-	160,165	-	-	-	160,165
Other Receivables	-	-	17,597,262	-	-	-	17,597,262
Prepaid Expenses and							
Income Accruals	41,425,868	69,643,629	183,461,586	-	-	-	294,531,083
Other Current Assets	-	7,623,377	-	-	-	-	7,623,377
Financial Assets	-	-	-	-	-	-	-
Tangible Assets	-	-	-	-	-	49,455,053	49,455,053
Intangible Assets	-	-	-	-	-	60,569,259	60,569,259
Prepaid Expenses and Income Accruals							
(Long Terms)	-	-	-	149,980	-	-	149,980
Other Non-current Assets	-	-	-	-	-	23,935,685	23,935,685
Total	1,688,035,060	1,375,042,934	630,796,061	482,433,197	56,413,071	375,152,934	4,607,873,257
Financial Liabilities	60,777,683	-	3,806,567	25,943,674	-	-	90,527,924
Payables From Main Operations	283,517,463	140,377,879	117,966,682	12,188,792	-	-	554,050,816
Due to Related Parties	286,511	-	1,143	-	-	-	287,654
Other Payables	-	147,073,354	-	-	-	-	147,073,354
Insurance Technical Reserves	720,574,743	630,761,513	401,332,066	755,461,917	6,911,092	-	2,515,041,331
Taxes Payable and Similar Liabilities	-	93,440,050	-	-	-	-	93,440,050
Cost Expense Provisions	-	-	56,664,751	1,230,851	-	2,051,784	59,947,386
Prepaid Expenses and Income Accruals	21,696,551	54,964,596	67,982,526	-	-	-	144,643,673
Long Term Insurance Technical Reserves	-	-	-	1,446,871	95,692,471	-	97,139,342
Provisions for Other Risks	-	-	-	-	-	7,052,711	7,052,711
Shareholders' Equity	-	-	-	-	-	898,669,016	898,669,016
Total Liabilities and Shareholders' Equity	1,086,852,951	1,066,617,392	647,753,735	796,272,105	102,603,563	907,773,511	4,607,873,257
Liquidity Surplus/(Deficit)	601,182,109	308,425,542	(16,957,674)	(313,838,908)	(46,190,492)	(532,620,577)	-

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December 31, 2018

	Up to 1 month	1 - 3 month	3 months - 1 year	1-5 years	5 years and over	No maturity	Total
Cash and Cash Equivalents	486,866,689	579,752,804	886,833,419	-	-	16,115,750	1,969,568,662
Financial Assets Available for Sale	2,098,623	45,006,797	110,705,440	145,757,862	52,382,624	23,677,962	379,629,308
Financial Assets Held for Trading							
Financial assets	-	-	-	-	-	168,805,442	168,805,442
Held-to-Maturity Financial Assets	-	-	-	9,752,674	-	-	9,752,674
Investments with Risks on Policy Holders Investments	-	-	-	1,686,241	-	-	1,686,241
Receivables From Main Operations	173,197,383	185,593,560	204,611,519	37,435,170	-	-	600,837,632
Due from Related Parties	-	-	126,885	-	-	-	126,885
Other Receivables	-	-	20,668,330	-	-	-	20,668,330
Prepaid Expenses and							
Income Accruals	65,078,730	53,091,248	142,960,854	-	-	-	261,130,832
Other Current Assets	218,754	-	5,416,876	-	-	-	5,635,630
Tangible Fixed Assets	-	-	-	-	-	24,329,768	24,329,768
Intangible Fixed Assets	-	-	-	-	-	55,639,894	55,639,894
Prepaid Expenses and Income Accruals							
(Long Terms)	-	-	-	149,980	-	-	149,980
Other Non-current Assets	-	-	-	-	-	16,972,963	16,972,963
Total Assets	727,460,179	863,444,409	1,371,323,323	194,781,927	52,382,624	305,541,779	3,514,934,241
Financial Liabilities	58,448,710	-	-	-	-	-	58,448,710
Payables From Main Operations	121,540,357	74,500,013	217,355,734	5,323,197	-	-	418,719,301
Due to Related Parties	253,415	-	1,143	-	-	-	254,558
Other Payables	-	132,714,624	-	-	-	-	132,714,624
Insurance Technical Reserves	510,096,956	464,596,373	876,084,765	54,643,643	4,905,950	-	1,910,327,687
Taxes Payable and Similar Liabilities	-	44,131,441	-	-	-	-	44,131,441
Cost Expense Provisions	-	-	40,333,473	-	-	-	40,333,473
Prepaid Expenses and Income Accruals	8,353,828	16,262,600	77,102,666	-	-	-	101,719,094
Long Term Insurance Technical Reserves	-	-	-	1,473,636	82,348,570	-	83,822,206
Provisions for Other Risks	-	-	-	-	-	6,503,684	6,503,684
Shareholders' Equity	-	-	-	-	-	717,959,463	717,959,463
Total Liabilities and Shareholders' Equity	698,693,266	732,205,051	1,210,877,781	61,440,476	87,254,520	724,463,147	3,514,934,241
Liquidity Surplus / (Deficit)	28,766,913	131,239,358	160,445,542	133,341,451	(34,871,896)	(418,921,368)	-

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Categories of Financial Assets:

	December 31, 2019		December 31, 2018	
	Book Value	Fair Value	Book Value	Fair Value
Current Financial Assets				
Financial Assets Available for Sale	702,749,632	702,749,632	379,629,308	379,629,308
Financial Assets Held for Trading	590,751,326	590,751,326	168,805,442	168,805,442
Financial Assets Held to Maturity	36,506,714	34,881,722	10,842,120	9,752,674
Financial Investments with Risks on Policy Holders	1,806,587	1,806,587	1,686,241	1,686,241
Non-Current Financial Assets				
Affiliate	-	-	30,116,653	30,116,653
Impairment Provision for Affiliates	-	-	(30,116,653)	(30,116,653)
Total Financial Assets	1,331,814,259	1,330,189,267	560,963,111	559,873,665

Fair value of financial assets

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction in accordance with market conditions.

	December 31, 2019	Category 1	Category 2	Category 3
Financial Assets Available for Sale				
Corporate Bond	333,690,554	333,690,554	-	-
Eurobond	152,749,578	152,749,578	-	-
Government Bonds	137,902,513	137,902,513	-	-
Stocks	78,406,987	77,976,955	-	430,032
Financial Assets Held for Trading				
Reverse Repo	448,138,096	448,138,096	-	-
Investment Funds	142,613,230	142,613,230	-	-
Held to Maturity Financial Assets			-	-
Eurobond	24,027,260	24,027,260	-	-
Government Bonds	10,854,462	10,854,462	-	-
Financial Investments with Risks on Policy Holders			-	-
Government Bonds	1,806,587	1,806,587	-	-
Total	1,330,189,267	1,329,759,235	-	430,032

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	December 31, 2018	Category 1	Category 2	Category 3
Financial Assets Available for sale				
Corporate Bond	233,265,994	233,265,994	-	-
Eurobond	122,684,814	122,684,814	-	-
Government Bonds	736	736	-	-
Stocks	23,677,764	23,247,732	-	430,032
Financial Assets Held for Trading				
Investment Funds	168,805,442	168,805,442	-	-
Held to Maturity Financial Assets				
Government Bonds	9,752,674	9,752,674	-	-
Financial Investments with Risks on Policy Holders				
Government Bonds	1,686,241	1,686,241	-	-
Total	559,873,665	559,443,633	-	430,032

The Company determines the estimated fair value of its financial instruments by using the current market information and appropriate valuation methods. Additionally, ability to estimate the market values through assessing the market information requires interpretation and judgment. As a result, the estimations presented herein cannot be an indicator of the amounts obtained by the Company in a current market transaction.

The fair value of financial assets shown in the following table in terms of valuation methods is shown divided into three categories. "Category 1", was organized market obtained from fair values (market data), the "Category 2" precedent that has truth according to processes and "Category 3" is the future cash flows to their present reduced according to the values that are valued financial assets represents.

The following methods and assumptions were used to estimate the fair value of financial instruments for which fair value estimates are practicable.

Financial assets

It is anticipated that fair value of the financial assets including cash and cash equivalents and other financial assets carried at cost will approximate to their book value based on their short term nature and having insignificant potential losses.

Market value is taken as a basis in the measurement of fair value of government bonds and equity shares.

Financial liabilities

It is anticipated that fair value of monetary liabilities will converge to their carrying value based on their short term nature.

5. SEGMENT INFORMATION

5.1 Operating segments

Information related to the operational reporting made by the Company to the chief operating decision-maker in the accordance with the "TFRS 8 - Operating Segments" is disclosed in this part.

Numerical limits in "TFRS 8 - Operating Segments" is also considered as well as management reporting in the determination of operating segments. Premium production and net technical income of different operating segments are grouped separately.

The Company operates in Turkey. Since the results of operating activities abroad have very low effect on financial statements, the information about geographical segmentation has not been given.

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Segment results for the period ended at December 31, 2019:

	Fire	Transportation	Motor Own Damage	Motor Crafts Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
TECHNICAL INCOME	198,100,013	30,339,166	882,883,773	1,279,985,490	190,226,398	21,316,933	23,060,982	126,314,160	130,771	-	2,752,363,876
1- Earned Premiums (Net of Reinsurer Share)	198,656,326	23,808,190	771,967,612	1,015,025,969	145,350,756	19,038,330	17,883,973	91,591,091	-	-	2,243,324,247
1*- Premiums (Net of Reinsurer Share)	172,352,362	24,197,655	851,160,726	1,234,579,990	163,334,977	17,572,291	24,509,005	114,646,852	-	-	2,602,337,798
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(13,694,036)	(383,445)	(96,445,054)	(219,554,021)	(6,944,488)	1,466,039	(6,625,032)	(23,055,761)	-	-	(365,255,818)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	-	-	17,281,940	-	(11,039,673)	-	-	-	-	-	6,242,267
2- Investment Income transferred from Non-Technical Part	35,912,941	6,982,236	100,040,483	246,449,836	44,815,541	2,154,209	5,177,009	34,723,089	13,0771	-	476,386,085
3- Other Technical Income (Net of Reinsurer Share)	-	-	-	-	-	-	-	-	-	-	-
4- Accrued Subrogation and Salvage Income (+)	3,928,746	(651,060)	5,203,354	18,509,685	60,101	124,394	-	-	-	-	5,678,324
TECHNICAL EXPENSES	(146,070,760)	(11,012,712)	(792,103,260)	(92,673,446)	(156,893,022)	(13,820,182)	(15,082,735)	(60,439,514)	(158,154)	-	(2,166,259,685)
1- Total Claims (Net of Reinsurer Share)	(62,391,448)	(6,635,251)	(551,208,622)	(821,830,304)	(71,183,362)	(10,255,402)	(924,693)	(10,968,009)	(184,919)	-	(1,544,582,010)
1*- Claims Paid (Net of Reinsurer Share)	(67,743,962)	(2,933,108)	(546,561,278)	(679,483,742)	(33,092,173)	(11,704,093)	(8,770,488)	(8,926,877)	(177,561)	-	(1,298,793,275)
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	5,352,514	(3,702,443)	(4,647,344)	(202,346,562)	(38,091,189)	848,691	(1,154,212)	(2,041,132)	(735,8)	-	(245,788,735)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer) (+/-)	(3,000)	9142	83,976	-	(1,416)	-	-	-	-	-	88,642
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-) and Other Technical Expenses	(11,722,483)	-	(1,079,707)	(1,722,483)	(212,435)	(329,076)	-	-	-	-	(3,343,901)
4- Operating Expenses	(60,612,005)	(4,141,608)	(184,769,774)	(169,259,575)	(60,779,393)	(2,530,579)	(5,021,344)	(43,849,274)	-	-	(519,943,572)
4.1- Production Commissions (-)	(63,202,480)	(10,704,883)	(133,641,790)	(126,553,218)	(83,503,033)	(21,423,633)	(6,583,605)	(70,378,362)	-	-	(556,193,004)
4.2- Reinsurance Commissions (+)	7,802,880	9,087,021	46,133	23,306,777	38,960,308	24,087,121	2,290,189	36,906,990	-	-	212,487,700
4.3- General Administrative Expenses	(35,212,405)	(2,572,422)	(63,174,117)	(46,013,136)	(16,236,668)	(4,994,067)	(72,948)	(10,377,502)	-	-	(169,259,268)
4.4- Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
5- Changes in Mathematical Reserves (+/-)	-	-	-	-	-	-	-	-	26,745	-	26,745
6- Other Technical Expenses (Net of Reinsurer Share)	(11,341,624)	(244,995)	(53,129,073)	(21,589,467)	(4,716,416)	(705,125)	(136,678)	(5,622,231)	-	-	(97,485,609)
TECHNICAL PROFIT/(LOSS)	52,029,253	19,326,654	90,786,513	287,306,144	53,333,376	7,496,751	7978,247	65,874,636	(27,383)	-	584,106,191
Depreciation expense	-	-	-	-	-	-	-	-	-	-	662,995,479
Provisions account, net	-	-	-	-	-	-	-	-	-	-	(33,510,804)
Tax expenses	-	-	-	-	-	-	-	-	-	-	(60,410,995)
Financial expenses	-	-	-	-	-	-	-	-	-	-	(107,566,718)
Other	-	-	-	-	-	-	-	-	-	-	(671,653,422)
NET PROFIT/(LOSS)	52,029,253	19,326,654	90,786,513	287,306,144	53,333,376	7,496,751	7978,247	65,874,636	(27,383)	-	366,358,436

