

*(Convenience Translation of Independent Auditor's Report  
and Financial Statements Originally Issued in Turkish)*

# **AKSIGORTA A.Ş.**

Financial Statements as of December 31, 2020  
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 December 31, 2020 and the statement of income, statement of changes in shareholders’ equity, statement of cash flows and statement of profit distribution 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 December 31, 2020, 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.

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### 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.

<b><i>Key audit matter</i></b>	<b><i>How our audit addressed the matter</i></b>
<p><b>Estimation of claims incurred but not reported</b></p> <p>As explained in Notes 2 and 4, the Company has accounted for the net incurred but not reported claims provision amounting to TRY 911,459,456 as of December 31, 2020.</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 December 5, 2014 and numbered 2014/16 published by the Under secretariat 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 performed reconciliation of the data used in the calculation of incurred but not reported claims for selected branches with the financial statements. Our actuaries have assessed the estimated loss ratios and expected damage developments trends together with the selected actuarial techniques considering past damage experiences and sector developments. In addition, for selected branches, we made an estimation of the reasonable ranges for the incurred but not reported claims provision and compared them with the Company's records.</p> <p>We checked the adequacy and accuracy of the disclosures in the financial statements related to such provisions.</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 January 1 to December 31, 2020 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 February 1, 2021.

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

#### **ORIGINALLY ISSUED IN TURKISH**

Adnan Akan, SMMM  
Partner

Istanbul, February 1, 2021

**AKSIGORTA ANONİM ŞİRKETİ**

**THE MANAGEMENT’S REPRESENTATION ON THE FINANCIAL STATEMENTS  
PREPARED AS OF DECEMBER 31, 2020**

The accompanying financial statements, related disclosures and notes of December 31,2020 (“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, February 1, 2021

**Osman AKKOCA**  
Chief Financial Officers

**Uğur GÜLEN**  
Chief Executive Officer

**Halil KOLBAŞI**  
Actuary  
License No: 72

**Seza TANINMIŞ ÖZGÜR**  
Accounting Manager

**Aksigorta Anonim Şirketi**

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**AKSIGORTA A.Ş.**

**THE FINANCIAL STATEMENTS FOR THE PERIOD  
JANUARY 1 - DECEMBER 31, 2020**

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<b>CONTENTS</b>	<b>PAGE</b>
<b>BALANCE SHEETS.....</b>	<b>102-106</b>
<b>STATEMENTS OF INCOME.....</b>	<b>107-109</b>
<b>STATEMENTS OF CASH FLOWS .....</b>	<b>110</b>
<b>STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY.....</b>	<b>111-112</b>
<b>STATEMENTS OF PROFIT DISTRIBUTION .....</b>	<b>113</b>
<b>NOTES TO THE FINANCIAL STATEMENTS .....</b>	<b>114-187</b>

**AKSİGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF  
DECEMBER 31, 2020 AND 2019**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

ASSETS			
	Note	Audited	Audited
		Current Period (31/12/2020)	Previous Period (31/12/2019)
<b>I- CURRENT ASSETS</b>			
<b>A- Cash and Cash Equivalents</b>	<b>14</b>	<b>2,270,224,400</b>	<b>2,063,042,512</b>
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	1,600,368,638	1,356,583,321
4- Cheques Given and Payment Orders (-)		-	-
5- Receivables from Credit Cards with Bank Guarantee Due Less Than Three Months	14	669,855,762	706,459,191
6- Other Cash and Cash Equivalents		-	-
<b>B- Financial Assets and Investments with Risks on Policy Holders</b>	<b>11.1</b>	<b>1,744,245,833</b>	<b>1,330,189,267</b>
1- Financial Assets Available for Sale	11.1	1,473,530,640	702,749,632
2- Financial Assets Held to Maturity	11.1	205,527,370	34,881,722
3- Financial Assets Held for Trading	11.1	63,234,980	590,751,326
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders	11.1	1,952,843	1,806,587
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)		-	-
<b>C- Receivables from Main Operations</b>	<b>12.1</b>	<b>1,119,739,438</b>	<b>760,619,614</b>
1- Receivables from Insurance Operations	12.1	1,125,530,327	770,022,957
2- Provision for Receivables from Insurance Operations (-)	12.1	(17,859,556)	(18,093,784)
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	179,509,326	142,028,430
10- Provisions for Doubtful Receivables from Main Operations (-)	12.1	(167,471,613)	(133,368,943)
<b>D- Due from Related Parties</b>		<b>178,735</b>	<b>160,165</b>
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		178,735	160,165
7- Rediscount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
<b>E- Other Receivables</b>		<b>22,669,699</b>	<b>17,597,262</b>
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		979,217	802,322
4- Other Receivables	47	21,690,482	16,794,940
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
<b>F- Prepaid Expenses and Income Accruals</b>	<b>4.2.2</b>	<b>339,865,524</b>	<b>294,531,083</b>
1- Deferred Commission Expenses	17.20	334,192,509	291,440,909
2- Accrued Interest and Rent Income		230,751	9,950
3- Income Accruals		468,610	510,490
4- Other Prepaid Expenses	47	4,973,654	2,569,734
<b>G- Other Current Assets</b>		<b>2,314,724</b>	<b>7,623,377</b>
1- Inventories		22	22
2- Prepaid Taxes and Funds		2,312,182	7,610,410
3- Deferred Tax Assets		-	-
4- Business Advances		2,520	12,945
5- Advances Given to Personnel		-	-
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
<b>I- Total Current Assets</b>		<b>5,499,238,353</b>	<b>4,473,763,280</b>

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



# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF DECEMBER 31, 2020 AND 2019

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

ASSETS			
II- NON-CURRENT ASSET	Note	Audited	Audited
		Current Period (31/12/2020)	Previous Period (31/12/2019)
<b>A- Receivables from Main Operations</b>		-	-
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>B- Due from Related Parties</b>		-	-
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 (-)		-	-
<b>C- Other Receivables</b>		-	-
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 (-)		-	-
<b>D- Financial Assets</b>		-	-
1- Investments in Associates		-	-
2- Affiliates		-	-
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 (-)		-	-
<b>E- Tangible Fixed Assets</b>	<b>6 and 7</b>	<b>43,502,027</b>	<b>49,455,053</b>
1- Investment Properties	7	-	170,958
2- Diminution in Value for Investment Properties (-)		-	-
3- Owner Occupied Properties	6	1,598,569	1,598,569
4- Machinery and Equipments		-	-
5- Furnitures and Fixtures	6	30,431,171	27,612,750
6- Vehicles	6	2,720,001	2,720,001
7- Other Tangible Assets (Including Leasehold Improvements)	6	21,682,557	21,347,617
8- Leased Tangible Fixed Assets	6	41,129,271	34,372,885
9- Accumulated Depreciation (-)	6 and 7	(54,059,542)	(38,367,727)
10- Advances Paid for Tangible Fixed Assets (Including Construction in Progresses)		-	-
<b>F- Intangible Fixed Assets</b>	<b>8</b>	<b>57,223,537</b>	<b>60,569,259</b>
1- Rights	8	161,424,844	134,184,258
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortizations (-)	8	(113,365,102)	(77,104,087)
7- Advances Regarding Intangible Assets	8	9,163,795	3,489,088
<b>G- Prepaid Expenses and Income Accruals</b>		<b>61,469</b>	<b>149,980</b>
1- Deferred Commission Expenses		-	-
2- Accrued Interest and Rent Income		-	-
3- Other Prepaid Expenses	47	61,469	149,980
<b>H- Other Non-current Assets</b>		<b>20,173,371</b>	<b>23,935,685</b>
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	35	20,173,371	23,935,685
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
<b>II- Total Non-current Assets</b>		<b>120,960,404</b>	<b>134,109,977</b>
<b>TOTAL ASSETS (I+II)</b>		<b>5,620,198,757</b>	<b>4,607,873,257</b>

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

**AKSIGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF  
DECEMBER 31, 2020 AND 2019**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

<b>LIABILITIES</b>			
	<b>Note</b>	<b>Audited</b>	<b>Audited</b>
		<b>Current Period (31/12/2020)</b>	<b>Previous Period (31/12/2019)</b>
<b>III- SHORT TERM LIABILITIES</b>			
<b>A- Borrowings</b>		<b>80,005,619</b>	<b>64,584,250</b>
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables	20	13,524,088	12,599,956
3- Deferred Finance Lease Borrowing Costs (-)	20	(6,146,671)	(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	72,628,202	60,777,683
<b>B- Payables from Main Operations</b>		<b>765,628,607</b>	<b>554,050,816</b>
1- Payables Due to Insurance Operations	19.1	765,628,607	554,050,816
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 (-)		-	-
<b>C- Due to Related Parties</b>		<b>457,900</b>	<b>287,654</b>
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		456,757	286,511
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>		<b>151,909,107</b>	<b>147,073,119</b>
1- Deposits and Guarantees Received	12.1	8,186,217	3,002,608
2- Due to SSI regarding Treatment Expenses	19.1	45,560,203	42,392,477
3- Other Payables	19.1	98,162,687	101,678,034
4- Discount on Other Payables (-)		-	-
<b>E- Insurance Technical Reserves</b>		<b>3,067,714,264</b>	<b>2,515,041,331</b>
1- Unearned Premiums Reserve - Net	20	1,627,711,840	1,405,431,056
2- Unexpired Risk Reserves - Net	20	23,860,001	14,410,790
3- Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net	4.1 and 20	1,416,138,827	1,095,191,072
5- Provision for Bonus and Discounts - Net	20	3,596	8,413
6- Other Technical Reserves - Net		-	-
<b>F- Taxes and Other Liabilities and Relevant Provisions</b>		<b>77,151,855</b>	<b>93,440,050</b>
1- Taxes and Dues Payable		53,293,686	40,384,078
2- Social Security Premiums Payable		238,630	219,015
3- Overdue, Deferred or By Installment Taxes and Other Liabilities	23.1	-	-
4- Other Taxes and Liabilities		5,472	4,977
5- Corporate Tax Liability Provision on Period Profit	35	117,630,688	125,897,143
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	35	(94,016,621)	(73,065,163)
7- Provisions for Other Taxes and Liabilities		-	-
<b>G- Provisions for Other Risks</b>		<b>70,812,935</b>	<b>59,947,386</b>
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	19.1 and 23.4	70,812,935	59,947,386
<b>H- Deferred Income and Expense Accruals</b>	<b>19.1</b>	<b>154,948,180</b>	<b>144,643,673</b>
1- Deferred Commission Income	19.1	149,596,174	115,046,314
2- Expense Accruals	2.11 and 19.1	5,352,006	29,597,359
3- Other Deferred Income		-	-
<b>I- Other Short-Term Liabilities</b>		<b>235</b>	<b>235</b>
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short-Term Liabilities		235	235
<b>III - Total Short-Term Liabilities</b>		<b>4,368,628,702</b>	<b>3,579,068,514</b>

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

# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF DECEMBER 31, 2020 AND 2019