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Segment results for the period ended at December 31, 2018:

	Fire	Transportation	Motor Own Damage	Motor Crafts Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
TECHNICAL INCOME	185,637,479	36,269,725	717,902,265	940,876,705	194,455,167	25,428,504	66,370	111,275,378	135,124	-	2,212,046,717
1- Earned Premiums (Net of Reinsurer Share)	14,725,142	21,325,824	670,579,979	726,262,658	145,121,001	21,724,404	52,788	86,470,612	500	-	1,824,838,848
1.1- Premiums (Net of Reinsurer Share)	149,448,259	27,722,190	692,915,316	884,796,666	145,392,042	21,490,975	67,081	79,426,965	500	-	2,001,259,924
1.2- Changes in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(2,897,117)	(3,61,635)	(5,053,457)	(158,534,008)	2,639,224	233,429	(14,293)	704,3,647	-	-	(156,244,210)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	-	15,249	(17,281,940)	-	(2,910,265)	-	-	-	-	-	(20,176,956)
2- Investment Income transferred from Non-Technical Part	36,083,742	6,821,846	34,221,077	204,468,467	49,212,429	3,662,375	13,562	24,643,058	134,624	-	359,474,200
3- Other Technical Income (Net of Reinsurance Share)	-	-	5,526,778	20,052	-	-	-	162,000	-	-	5,937,710
4- Accrued Subrogation and Salvage Income (+)	2,302,595	2,072,055	7,524,491	9,731,648	121,737	41,725	-	(292)	-	-	21,793,959
TECHNICAL EXPENSES	(142,916,550)	(14,973,476)	(797,503,215)	(695,016,344)	(118,214,710)	(17,701,455)	(73,899)	(57,577,812)	(162,937)	-	(1,844,140,598)
1- Total Claims (Net of Reinsurer Share)	(68,471,474)	(8,751,638)	(595,937,380)	(58,997,918)	(58,862,446)	(12,520,959)	(15,838)	(6,878,146)	(298,423)	-	(1,341,655,422)
1.1- Claims Paid (Net of Reinsurer Share)	(51,639,221)	(7,530,750)	(597,427,063)	(379,780,304)	(23,863,015)	(10,804,262)	(141,260)	(6,487,831)	(367,607)	-	(1,072,242,113)
1.2- Changes in Outstanding Claims Reserve Reinsurer Share and Reserves Carried Forward (+/-)	(16,833,553)	(1,220,888)	(4,310,317)	(210,138,814)	(34,999,431)	(1,716,697)	125,422	(390,215)	69,184	-	(269,413,309)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer) (+/-)	(2,511)	(9,742)	(83,976)	-	5,583	(2)	-	-	-	-	(89,988)
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-) and Other Technical Expenses	10,378,615	(38)	(818,723)	-	(155,970)	(4,30,848)	-	-	-	-	(11,784,194)
4- Operating Expenses	(55,649,507)	(6,049,154)	(161,202,282)	(101,403,123)	(56,154,872)	(4,196,822)	56,052	(44,741,543)	(5)	-	(431,341,256)
4.1- Production Commissions (-)	(89,055,665)	(10,734,260)	(109,032,672)	(92,849,823)	(74,393,938)	(17,595,155)	(8,361,485)	(66,482,880)	-	-	(468,505,879)
4.2- Reinsurance Commissions (+)	66,389,008	7,204,277	63,123	33,336,525	18,055,084	9,055,246	30,048,479	-	-	-	185,468,908
4.3- General Administrative Expenses	(32,982,850)	(2,521,171)	(52,232,733)	(29,868,466)	(15,097,459)	(4,656,751)	(637,709)	(10,307,141)	(5)	-	(148,304,285)
4.4- Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
5- Changes in Mathematical Reserves (+/-)	-	-	-	-	-	-	-	-	135,491	-	135,491
6- Other Technical Expenses (Net of Reinsurer Share)	(8,414,443)	(163,504)	(594,607,914)	(3,694,103)	(3,047,005)	(553,024)	(114,113)	(3,958,123)	-	-	(594,052,229)
TECHNICAL PROFIT/(LOSS)	42,720,929	21,296,249	(79,600,950)	245,860,361	76,240,457	7,726,849	(7,529)	53,697,566	(27,813)	-	367,900,119
Financial income	-	-	-	-	-	-	-	-	-	659,044,752	659,044,752
Depreciation expense	-	-	-	-	-	-	-	-	-	(20,363,001)	(20,363,001)
Provisions account	-	-	-	-	-	-	-	-	-	(47,151,069)	(47,151,069)
Tax expenses	-	-	-	-	-	-	-	-	-	(66,694,754)	(66,694,754)
Financial expenses	-	-	-	-	-	-	-	-	-	(659,031,429)	(659,031,429)
Other	-	-	-	-	-	-	-	-	-	(6,091,538)	(6,091,538)
NET PROFIT/(LOSS)	42,720,929	21,296,249	(79,600,950)	245,860,361	76,240,457	7,726,849	(7,529)	53,697,566	(27,813)	(140,287,039)	227,697,080

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6. TANGIBLE ASSETS

December 31, 2019

Cost Value	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Assets	Other Tangible Assets (Including Leasehold Improvements)	Advances for Tangible Assets
1 January	1,598,569	2,720,001	23,741,539	21,052,437	49,112,546
Additions	-	-	4,680,142	316,837	4,996,979
Disposals	-	-	(808,931)	(21,657)	(830,588)
31 December	1,598,569	2,720,001	27,612,750	21,347,617	53,278,937

Accumulated Depreciation

1 January	(569,248)	(5,962)	(14,906,985)	(9,370,383)	(24,852,578)
Additions	(32,697)	(544,000)	(3,140,454)	(2,295,548)	(6,012,699)
Disposals	-	-	741,294	8,129	749,423
31 December	(601,945)	(549,962)	(17,306,145)	(11,657,802)	(30,115,854)
Net Book Value as of December 31	996,624	2,170,039	10,306,605	9,689,815	23,163,083

The Company has no impairment loss recognized for tangible fixed assets in the current period (December 31, 2018: None).

December 31, 2018

Cost Value	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Assets	Other Tangible Assets (Including Leasehold Improvements)	Advances for Tangible Assets
1 January	1,598,569	-	23,957,267	21,412,252	46,968,088
Additions	-	2,720,001	562,303	487,572	3,769,876
Disposals	-	-	(778,031)	(847,387)	(1,625,418)
31 December	1,598,569	2,720,001	23,741,539	21,052,437	49,112,546

Accumulated Depreciation

January 1,	(537,189)	-	(12,652,946)	(7,580,602)	(20,770,737)
Additions	(32,059)	(5,962)	(2,962,400)	(2,338,200)	(5,338,621)
Disposals	-	-	708,361	618,219	1,326,580
December 31,	(569,248)	(5,962)	(14,906,985)	(9,300,583)	(24,782,778)
Net Book Value as of December 31	1,029,321	2,714,039	8,834,554	11,751,854	24,329,768

As of January 1, 2019, the movement table of asset utilization rights that the Company first recorded in IFRS 16 is as follows:

Right of use assets	January 1, 2019	Additions	Disposals	December 31, 2019
Properties	27,717,430	-	-	27,717,430
Motor vehicles	6,080,531	-	-	6,080,531
Fixtures	-	574,924	-	574,924
Total	33,797,961	574,924	-	34,372,885

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Accumulated Depreciation (-)	January 1, 2019	Additions	Disposals	December 31, 2019
Properties	-	(5,530,674)	-	(5,530,674)
Motor vehicles	-	(2,689,352)	-	(2,689,352)
Fixtures	-	(23,955)	-	(23,955)
Total	-	(8,243,981)	-	(8,243,981)
Net book value	33,797,961		-	26,128,904

7. INVESTMENT PROPERTIES

December 31, 2019

Cost Value	Land	Buildings	Total
1 January	-	-	-
Additions	-	170,958	170,958
Disposals	-	-	-
31 December	-	170,958	170,958
Accumulated Depreciation			
1 January	-	-	-
Charge for the Period	-	(7,892)	(7,892)
Disposals	-	-	-
December 31	-	(7,892)	(7,892)
Net Book Value as of December 31	-	163,066	163,066

In the period of January 1 - December 31, 2019, the Company has no obtained rental income from investment properties (January 1 - December 31, 2018: None).

The Company has no investment properties as of December 31, 2018.

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8. INTANGIBLE ASSETS

December 31, 2019

Cost Value	Advances for Intangible Assets ⁽¹⁾	Rights	Total
1 January	1,949,163	111,808,560	113,757,723
Additions	3,196,473	21,332,352	24,528,825
Disposals	-	(613,202)	(613,202)
Transfers	(1,656,548)	1,656,548	-
31 December	3,489,088	134,184,258	137,673,346

Accumulated Amortization

1 January	-	(58,117,829)	(58,117,829)
Charge for the Period	-	(19,246,232)	(19,246,232)
Disposals	-	259,974	259,974
31 December	-	(77,104,087)	(77,104,087)
Net book Value as of December 31	3,489,088	57,080,171	60,569,259

⁽¹⁾ Intangible assets advances include the administrative advances for the projects implemented. Since the related assets do not create economic benefits no amortization is calculated over intangible assets.

December 31, 2018

Cost Value	Advances for Intangible Assets ⁽¹⁾	Rights	Total
1 January	2,600,646	87,041,349	89,641,995
Additions	1,222,639	22,896,917	24,119,556
Disposals	-	(3,828)	(3,828)
Transfers	(1,874,122)	1,874,122	-
31 December	1,949,163	111,808,560	113,757,723

Accumulated Amortization

1 January	-	(43,097,276)	(43,097,276)
Charge for the Period	-	(15,024,380)	(15,024,380)
Disposals	-	3,827	3,827
31 December	-	(58,117,829)	(58,117,829)
Net book Value as of December 31	1,949,163	53,690,731	55,639,894

⁽¹⁾ Intangible assets advances include the administrative advances for the projects implemented. Since the related assets do not create economic benefits no amortization is calculated over intangible assets.

As of December 31, 2019, the Company has not recognized any impairment loss for its intangible fixed assets in the current period (December 31, 2018: None).

The Company has no goodwill amount in its financial statements.

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9. INVESTMENTS IN AFFILIATES

In accordance with the Resolution of the Board of Directors dated December 31, 2018, numbered 41; Merter B. V., a wholly-owned subsidiary of 25% of its capital, was awarded with Apollo European Real Estate III Coöperatief U.A. and Apollo European Real Estate III (EU) Coöperatief U.A. sold to firms (December 31, 2018: TL 30,116,653).

10. REINSURANCE ASSETS

Reinsurance assets are disclosed in Note 17.16.

11. FINANCIAL ASSETS

11.1 Subcategories of Financial Assets

Financial Assets and Financial Investments with Risks on Policy Holders	December 31, 2019	December 31, 2018
Financial Assets Available for Sale	702,749,632	379,629,308
Financial Assets Held for Trading	590,751,326	168,805,442
Financial Assets to be Held Until Maturity	34,881,722	9,752,674
Financial Investments with Risks on Policy Holders	1,806,587	1,686,241
Total	1,330,189,267	559,873,665

Financial Assets Available for Sale

	December 31, 2019			December 31, 2018		
	Cost Value TL	Fair Value TL	Book Value TL	Cost Value	Fair Value TL	Book Value TL
Private Sector bonds	326,266,711	333,690,554	333,690,554	218,835,732	233,265,994	233,265,994
Eurobond	152,806,509	152,749,578	152,749,578	134,782,226	122,684,814	122,684,814
Government Bonds	133,150,541	137,902,513	137,902,513	736	736	736
Equity Shares (Listed on the stock exchange)	70,267,685	77,976,955	77,976,955	24,215,782	23,247,732	23,247,732
Equity Shares (Not listed on the stock exchange) Net	430,032	-	430,032	430,032	-	430,032
Total	682,921,478	702,319,600	702,749,632	378.264.508	379,199,276	379,629,308

Financial Assets Held for Trading

	December 31, 2019			December 31, 2018		
	Cost Value TL	Fair Value TL	Book Value TL	Cost Value TL	Fair Value TL	Book Value TL
Reverse Repo	447,999,882	448,138,096	448,138,096	-	-	-
Investment Funds	116,663,610	142,613,230	142,613,230	142,717,574	168,805,442	168,805,442
Total	564,663,492	590,751,326	590,751,326	142,717,574	168,805,442	168,805,442

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Held-to-Maturity Financial Assets

	December 31, 2019			December 31, 2018		
	Cost Value TL	Fair Value TL	Book Value TL	Cost Value TL	Fair Value TL	Book Value TL
Government Bonds	9,194,956	12,411,600	10,854,462	9,194,956	10,842,120	9,752,674
Eurobond	23,431,170	24,095,114	24,027,260	-	-	-
Total	32,626,126	36,506,714	34,881,722	9,194,956	10,842,120	9,752,674

Financial Investment with Risks on Policy Holders

	December 31, 2019			December 31, 2018		
	Cost Value TL	Fair Value TL	Book Value TL	Cost Value TL	Fair Value TL	Book Value TL
Government Bonds	1,647,665	1,806,587	1,806,587	1,647,665	1,686,241	1,686,241

The breakdown of the shares classified as available-for-sale financial assets is as follows:

December 31, 2019

Equity Shares %	Participation Rate TL	Cost Value TL	Fair Value	Book Value TL
Borsa İstanbul Unlisted		70,267,685	77,976,955	77,976,955
Tarım Sigortaları Havuz İşletmesi A.Ş.	4.17	430,032	-	430,032
Unlisted		430,032	-	430,032
Total		70,697,717	77,976,955	78,406,987

December 31, 2018

Equity Shares %	Participation Rate TL	Cost Value TL	Fair Value	Book Value TL
Borsa İstanbul Unlisted		24,215,782	23,247,732	23,247,732
Tarım Sigortaları Havuz İşletmesi A.Ş.	4.17	430,032	-	430,032
Unlisted		430,032	-	430,032
Total		24,645,814	23,247,732	23,677,764

As of December 31, 2019 and December 31, 2018, the blockage on financial assets in favour of Treasury and Finance Ministry has been disclosed in Note 17.1.

11.2 Securities other than equity shares issued in the current period

None (December 31, 2018: None).

11.3 Securities issued representing the amortized borrowing in the current period:

None (December 31, 2018: None).

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11.4 Fair value of securities and long-term financial assets that are carried at cost in the balance sheet and cost of securities and long-term financial assets that are carried at fair value in the balance sheet

Cost, fair value and book values of marketable securities are presented in Note 11.1.

Financial assets consist of unlisted assets, and cost and book value of financial assets are presented as below:

Unlisted

	December 31, 2019			December 31, 2018		
	Participation Rate%	Cost Value TL	Book Value TL	Participation Rate%	Cost Value TL	Book Value TL
Merter BV	-	-	-	25	30,116,653	30,116,653
Impairment (-)		-	-		-	(30,116,653)
Affiliates (Net)		-	-		30,116,653	-

11.5 Marketable securities issued by the shareholders, affiliates and subsidiaries of the Company classified under marketable securities and associates and their issuers:

None (December 31, 2018: None).

11.6 Increase in value of financial assets in the last three years

Value increases and decreases (net-off deferred tax) reflect the difference between the book value and cost value of the financial assets at period end.

Type of Financial Asset

	December 31, 2019	December 31, 2018	December 31, 2017
Financial Assets Available for Sale	(8,235,793)	(13,298,346)	(18,088)

11.7 Financial Instruments

- Information that enables the financial statement users to evaluate the financial position and performance of the Company is disclosed in Note 4.1.
- Information on the book value of the financial assets is disclosed in Note 11.1.
- Comparison of the fair value and book value of financial assets is disclosed in Note 11.1.
- Financial assets overdue or impaired are presented in Note 11.1.

11.8 Financial Instruments

Information related to hedge accounting has been disclosed in Note 34.5

11.9 Effects of Exchange Rate Differences

Exchange rate differences arising from the payments of monetary items or different conversion rates used in the current period or at initial recognition are recognized in profit or loss.

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12. RECEIVABLES AND PAYABLES

12.1 Details of the Company's receivables

	December 31, 2019	December 31, 2018
Receivables from insurance operations		
Receivables from agencies	545,911,687	396,286,545
Bank Guaranteed Credit Card Receivables More than Three Months	170,128,762	147,593,612
Receivables from reinsurance companies	22,338,183	28,935,600
Receivables for salvage and claim recovery - net (Note 2.1.1)	31,126,674	29,909,283
Other receivables	517,651	340,483
Receivables from insurance operations	770,022,957	603,065,523
Cash deposited for insurance and reinsurance companies	30,954	30,954
Receivables from insurance and reinsurance companies	30,954	30,954
Claim recovery receivables under legal follow-up	109,552,591	83,717,544
Doubtful receivables from main operations	32,475,839	32,693,245
Total provision amount for doubtful receivables	142,028,430	116,410,789
Receivables from main operations	912,082,341	719,507,266
Provision for due from insurance operations (-) ^(*)	(18,093,784)	(11,935,533)
Provision for doubtful receivables from main operations (-) ^(**)	(23,816,352)	(23,016,557)
Provision for net claim recovery receivables under legal follow-up (-) ^(**)	(109,552,591)	(83,717,544)
Total provision amount for doubtful receivables	(151,462,727)	(118,669,634)
Receivables from main operations - net	760,619,614	600,837,632

^(*) In balance sheet disclosed under provision for receivables from insurance operations.

^(**) In balance sheet disclosed under provision for receivables from main operations.

The movement table of provision for doubtful receivables under legal follow-up is presented below:

	December 31, 2019	December 31, 2018
0 - 90 days	9,029,378	8,190,917
90+	21,712,042	36,047,030
Not due receivables	739,312,491	558,858,530
Total	770,053,911	603,096,477

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The details of guarantees for the Company's receivables are presented below:

Type of Guarantees	December 31, 2019		December 31, 2018	
	Receivables	Doubtful Receivables	Receivables	Doubtful Receivables
Real Estate Pledges	55,282,791	1,195,700	60,207,941	2,049,952
Letters of Guarantee	43,933,079	-	42,311,128	-
Cash Guarantees	3,002,608	-	-	-
Government Bonds and Equity	314,439	7,500	376,202	-
Other	2,424,466	-	1,061,759	-
Total	104,957,383	1,203,200	103,957,030	2,049,952

The Company books provision for 100% of doubtful receivables disclosing guarantees. The movement table of provision for doubtful receivables under legal follow-up is presented below:

Doubtful trade receivable transactions

	2019	2018
Opening Balance, 1 January	(106,734,101)	(95,011,803)
Charge for the period	(33,517,236)	(17,012,726)
Collections	6,882,394	5,290,428
Closing Balance, 31 December	(133,368,943)	(106,734,101)

12.2 Receivable - payable relationship with shareholders, affiliates and subsidiaries of the Company

Due to/from shareholders, affiliates and subsidiaries in balance sheet includes dividends which have paid in previous years but not yet collected by shareholders. As of December 31, 2019, the Company has liabilities amounting to TL 1,143 to shareholders (December 31, 2018: TL 1,143).

12.3 Total pledges and other guarantees received for receivables amount

Total amount of pledges and other guarantees received for receivables amounts to TL 104,957,383 as of December 31, 2019 (December 31, 2018: TL 103,957,030).

12.4 Details of the Company's foreign currency denominated receivables without exchange rate guarantees are presented below:

December 31, 2019

Banks (Foreign Currency)	Amount in Foreign Currency	Exchange Rate	Amount TL
EUR	2,401,308	6,6506	15,970,139
USD	2,405,752	5,9402	14,290,648
GBP	130,106	7,7765	1,011,769
CHF	100,218	6,0932	610,648
Other	943	0,0543	52
Total			31,883,256

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Stocks and Bonds	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	30,724,479	5,9402	182,509,552
Total			182,509,552

Receivables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	46,809,061	5,9402	278,055,184
EUR	15,914,733	6,6506	105,842,523
GBP	76,635	7,7765	595,952
Other	96,229	6,0932	586,340
Total			385,079,999

Outstanding Claims Reserve	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	(11,809,266)	5,9402	(70,149,402)
EUR	(2,454,675)	6,6506	(16,325,060)
Other			
Total			(86,474,462)

Payables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	(49,015,172)	5,9402	(291,159,924)
EUR	(7,960,738)	6,6506	(52,943,683)
Other			(1,964,019)
Total			(346,067,626)

Payables to Suppliers	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	(743,357)	5,9402	(4,415,687)
EUR	(115,922)	6,6506	(770,947)
Total			(5,186,634)

Net Foreign Currency Position			161,744,085
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December 31, 2018

Banks (Foreign Currency)	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	5,165,611	5.2609	27,175,763
EUR	2,029,314	6.0280	12,232,705
GBP	55,032	6.6528	366,117
CHF	157,666	5.3352	841,180
Other			
Total			40,615,765

Stocks and Bonds	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	23,320,119	5.2609	122,684,814
Total			122,684,814

Receivables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	28,691,649	5.2609	150,943,896
EUR	17,295,218	6.0280	104,255,574
GBP	107,134	6.6528	712,741
CHF	8,052	5.3352	42,959
Other			
Total			255,955,170

Outstanding Claims Reserve	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	(6,818,960)	5.2609	(35,873,867)
EUR	(1,109,743)	6.0280	(6,689,531)
Other			(4,501)
Total			(42,567,899)

Payables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	(35,271,589)	5.2609	(185,560,303)
EUR	(7,373,885)	6.0280	(44,449,779)
Other			(2,193,297)
Total			(232,203,379)

Net Foreign Currency Position			144,484,471
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13. DERIVATIVE FINANCIAL INSTRUMENTS

During the period between January 1 – December 31, 2019, total income resulting from short-term swap contracts' market valuation has been accounted under "Income from derivatives" in the income statement in amounting to TL 155,026,807 (January 1 – December 31, 2018: TL 99,960,587).