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

LIABILITIES			
	Note	Audited	Audited
		Current Period (31/12/2020)	Previous Period (31/12/2019)
<b>IV- LONG TERM LIABILITIES</b>			
<b>A- Borrowings</b>		<b>21,514,606</b>	<b>25,943,674</b>
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables	20	28,360,104	36,383,769
3- Deferred Finance Lease Borrowing Costs (-)	20	(6,845,498)	(10,440,095)
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Value Differences on Issued Financial Assets (-)		-	-
7- Other Financial Borrowings (Liabilities)		-	-
<b>B- Payables from Main Operations</b>		-	-
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 (-)		-	-
<b>C- Due to Related Parties</b>		-	-
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		-	-
<b>D- Other Payables</b>		-	-
1- Deposits and Guarantees Received		-	-
2- Due to SSI regarding Treatment Expenses		-	-
3- Other Payables		-	-
4- Discount on Other Payables (-)		-	-
<b>E- Insurance Technical Reserves</b>		<b>97,988,544</b>	<b>97,139,342</b>
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Mathematical Reserves - Net	17.2 and 20	1,418,276	1,446,871
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	20	96,570,268	95,692,471
<b>F- Other Liabilities and Provisions</b>		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
<b>G- Provisions for Other Risks</b>		<b>9,095,078</b>	<b>7,052,711</b>
1- Provision for Employment Termination Benefits	22	9,095,078	7,052,711
2- Provisions for Employee Pension Fund Deficits		-	-
<b>H- Deferred Income and Expense Accruals</b>		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
<b>I- Other Long-Term Liabilities</b>		-	-
1- Deferred Tax Liability		-	-
2- Other Long-Term Liabilities		-	-
<b>IV- Total Long-Term Liabilities</b>		<b>128,598,228</b>	<b>130,135,727</b>

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

## AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF  
DECEMBER 31, 2020 AND 2019

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

SHAREHOLDERS' EQUITY			
V- SHAREHOLDERS' EQUITY	Note	Audited	Audited
		Current Period (31/12/2020)	Previous Period (31/12/2019)
<b>A- Paid in Capital</b>		<b>306,000,000</b>	<b>306,000,000</b>
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>B- Capital Reserves</b>		<b>90,989,327</b>	<b>90,989,327</b>
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital	15	90,989,327	90,989,327
4- Translation Reserves		-	-
5- Other Capital Reserves		-	-
<b>C- Profit Reserves</b>		<b>207,289,147</b>	<b>48,970,786</b>
1- Legal Reserves	15	82,866,210	45,882,288
2- Statutory Reserves		62	62
3- Extraordinary Reserves		128,432,529	1,018,015
4- Special Funds (Reserves)	15 and 22	(5,451,203)	(4,518,213)
5- Revaluation of Financial Assets	16.1	1,441,549	6,588,634
6- Other Profit Reserves		-	-
<b>D- Previous Years' Profits</b>		<b>86,350,467</b>	<b>86,350,467</b>
1- Previous Years' Profits		86,350,467	86,350,467
<b>E- Previous Years' Losses (-)</b>		<b>-</b>	<b>-</b>
1- Previous Years' Losses		-	-
<b>F- Net Profit of the Period</b>	<b>37</b>	<b>432,342,886</b>	<b>366,358,436</b>
1- Net Profit of the Period		432,342,886	366,358,436
2- Net Loss of the Period (-)		-	-
3- Net Income not Subject to Distribution		-	-
<b>V- Total Shareholders' Equity</b>		<b>1,122,971,827</b>	<b>898,669,016</b>
<b>Total Liabilities and Shareholders' Equity (III+IV+V)</b>		<b>5,620,198,757</b>	<b>4,607,873,257</b>

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

# AKSİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME FOR THE PERIODS JANUARY 1, - DECEMBER 31, 2020 AND 2019

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

I-TECHNICAL PART	Note	Audited	Audited
		Current Period 01/01/2020- 31/12/2020	Previous Period 01/01/2019- 31/12/2019
<b>A- Non-Life Technical Income</b>		<b>3,195,233,664</b>	<b>2,752,233,105</b>
1- Earned Premiums (Net of Reinsurer Share)		2,736,913,645	2,243,324,247
1.1- Written Premiums (Net of Reinsurer Share)	24	2,968,643,640	2,602,337,798
1.1.1- Gross Written Premiums (+)	24	5,272,142,057	4,473,559,840
1.1.2- Ceded Premiums to Reinsurers (-)	17.16 and 24	(2,158,874,282)	(1,736,056,065)
1.1.3- Ceded Premiums to SSI (-)	17.16 and 24	(144,624,135)	(135,165,977)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(222,280,784)	(365,255,818)
1.2.1- Unearned Premiums Reserve (-)	20	(570,226,066)	(586,816,135)
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)	17.16 and 20	342,397,103	198,196,693
1.2.3- SSI of Unearned Premiums Reserve (+)	17.16 and 20	5,548,179	23,363,624
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(9,449,211)	6,242,267
1.3.1- Unexpired Risks Reserve (-)	20	(766,252,653)	(36,709,082)
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)	17.16 and 20	756,803,442	42,951,349
2- Investment Income Transferred from Non-Technical Part		398,064,435	476,255,314
3- Other Technical Income (Net of Reinsurer Share)		7,881,937	5,678,324
3.1- Gross Other Technical Income (+)		7,881,937	5,678,324
3.2- Reinsurance Share of Other Technical Income (-)		-	-
4- Accrued Subrogation and Salvage Income (+)		52,373,647	26,975,220
<b>B- Non-Life Technical Expense (-)</b>		<b>(2,500,321,352)</b>	<b>(2,168,101,531)</b>
1- Total Claims (Net of Reinsurer Share)		(1,780,826,247)	(1,544,397,091)
1.1- Claims Paid (Net of Reinsurer Share)		(1,459,886,826)	(1,298,615,714)
1.1.1- Gross Claims Paid (-)		(2,230,601,779)	(2,112,547,994)
1.1.2- Reinsurance Share of Claims Paid (+)	17.16	770,714,953	813,932,280
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(320,939,421)	(245,781,377)
1.2.1- Outstanding Claims Reserve (-)		(714,476,425)	(701,073,116)
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)	17.16	393,537,004	455,291,739
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	20	4,817	88,642
2.1- Bonus and Discount Reserve (-)	20	444,668	61,262,144
2.2- Reinsurance Share of Bonus and Discount Reserve (+)	17.16 and 20	(439,851)	(61,173,502)
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	20	(877,797)	(13,343,901)
4- Operating Expenses (-)	32	(597,730,905)	(512,963,572)
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	(120,891,220)	(97,485,609)
6.1- Gross Other Technical Expenses (-)	47	(120,891,220)	(97,485,609)
6.2- Reinsurance Share of Other Technical Expenses (+)		-	-
<b>C- Non-Life Technical Net Profit (A-B)</b>		<b>694,912,312</b>	<b>584,131,574</b>

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, 2020 AND 2019**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

	Note	Audited	Audited
		Current Period 01/01/2020- 31/12/2020	Previous Period 01/01/2019- 31/12/2019
<b>I-TECHNICAL PART</b>			
<b>D- Life Technical Income</b>		<b>128,906</b>	<b>130,771</b>
1. Earned Premiums (Net of Reinsurer Share)		-	-
1.1 - Written Premiums (Net of Reinsurer Share)		-	-
1.1.1 - Gross Written Premiums (+)		-	-
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		128,906	130,771
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 (+)		-	-
<b>E- Life Technical Expense</b>		<b>(153,686)</b>	<b>(158,154)</b>
1- Total Claims (Net of Reinsurer Share)		(182,281)	(184,919)
1.1- Claims Paid (Net of Reinsurer Share)		(173,947)	(177,561)
1.1.1- Gross Claims Paid (-)		(173,947)	(177,561)
1.1.2- Claims Paid Reinsurer Share (+)		-	-
1.2- Changes in Outstanding Claims Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(8,334)	(7,358)
1.2.1 - Outstanding Claims Reserve (-)		(8,334)	(7,358)
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) (+/-)		28,595	26,765
3.1- Mathematical Reserves (-)		28,595	26,765
3.1.1- Actuarial Mathematical Reserve (-)		25,736	24,088
3.1.2- Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		2,859	2,677
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 (-)		-	-
6- Investment Expenses (-)		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non- Technical Part (-)		-	-
<b>F- Life Technical Profit (D-E)</b>		<b>(24,780)</b>	<b>(27,383)</b>
<b>G- Individual Retirement Technical Income</b>		-	-
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		-	-
<b>H- Individual Retirement Technical Expense</b>		-	-
1- Fund Management Expenses (-)		-	-
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Expense (-)		-	-
<b>I- Individual Retirement Technical Profit (G-H)</b>		-	-

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, 2020 AND 2019

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

	Note	Audited	Audited
		Current Period 01/01/2020- 31/12/2020	Previous Period 01/01/2019- 31/12/2019
<b>II-NON-TECHNICAL PART</b>			
<b>C- Non-Life Technical Profit (A-B)</b>		<b>694,912,312</b>	<b>584,131,574</b>
<b>F- Life Technical Profit (D-E)</b>		<b>(24,780)</b>	<b>(27,383)</b>
<b>I - Individual Retirement Technical Profit (G-H)</b>		-	-
<b>J- Total Technical Profit (C+F+I)</b>		<b>694,887,532</b>	<b>584,104,191</b>
<b>K- Investment Income</b>		<b>737,192,342</b>	<b>662,995,479</b>
1- Income from Financial Investment	26	208,031,702	198,964,567
2- Income from Sales of Financial Investments	26	108,786,702	71,670,639
3- Revaluation of Financial Investments	26	26,861,169	6,785,384
4- Foreign Exchange Gains	36	316,242,743	230,548,082
5- Income from Affiliates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income Received from Land and Building		-	-
8- Income from Derivatives	13	77,270,026	155,026,807
9- Other Investments		-	-
10- Investment Income transferred from Life Technical Part		-	-
<b>L- Investment Expenses (-)</b>		<b>(797,720,190)</b>	<b>(704,762,152)</b>
1- Investment Management Expenses (including interest) (-)	20	(7,903,988)	(8,316,084)
2- Valuation Allowance of Investments (-)	26	(23,797,155)	(16,145,073)
3- Losses on Sales of Investments (-)	26	(29,581,117)	(8,798,476)
4- Investment Income Transferred to Life Technical Part (-)		(398,064,435)	(476,255,314)
5- Losses from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	36	(285,747,047)	(161,736,401)
7- Depreciation Expenses (-)	6, 7 and 8	(52,626,448)	(33,510,804)
8- Other Investment Expenses (-)		-	-
<b>M- Other Income and Expenses (+/-)</b>	<b>47</b>	<b>(84,386,110)</b>	<b>(50,081,939)</b>
1- Provisions Account (+/-)	47	(70,031,673)	(30,294,342)
2- Discount account (+/-)		-	-
3- Mandatory Earthquake Insurance Account (+/-)	47	1,758,500	1,356,101
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Asset Accounts (+/-)	35 and 47	(5,282,333)	18,330,425
6- Deferred Tax Expense Accounts (-)		-	-
7- Other Income and Revenues	47	1,507,077	1,374,123
8- Other Expense and Losses (-)	47	(12,337,681)	(40,848,246)
9- Prior Period Income		-	-
10- Prior Period Losses (-)		-	-
<b>N- Net Profit/(Loss)</b>	<b>37</b>	<b>432,342,886</b>	<b>366,358,436</b>
1- Profit/(Loss) Before Tax		549,973,574	492,255,579
2- Corporate Tax Liability Provision (-)	35	(117,630,688)	(125,897,143)
3- Net Profit/(Loss)		432,342,886	366,358,436
4- Inflation Adjustment Account		-	-