14. CASH AND CASH EQUIVALENTS

	December 31, 2019	December 31, 2018
Cash at Banks	1,356,583,321	1,485,633,722
Time Deposit	1,336,043,689	1,469,517,972
Demand Deposit	20,539,632	16,115,750
Bank Guaranteed Credit Card Receivables with Maturities less than three months	706,459,191	483,934,940
Total	2,063,042,512	1,969,568,662
Interest Accrual on Cash and Cash Equivalents	(2,557,348)	(11,676,242)
Blocked Deposits ⁽¹⁾	(228,718,207)	(194,431,282)
Cash Flow Based Grand Total	1,831,766,957	1,763,461,138

⁽¹⁾ Details of blocked deposits in the company's treasury are given in footnote 17.1.

The details of interest rates received from time deposits as of December 31, 2019 and 2018 are as follows:

	December 31, 2019 Annual Interest Rate (%)	December 31, 2018 Annual Interest Rate (%)
TL	10.65 – 18.00	18.00 – 30.00
USD	1.25	1.15 – 3.75
EUR	0.50 – 0.35	1.40 – 2.85

As of December 31, 2018, the maturities of TL deposits are between January 2, 2020 and October 2, 2020; while the currency of foreign exchange deposits varies between January 2, 2020 and March 3, 2020.

As of December 31, 2018, the maturities of TL deposits vary between January 2, 2020 and September 16, 2020.

As December 31, 2019, there are TL 47,970,865 in the companies' other financial payables accounts. The Company has no repurchase agreements amounting to TL 12,806,818 which is accounted under Other Financial Liabilities account. (December 31, 2018: TL 49,954,452).

As of December 31, 2019, the Company has accounted TL 303,863 in the valuation of repurchase agreements. (December 31, 2018: 204,451) (Note 26).

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15. SHARE CAPITAL

15.1 Transactions between the Company and its shareholders, showing each distribution made to the shareholders separately

The Company's shareholders and its shareholders' equity structure as of December 31, 2019 and December 31, 2018 are presented in Note 2.14.

The details of the transactions between the Company and its shareholders and the related balances as of the end of the period are presented in "Related Parties" note.

According to the provisions of the tax legislation, 50% of the profits arising from the sales of real estates in the assets of the companies are exempted from the corporation tax, provided that they are kept in a special fund account for at least five full years. The exempted profit can be transferred to another account nor be withdrawn unless it is in any other account, except for the addition to the capital within five years. The Sales Profit To Be Added To The Capital account includes the amounts transferred from the real estate sales to the equity.

15.2 Reconciliation of carrying values of each capital account and each reserve as of the beginning and end of the period showing each change separately

Legal Reserve

According to the Turkish Commercial Code, legal reserves; consists of first and second legal reserves. The first legal reserve is appropriated out of the statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves cannot be distributed unless they exceed 50% of the total capital; however, they can be used to compensate for losses in case of depletion of reserve reserves. As of December 31, 2019, the Company has legal reserves amounting to TL 45,882,288 (December 31, 2018: TL 15,835,334).

Special Funds (reserves)	December 31, 2019	December 31, 2018
Actuarial (gain)/loss	4,518,213	3,602,019
Total	4,518,213	3,602,019

Gains from sale of fixed asset

75% of TL 127,169,601 of total gains from the sale of real estates, namely TL 95,377,201, which was obtained through the sale of real estate in Bursa and Istanbul in 2009, sale of real estate in İzmir in 2010, sale of Adapazarı Karaaptiller land and participation shares in 2011, sale of real estate in İzmir Tepecik in 2011, sale of real estate in Istanbul Fındıklı and Ankara in 2013, and sale of real estate in Ankara, Çanakkale and İzmir in 2014, has been decided not to be distributed in the related accounting periods but to be followed under special funds account pursuant to the Article 5-1/3 of the Corporate Tax Law and in accordance with the Tax Legislation, Capital Markets Legislation and other related financial legislation.

Previous Years Profits/Previous Years Losses

According to the financial statements that reflect the results of the year 2018, the Company has decided to close all Previous Years' Losses amounting to TL 4,387,874 with Retained Earnings Company at the Ordinary General Assembly held on March 4, 2019, it was decided.

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15.3 For each class of share capital

15.3.1 The explanation about the number of capital shares

The Company's issued capital share is composed of 30,600,000,000 shares having a nominal amount of TL 0.01 each. These shares are presented by Class 10 shares (December 31, 2018: 30,600,000,000 shares with a nominal amount of TL 0.01 each).

15.3.2 The explanation about the number of issued and fully paid shares and issued but not fully paid shares

None (December 31, 2018: None).

15.3.3 Nominal value of an equity share or equity shares without having nominal value

Nominal value of equity shares is TL 0.01 per share (December 31, 2018: TL 0.01 per share).

15.3.4 Reconciliation of the number of the equity shares at the beginning and ending of the period

	Number of Shares	
	December 31, 2019	December 31, 2018
Beginning of the Period, 1 January	30,600,000,000	30,600,000,000
Issued in the Current Period	-	-
End of the Period, 31 December	30,600,000,000	30,600,000,000

15.3.5 Rights, privileges and limitations on dividend payments and repayment of share capital

In accordance with Article 61 of the Company's Articles of Association, corporate tax is deducted from the net profit which is determined and calculated based on the issued balance sheet. 5% of statutory reserve is allocated over the remaining amount and subsequent to this allocation, at minimum, 1. dividend amount that is determined by the CMB is also allocated over the final remaining amount.

The Company's capital does not include any preferred shares.

Based on the guidelines and principals issued by the Capital Markets Board (the Board) dated January 27, 2010 for the distribution of dividends from the profit generated from operating activities in 2010, concerning public entities, the shares of which are quoted in public equity markets, it has been agreed upon not to set a mandatory minimum dividend payment quota. Furthermore, it has been agreed upon to let public entities perform dividend distributions as stated within the "Communique Concerning Principal Matters on Dividend Advances Distributed by Public Entities Under the Regulation of the Capital Markets Law" (Serial: IV, No: 27), as stated within the principal agreement of the companies and as stated within the policies on dividend distribution that have been shared with the public.

15.3.6 Equity shares held by the Company, its affiliates or its subsidiaries

None (December 31, 2018: None).

15.3.7 Equity shares held for future sale for forward transactions and contracts

None (December 31, 2018: None).

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15.4 Share based payments

None (December 31, 2018: None).

15.5 Subsequent events

Disclosed in note 46.

16. OTHER PROVISIONS AND CAPITAL COMPONENT OF DISCRETIONARY PARTICIPATION

16.1 Each income and expense item and their total amounts accrued under shareholders' equity in the current period in accordance with other standards and interpretations

	December 31, 2019	December 31, 2018
Available for sale financial assets valuation difference	8,235,793	(13,298,346)
Deferred tax effect	(1,647,159)	2,659,669
Total	6,588,634	(10,638,677)

In accordance with changes regarding "TAS 19 – Employee Benefits" effective as of January 1, 2013, actuarial loss amounting to TL 5,647,766 (Deferred tax effect: TL 1,129,553), (December 31, 2018: TL 4,502,524, Deferred tax effect: TL 900,505) resulting from retirement pay liability calculation has been accounted to "Other Reserves and Retained Earnings" under equity.

16.2 Net exchange differences classified separately as an equity item and reconciliation of exchange differences at the beginning and end of the period

None (December 31, 2018: None).

16.3 Hedging for forecasted transactions and net investment hedging

None (December 31, 2018: None).

16.4 Hedging against financial risks

Information related to hedge accounting has been disclosed in Note: 34.5.

16.5 Gains and losses from available for sale financial assets recognized directly in equity for in the current period and amounts recognized in the current profit or loss taken from shareholders' equity

	2019	2018
	Increase/(Decrease)	Increase/(Decrease)
Beginning of the Period, 1 January	(10,638,677)	(14,470)
Increase/decrease in value recognized under the shareholders' equity in the current period	17,227,311	(10,624,207)
End of the Period, 31 December	6,588,634	(10,638,677)

16.6 Income and loss related to affiliates recognized directly in equity in the current period

Disclosed in note 34.5.

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16.7 Revaluation increases in tangible fixed assets

None (December 31, 2018: None).

16.8 Current and deferred tax in relation to debit and credit items directly charged in equity

None (December 31, 2018: None).

17. INSURANCE LIABILITIES AND REINSURANCE ASSETS

17.1 Guarantees to be provided for life and non-life insurance branches and guarantees provided for life and non-life insurances based on assets

The Company's guarantees to be provided for life and non-life insurance branches and guarantees provided for life and non-life insurances based on assets are below:

Branch	December 31, 2019		December 31, 2018	
	Amount to be Provided TL	Current Blockage TL	Amount to be Provided TL	Current Blockage TL
Life	1,602,590	1,806,587	1,609,847	1,686,241
Government Bonds		1,806,587		1,686,241
Non-Life ⁽¹⁾	195,062,313	228,718,207	192,033,411	194,431,282
Time Deposit		178,718,207		144,431,282
Credit Card		50,000,000		50,000,000
Total	196,664,903	230,524,794	193,643,258	196,117,523

⁽¹⁾ As of December 31, 2019, the required guarantee amount has been calculated based on capital requirements in June 31, 2019. The Company has on behalf of Treasury and Finance Ministry, TL 227,378,136 time deposits and TL 50,000,000 credit card blocked.

17.2 Number of life insurance policies, additions, disposals in the current period, and current life insurances and their mathematical reserves

	2019		2018	
	Mathematical Reserves		Mathematical Reserves	
	Unit	TL	Unit	TL
Beginning of the Period, 1 January	181	1,473,636	195	1,609,127
Participations in the Current Period	-		-	-
Leavings in the Current Period	(9)	(26,765)	(14)	(135,491)
End of Period, 31 December	172	1,446,871	181	1,473,636

Mathematical reserves amounting to TL 1,446,871 (December 31, 2018: TL 1,326,272) and Reserves for the policies, investment risk of which belongs to life insurance policy holders amounting TL 147,367 (December 31, 2018: TL 147,364) and cancelled policy numbers together with their mathematical reserves are included in the table above.

Financial assets classified as Financial Assets Available For Sale under Financial Investments at Policyholder's Risk are valued with current value as explained in note 11; as of December 31, 2019, there is no difference in the value accounted in Life Mathematical Reserve account discounted with current value (December 31, 2018: None).

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17.3 Insurance guarantees given ton on life insurances based on insurance branches

Branch	December 31, 2019	December 31, 2018
Motor Crafts Liability	30,947,452,871,905	20,830,248,339,935
Health	19,184,808,633,587	13,785,470,579
Fire and Natural Disaster	1,108,881,267,915	774,813,336,135
General Losses	401,874,537,958	343,647,533,783
Transportation	229,031,409,773	203,454,329,909
General Liability	217,122,301,005	46,269,250,717
Financial Losses	143,962,247,275	127,495,793,682
Motor Own Damage	120,500,080,048	83,398,602,747
Air-Crafts Liability	56,376,566,352	99,646,391,975
Accident	38,320,933,542	43,772,951,606
Legal Protection	9,761,649,517	11,172,942,871
Air Crafts	6,849,068,075	2,727,411,879
Fidelity Guarantee	1,701,829,554	1,992,536,351
Credit	964,404,821	2,839,757,128
Total	52,467,607,801,327	22,585,264,649,297

17.4 Pension investment funds established by the Company and their unit prices

None (December 31, 2018: None).

17.5 Number and amount of participation certification in portfolio and circulation

None (December 31, 2018: None).

17.6 Number of portfolio amounts of additions, disposals, reversals, and current individual and group pension participants

None (December 31, 2018: None).

17.7 Valuation methods used in profit share calculation for life insurances with profit shares

None (December 31, 2018: None).

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17.8 Number of the additions and their group or individual gross and net share participations in the current period

None (December 31, 2018: None).

17.9 Number of additions from the other companies and their group or individual gross and net share participations in the current period

None (December 31, 2018: None).

17.10 Number of transfers from the Company's life portfolio to individual pension portfolio and their group or individual gross and net share participations

None (December 31, 2018: None).

17.11 Number of transfers from the Company's individual pension portfolio to other company or not and together their personal and corporate allocation and gross and net share participations

None (December 31, 2018: None).

17.12 Number of additions of life insurances and their group or individual gross and net mathematical reserves

None (December 31, 2018: None).

17.13 Number of disposals of life insurances and their group or individual gross and net mathematical reserves

All of disposals of life insurances in current period are individual and units and amounts are represented in Note 17.2.

17.14 Profit share distribution rate of life insurances in the current period

In the current period, profit share distribution rate of life insurances are calculated as below:

	December 31, 2019	December 31, 2018
	Profit Share Distribution	Profit Share Distribution
TL (Life Insurance)	9%	9%

17.15 Explanation of information that describes amounts arose from insurance agreements

None (December 31 2018: None).

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17.16 Assets, liabilities, income, expense and cash flows from insurance contacts recognized when the insurer is a ceding company:

Reinsurance Assets

	December 31, 2019	December 31, 2018
Reinsurance Share of Outstanding Claims Reserve (Note 4.1.2.2)	1,702,167,573	1,246,875,833
Reinsurance Share of Unearned Premiums Reserve (Note 20)	951,108,392	729,548,075
Equalization Provision Reinsurer Share (Note 20)	160,236,890	106,980,739
Ongoing Risks Provision Reinsurer Share (Note 20)	149,871,549	106,920,200
Cash Deposited For Insurance & Reinsurance Companies (Note 12.1)	22,338,183	28,935,600
Bonus and rebates provision Reinsurance Share (Not 20)	892,018	62,065,520X
Deposits of Reinsurance Company (Note 12.1)	30,954	30,954
Total	2,986,645,559	2,281,356,921

Reinsurance Debts

	December 31, 2019	December 31, 2018
Payables to Insurance and Reinsurance Companies (Note 19.1)	554,050,816	418,719,301
Deferred Commissions Income (Note 19.1)	115,046,314	101,508,921
Total	669,097,130	520,228,222

Income / Expense on Reinsurance Agreements

	January 1,- December 31, 2019	January 1, - December 31, 2018
Reinsurance Share of Outstanding Claims Reserve	455,291,739	421,264,292
Reinsurance Share of Unearned Premiums Reserve (Note 20)	221,560,317	141,701,279
Reinsurance Share of Claims Paid	813,932,280	413,315,933
Commissions Received (Note 32)	212,487,700	185,468,908
Ongoing Risks Provision Reinsurer Share (Note 20)	42,951,349	91,849,405
Premiums Ceded to Reinsurers (-)	(1,871,222,042)	(1,416,078,435)
Total	(186,172,159)	(100,945,668)

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Branch	December 31, 2019			December 31, 2018		
	Premiums Ceded ^(*)	Reinsurance Share of Technical Reserves ^(**)	Reinsurance Share of Claims Paid	Premiums Ceded ^(*)	Reinsurance Share of Technical Reserves ^(**)	Reinsurance Share of Claims Paid
Fire and Natural Disaster	(640,426,124)	178,104,280	330,612,719	(454,026,634)	159,942,377	65,720,990
Health	(276,285,004)	43,392,614	188,851,686	(197,240,929)	17,125,835	139,053,623
General Losses	(202,708,502)	(74,996,714)	79,650,706	(208,394,172)	177,975,645	61,624,079
Motor Crafts Liability	(319,071,858)	55,203,263	90,013,413	(263,518,344)	48,115,680	63,183,494
General Liability	(160,221,319)	316,899,524	22,388,795	(127,797,176)	157,516,426	13,466,669
Financial Losses	(110,840,632)	71,260,203	75,799,086	(50,921,124)	34,942,571	193,604
Transportation	(48,982,107)	14,260,246	18,342,963	(39,171,887)	19,576,653	13,072,656
Accident	(11,273,437)	(1,713,781)	6,199,913	(14,381,153)	(1,867,876)	6,231,867
Fidelity Guarantee	(11,626,418)	12,592,629	(5,133,880)	(10,826,395)	2,064,586	21,551,490
Air Crafts Liability	(23,420,329)	(59,623,821)	6,445	(22,011,019)	82,703,649	982,119
Air Crafts	(40,693,186)	60,241,513	3,142,800	(12,295,731)	13,197,053	2,975,866
Water Crafts	(18,368,780)	37,353,772	3,219,910	(8,346,619)	3,342,133	544,799
Credit	(2,656,074)	(2,086,986)	838,544	(2,743,704)	2,167,002	382,739
Motor Own Damage	(4,648,272)	7,743,161	(820)	(4,403,548)	(453,808)	24,331,938
Total	(1,871,222,042)	658,629,903	813,932,280	(1,416,078,435)	716,347,926	413,315,933

^(*) As explained in Note 2.15, Transferred Premiums amounted to TL 135,165,977 (December 31, 2018: TL 100,356,222) transferred to the Social Security Institution as of December 31, 2019.

^(**) Technical reserves reinsurer share includes unearned premium reserve, unexpired risk reserve, outstanding claim reserve, bonus and discount reserve.

The company defers commission income that arises from reinsurance agreements which has been bought ascendant enterprise.

17.17. Comparison of incurred claims with past estimations

Disclosed in Note 4.1.2.3.

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17.18. Effects of changes in the assumptions used in the measurement of insurance assets and liabilities, showing the effects of each change that has significant effect on the financial statements separately

Disclosed in note 4.1.2.4.

17.19 Reconciliation of insurance payables, reinsurance assets and changes in deferred acquisition costs, if any

	2019	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, January 1	520,228,222	2,281,356,921
Net change of the year	148,868,908	705,288,638
End of the period - December 31	669,097,130	2,986,645,559

	2018	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, January 1	386,475,544	1,530,033,770
Net change of the year	133,752,678	751,323,151
End of the period, December 31	520,228,222	2,281,356,921

17.20 Deferred production commissions and deferred commission income

The part of the commissions paid to the intermediaries for the premiums written and the commissions received from the reinsurers due to the premiums transferred to the reinsurers are accounted for in the balance sheet under "Deferred manufacturing expenses" and "deferred commission income" accounts, respectively, and in the Income Statement under the operating expenses account. Deferred commission expenses and deferred commission income as of December 31, 2019 amounted to TL 291,440,909 (December 31, 2018: 222,173,395) and TL 115,046,314 (December 31, 2018: TL 101,508,921), respectively, deferred production expenses and deferred tax commission income is included in account items.

18. INVESTMENT CONTRACT LIABILITIES

Disclosed in Note 17.3.

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19. TRADE AND OTHER PAYABLES, DEFERRED INCOME

19.1 Sub-classifications of presented items in the Company's operations line with

	December 31, 2019	December 31, 2018
Payables from Insurance and Reassurance Operations (Note 17.16)	554,050,816	418,719,301
Payables from Insurance Operations	554,050,816	418,719,301
Current account of natural catastrophe insurance	23,480,700	18,902,758
Payables to sellers	27,539,894	26,701,130
Negotiated service and debts to institutions	48,821,504	54,098,804
DASK debts to agencies	979,333	937,702
Other	856,603	3,961,451
Other Payables	101,678,034	104,601,845
Payables to SSI regarding medical expenses	42,392,477	28,112,544
Deferred commission income (Not 17.16)	115,046,314	101,508,921
Provision for Cost Expenses (not 23.4)	59,947,386	40,333,473
Expense accruals (Not 23.4)	29,597,359	-
Other	-	210,173
Deferred Income and Expense Accruals	204,591,059	142,052,567
Total Short Term Liabilities	902,712,386	693,486,257
Total Trade and Other Payables, Deferred Income	902,712,386	693,486,257

19.2 Related Party Disclosures

Details related with related party balances and transactions for the current financial period are disclosed in Note 45.

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20. PAYABLES

Insurance Technical Reserves	December 31, 2019	December 31, 2018
Unearned Premiums Reserve - Net ⁽¹⁾	1,405,431,056	1,040,175,238
Unexpired Risks Reserve - Net (Note 4.1.2.2)	1,095,191,072	849,402,337
Equalization Provision - Net	95,692,471	82,348,570
Ongoing Risks Provision- Net	14,410,790	20,653,057
Mathematical Reserves - Net	1,446,871	1,473,636
Bonus and Discount Provisions - Net	8,413	97,055
Total	2,612,180,673	1,994,149,893

⁽¹⁾ While calculating the income statement effect of the provisions for unearned premiums, TL 9906,207 the deferral effect of the premiums transferred to assistance companies, which is included in operating expenses, has been netted off (December 31, 2018: TL 501,585)

As disclosed in Note 2.15, the reinsurers' share of unearned premiums includes SSI share as of December 31, 2019 which is TL 23,363,624 (December 31, 2018: TL 53,437,849).