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, 2020 AND 2019**

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

CASH FLOW STATEMENT	Note	Audited	Audited
		Current Period	Previous Period
A. CASH FLOWS FROM THE OPERATING ACTIVITIES		31/12/2020	31/12/2019
1. Cash inflows from the insurance operations		6,711,087,724	4,634,970,139
2. Cash inflows from the reinsurance operations		-	-
3. Cash inflows from the pension operations		-	-
4. Cash outflows due to the insurance operations (-)		(5,816,337,322)	(3,802,854,511)
5. Cash outflows due to the reinsurance operations (-)		-	-
6. Cash outflows due to the pension operations (-)		-	-
<b>7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)</b>		<b>894,750,402</b>	<b>832,115,628</b>
8. Interest payments (-)		-	-
9. Income tax payments (-)	35	(146,848,601)	(85,306,670)
10. Other cash inflows		8,743,478	1,361,178
11. Other cash outflows (-)		(349,116,447)	(199,630,045)
<b>12. Net cash generated from the operating activities</b>		<b>407,528,832</b>	<b>548,540,091</b>
<b>B. CASH FLOWS FROM THE INVESTING ACTIVITIES</b>			
1. Sale of tangible assets		871,843	434,393
2. Purchase of tangible assets (-)	6,7,8	(36,769,539)	(29,696,762)
3. Acquisition of financial assets (-)		(3,507,581,110)	(1,825,273,019)
4. Sale of financial assets		3,224,229,564	1,209,995,140
5. Interest received		332,868,763	390,861,575
6. Dividends received		-	-
7. Other cash inflows		-	-
8. Other cash outflows (-)		11,850,519	-
<b>9. Net cash generated from the investing activities</b>		<b>25,470,040</b>	<b>(253,678,673)</b>
<b>C. CASH FLOWS FROM THE FINANCING ACTIVITIES</b>			
1. Issue of equity shares		-	-
2. Cash inflows from the loans to policyholders		-	-
3. Payments of financial leases (-)	20	(15,518,592)	(9,570,804)
4. Dividend paid (-)	38	(201,960,000)	(201,960,000)
5. Other cash inflows		-	-
6. Other cash outflows (-)	20	-	-
<b>7. Cash generated from the financing activities</b>		<b>(217,478,592)</b>	<b>(211,530,804)</b>
<b>D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>		<b>(52,678,170)</b>	<b>(15,024,795)</b>
<b>E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)</b>		<b>162,842,110</b>	<b>68,305,819</b>
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>14</b>	<b>1,831,766,957</b>	<b>1,763,461,138</b>
<b>G. Cash and cash equivalents at the ending of the period (E+F)</b>	<b>14</b>	<b>1,994,609,067</b>	<b>1,831,766,957</b>

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, 2020 AND 2019**

(Amounts expressed in Turkish Lira ('TRY')) unless otherwise indicated.)

Statement of Changes in Shareholders' Equity - January 1 - December 31 2020 (*)											
	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
<b>CURRENT PERIOD</b>	<b>306,000,000</b>										
I- Closing Balance of Prior Period (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
A- Capital increase (A1+A2)	-	-	-	-	-	-	-	-	-	-	-
I- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal sources	-	-	-	-	-	-	-	-	-	-	-
B- Equity shares purchased by the company	-	-	-	-	-	-	-	-	-	-	-
C- Income/(expense) recognized directly in the equity	-	-	(5,147,085)	-	-	-	-	-	-	-	(5,147,085)
D- Revaluation of financial assets (Note 16.5)	-	-	-	-	-	-	-	-	-	-	-
E- Translation reserves	-	-	-	-	-	-	-	(932,990)	-	-	(932,990)
F- Other income/(expenses)	-	-	-	-	-	-	-	-	-	-	-
G- Initiation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	432,342,886	-	432,342,886
I- Dividend distributed	-	-	-	-	-	-	-	-	(201,960,000)	-	(201,960,000)
J- Transfer	-	-	-	-	-	36,983,922	-	127,414,514	(164,398,436)	-	-
<b>II- Closing Balance (31/12/2020)</b>	<b>306,000,000</b>		<b>1,441,549</b>			<b>82,866,210</b>	<b>62</b>	<b>213,970,653</b>	<b>432,342,886</b>	<b>86,350,467</b>	<b>1,122,971,827</b>
(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 CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE PERIODS JANUARY 1 - DECEMBER 31, 2020 AND 2019**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

Statement of Changes in Shareholders' Equity - January 1 - December 31 2019 (*)												
	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	Profit/(Loss) for the Period	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
<b>CURRENT PERIOD</b>							62	92,793,197	227,619,080	227,619,080	86,350,467	717,959,463
I - Closing Balance of Prior Period (31/12/2018)	306,000,000	-	(10,638,677)	-	-	15,835,334	-	-	-	-	-	-
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 3.7)	-	-	-	-	-	-	-	-	366,358,436	366,358,436	-	366,358,436
I- Dividend distributed	-	-	-	-	-	-	-	(4,387,874)	(197,572,126)	(197,572,126)	(4,387,874)	(201,960,000)
J- Transfer	-	-	-	-	-	30,046,954	-	(4,387,874)	(30,046,954)	(30,046,954)	4,387,874	-
II - Closing Balance (31/12/2019) (I+ A+B+C+D+E+F+G+H+I+J)	306,000,000	-	6,588,634	-	-	45,882,288	62	87,489,129	366,358,436	366,358,436	86,350,467	898,669,016

(\*) 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 STATEMENTS OF PROFIT DISTRIBUTION AS OF DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

	Current Period December 31, 2020(**)	Previous Period December 31, 2019(*)
<b>I. DISTRIBUTION OF PROFIT FOR THE PERIOD</b>		
1.1. Profit for The Period		492,255,579
1.2. Taxes Payable and Legal Liabilities		(125,897,143)
1.2.1. Corporation Tax (Income Tax)		(125,897,143)
1.2.2. Income Tax Deduction		-
1.2.3. Other Taxes and Legal Liabilities		-
<b>A NET PROFIT FOR THE PERIOD (1.1 - 1.2)</b>		<b>366,358,436</b>
1.3. Previous Years' Losses (-)		-
1.4. First Legal Reserve		18,317,922
1.5. Legal Reserves Kept in The Company (-)		-
<b>B NET DISTRIBUTABLE PROFIT FOR THE PERIOD [ (A - (1.3 + 1.4 + 1.5)) ]</b>		<b>348,040,514</b>
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 (-)		186,660,000
1.10.1. To Common Shareholders		186,660,000
1.10.2. To Preferred Shareholders		-
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		127,414,514
1.14. Other Reserves		-
1.15. Special Funds		-
<b>II. DISTRIBUTION FROM RESERVES</b>		
2.1. Distributed Reserves		-
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 (-)		-
<b>III PROFIT PER SHARE</b>		
3.1. To Common Shareholders		-
3.2. To Common Shareholders (%)		-
3.3. To Preferred Shareholders		-
3.4. To Preferred Shareholders (%)		-
<b>IV. DIVIDENDS PER SHARE</b>		
4.1. To Common Shareholders		201,960,000
4.2. To Common Shareholders (%)		-
4.3. To Preferred Shareholders		-
4.4. To Preferred Shareholders (%)		-

(\*) Profit Distribution table for December 31, 2020 was presented as approved by the General Assembly held on March 11, 2020

(\*\*) The profit distribution proposal for 2020 has not been filled as the General Assembly meeting has not been held as of the date of the financial statements.

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, 2020**

(Amounts expressed in Turkish Lira ("TRY") 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, 2020. 38.02% (December 31, 2019: 38.02%) of the Company is issued in Borsa İstanbul ('BİST') (Note 2.14).

**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, 2020, the Company has 3,231 authorized agencies (December 31, 2019: 2,878).

**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**

	<b>January 1 - December 31 2020</b>	<b>January 1 - December 31 2019</b>
Top executive	9	9
Manager assistant manager	135	121
Specialist/Executives	524	534
<b>Total</b>	<b>668</b>	<b>664</b>

**1.6 Remuneration and fringe benefits provided to top management**

For the year ended December 31, 2020, 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 TRY 8,980,560 (December 31, 2019: TRY 7,418,631).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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

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**1. General Information (Continued)**

**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, 2020.

**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, 2020 have been approved by the Company's Board of Directors on February 1, 2021. 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***

Capital Market Law VII. Pursuant to paragraph (a) of section 50 article, insurance companies are subject to the provisions of their special legislation on establishment, audit, surveillance, accounting, financial statement and reporting standards. In this context, the Company prepares its financial statements in accordance with the Insurance Law No.5684 published in the Official Gazette dated June 14, 2007 and numbered 26522 and the regulations published by the Insurance and Private Pension Regulation and Supervision Agency ("SEDDK") established by the Presidential Decree dated October 18, 2019. The insurance legislation before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was published by the Ministry of Treasury and Finance ("Ministry of Treasury and Finance").

AKSİGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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

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**2. Summary of the Accounting Policies (Continued)**

**2.1 Basis of Preparation (Continued)**

**2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)**

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.

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.

The Company accounts and recognizes its insurance technical provisions in its not consolidated financial statements as of December 31, 2020 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 Gazette 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'.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

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**2. Summary of the Accounting Policies (Continued)**

**2.1 Basis of Preparation (Continued)**

**2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)**

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

**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, 2020 is presented in comparison with its balance sheet as of December 31, 2019; income statement, statement of changes in equity and cash flow statement for the period between January 1 - December 31, 2020 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, 2019.

**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).

***Deferred Commission Expense and Income***

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.

**AKSIGORTA A.Ş.****CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

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**2. Summary of the Accounting Policies (Continued)****2.1 Basis of Preparation (Continued)****2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)***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.

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, 2020, the company provided a reserve of TRY 23,246,531 (December 31, 2019: TRY 13,674,175) in the general liability branch, TRY 610,828 in the watercraft branch and TRY 2,642 in the aircraft branch (December 31, 2019: TRY 735,575 and TRY 1,040 in the aircraft liability branch ), a total of TRY 23,860,001 net provision was reserved. (December 31, 2019: TRY 14,410,790) (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.