The movement of technical reserves are as follows:

Unearned Premium Reserve:

	December 31, 2019			December 31, 2018		
	Gross	Reinsurance Share ⁽¹⁾	Net	Gross	Reinsurance Share ⁽¹⁾	Net
Beginning of the Period, January 1	1,769,723,313	(729,548,075)	1,040,175,238	1,471,777,824	(587,846,796)	883,931,028
Net change	586,816,135	(221,560,317)	365,255,818	297,945,489	(141,701,279)	156,244,210
End of the Period, December 31	2,356,539,448	(951,108,392)	1,405,431,056	1,769,723,313	(729,548,075)	1,040,175,238

⁽¹⁾ The reinsurance share for unearned premiums also includes the share of SSI amounting to TL 23,363,624 (December 31, 2018: TL 18,075,783),

Unexpired Risk Reserve:

	December 31, 2019			December 31, 2018		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	127,573,257	(106,920,200)	20,653,057	15,546,916	(15,070,795)	476,121
Net change	36,709,082	(42,951,349)	(6,242,267)	112,026,341	(91,849,405)	20,176,936
End of the Period, December 31	164,282,339	(149,871,549)	14,410,790	127,573,257	(106,920,200)	20,653,057

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Equalization Reserve:

	December 31, 2019			December 31, 2018		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	189,329,309	(106,980,739)	82,348,570	144,099,369	(73,534,993)	70,564,376
Net change	66,600,052	(53,256,151)	13,343,901	45,229,940	(33,445,746)	11,784,194
End of the Period, December 31	255,929,361	(160,236,890)	95,692,471	189,329,309	(106,980,739)	82,348,570

Provision for bonus and discount:

	December 31, 2019			December 31, 2018		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	62,162,575	(62,065,520)	97,055	539,637	(532,570)	7,067
Net change	(61,262,144)	61,173,502	(88,642)	61,622,938	(61,532,950)	89,988
End of the Period, December 31	900,431	(892,018)	8,413	62,162,575	(62,065,520)	97,055

Outstanding claims reserve:

The movement of Outstanding Claims Reserve of 2019 and 2018 are presented in note 4.1.2.3.

The movement table of the total lease obligation and lease obligations that the Company has recognized within the scope of the transition to IFRS 16- Leases standard is as follows:

	December 31, 2019	January 1, 2019
Short-term rent liabilities	12,599,956	10,236,560
Long-term rent liabilities	36,383,769	48,104,919
Alternative borrowing rate and discount amount	(19,233,484)	(27,336,518)
Total rent liabilities	29,750,241	31,004,961

	December 31, 2019
1 January	-
IFRS 16 effect	31,004,961
Rent payments	(9,570,804)
Interest payments	8,316,084
December 31, 2019	29,750,241

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21. DEFERRED INCOME TAX

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for Turkey Accounting Standards (TAS) purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS.

Within the scope of the "Law on the Amendment of Certain Tax Laws and Some Other Laws" numbered 7061, which was published in the Official Gazette dated December 5, 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%. For severance indemnity provision and marketable securities valuation difference, 20% is used. The Company's deferred income tax amounts are disclosed in footnote 35.

22. RETIREMENT AND WELFARE LIABILITIES

Provisional Article 23 of the Banking Act No: 5411 requires the transfer of pension funds, which are established for employees of financial institutions, insurance and reinsurance companies under Social Security Act, to Social Security Institution ("SSI") as of the effective date of the Act within 3 years and principles and procedures of fund transfer are also prescribed in accordance with the Council of Ministers' order no: 2006/11345 issued on November 30, 2006. However, transfer requirement in the related Act was annulled based on the application made by the Turkish President on November 2, 2005 in accordance with the order of the Constitutional Court (no: E.2005/39, K.2007/33) issued on March 22, 2007 as effective from the date of publication in the Official Gazette no: 26479 on March 31, 2007.

On the other hand, the Act No: 5754 "Amendments in Social Securities and General Health Insurance Acts Specific Laws and Related Requirements" published in the Official Gazette No: 26870 on May 8, 2008, requires the transfer of participants or beneficiaries of pension funds to SSI as of the effective date of the Act within 3 years and prescribes the extension period of the transfer as maximum of two years upon the order of Council of Ministers.

The Act prescribes that, as of the transfer date, present value of fund liabilities should be measured by considering the fund income and expense based on the insurance branches presented in the related act using 9,8% of technical interest rate in the actuarial calculation. The Act also specifies that the uncovered other rights and compensations of participants or beneficiaries of pension funds should be covered by institutions that made the fund transfers.

Aksigorta A.Ş. is a member of Akbank T.A.Ş Pension Fund (Akbank T.A.Ş Tekaüt Sandığı). At each period-end, the Company pays its liability calculated for its share to the pension fund. As the result of the actuarial calculations made in relation to the Pension Fund of Akbank T.A.Ş. established in accordance with Article 20 of the Social Securities Act No: 506, the Company has no deficits by the end of the current period and no payments have been made in relation to any deficit amount by the Company. Fund assets are adequate in covering all the funds liabilities; therefore, the Company management anticipates no liabilities to be assumed in relation to the above-mentioned matter.

Retirement Pay Provisions:

Under the terms of Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified for such payment. Also, employees are entitled to retirement pay provisions subsequent to the completion of their retirement period by gaining a right to receive retirement payments in accordance with the amended Article 60 of the applicable Social Insurance Law No: 506 and the related Decrees No: 2422 and 4447 issued on March 6, 1981 and August 25, 1999, respectively. Some transitional provisions related to pre-retirement service term was excluded from the law since the related law was amended as of May 23, 2002.

Employee termination benefits provisions are legally not a subject of funding. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

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The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at December 31, 2019 and December 31, 2018, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. As of December 31, 2019, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 15,4% (December 31, 2018: 20.3%) and a discount rate of 11.7% (December 31, 2018: 16.4%), resulting in a real interest rate of 4% (December 31, 2018: 4%). The anticipated rate of forfeitures is considered and estimated rate of the Company's retirements pay is also taken into account.

However, during this estimation, other conditions other than the ages specified in subparagraphs (a) and (b) of the first paragraph of Article 60 of Law 506, which are stated in paragraph 1 of Article 14 of the Labor Law No. 1475, temporary. According to Article 81, the severance payments to be made due to the fact that they complete the insured period (15 years) and the number of premium payment days (3600 days) foreseen to be connected to the old-age pension are separated from their estimations.

Actuarial loss amounting to TL 5,647,766 (Deferred tax effect: TL 1,129,553) in the calculation of severance pay provision is accounted in the account of private funds under the equity (Note 15.2).

As the maximum liability is updated semiannually, as of December 31, 2018, the maximum amount of TL 6,730 effective from January 1, 2019 has been taken into consideration in calculation of provision from employment termination benefits (December 31, 2017: TL 6.017).

Movement of employee termination benefits provisions are presented in the statement below:

	2019	2018
Beginning of the period, January 1	6,503,684	6,172,934
Charge for the period (Note 47)	1,749,671	1,156,310
Actuarial Gain/(Loss)	1,145,242	448,990
Retirement Payments (-)	(2,345,886)	(1,274,550)
End of the period, December 31	7,052,711	6,503,684

23. OTHER LIABILITIES AND EXPENSE ACCRUALS

23.1 Provisions related to employee benefits and others

	2019		2018	
	Unused Vacations Provisions	Social Security Premiums Payable	Unused Vacations Provisions	Social Security Premiums Payable
Beginning of the period, January 1	1,833,998	168,325	1,317,302	1,879,776
Movements in the Current Period	480,190	30,185,870	734,404	24,473,923
Payments in the Current Period	(262,404)	(30,135,180)	(217,708)	(26,185,374)
End of the period, December 31	2,051,784	219,015	1,833,998	168,325

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23.2 Total Amount of Non-Liability Commitments

Company' s statement of pledges and commitments as of December 31, 2019 and December 31, 2018 are presented below:

Collaterals, Pledges and Mortgages Given by the Company(CPM)	December 31, 2019		December 31, 2018	
	Amount in Original Currency	Amount TL	Amount in Original Currency	Amount TL
A. Total amount of CPM's given on behalf of the Company legal entity	-	-	-	-
B. Total amount of CPM's given in favor of joint ventures included in full consolidation	-	-	-	-
C. Total amount of CPM's given as the guarantee of the third parties for the maintenance purpose of the ordinary activities		7,786,291		7,871,027
Turkish Lira	7,786,291	7,786,291	7,871,027	7,871,027
USD	-	-	-	-
D. Total amount of the other CPM's given		488,179		565,250
i. Total amount of CPM's given in favor of the parent company	-	-	-	-
ii. Total amount of CPM's given in favor of other group companies not included in clauses B and C	-	-	-	-
iii. Total amount of CPM's given in favor of third parties not included		488,179		565,250
Turkish Lira	488,179	488,179	565,250	565,250
Total		8,274,470		8,436,277

Other CPM's given by the Company is zero in proportion to the Company's equity (December 31, 2018: None).

23.3 Provisions, Contingents Assets and Liabilities

Contingent Liabilities	December 31, 2019	December 31, 2018
Outstanding Claims under Litigation ⁽¹⁾	712,591,573	483,639,563
Unused Vacation allowance	2,051,784	1,833,998
Business Cases Provision	1,230,851	1,831,997
Total	715,874,208	487,305,558

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Contingent Assets	December 31, 2019	December 31, 2018
Subrogation Receivable Litigations, Gross	131,094,166	111,065,416
Trade Receivable Litigations and Executions	8,946,215	5,290,428
Total	140,040,381	116,355,844

⁽¹⁾ Outstanding claims provision consists of net receivables, interest and expenses & agency fees in the amount of TL 441,196,781, TL 142,058,781 and TL 129,336,011 respectively.

As of June 24, 2014, Tax Inspection Board of T.C. Ministry of Finance has launched a limited tax investigation related to the Banking and Insurance Transaction Tax for the years 2009, 2010, 2011 and 2012 and as a consequence of the tax inspection, tax of TL 1.8 million and tax penalty of TL 2.8 million for the year 2009, tax of TL 2 million and tax penalty of TL 3 million for the year 2010, tax of TL 3 million and tax penalty of TL 4.6 million for the year 2011 and tax of TL 4.3 million and tax penalty of TL 6.4 million for the year 2012 and in total tax and tax penalty of TL 279 million related to Banking Insurance Transaction Tax were imposed to the Company. The Company has not booked any provision in the financial statements since it believes that its practice is in compliance with the regulations. On January 16, 2015, the Company filed a reconciliation request for the year 2009 and on February 20, 2015 filed a reconciliation request for the years 2010, 2011 and 2012 to the Large Taxpayers Office Commission of Reconciliation. Large taxpayers were interviewed by the Tax Office on February 15, 2018, and on February 27, 2018 a lawsuit was filed against the Grand Taxpayers Office as no compromise could be reached. In the cases of 2009, 2010, 2011 and 2012, in tax litigation related to BITT, Tax Court has decided in favor of the Company in the cases of 2009 and 2010. The cases of 2011 and 2012 continue before the Tax Court.

In the lawsuit filed before the Tax Court regarding the BITT in 2009 proceedings, the Grand Taxpayers applied for taxpayers' tax office based on the decision made by the tax court in favor of the company (cancellation of tax and penalty charges). The Istanbul Regional Administrative Court dismissed the appeal.

23.4 Provision for Expense Accruals

	December 31, 2019	December 31, 2018
Commission provision ⁽¹⁾	28,447,678	16,206,481
Performance premium provision	8,433,529	7,131,516
Guarantee fund provision	13,656,077	10,312,123
Expense provision	5,528,924	1,847,440
Business cases provision	1,230,851	1,831,997
Allowance	2,051,784	1,833,998
Other	598,543	1,169,918
Total	59,947,386	40,333,473

⁽¹⁾ Commission provision to be distributed to the agency, bank and institutional channels for the current period.