**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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

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**2. Summary of the Accounting Policies (Continued)**

**2.1 Basis of Preparation (Continued)**

**2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)**

The Company has calculated and accounted for gross bonuses and rebates reserve amounting to TRY 455,763 and TRY 3,596 net at December 31, 2020 (as of December 31, 2019 company has calculated and accounted gross bonus and rebates reserve amounting to TRY 900,431 and TRY 8,413 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

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:

## AKSİGORTA A.Ş.

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

## 2. Summary of the Accounting Policies (Continued)

## 2.1 Basis of Preparation (Continued)

## 2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

Branch	December 31, 2020			December 31, 2019		
	Applied Method	Gross Additional Reserve	Net Additional Reserve	Applied Method	Gross Additional Reserve	Net Additional Reserve
Motor Liability	Frequency/Severity / Standard	892,470,020	892,470,020	Frequency/Severity / Standard	658,290,473	658,290,473
General Liability	Standard Chain			Standard Chain		
General Liability	/Damage Premium	323,240,038	41,736,151	/Damage Premium	119,748,673	32,107,540
Fire and Natural	Bornhuetter-Ferguson	22,845,897	3,394,607	Bornhuetter-Ferguson	17,298,485	(800,489)
General Losses	Bornhuetter-Ferguson	12,739,115	990,478	Bornhuetter-Ferguson	10,814,816	281,819
Accident	Bornhuetter-Ferguson	1,475,179	762,933	Bornhuetter-Ferguson	1,908,026	867,099
Watercrafts	Standard Chain	1,470,266	505,788	Standard Chain	567,812	152,879
Health	Standard Chain	813,472	127,099	Standard Chain	776,358	775
Legal Protection	Standard Chain	104,477	104,477	Standard Chain	108,650	108,650
Indemnity	Standard Chain	194,308	95,624	Standard Chain	307,177	177,484
Credit	Standard Chain	5,589	279	Standard Chain	148,614	7,430
Air Crafts	Standard Chain	333,022	34	Standard Chain	51,264	2
Air Crafts Liability	Standard Chain	843,662	28	Standard Chain	662,131	546
Financial losses	Standard Chain	3,766,684	(102,528)	Standard Chain	3,514,079	(197,884)
Logistic	Bornhuetter-Ferguson	(767,587)	(474,757)	Bornhuetter-Ferguson	(2,229,694)	(707,912)
Motor own damage	Standard Chain	(28,150,777)	(28,150,777)	Standard Chain	(7,048,377)	(7,048,377)
<b>Total</b>		<b>1,231,383,365</b>	<b>911,459,456</b>		<b>804,918,487</b>	<b>683,240,035</b>

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 135% for 2017, 138% for 2018 and 134 % for 2019 and %90 for 2020 was taken into consideration, IBNR was calculated with the earned premium estimate and the provision amounting to TRY 193,826,081 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, 2020. 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.

As of December 31, 2020, Outstanding Claim Provision discount is calculated as TRY 332,370,505 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, 2019: TRY 252,705,358). 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, 2020, 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.

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

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

## 2. Summary of the Accounting Policies (Continued)

### 2.1 Basis of Preparation (Continued)

#### 2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)

##### December 31, 2020

Branch	Net Outstanding Claim		Net Discounted Outstanding	
	Provision Before Discount	Discount Amount	Claim Provision	
Motor Third Party Liability	1,289,003,774	267,020,281	1,021,983,493	
General Liability	243,116,726	65,350,224	177,766,502	
<b>Total</b>	<b>1,532,120,500</b>	<b>332,370,505</b>	<b>1,199,749,995</b>	

##### December 31, 2019

Branch	Net Outstanding Claim		Net Discounted Outstanding	
	Provision Before Discount	Discount Amount	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	
<b>Total</b>	<b>1,173,157,586</b>	<b>252,705,358</b>	<b>920,452,228</b>	

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, 2019 and 2020 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, 2020				December 31, 2019			
	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	1,650,000	176	37,285	0.47%	200,000	553	29,747	1.86%
Employer's Financial Liability	650,000	44	11,997	0.37%	-	-	-	-
Financial Liability to Third Parties	600,000	97	17,501	0.55%	-	-	-	-
General Liability Other	400,000	35	7,787	0.45%	-	-	-	-
General Losses	999,999	87	184,807	0.05%	999,999	74	171,777	0.04%
Transportation	999,999	240	284,944	0.08%	499,999	87	59,792	0.15%
Fire and Natural Disaster	499,999	111	62,421	0.18%	999,999	193	260,399	0.07%
Accident	299,999	36	7,602	0.47%	299,999	33	6,977	0.47%
Suretyship	149,999	126	9,762	1.29%	149,999	87	9,112	0.95%
Financial Losses	50,000	55	37,065	0.15%	50,000	48	35,299	0.14%

(\*) As of December 31, 2020, the Company has determined the General Liability major claim limits on the basis of the main branch.

## AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**2. Summary of the Accounting Policies (Continued)****2.1 Basis of Preparation (Continued)****2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)**

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.

Branch	Gross Additional Amount	NET IBNR
General Liability	42,274,306	4,435,356
Fire and Natural Disaster	19,197,985	1,323,104
General Losses	9,096,151	108,053
Transportation	4,111,157	4,111,157
Financial Losses	4,015,487	139,561
Facultative Public Liability	1,247,909	181,248

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.

***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 offsetted TRY 8,553,028 and TRY 8,270,839; which was paid for the Elazığ Earthquake and Izmir Earthquake claims in 2020, from the balancing provision it has allocated in previous years.

The Company has calculated TRY 96,570,268 (December 31, 2019: TRY 95,692,471) of equalization reserve as of December 31, 2020 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).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**2. Summary of the Accounting Policies (Continued)****2.1 Basis of Preparation (Continued)****2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)****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, 2020 are TRY 46,265,076 (December 31, 2019: TRY 31,126,674) and TRY 11,804,440 (December 31, 2019: TRY 7,983,926) 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, 2020					
	Gross	Collection Gross	Gross	Gross	Collection Gross	Gross
Motor Own Damage	209,845,013	(1,908)	209,843,105	34,682,263	-	34,682,263
Motor Crafts Liability	13,394,366	(712,985)	12,681,381	8,693,394	(614,782)	8,078,612
Fire and Natural Disaster	7,712,930	(4,481,667)	3,231,263	4,565,328	(1,595,787)	2,969,541
Transportation	1,915,055	(1,197,296)	717,759	717,994	(296,036)	421,958
General Losses	483,767	(371,211)	112,556	140,586	(78,729)	61,857
Watercraft	125,432	(8,147)	117,285	-	-	-
Accident	24,454	-	24,454	13,174	-	13,174
Suretyship	6,013	(3,163)	2,850	73,972	(37,244)	36,728
Financial Losses	3,256	(1,628)	1,628	-	-	-
General Liability	24,812	(27,838)	(3,026)	3,143	(2,200)	943
<b>Total</b>	<b>233,535,098</b>	<b>(6,805,843)</b>	<b>226,729,255</b>	<b>48,889,854</b>	<b>(2,624,778)</b>	<b>46,265,076</b>

	December 31, 2019					
	Gross	Collection Gross	Gross	Gross	Collection Gross	Gross
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
Watercraft	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
<b>Total</b>	<b>236,519,732</b>	<b>(7,987,661)</b>	<b>228,532,071</b>	<b>32,063,266</b>	<b>(936,592)</b>	<b>31,126,674</b>

## AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**2. Summary of the Accounting Policies (Continued)****2.1 Basis of Preparation (Continued)****2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)****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, 2020, 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 TRY 24,482,790 (December 31, 2019: TRY 23,816,352) 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 TRY 17,859,556 (December 31, 2019: TRY 18,093,784). Furthermore, provision is accounted for the retention of claim recovery transactions under legal follow up amounting to TRY 142,988,823 (December 31, 2019: TRY 109,552,591) 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).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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

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**2. Summary of the Accounting Policies (Continued)**

**2.1 Basis of Preparation (Continued)**

**2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)**

**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.

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).

**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 2020 (2019: 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.

AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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

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**2. Summary of the Accounting Policies (Continued)**

**2.1 Basis of Preparation (Continued)**

**2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)**

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.

***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, 2020 are calculated with 20% tax rate.

As of December 31, 2020, the Company has booked the deferred tax assets in amounting to TRY 20,173,371 (December 31, 2019: TRY 23,935,685). 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.



**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

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**2. Summary of the Accounting Policies (Continued)**

**2.1 Basis of Preparation (Continued)**

**2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (Continued)**

*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% until it is altered by 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 TRY, 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 (TRY) and rounded to the closest whole number.

**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 (TFRS) 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, 2020:**

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

- a) Title of the TFRS,
- 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,

## AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

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**2. Summary of the Accounting Policies (Continued)**
**2.1 Basis of Preparation (Continued)**
**2.1.6 New and Revised International Financial Reporting Standards (Continued)**

- 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 per share applies, the number 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 policies is explained and how it is applied.

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

- i) Use a consistent definition of materiality throughout TFRS s and the Conceptual Framework for Financial Reporting;
- ii) Clarify the explanation of the definition of material; and
- iii) Incorporate some of the guidance in TAS 1 about immaterial information.

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

**Amendments to TFRS 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.

**Amendments to TFRS 9, TAS 39 and TFRS 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.

**Amendments to TFRS 16 'Leases - COVID 19 Lease concessions';** Valid for annual reporting periods starting on or after 1 June 2020. Due to the COVID-19 outbreak, some privileges were provided to lessees in rent payments. These concessions can take a variety of forms, including suspension or postponement of lease payments. On May 28, 2020, with the amendment to IFRS 16 Leases standard, the IASB introduced an optional facilitating application for lessees to not evaluate whether the privileges granted due to COVID-19 in lease payments are a change in the lease. Tenants may choose to account for such lease concessions in accordance with the decrees that apply in the absence of a change to the lease. This ease of implementation often causes the lease concession to be accounted for as variable lease payment in periods when an event or condition occurs that triggers a reduction in lease payments.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

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**2. Summary of the Accounting Policies (Continued)**

**2.1 Basis of Preparation (Continued)**

**2.1.6 New and Revised International Financial Reporting Standards (Continued)**

**b. Standards, amendments and interpretations that are issued but not effective as at December 31, 2020:**

**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

**Amendment to IAS 1, 'Presentation of financial statements' regarding the classification of liabilities.**; Valid for annual reporting periods starting on or after January 1, 2022. These narrow amendments to IAS 1, 'Presentation of financial statements', explain that liabilities are classified as current or non-current, depending on the rights existing at the end of the reporting period. The classification is unaffected by events after the reporting date or the entity's expectations (e.g. obtaining a concession or breach of contract). The amendment also clarifies what IAS 1 means to 'settle' a liability.

**Narrow generic amendment changes in IFRS 3, IAS 16, IAS 17 and some annual improvements in IFRS 1, IFRS 9, IAS 41 and IFRS 16**; Valid for annual reporting periods starting on or after January 1, 2022.

- i) **Amendments to IFRS 3 'Business Combinations'**; this amendment updates a reference to the Conceptual Framework for Financial Reporting in IFRS 3 without changing the accounting requirements for business combinations.
- ii) **Amendments to IAS 16 'Tangible fixed assets'**; prohibits a company from deducting the income from the sale of manufactured products from the amount of tangible fixed assets until the asset is ready for use. Instead, the company will reflect such sales revenue and related cost in profit or loss.
- iii) **Amendments to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'**; This amendment specifies what costs the company involves when deciding whether to lose from a contract.

Annual improvements make minor changes to the explanatory examples of IFRS 1, 'First application of International Financial Reporting Standards' IFRS 9 'Financial Instruments', IAS 41 'Agricultural Activities' and IFRS 16.

The effects of this standard on the financial position and performance of the Company are evaluated.

**Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Indicative interest rate reform Phase 2**; Valid for annual reporting periods starting on or after January 1, 2021. This Phase 2 change addresses issues arising from the implementation of reforms, including the replacement of a benchmark rate with an alternative.

**AKSIGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

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**2. Summary of the Accounting Policies (Continued)**

**2.1 Basis of Preparation (Continued)**

**2.1.6 New and Revised International Financial Reporting Standards (Continued)**

**Amendments to TFRS 17 and TFRS 4 'Insurance Contracts, postponement of the application of TFRS 9;** Valid for annual reporting periods starting on or after January 1, 2021. These amendments defer the application date of TFRS 17 to January 1, 2023 for two years and the fixed date of the temporary exemption in TFRS 4 for the application date of TFRS 9 Financial Instruments standard has been postponed to January 1, 2023.

**Explanations about Covid-19**

As Aksigorta, we have taken intensive measures and precautions regarding the safety of our business partners, customers and agencies regarding the corona virus epidemic that has affected the whole world, prioritizing the health of our employees. In order to prevent the spread of the Covid-19 epidemic, we evaluate the developments up to date and share all our decisions with our employees, agencies, business partners and customers in the most transparent way.

From the first day, we take and implement the necessary information and protection measures. In this context, we have maximized our hygiene measures, including common areas. As a result of the spread of the virus all over the world, all international business travels of our employees were stopped, and personal travels were also stopped. Participation of our company employees to meetings, seminars, trainings and events to be held face to face has been cancelled. In line with the public health guidelines announced by the World Health Organization and the Ministry of Health, the health and safety measures in the working environment are brought to the highest level and the employees are constantly informed about this issue.

The company carries out its business processes with a remote working model since 17 March 2020. Our company carries out its insurance activities without interruption, as it has a strong technological infrastructure that will support all our employees to work from home.

As of June 1, 2020, the company has started the practice of gradually returning to the office, with a small number of employees working with the titles of manager and above and who are required to be in the headquarters building.

Based on the announcement published by the Ministry of Treasury and Finance General Directorate of Insurance on April 29, 2020, the sixth paragraph of Article 4 titled 'Principles of determination of insurance premiums' of the Regulation on Tariff Application Principles in Compulsory Financial Liability Insurance of Highways Motor Vehicles, 'The Under secretariat, for insured persons may introduce special rules for premium and claim sharing among insurance companies. The premium of these insured is determined by the Under secretariat'. Based on the provision to be applied to the policies within the Risky Insurance Pool; It has been decided to extend the validity period of the policies with a policy expiry date between 30 April 2020 and 31 May 2020 for 1 month without additional premium.

**2.2 Consolidation**

The Company has no subsidiaries or joint ventures that fall within the scope of consolidation as per 'TFRS 10 - Consolidated and Separate Financial Statements' as of December 31, 2020 (December 31, 2019: None).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

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**2. Summary of the Accounting Policies (Continued)**

**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, 2020 and December 31, 2019

**2.5 Foreign Currency Translation**

The Company's functional currency is Turkish Lira ('TRY'). In preparing the financial statements of the Company, transactions in currencies other than TRY (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.

**AKSIGORTA A.Ş.****CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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

**2. Summary of the Accounting Policies (Continued)****2.6 Tangible assets (Continued)**

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.

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

	<b>Useful Life</b>
Properties	50 years
Furniture and fixtures	10 years
Motor vehicles	5 years
Other intangible assets	5 years

***Right of Use Asset***

Right-of-use asset is accounted for initially using the cost method and is measured at its cost adjusted for the re-measurement of the lease liability and less any accumulated depreciation and accumulated impairment losses. The Company applies the depreciation provisions in the TAS 16 Tangible Fixed Assets standard while depreciating the right of use asset.

***Lease Liability***

On adaption of TFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principle of TAS 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 December 31, 2020. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on December 31, 2020 was 20% for local currency liabilities (December 31, 2019: 25%).

**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.

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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

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**2. Summary of the Accounting Policies (Continued)**

**2.8 Intangible Assets (Continued)**

***Computer software***

Acquired computer software licenses are capitalized based on 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, 2020: 5 years (December 31, 2019: 5 years).

**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.

***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).

## AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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

---

**2. Summary of the Accounting Policies (Continued)**
**2.9 Financial Assets (Continued)**
***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.

***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 31,2020, the Company has TRY 205,527,370 of financial assets under held-to-maturity investment account (December 31, 2019: TRY 34,881,722).

***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.



**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

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**2. Summary of the Accounting Policies (Continued)**

**2.9 Financial Assets (Continued)**

*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.

**2.10 Investment Properties**

*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.

*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.

## AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**2. Summary of the Accounting Policies (Continued)****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, 2020, there is a registered financial asset amounting to TRY 126,660,021 which costed to TRY 121,308,014. (December 31, 2019: cost total TRY 1,114,629,998, TRY 1,085,032,639 registered swaps)

As of December 31, 2020, the Company has accounted for 'Expense Accruals' amounting TRY 5,352,006 arising from the valuation of derivative instruments held by the Company in 'Expense Accruals' account. (December 31, 2019: TRY 29,597,359 'Expense Accruals').

**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, 2020, the Company's nominal capital is TRY 306,000,000 (December 31, 2019: TRY 306,000,000). Share capital is represented by 30,600,000,000 of equity shares having a nominal amount of TRY 0.01 each. The share capital structure of the Company is as follows:

	December 31, 2020		December 31, 2019	
	Rate %	Amount TRY	Rate %	Amount TRY
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
	<b>100.00</b>	<b>306,000,000</b>	<b>100.00</b>	<b>306,000,000</b>

Agreement about the sale of 50% of 18,965,880,200 units of Aksigorta A.Ş. shares with TRY 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 USD 220,029,000.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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

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**2. Summary of the Accounting Policies (Continued)**

**2.14 Share Capital (Continued)**

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, 2020, Company has TRY 500,000,000 registered share capital ceiling. December 31, 2019: TRY 500,000,000).

More extensive details related to the company capital are disclosed in the Note 15.

**2.15 Insurance and Investment Contracts - Classification**

***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.

## AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

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**2. Summary of the Accounting Policies (Continued)****2.15 Insurance and Investment Contracts - Classification (Continued)***Reinsurance Agreements (Continued):*

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 'Communique 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 communique 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 'Communique 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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

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**2. Summary of the Accounting Policies (Continued)**

**2.15 Insurance and Investment Contracts - Classification (Continued)**

*Premiums Transferred to Social Security Institution (Continued)*

Based on the aforementioned regulations, the Company has calculated the amount of the premiums to be ceded to SSI in January 1 - December 31, 2020 accounting period as TRY 144,624,135 (January 1 - December 31, 2019: TRY 135,165,977) and unearned premium reserve amounting to TRY 82,349,652, (January 1 - December 31, 2019: TRY 76,801,473) for the period ended as of January 1 - December 31, 2020; classified under the accounts of 'Premiums ceded to SSI' and 'Change in SSI share 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.

*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, 2020. As at December 31, 2020, the Company accounted TRY 201,023,372 premium ceded to the Pool and TRY 88,489,772 paid claim; TRY 158,035,898 premium which is reported as Company share from the pool, TRY 52,273,251 claims paid, TRY 517,821 recourse and TRY 684,309 salvage are accounted in accordance with the related legislation.

**2.16 Insurance and Investment Contracts with Discretionary Participation Features**

None (December 31, 2019: None).

**AKSIGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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

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**2. Summary of the Accounting Policies (Continued)**

**2.17 Investment Contracts without Discretionary Participation Features**

None (December 31, 2019: None).

**2.18 Borrowings**

As of December 31, 2020, the Company has TRY 13,065,843 borrowings with one day maturity without interest rate and classified as 'Other Financial Liabilities. (December 31, 2019: TRY 12,806,818).

**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 (Non-technical)**

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.

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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

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**2. Summary of the Accounting Policies (Continued)**

**2.21 Revenue Recognition (Continued)**

*Written Premium Commission (Continued)*

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 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.

## AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**2. Summary of the Accounting Policies (Continued)**
**2.22 Profit Share Distribution (Continued)**
**Covid-19 Legal Regulations**

With the Law on Reducing the Economic and Social Effects of the '7244 New Coronavirus (Covid-19) Epidemic, published in the Official Gazette dated April 17, 2020, and the Law Amending Some Laws and with the amendment made in the Turkish Commercial Code, it may be decided to distribute only up to twenty-five percent of the net profit for the year 2019 until September 30, 2020. If the General Assembly decided to distribute dividends for the 2019 fiscal year, but the shareholders have not yet been paid or partial payments have been made, the payments for the part exceeding twenty-five percent of the net profit for the year 2019 will be postponed until the end of the specified period. At the Ordinary General Assembly Meeting held on March 11, 2020, the Company distributed a gross dividend of TRY 201,960,000 from the net profit for the 2019 fiscal year TRY 366,358,436 in cash on 13 March 2020, in line with the profit distribution proposal of the Board of Directors.

**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 is a member of the key management personnel of the reporting entity or of a parent of the reporting.

If the reporting Company or a parent company of the reporting Company is a member of the key management personnel.

**2.24 Foreign currency transactions**

Transactions are recorded in TRY, 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 TRY 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, 2020		December 31, 2019	
	USD/ TRY	EUR/ TRY	USD/ TRY	EUR/ TRY
Buying rate	7,3405	9,0079	5,9402	6,6506
Selling rate	7,3647	9,0376	5,9598	6,6725



**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

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**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.

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.

## AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**4. Insurance and Financial Risk Management (Continued)****4.1 Insurance Risk (Continued)***Reinsurance Company Notification*

	2020		2019
Reinsurance Company	Standard & Poor's Rating	Reinsurance Company	Standard & Poor's Rating
African Re	A-	African Re	A-
Ageas	A	ARIG	NR
American Agricultural	NR	Asia Capital Re	A-
Central Re	A	China Re	A
China Property & Casualty Reinsurance (China Re P&C)	A	Covea Cooperations	A+
Covea Cooperations	AA-	Everest Re	A+
Dongbu Re (DB Insurance)	A	Fair Pool	NR
EMC	NR	GIC	NR
Everest Re	A+	Hannover Re	AA-
Hannover Rueck SE	AA-	Korean Re	A
HCC 4141	A+	Mapfre Re	A
Korean Re	A	Milli Re	trA+
Labuan Re	AA-	MS Amlin AG	A
Lib Synd Paris (4472)	A+	Odyssey Re	A-
Malaysian Re	NR	Partner Re	A+
Mapfre Re	A+	QBE	A+
Milli Re	TR A+	Samsung Fire&Marine Re	AA-
MS Amlin AG	A	Sava Re	A
Munich Re	AA-	Scor Global P&C	AA-
New Re	AA-	Toa Re	A+
Odyssey Re	A-	Tokio Millenium Re	A+
Partner Re	A+	Trust Re	NR
QBE	A+	Unipol Re	NR
R+V Versicherung AG (R+V Re)	AA-	VIG	A+
Samsung Fire&Marine Re	AA-	XL Catlin Re	AA-
Sava Re	A		
Scor	AA-		
Shelter Re	NR		
Taiping Re	A		
Toa Re	A+		
Turk Re	NR		
Unipol Re	NR		
VHV Re	NR		
VIG Re	A+		

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

#### 4. Insurance and Financial Risk Management (Continued)

##### 4.1 Insurance Risk (Continued)

##### 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:

Total Claims Liability (*)	December 31, 2020			December 31, 2019		
	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
Motor Crafts Liability	1,055,217,192	(33,233,699)	1,021,983,493	813,372,523	(24,277,783)	789,094,740
General Liability	818,244,642	(640,478,140)	177,766,502	587,034,338	(455,674,426)	131,359,912
Motor Own Damage	113,310,064	(1,561,264)	111,748,800	99,102,286	(204)	99,102,082
Fire and Natural Disaster	849,958,406	(789,927,564)	60,030,842	682,056,042	(645,451,686)	36,604,356
Transportation	81,296,748	(68,381,394)	12,915,354	58,021,514	(48,146,372)	9,875,142
General Losses	244,226,568	(232,829,594)	11,396,974	275,074,848	(264,431,598)	10,643,250
Health	30,784,935	(22,726,488)	8,058,447	18,591,478	(13,191,960)	5,399,518
Financial Losses	60,590,284	(56,575,170)	4,015,114	90,207,565	(85,959,053)	4,248,512
Fidelity Guarantee	105,791,672	(102,874,980)	2,916,692	87,583,476	(84,371,502)	3,211,974
Accident	6,071,640	(3,674,740)	2,396,900	5,901,468	(3,017,587)	2,883,881
Watercrafts	15,786,252	(13,459,954)	2,326,298	32,231,008	(30,061,736)	2,169,272
Legal Protection	392,792	-	392,792	412,001	-	412,001
Life	144,645	-	144,645	136,311	-	136,311
Credit	761,838	(723,747)	38,091	727,288	(690,924)	36,364
Air Crafts Liability	45,222,050	(45,215,005)	7,045	15,756,454	(15,742,697)	13,757
Air Crafts	84,043,676	(84,042,838)	838	31,150,045	(31,150,045)	-
<b>Total</b>	<b>3,511,843,404</b>	<b>(2,095,704,577)</b>	<b>1,416,138,827</b>	<b>2,797,358,645</b>	<b>(1,702,167,573)</b>	<b>1,095,191,072</b>

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

##### 4.1.1.3 Comparison of the incurred claims with past estimates (claim development process)

	December 31, 2020			December 31, 2019			
	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	Net Total Claims Liability
Unpaid Claims	(172,385,147)	2,857,447,297	(2,020,542,066)	836,905,231	2,412,577,612	(1,748,057,528)	664,520,084
Discount Effect of Reported Damages	79,665,147	(577,131,903)	244,761,398	(332,370,505)	(420,273,765)	167,568,407	(252,705,358)
Claim Provisions (*)	(228,219,421)	1,231,383,365	(319,923,909)	911,459,456	804,918,487	(121,678,452)	683,240,035
Non-life Total	(320,939,421)	3,511,698,759	(2,095,704,577)	1,415,994,182	2,797,222,334	(1,702,167,573)	1,095,054,761
Life	(8,334)	144,645	-	144,645	136,311	-	136,311
<b>Grand Total</b>	<b>(320,947,755)</b>	<b>3,511,843,404</b>	<b>(2,095,704,577)</b>	<b>1,416,138,827</b>	<b>2,797,358,645</b>	<b>(1,702,167,573)</b>	<b>1,095,191,072</b>

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

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

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

4. Insurance and Financial Risk Management (Continued)

4.1 Insurance Risk (Continued)

Insurance Risk (Continued)

Outstanding Claim Reserve:

	December 31, 2020			December 31, 2019		
	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	2,412,577,612	(1,748,057,528)	664,520,084	1,783,361,109	(1,235,866,842)	547,494,267
Opened in the period	2,675,645,411	(1,043,199,491)	1,632,445,920	2,741,942,058	(1,326,122,966)	1,415,819,092
Paid from current period (-)	(1,293,849,921)	447,014,673	(846,835,248)	(1,415,526,122)	545,334,628	(870,191,494)
Paid from previous periods (-)	(936,925,805)	323,700,280	(613,225,525)	(697,199,433)	268,597,652	(428,601,781)
Period end reported claims	2,857,447,297	(2,020,542,066)	836,905,231	2,412,577,612	(1,748,057,528)	664,520,084
Life	144,645	-	144,645	136,311	-	136,311
Reported claims discount effect	(577,131,903)	244,761,398	(332,370,505)	(420,273,765)	167,568,407	(252,705,358)
IBNR	1,231,383,365	(319,923,909)	911,459,456	804,918,487	(121,678,452)	683,240,035
<b>Total</b>	<b>3,511,843,404</b>	<b>(2,095,704,577)</b>	<b>1,416,138,827</b>	<b>2,797,358,645</b>	<b>(1,702,167,573)</b>	<b>1,095,191,072</b>

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, 2020:

	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	01/01/2020 12/31/2020	Gross Claim
Claim realized in the accident period	838,172,102	841,913,192	930,621,837	1,366,238,878	1,564,047,984	2,299,878,599	2,069,675,811	9,910,548,403
1 year later	239,937,131	216,699,946	420,934,178	793,577,616	606,370,322	939,075,198	-	3,216,594,391
2 year later	144,014,862	126,303,760	345,579,004	633,208,482	352,446,585	-	-	1,601,552,693
3 year later	120,606,234	110,917,361	344,631,786	602,343,699	-	-	-	1,178,499,080
4 year later	133,086,346	113,024,946	398,378,186	-	-	-	-	644,489,478
5 year later	151,210,707	120,467,564	-	-	-	-	-	271,678,271
6 year later	174,627,627	-	-	-	-	-	-	174,627,627
<b>TOTAL</b>	<b>1,801,655,009</b>	<b>1,529,326,769</b>	<b>2,440,144,991</b>	<b>3,395,368,675</b>	<b>2,522,864,891</b>	<b>3,238,953,797</b>	<b>2,069,675,811</b>	<b>16,997,989,943</b>

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
<b>TOTAL</b>	<b>1,186,424,010</b>	<b>1,627,026,882</b>	<b>1,408,859,203</b>	<b>2,041,766,805</b>	<b>2,793,024,976</b>	<b>2,170,334,556</b>	<b>2,299,187,241</b>	<b>13,526,623,673</b>

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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

**4. Insurance and Financial Risk Management (Continued)**

**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.

Company management believes that, as of December 31, 2020, the necessary capital adequacy has been provided for the interim period January 1 - December 31, 2020 considering the movement of equity.

**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, 2020 and December 31, 2019 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, 2020		December 31, 2019	
	USD Effect	EUR Effect	USD Effect	EUR Effect
Profit/Loss Increase	16,886,161	6,801,248	10,913,037	5,177,297
Profit/Loss (Decrease)	(16,886,161)	(6,801,248)	(10,913,037)	(5,177,297)

## AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**4. Insurance and Financial Risk Management (Continued)****4.2 Financial Risk (Continued)****4.2.2 Financial risk factors (Continued)***Interest rate risk*

	December 31, 2020	December 31, 2019
<b>Total</b>	<b>Effect on profit and profit reserves</b>	
Market interest rate increase / (decrease)		TRY
+%1	(2,093,886)	(6,705,683)
-%1	2,304,606	7,942,645
<b>Financial assets</b>	<b>Effect on profit and profit reserves</b>	
Market interest rate increase/(decrease)		TRY
+%1	(2,093,886)	(6,705,683)
-%1	2,304,606	7,942,645

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, 2020.

	December 31, 2020	December 31, 2019
<b>Total</b>	<b>Effect on Financial assets available for sale</b>	
Price increase/(decrease)		TRY
+10%	148,079,045	73,763,135
-10%	(148,079,045)	(73,763,135)

*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, 2020, the Company has presented its receivables from insurance operations and guarantees received and provision for doubtful receivables in Note 12.1.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**4. Insurance and Financial Risk Management (Continued)****4.2 Financial Risk (Continued)****4.2.2 Financial risk factors (Continued)***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..

The company implements strategies and policies to ensure that liquidity risk is effectively managed and maintained to maintain its operations due to the Coronavirus (COVID-19) outbreak worldwide.

*Liquidity risk table*

December 31, 2020	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	1,221,480,537	864,266,192	105,247,617	-	-	79,230,054	2,270,224,400
Financial Assets Available for Sale	31,037,645	112,580,873	640,723,212	466,432,369	85,564,805	137,191,736	1,473,530,640
Financial Assets Held for Trading	-	-	-	-	-	63,234,980	63,234,980
Held-to-Maturity Financial Assets	-	150,513,077	21,937,908	33,076,385	-	-	205,527,370
Investments with Risks on Policy Holders	-	-	-	-	-	-	-
Investments	-	-	-	1,952,843	-	-	1,952,843
Receivables from Main Operations	229,586,738	267,710,313	614,191,433	8,250,954	-	-	1,119,739,438
Due from Related Parties	178,735	-	-	-	-	-	178,735
Other Receivables	-	-	22,669,699	-	-	-	22,669,699
Prepaid Expenses and Income Accruals	47,605,225	79,859,685	212,400,614	-	-	-	339,865,524
<b>Total</b>	<b>1,529,888,880</b>	<b>1,474,930,140</b>	<b>1,617,170,483</b>	<b>509,712,551</b>	<b>85,564,805</b>	<b>279,656,770</b>	<b>5,496,923,629</b>
Financial Liabilities	72,628,202	-	7,377,417	21,514,606	-	-	101,520,225
Payables from Main Operations	229,913,557	58,629,635	477,085,415	-	-	-	765,628,607
Due to Related Parties	456,757	-	1,143	-	-	-	457,900
Other Payables	-	143,722,890	-	-	-	8,186,452	151,909,342
Insurance Technical Reserves	979,634,863	925,812,518	981,963,870	171,679,493	8,623,520	-	3,067,714,264
Taxes Payable and Similar Liabilities	-	77,151,855	-	-	-	-	77,151,855
Prepaid Expenses and Income Accruals	22,439,426	44,878,852	87,629,902	-	-	-	154,948,180
Long Term Insurance Technical Reserves	-	-	-	1,418,276	96,570,268	-	97,988,544
Provisions for Other Risks	-	-	-	-	-	9,095,078	9,095,078
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,305,072,805</b>	<b>1,250,195,750</b>	<b>1,554,057,747</b>	<b>194,612,375</b>	<b>105,193,788</b>	<b>17,281,530</b>	<b>4,426,413,995</b>

**AKSIGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**4. Insurance and Financial Risk Management (Continued)**

**4.2 Financial Risk (Continued)**

**4.2.2 Financial risk factors (Continued)**

*Liquidity risk (Continued)*

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
Financial assets	-	-	-	34,881,722	-	-	34,881,722
Held-to-Maturity Financial Assets	-	-	-	1,806,587	-	-	1,806,587
Investments with Risks on Policy Holders							
Investments	235,458,533	200,768,514	294,341,193	30,051,374	-	-	760,619,614
Receivables from Main Operations	-	-	160,165	-	-	-	160,165
Due from Related Parties	-	-	17,597,262	-	-	-	17,597,262
Other Receivables	41,425,868	69,643,629	183,461,586	-	-	-	294,531,083
<b>Total Assets</b>	<b>1,688,035,060</b>	<b>1,367,419,557</b>	<b>630,796,061</b>	<b>482,283,217</b>	<b>56,413,071</b>	<b>241,192,937</b>	<b>4,466,139,903</b>
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	-	147,073,119	-	-	-	-	147,073,119
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
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
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,086,852,951</b>	<b>1,066,617,157</b>	<b>591,088,984</b>	<b>795,041,254</b>	<b>102,603,563</b>	<b>7,052,711</b>	<b>3,649,256,620</b>

*Categories of Financial Assets*

Current Financial Assets	December 31, 2020		December 31, 2019	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets Available for Sale	1,473,530,640	1,473,530,640	702,749,632	702,749,632
Financial Assets Held for Trading	63,234,980	63,234,980	590,751,326	590,751,326
Financial Assets Held to Maturity	208,004,963	205,527,370	36,506,714	34,881,722
Financial Investments with Risks on Policy Holders	1,952,843	1,952,843	1,806,587	1,806,587
<b>Total Financial Assets</b>	<b>1,746,723,426</b>	<b>1,744,245,833</b>	<b>1,331,814,259</b>	<b>1,330,189,267</b>



**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**4. Insurance and Financial Risk Management (Continued)**

**4.2 Financial Risk (Continued)**

**4.2.2 Financial risk factors (Continued)**

*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, 2020	Category 1	Category 2	Category 3
<b>Financial Assets Available for Sale</b>				-
Corporate Bond	476,919,365	476,919,365	-	-
Eurobond	658,081,546	658,081,546	-	-
Government Bonds	201,337,991	201,337,991	-	-
Stocks	137,191,738	136,469,582	-	722,156
<b>Financial Assets Held for Trading</b>				-
Reverse Repo	56,027,437	56,027,437	-	-
Investment Funds	7,207,543	7,207,543	-	-
<b>Held to Maturity Financial Assets</b>				-
Eurobond	138,255,898	138,255,898	-	-
Government Bonds	67,271,472	67,271,472	-	-
<b>Financial Investments with Risks on Policy Holders</b>				-
Government Bonds	1,952,843	1,952,843	-	-
<b>Total</b>	<b>1,744,245,833</b>	<b>1,743,523,677</b>	<b>-</b>	<b>722,156</b>
	December 31, 2019	Category 1	Category 2	Category 3
<b>Financial Assets Available for Sale</b>				-
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
<b>Financial Assets Held for Trading</b>				-
Reverse Repo	448,138,097	448,138,097	-	-
Investment Funds	142,613,229	142,613,229	-	-
<b>Held to Maturity Financial Assets</b>				-
Eurobond	24,027,260	24,027,260	-	-
Government Bonds	10,854,462	10,854,462	-	-
<b>Financial Investments with Risks on Policy Holders</b>				-
Government Bonds	1,806,587	1,806,587	-	-
<b>Total</b>	<b>1,330,189,267</b>	<b>1,329,759,235</b>	<b>-</b>	<b>430,032</b>

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.

**AKSIGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

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**4. Insurance and Financial Risk Management (Continued)**

**4.2 Financial Risk (Continued)**

**4.2.2 Financial risk factors (Continued)**

*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 'IFRS 8 - Operating Segments' is disclosed in this part.

Numerical limits in 'IFRS 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.

**AKSIGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**5. Segment Information (Continued)**  
**5.1 Operating segments (Continued)**

**Segment results for the period ended at December 31, 2020:**

	Fire	Transportation	Motor Own Damage	Motor Crafts Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
<b>TECHNICAL INCOME</b>	211,123,674	33,355,030	1,050,625,481	1,524,759,902	188,469,942	24,202,808	31,389,220	131,307,607	128,906	-	3,195,362,570
1- Earned Premiums (Net of Reinsurer Share)	173,652,362	26,816,683	926,394,383	1,303,329,756	151,977,704	20,682,735	27,314,067	106,745,955	-	-	2,736,913,645
1.1- Premiums (Net of Reinsurer Share)	189,542,472	27,913,256	1,035,002,354	1,395,991,916	163,993,593	25,282,404	32,166,483	98,751,162	-	-	2,968,643,640
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(15,890,110)	(1,096,573)	(108,607,971)	(92,662,160)	(2,566,678)	(4,599,669)	(4,852,416)	7,994,793	-	-	(222,280,784)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	-	-	-	-	(9,449,211)	-	-	-	-	-	(9,449,211)
2- Investment Income transferred from Non-Technical Part	31,599,845	5,286,651	103,055,613	193,294,917	35,700,563	3,273,822	4,075,153	21,777,871	128,906	-	398,193,341
3- Other Technical Income (Net of Reinsurance Share)	-	-	5,098,156	-	-	-	-	2,783,781	-	-	7,881,937
4- Accrued Subrogation and Salvage Income (+)	5,871,467	1,251,696	16,077,329	28,135,229	791,675	246,251	-	-	-	-	52,373,647
<b>TECHNICAL EXPENSES</b>	(173,818,060)	(16,525,039)	(900,696,708)	(1,172,272,740)	(139,710,926)	(13,110,814)	(24,103,338)	(60,083,727)	(153,686)	-	(2,500,475,038)
1- Total Claims (Net of Reinsurer Share)	(98,255,634)	(8,470,278)	(609,371,780)	(951,720,701)	(76,244,509)	(12,056,444)	(15,914,245)	(8,792,656)	(182,281)	-	(1,781,008,528)
1.1- Claims Paid (Net of Reinsurer Share)	(74,829,148)	(5,430,065)	(596,725,062)	(718,831,948)	(31,704,761)	(11,359,414)	(14,872,702)	(6,133,726)	(173,947)	-	(1,460,060,773)
1.2- Changes in Outstanding Claims Reserve Reinsurer Share and Reserves Carried Forward (+/-)	(23,426,486)	(3,040,213)	(12,646,718)	(232,888,753)	(44,539,748)	(697,030)	(1,041,543)	(2,658,930)	(8,334)	-	(320,947,755)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer) (+/-)	5,512	-	-	-	(695)	-	-	-	-	-	4,817
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-) and Other Technical Expenses	(1,329,619)	-	868,055	-	161,286	(577,519)	-	-	-	-	(877,797)
4- Operating Expenses	(59,974,796)	(7,716,253)	(223,076,962)	(193,868,209)	(57,687,530)	311,047	(7,956,910)	(47,761,534)	-	-	(597,730,905)
4.1- Production Commissions (-)	(120,935,233)	(15,005,377)	(169,331,087)	(162,107,870)	(84,239,530)	(21,128,490)	(6,833,661)	(90,462,021)	-	-	(670,043,269)
4.2- Reinsurance Commissions (+)	99,145,220	10,094,614	23,626,261	28,134,037	43,573,469	27,012,858	(275,952)	52,679,745	-	-	260,600,252
4.3- General Administrative Expenses	(38,184,783)	(2,805,490)	(53,982,136)	(59,894,376)	(17,021,227)	(5,573,321)	(847,297)	(9,979,258)	-	-	(188,287,888)
4.4- Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
5- Changes in Mathematical Reserves (+/-)	(14,263,523)	(3,38,508)	(69,116,021)	(26,683,830)	(5,939,720)	(787,898)	(232,183)	(3,529,537)	28,595	-	(120,891,220)
6- Other Technical Profits/(Loss) (Net of Reinsurer Share)	37,305,614	16,829,991	149,928,773	352,487,162	48,759,016	11,091,994	7,285,882	71,223,880	(24,780)	-	694,887,532
Financial income	-	-	-	-	-	-	-	-	-	737,192,342	737,192,342
Depreciation expense	-	-	-	-	-	-	-	-	-	(52,626,448)	(52,626,448)
Provisions account, net	-	-	-	-	-	-	-	-	-	(70,031,673)	(70,031,673)
Tax expenses	-	-	-	-	-	-	-	-	-	(122,913,021)	(122,913,021)
Financial expenses	-	-	-	-	-	-	-	-	-	(743,093,742)	(743,093,742)
Other	-	-	-	-	-	-	-	-	-	(9,072,104)	(9,072,104)
<b>NET PROFIT/(LOSS)</b>	37,305,614	16,829,991	149,928,773	352,487,162	48,759,016	11,091,994	7,285,882	71,223,880	(24,780)	(262,544,646)	432,342,886

**AKSIGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**  
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**5. Segment Information (Continued)**

**5.1 Operating segments (Continued)**

**Segment results for the period ended at December 31, 2019:**

	Fire	Transportation	Motor Own Damage	Motor Crafts Liability (Traffic)	Other	Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
<b>TECHNICAL INCOME</b>	198,100,013	30,339,366	882,889,773	1,279,985,490	190,226,398	21,316,933	23,060,982	126,314,150	130,771	-	-	2,752,363,876
1- Earned Premiums (Net of Reinsurer Share)	158,658,526	23,808,190	771,967,612	1,015,025,969	145,350,756	19,058,330	17,883,973	91,591,091	-	-	-	2,245,324,247
1.1- Premiums (Net of Reinsurer Share)	172,352,362	24,191,655	851,150,726	1,234,579,990	163,334,917	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)	(383,465)	(96,465,054)	(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	34,723,059	130,771	-	-	476,386,085
3- Other Technical Income (Net of Reinsurance Share)	3,528,746	(451,060)	5,203,354	18,509,685	60,101	124,394	-	-	-	-	-	5,678,324
4- Accrued Subrogation and Salvage Income (+/-)	-	-	-	-	-	-	-	-	-	-	-	26,975,220
<b>TECHNICAL EXPENSES</b>	(146,070,760)	(11,012,712)	(792,103,260)	(992,679,346)	(136,893,022)	(13,820,182)	(15,082,735)	(60,439,514)	(158,154)	-	-	(2,168,259,685)
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)	(9,924,693)	(10,968,009)	(184,919)	-	-	(1,544,582,010)
1.1- Claims Paid (Net of Reinsurer Share)	(67,743,962)	(2,933,108)	(546,561,278)	(619,483,742)	(33,092,173)	(11,104,093)	(8,770,481)	(8,926,877)	(177,561)	-	-	(1,298,793,275)
1.2- Changes in Outstanding Claims Reserve Reinsurer Share and Reserves Carried Forward (+/-)	5,352,514	(3,702,143)	(4,647,344)	(202,346,562)	(38,091,189)	848,691	(1,154,212)	(2,041,132)	(7,358)	-	-	(245,788,735)
2- Changes in Bonus and Discount Reserve	(3,000)	9,142	83,916	-	(1,416)	-	-	-	-	-	-	88,642
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-) and Other Technical Expenses	(11,722,683)	-	(1,079,707)	-	(212,435)	(329,076)	-	-	-	-	-	(13,343,901)
4- Operating Expenses	(60,612,005)	(4,141,608)	(186,769,774)	(149,259,575)	(60,779,393)	(2,530,579)	(5,021,364)	(43,849,274)	-	-	-	(512,963,572)
4.1- Production Commissions (-)	(103,202,480)	(10,706,683)	(133,641,790)	(126,553,218)	(83,503,033)	(21,623,633)	(6,583,605)	(70,378,362)	-	-	-	(556,193,004)
4.2- Reinsurance Commissions (+)	77,802,880	9,087,702	46,133	23,306,777	38,960,308	24,087,121	2,290,189	36,906,590	-	-	-	212,487,700
4.3- General Administrative Expenses	(35,212,405)	(2,522,427)	(53,174,117)	(46,013,134)	(16,236,668)	(4,994,067)	-	(727,948)	(10,377,502)	-	-	(169,258,268)
4.4- Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-
5- Changes in Mathematical Reserves (+/-)	(11,341,624)	(244,995)	(53,129,073)	(21,589,467)	(4,716,416)	(705,125)	(136,678)	(5,622,231)	26,765	-	-	26,765
6- Other Technical Expenses (Net of Reinsurer Share)	52,029,253	19,326,654	90,786,513	287,306,144	53,333,376	7,496,751	7,978,247	65,874,636	(27,383)	-	-	(97,485,609)
<b>TECHNICAL PROFIT/(LOSS)</b>	-	-	-	-	-	-	-	-	-	-	-	584,104,191
Financial income	-	-	-	-	-	-	-	-	-	-	662,995,479	662,995,479
Depreciation expense	-	-	-	-	-	-	-	-	-	-	(33,510,804)	(33,510,804)
Provisions account, net	-	-	-	-	-	-	-	-	-	-	(60,410,995)	(60,410,995)
Tax expenses	-	-	-	-	-	-	-	-	-	-	(107,566,718)	(107,566,718)
Financial expenses	-	-	-	-	-	-	-	-	-	-	(671,653,422)	(671,653,422)
Other	-	-	-	-	-	-	-	-	-	-	(7,599,295)	(7,599,295)
<b>NET PROFIT/(LOSS)</b>	52,029,253	19,326,654	90,786,513	287,306,144	53,333,376	7,496,751	7,978,247	65,874,636	(27,383)	-	-	366,358,436