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24. NET INSURANCE PREMIUM REVENUE

	January 1 - December 31, 2019		
	Gross	Reinsurance share	Net
Motor Crafts Liability ⁽¹⁾	1,553,651,846	(319,071,857)	1,234,579,989
Motor Own Damage	855,798,998	(4,648,272)	851,150,726
Fire and Natural Disaster	812,778,486	(640,426,124)	172,352,362
Health	390,931,857	(276,285,005)	114,646,852
General Losses	297,970,039	(201,217,704)	96,752,335
Financial Losses	155,717,870	(110,840,632)	44,877,238
Accident	44,718,568	(12,783,663)	31,934,905
Transportation	73,173,762	(48,982,107)	24,191,655
General Liability	182,790,235	(160,201,891)	22,588,344
Legal Protection	4,399,320	-	4,399,320
Fidelity Guarantee	14,108,970	(11,626,418)	2,482,552
Water Crafts	20,637,266	(18,368,780)	2,268,486
Credit	2,768,035	(2,656,074)	111,961
Air Crafts Liability	23,420,872	(23,420,329)	543
Air Crafts	40,693,716	(40,693,186)	530
Total - Non-life branches	4,473,559,840	(1,871,222,042)	2,602,337,798
Written premium - Life branch	-	-	-
Total	4,473,559,840	(1,871,222,042)	2,602,337,798

	January 1 - December 31, 2018		
	Gross	Reinsurance share	Net
Motor Crafts Liability ⁽¹⁾	1,148,315,010	(263,518,344)	884,796,666
Motor Own Damage	697,318,864	(4,403,548)	692,915,316
Fire and Natural Disaster	603,474,892	(454,026,633)	149,448,259
Health	276,667,894	(197,240,929)	79,426,965
General Losses	286,340,038	(208,394,172)	77,945,866
Financial Losses	89,717,322	(50,921,124)	38,796,198
Accident	38,627,594	(14,383,736)	24,243,858
Transportation	64,471,366	(39,171,887)	25,299,479
General Liability	147,366,359	(127,794,593)	19,571,766
Legal Protection	4,638,457	-	4,638,457
Fidelity Guarantee	12,434,072	(10,826,396)	1,607,676
Water Crafts	10,769,330	(8,346,619)	2,422,711
Credit	2,888,110	(2,743,704)	144,406
Air Crafts Liability	22,012,545	(22,011,019)	1,526
Air Crafts	12,296,076	(12,295,731)	345
Total - Non-life branches	3,417,337,929	(1,416,078,435)	2,001,259,494
Written premium - Life branch	500	-	500
Total	3,417,338,429	(1,416,078,435)	2,001,259,994

⁽¹⁾ Reinsurance share of land vehicles liability branch amounting to TL 135,165,977 (January 1 - December 31, 2018: TL 100,356,222) includes premiums to be ceded to SSI.

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25. FEE INCOME

None (January 1 - December 31 2018: None.).

26. INVESTMENT INCOME/(EXPENSE)

	January 1 - December 31, 2019	January 1 - December 31, 2018
Realized Investment Income/Expenses		
Term Deposit	108,029,870	134,571,404
Private Sector Bonds	67,654,772	38,878,959
Government Bond	25,675,758	(1,282,630)
Investment Fund	24,713,755	45,306,113
Eurobond	18,135,838	5,455,559
Treasury Bond	9,417,737	9
Stock	8,209,000	906,063
Total	261,836,730	223,835,477
Unrealized Investment Income/(Expenses)		
Government Bond	4,524,953	509,345
Eurobond	980,452	(555,163)
Investment Fund	536,849	(16,261,480)
Stock	439,268	(968,050)
Repo	303,863	(204,451)
Treasury Bond	(130,771)	(134,624)
Private Sector Bonds	(6,905,359)	8,699,472
Term Deposit	(9,108,944)	8,640,751
Total	(9,359,689)	(274,200)
Investment Income/Expense, Net	252,477,041	223,561,277

27. NET ACCRUAL INCOME ON FINANCIAL ASSETS

	January 1- December 31, 2019	January 1- December 31, 2018
Financial Assets Available for Sale		
Valuation differences recognized under shareholders' equity	6,588,634	(10,638,677)
Total	6,588,634	(10,638,677)

28. ASSETS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS

The net gain which is booked in income statement from the fair value difference reflected to gain or loss of the financial assets, is amounting to TL 840,711 as of December 31, 2019 (January 1 - December 31, 2018: TL 116,515).

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Convenience Translation of Notes to the Financial Statements for the Period January 1 - December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

29. INSURANCE RIGHTS AND DEMANDS

Outstanding Claims Reserve Expenses	January 1 - December 31, 2019	January 1 - December 31, 2018
Motor Crafts Liability	(202,346,561)	(210,138,814)
General Liability	(39,399,305)	(29,964,887)
Motor Own Damage	(4,647,344)	(4,310,317)
Transportation	(3,702,143)	(708,767)
Health	(2,041,134)	(390,215)
Accident	(1,183,944)	(73,007)
Water Crafts	(493,402)	(512,121)
Fidelity Guarantee	(432,411)	(1,143,831)
Legal Protection	(128,900)	(98,957)
General Losses	(99,875)	(1,785,497)
Air Crafts Liability	(5,424)	(8,294)
Air Crafts	6,383	(1,857)
Credit	100,392	(102,000)
Fire and Natural Disaster	5,352,514	(16,831,553)
Financial Losses	3,239,777	(3,412,376)
Total Non-life	(245,781,377)	(269,482,493)
Life	(7,358)	69,184
Total (*)	(245,788,735)	(269,413,309)

(*) For current previous period comparison please refer to note 4.1.1.3.

30. INVESTMENT AGREEMENT TYPES

None. (December 31 2018: None).

31. MANDATORY OTHER EXPENSES

Types of expenses are disclosed in Note 32.

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Convenience Translation of Notes to the Financial Statements for the Period January 1 – December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

32. EXPENSE TYPE:

	January 1 – December 31, 2019	January 1 – December 31, 2018
Production Commissions (-)	(556,193,004)	(468,505,879)
Employee Wages and Expenses (-) ⁽¹⁾ (Note 33)	(108,318,094)	(86,697,215)
Information Technology Expenses (-)	(19,890,295)	(13,968,033)
Meeting and Training Expenses (-)	(8,054,920)	(5,573,241)
Advertisement Expenses (-)	(6,216,165)	(8,157,833)
Social Relief Expenses (-) (Note 33)	(5,655,130)	(4,247,148)
Transportation Expenses (-)	(4,465,507)	(6,340,803)
Rent Expenses (-)	(2,628,714)	(9,969,274)
Reinsurance Commissions (+)	212,487,700	185,468,908
Other (-)	(14,029,443)	(13,350,738)
Total	(512,963,572)	(431,341,256)

⁽¹⁾ The Company makes payments to pension contribution (3% of the monthly gross salary) for the employees who fulfill conditions and this amount is presented in employees' wages and expenses.

33. EMPLOYEE WAGES AND EXPENSES

	January 1 – December 31, 2019	January 1 – December 31, 2018
Salary and Bonus Payments	(86,305,296)	(72,854,650)
Insurance Payments	(17,697,458)	(11,377,334)
Other Payments	(9,970,470)	(6,712,379)
Total (Note 32)	(113,973,224)	(90,944,363)

34. FINANCING COST

34.1 Financial Expenses:

None. (December 31 2018: None).

34.2 Current period's financial expenses related to shareholders, affiliates and subsidiaries:

None. (December 31 2018: None.).

34.3 Sales transactions with shareholders, affiliates and subsidiaries:

Disclosed in Note 45.

34.4 Interest, rent and similar balances with shareholders, affiliates and subsidiaries:

Disclosed in Note 45.

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Convenience Translation of Notes to the Financial Statements for the Period January 1 - December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

34.5 Hedge accounting principle

Cash Flow hedging principle

None.

Type risk and principle of the cash flow hedge

None.

34.6 Exchange differences, other than those arising from financial assets held at fair value through profit and loss.

None (December 31 2018: None).

35. CORPORATE TAX

	December 31, 2019	December 31, 2018
Current Tax Liability:		
Corporate Tax Liability Provision on Period Profit	125,897,143	66,694,754
Prepaid Taxes and Other Liabilities on Period Profit (-)	(73,065,163)	(54,453,247)
Total	52,831,980	12,241,507
Tax (Expense)/Income is Formed by the Items Below:		
Current Tax Income / (Expense)	(125,897,143)	(66,694,754)
Deferred Tax Income / (Expense) due to Temporary Differences	18,330,425	120,044
Total Tax Income/(Expense)	(107,566,718)	(66,574,710)
Deferred Tax	2019	2018
Recognized in the Shareholders' Equity:		
Valuation of Financial Assets Available for Sale	(1,647,159)	2,659,669
Actuarial Gain/Loss Effect	1,129,553	900,505
	(517,606)	3,560,174

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below.

Within the scope of the "Law on the Amendment of Certain Tax Laws and Some Other Laws" numbered 7061, which was published in the Official Gazette dated December 5, 2017, the corporate tax rate for the years 2019 and 2020 was increased from 20% to 22%. In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, "Law on the Amendment of Some Tax Acts and Some Other Laws", corporate tax rate for the years 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of December 31, 2018 are calculated with 22% tax rate for the temporary differences which will be realized in 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards. The tax rate used in the calculation of deferred tax assets and liabilities is 22% excluding the retirement pay provision. For severance indemnity provision and marketable securities valuation difference, 20% is used.

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Convenience Translation of Notes to the Financial Statements for the Period January 1 – December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Deferred tax items are as follows:

Deferred Tax Assets / (Liabilities)	Temporary differences December 31 2019	Temporary differences December 31 2018	Deferred Tax Assets / (Liabilities) December 31 2019	Deferred Tax Assets / (Liabilities) December 31 2018
Provision for doubtful receivables	34,734,800	3,874,390	7,641,656	852,366
Investment fund valuation effect	30,321,953	711,767	6,670,830	156,589
Expense reserves (Note 23.4)	20,409,676	3,552,176	4,490,129	781,479
Ongoing Risks	14,410,790	20,653,057	3,170,374	4,543,673
Balancing Equivalent	8,525,890	7,444,150	1,875,696	1,637,713
Performance premium provision (Note 23.4)	8,433,529	7,131,516	1,855,376	1,568,934
Provision for employment termination benefits (Note 22)	7,052,711	6,503,684	1,410,542	1,300,737
Tangible assets leasing	3,621,337	-	796,694	-
Unused vacation allowance (Note 23.4)	2,051,784	1,833,998	451,392	403,480
Bonuses and Discounts	8,413	97,055	1,851	21,352
Provision for impairment (Note 9)	-	30,116,653	-	6,625,664
Instrument Valuation Effect	(606,879)	-	(133,513)	-
Investment Fund Valuation Difference	2,064,543	2,064,543	(155,932)	454,199
Marketable securities valuation difference	(8,235,793)	13,298,346	(1,647,158)	2,659,669
Tangible and intangible assets economic life differences	(11,328,416)	(18,331,315)	(2,492,252)	(4,032,892)
Deferred Tax Assets/(Liabilities)	108,691,015	78,950,020	23,935,685	16,972,963

Corporation tax reconciliation is as below:

Confirmation of Tax Provision	2019	2018
Profit Before Tax	473,925,154	294,193,790
Tax Calculated: 22%	(104,263,534)	(64,722,634)
Effect of Additions	(44,012,743)	(20,416,770)
Effect of Discounts, net	22,379,134	18,444,650
Corporate Tax Liability Provision on Period Profit	(125,897,143)	(66,694,754)

Reconciliation of period tax expense with net income for the period is as below:

	2019	2018
Profit before tax	473,925,154	294,193,790
Calculated tax revenue: 22%	(104,263,534)	(64,722,634)
Tax rate change effect (Note 2.1.1)	108,170	772,559
Disallowable expenses	(3,411,354)	(1,660,028)
Total Tax Expense	(107,566,718)	(65,610,103)

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Convenience Translation of Notes to the Financial Statements for the Period January 1 - December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

36. NET FOREIGN EXCHANGE GAIN/LOSS

	January 1- December 31, 2019	January 1- December 31, 2018
Recognized in Profit / Loss:		
Foreign Exchange Income	230,548,082	314,166,805
Foreign Exchange Expense ⁽¹⁾	(161,736,401)	(278,335,770)
	68,811,681	35,831,035

⁽¹⁾ With the enactment of the Decision No. 32 on the Protection of the Value of the Turkish Currency, the "Financial Hedging" accounting was terminated because the lease agreement for the Head Office Building, which has a foreign currency obligation, was translated into Turkish Lira. The amount classified to the profit reserves arising from the foreign exchange hedge accounting is deducted from the foreign exchange losses account in the profit or loss table amounting to TL 22.023.479.

37. EARNINGS PER SHARE

	2019	2018
Number of Equity Shares Outstanding	30,600,000,000	30,600,000,000
Beginning Period, 1 January	30,600,000,000	30,600,000,000
Number of Equity Shares Issued in Cash	-	-
Number of Equity Shares Outstanding	30,600,000,000	30,600,000,000
End of Period, 31 December	30,600,000,000	30,600,000,000
Weighted Average Number of Outstanding Shares (Unit of 1; TL 0.01)	30,600,000,000	30,600,000,000
Net Profit for the Period / (Loss) (TL)	366,358,436	227,619,080
Earnings / (Loss) per Share (TL)	1.197	0,744

38. DIVIDENDS PER SHARE

Pursuant to the decision taken in the Company's Ordinary General Meeting held on March 4, 2019, dividend distribution to shareholders was TL 201,960,000 based on the 2018 operating results (December 31, 2018: TL 110,160,000).

39. CASH GENERATED FROM THE OPERATIONS

Cash Generated from Operations is presented in the Cash Flow Statement.

40. EQUITY SHARE CONVERTIBLE BONDS

None (December 31, 2018: None).

41. CASH CONVERTIBLE PRIVILEGED EQUITY SHARES

None (December 31, 2018: None).

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Convenience Translation of Notes to the Financial Statements for the Period January 1 – December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

42. RISKS

The Company's contingent asset and liabilities are presented in Note 23.3.

43. COMMITMENTS

Total amount of off balance sheet commitments are presented in Note 23.2.

44. BUSINESS COMBINATIONS

None (December 31 2018: None).

45. RELATED PARTIES

Related Party Receivables/(Payables)

The details of transactions between the Company and other related parties are disclosed below.

Bank Deposit

	December 31, 2019	December 31, 2018
Group Companies	484,545,450	322,410,622
Total	484,545,450	322,410,622

Private Sector Bonds

	December 31, 2019	December 31, 2018
Group Companies	27,149,232	48,709,250
Total	27,149,232	48,709,250

Investment Funds

	December 31, 2019	December 31, 2018
Group Companies	142,613,289	168,805,699
Total	142,613,289	168,805,699

Related Party Receivables/(Payables)

	December 31, 2019	December 31, 2018
Group Companies	58,379,601	62,857,652
Shareholders	44,663	61,264
Total	58,424,264	62,918,916

Premium production

	January 1- December 31, 2019	January 1- December 31, 2018
Group Companies	171,870,456	154,398,316
Shareholders	2,349,511	1,854,496
Total	174,219,967	156,252,812

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Convenience Translation of Notes to the Financial Statements for the Period January 1 - December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Claims Paid

	January 1- December 31, 2019	January 1- December 31, 2018
Group Companies	46,014,074	50,063,599
Total	46,014,074	50,063,599

Interest Income Received from Related Part

	January 1- December 31, 2019	January 1- December 31, 2018
Group Companies	78,335,240	85,857,323
Total	78,335,240	85,857,323

Commission Expenses

	January 1- December 31, 2019	January 1- December 31, 2018
Group Companies	126,568,178	109,359,530
Total	126,568,178	109,359,530

46. SUBSEQUENT EVENTS

The insurance agency activity has been temporarily suspended for a period of 15 days between January 30, 2020 - February 13, 2020 by the Ministry of Treasury and Finance General Directorate of Insurance due to the violation of the 32nd article of the Insurance Law of Akbank TAŞ and other relevant legislative provisions. decided. The decision to stop the activity in question will not have a significant impact on our Company's activities and financial statements.

In the 2012 court proceedings, the decision made by the Tax Court in favor of the Company has been finalized in the case brought before the Tax Court regarding BITT.

47. OTHER

Details of "Other" items in the balance sheet which exceed 20% of its respective account group or 5% of total assets:

Other Receivables	December 31, 2019	December 31, 2018
Receivables from Tarım Sigortaları A.Ş.	8,888,272	12,961,070
Receivables from Agencies due to DASK Premiums	5,232,500	4,489,770
Other Receivables	2,674,168	2,699,367
Total	16,794,940	20,150,207

Other Short Term Payables	December 31, 2019	December 31, 2018
Payables to contracted enterprises	48,821,504	54,098,804
Turkish Catastrophe Insurance Pool Payables to agencies	23,480,700	18,902,758
Payables to suppliers	27,539,894	26,701,130
Payables to Turkish Catastrophe Insurance Pool	979,333	937,702
Other	856,603	3,961,451
Total	101,678,034	104,601,845

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Convenience Translation of Notes to the Financial Statements for the Period January 1 - December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Other Prepaid Expenses	December 31, 2019	December 31, 2018
Prepaid Expenses	2,569,734	5,062,036
Total	2,569,734	5,062,036

Other Prepaid Expenses (Long Term)	December 31, 2019	December 31, 2018
Prepaid Expenses	149,980	149,980
Total	149,980	149,980

Assistance services under other technical expenses in the income statement, amounting to TL 97,485,609 (December 31, 2018: TL 59,405,229), consist of deferral of these amounts and technical expenses of these services.

Income and Profit / Expenses and Losses from Other and Extraordinary Activities	January 1- December 31, 2019	January 1- December 31, 2018
Provisions Account (+/-)	(30,294,342)	(47,271,113)
<i>Provisions for doubtful receivable (Note 12.1)</i>	<i>(32,822,837)</i>	<i>(17,012,726)</i>
<i>Donation</i>	<i>(20,675,000)</i>	<i>(15,960,000)</i>
<i>Provisions No Longer Required ^(*)</i>	<i>30,116,653</i>	-
<i>Guarantee Fund Provision (Note 23.1)</i>	-	<i>(10,312,123)</i>
<i>Portfolio Management</i>	<i>(3,858,176)</i>	<i>(2,312,055)</i>
<i>Retirement pay provision ^(*)</i>	<i>(1,749,671)</i>	<i>(1,156,310)</i>
<i>Unused vacation provision (Note 22)</i>	<i>(480,190)</i>	<i>(734,404)</i>
<i>Provisions for other expenses</i>	<i>(825,121)</i>	<i>216,505</i>
Specialized Insurance Account (+/-)	1,356,101	1,135,070
Other income and profits	1,374,123	1,303,230
Deferred tax asset account (+/-) (Note 35)	18,330,425	120,044
Other expenses and losses (-)	(40,848,246)	(8,529,838)
<i>Participation sales loss ^(**)</i>	<i>(30,116,647)</i>	-
<i>Bank expenses</i>	<i>(8,462,577)</i>	<i>(6,068,798)</i>
<i>Certificate Insolvency</i>	-	-
<i>Disallowable expenses</i>	<i>(354,370)</i>	<i>(532,217)</i>
<i>Participation Management Expenses</i>	-	<i>(1,183,892)</i>
<i>Other</i>	<i>(1,914,652)</i>	<i>(744,931)</i>
Total	(50,081,939)	(53,242,607)

^(*) Donations to be paid to Hacı Ömer Sabancı Foundation.

^(**) Merter BV, the subsidiary of the company, was sold for a euro. While the registered value of the subsidiary is accounted for under the "Other Expenses and Losses" account after deducting the sales amount, the provision reserved for the subsidiary is recognized under the "Non-subject Provisions" account.

^(***) The company has started to monitor the amount of the security fund provision in accordance with the legislation in operating expenses, which are part of the technical income / expense.

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Convenience Translation of the Statement of Profit Distribution as of December 31, 2019

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

AKSİGORTA ANONİM ŞİRKETİ				
Profit Distribution Statement				
	Note	Audited Current Period (01/01/2019 - 31/12/2019)	Audited Current Period (01/01/2018 - 31/12/2018)	
I. Distribution of profit for the period				-
1.1. Profit for the period			294,313,834	
1.2. Taxes payable and legal liabilities			66,694,754	
1.2.1. Corporation tax (Income tax)			66,694,754	
1.2.2. Income tax deduction			-	
1.2.3. Other taxes and legal liabilities			-	
A. Net profit for the period (1.1 - 1.2)			227,619,080	
1.3. Previous years' losses (-)			-	
1.4. First legal reserve			11,380,954	
1.5. Legal reserves kept in the company (-)			-	
B. Net distributable Profit for the period [(a - (1.3 + 1.4 + 1.5)]			216,238,126	
1.6. First dividend to shareholders (-)			15,300,000	
1.6.1. To common shareholders			15,300,000	
1.6.2. To preferred shareholders			-	
1.6.3. To owners of participating redeemed shares			-	
1.6.4. To owners of profit-sharing securities			-	
1.6.5. To owners of profit and loss sharing securities			-	
1.7. Dividends to personnel (-)			-	
1.8. Dividends to founders (-)			-	
1.9. Dividends to board of directors (-)			-	
1.10. Second dividends to shareholders (-)			-	
1.10.1. To common shareholders			182,272,126	
1.10.2. To preferred shareholders			182,272,126	
1.10.3. To owners of participating redeemed shares			-	
1.10.4. To owners of profit-sharing securities			-	
1.10.5. To owners of profit and loss sharing securities			-	
1.11. Second legal reserve (-)			18,666,000	
1.12. Statutory reserves (-)			-	
1.13. Extraordinary reserves			-	
1.14. Other reserves			-	
1.15. Special funds			-	
II. Distribution from reserves			-	
2.1. Distributed reserves			4,387,874	
2.2. Second legal reserve (-)			-	
2.3. Dividends to shareholders (-)			-	
2.3.1. To common shareholders			-	
2.3.2. To preferred shareholders			-	
2.3.3. To owners of participating redeemed shares			-	
2.3.4. To owners of profit-sharing securities			-	
2.3.5. To owners of profit and loss sharing securities			-	
2.4. Dividends to employees (-)			-	
2.5. Dividends to board of directors (-)			-	
III. Profit per share			-	
3.1. To common shareholders			-	
3.2. To common shareholders (%)			-	
3.3. To preferred shareholders			-	
3.4. To preferred shareholders (%)			-	
IV. Dividends per share			-	
4.1. To common shareholders			201,960,000	
4.2. To common shareholders (%)			-	
4.3. To preferred shareholders			-	
4.4. To preferred shareholders (%)			-	

(¹) Profit Distribution table for December 31, 2018 was presented as approved by the General Assembly held on March 14, 2019.

(²) The profit distribution proposal for 2019 has not been filled as the General Assembly meeting has not been held as of the date of the financial statements.

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