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

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

#### 6. Tangible Assets

December 31, 2020

<u>Cost Value</u>	<u>Owner Occupied Properties</u>	<u>Vehicles</u>	<u>Furnitures and Fixtures and Leased Tangible Assets</u>	<u>Other Tangible Assets (Including Leasehold Improvements)</u>	<u>Right of Use Assets</u>	<u>Total</u>
1 January	1,598,569	2,720,001	27,612,750	21,347,617	34,372,885	87,651,822
Additions	-	-	3,505,326	334,940	6,756,386	10,596,652
Disposals	-	-	(686,905)	-	-	(686,905)
<b>31 December</b>	<b>1,598,569</b>	<b>2,720,001</b>	<b>30,431,171</b>	<b>21,682,557</b>	<b>41,129,271</b>	<b>97,561,569</b>
<u>Accumulated Depreciation</u>						
1 January	(601,945)	(549,962)	(17,306,145)	(11,657,802)	(8,243,981)	(38,359,835)
Additions	(31,246)	(544,000)	(4,195,274)	(2,183,573)	(9,399,081)	(16,353,174)
Disposals	-	-	653,467	-	-	653,467
<b>31 December</b>	<b>(633,191)</b>	<b>(1,093,962)</b>	<b>(20,847,952)</b>	<b>(13,841,375)</b>	<b>(17,643,062)</b>	<b>(54,059,542)</b>
<b>Net Book Value as of December 31</b>	<b>965,378</b>	<b>1,626,039</b>	<b>9,583,219</b>	<b>7,841,182</b>	<b>23,486,209</b>	<b>43,502,027</b>

The Company has no impairment loss recognized for tangible fixed assets in the current period (December 31, 2019: None).

December 31, 2019

<u>Cost Value</u>	<u>Owner Occupied Properties</u>	<u>Vehicles</u>	<u>Furnitures and Fixtures and Leased Tangible Assets</u>	<u>Other Tangible Assets (Including Leasehold Improvements)</u>	<u>Right of Use Assets</u>	<u>Total</u>
1 January	1,598,569	2,720,001	23,741,539	21,052,437	33,797,961	82,910,507
Additions	-	-	4,680,142	316,837	574,924	5,571,903
Disposals	-	-	(808,931)	(21,657)	-	(830,588)
<b>31 December</b>	<b>1,598,569</b>	<b>2,720,001</b>	<b>27,612,750</b>	<b>21,347,617</b>	<b>34,372,885</b>	<b>87,651,822</b>
<u>Accumulated Depreciation</u>						
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)	(8,243,981)	(14,256,680)
Disposals	-	-	741,294	8,129	-	749,423
<b>31 December</b>	<b>(601,945)</b>	<b>(549,962)</b>	<b>(17,306,145)</b>	<b>(11,657,802)</b>	<b>(8,243,981)</b>	<b>(38,359,835)</b>
<b>Net Book Value as of December 31</b>	<b>996,624</b>	<b>2,170,039</b>	<b>10,306,605</b>	<b>9,689,815</b>	<b>26,128,904</b>	<b>49,291,987</b>

#### 7. Investment Properties

December 31, 2020

<u>Cost Value</u>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
1 January	-	170,958	170,958
Additions	-	-	-
Disposals	-	(170,958)	(170,958)
<b>31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>
<u>Accumulated Depreciation</u>			
1 January	-	(7,892)	(7,892)
Charge for the Period	-	(12,123)	(12,123)
Disposals	-	20,015	20,015
<b>December 31</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value as of December 31</b>	<b>-</b>	<b>-</b>	<b>-</b>

## AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**7. Investment Properties (Continued )**

In the period of January 1 - December 31, 2020, the Company has no obtained rental income from investment properties (January 1 - December 31, 2019: None).

**December 31, 2019**

<u>Cost Value</u>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
1 January	-	-	-
Additions	-	170,958	170,958
Disposals	-	-	-
<b>31 December</b>	<b>-</b>	<b>170,958</b>	<b>170,958</b>
<u>Accumulated Depreciation</u>			
1 January	-	-	-
Charge for the Period	-	(7,892)	(7,892)
Disposals	-	-	-
<b>December 31</b>	<b>-</b>	<b>(7,892)</b>	<b>(7,892)</b>
<b>Net Book Value as of December 31</b>	<b>-</b>	<b>163,066</b>	<b>163,066</b>

**8. Intangible Assets****December 31, 2020**

<u>Cost Value</u>	<u>Advances for Intangible Assets (*)</u>	<u>Rights</u>	<u>Total</u>
1 January	3,489,088	134,184,258	137,673,346
Additions	9,933,093	22,996,180	32,929,273
Disposals	-	(13,980)	(13,980)
Transfers	(4,258,386)	4,258,386	-
<b>31 December</b>	<b>9,163,795</b>	<b>161,424,844</b>	<b>170,588,639</b>
<u>Accumulated Amortization</u>			
1 January	-	(77,104,087)	(77,104,087)
Charge for the Period	-	(36,261,151)	(36,261,151)
Disposals	-	136	136
<b>31 December</b>	<b>-</b>	<b>(113,365,102)</b>	<b>(113,365,102)</b>
<b>Net book Value as of December 31</b>	<b>9,163,795</b>	<b>48,059,742</b>	<b>57,223,537</b>

(\*) 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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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

**8. Intangible Assets (Continued)**

<b>December 31, 2019</b>			
<b>Cost Value</b>	<b>Advances for Intangible Assets (*)</b>	<b>Rights</b>	<b>Total</b>
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	-
<b>31 December</b>	<b>3,489,088</b>	<b>134,184,258</b>	<b>137,673,346</b>
<b>Accumulated Amortization</b>			
1 January	-	(58,117,829)	(58,117,829)
Charge for the Period	-	(19,246,232)	(19,246,232)
Disposals	-	259,974	259,974
<b>31 December</b>	<b>-</b>	<b>(77,104,087)</b>	<b>(77,104,087)</b>
<b>Net book Value as of December 31</b>	<b>3,489,088</b>	<b>57,080,171</b>	<b>60,569,259</b>

(\*) 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, 2020, the Company has not recognized any impairment loss for its intangible fixed assets in the current period (December 31, 2019: None).

The Company has no goodwill amount in its financial statements.

**9. Investments in Affiliates**

In 28 June 2019, in accordance with the Resolution of the Board of Directors dated December 31, 2019, 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.

**10. Reinsurance Assets**

Reinsurance assets are disclosed in Note 17.16.

**11. Financial Assets**

**11.1 Subcategories of Financial Assets**

<b>Financial Assets and Financial Investments with Risks on Policy Holders</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Financial Assets Available for Sale	1,473,530,640	702,749,632
Financial Assets to be Held Until Maturity	205,527,370	34,881,722
Financial Assets Held for Trading	63,234,980	590,751,326
Financial Investments with Risks on Policy Holders	1,952,843	1,806,587
<b>Total</b>	<b>1,744,245,833</b>	<b>1,330,189,267</b>

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

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

11. Financial Assets

11.1 Subcategories of Financial Assets

*Financial Assets Available for Sale*

	December 31, 2020			December 31, 2019		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Private Sector bonds	466,632,308	476,919,365	476,919,365	326,266,711	333,690,554	333,690,554
Eurobond	651,580,189	658,081,546	658,081,546	152,806,509	152,749,578	152,749,578
Government Bonds	200,278,369	201,337,991	201,337,991	133,150,541	137,902,513	137,902,513
Equity Shares (Listed on the stock exchange)	126,165,411	136,469,582	136,469,582	70,267,685	77,976,955	77,976,955
Equity Shares (Not listed on the stock exchange) Net	722,156	-	722,156	430,032	-	430,032
<b>Total</b>	<b>1,445,378,433</b>	<b>1,472,808,484</b>	<b>1,473,530,640</b>	<b>682,921,478</b>	<b>702,319,600</b>	<b>702,749,632</b>

*Held-to-Maturity Financial Assets*

	December 31, 2020			December 31, 2019		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Government Bonds	136,087,693	139,192,396	138,255,898	23,431,170	24,095,114	24,027,260
Eurobond	62,670,791	68,812,567	67,271,472	9,194,956	12,411,600	10,854,462
<b>Total</b>	<b>198,758,484</b>	<b>208,004,963</b>	<b>205,527,370</b>	<b>32,626,126</b>	<b>36,506,714</b>	<b>34,881,722</b>

*Financial Assets Held for Trading*

	December 31, 2020			December 31, 2019		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Reverse Repo	55,999,882	56,027,437	56,027,437	447,999,882	448,138,097	448,138,097
Investment Funds	6,466,902	7,207,543	7,207,543	116,663,610	142,613,229	142,613,229
<b>Total</b>	<b>62,466,784</b>	<b>63,234,980</b>	<b>63,234,980</b>	<b>564,663,492</b>	<b>590,751,326</b>	<b>590,751,326</b>

*Financial Investment with Risks on Policy Holders*

	December 31, 2020			December 31, 2019		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Government Bonds	1,647,665	1,952,843	1,952,843	1,647,665	1,806,587	1,806,587

The breakdown of the shares classified as available-for-sale financial assets is as follows:

**December 31, 2020**

Equity Shares	Participation Rate %	Cost Value TRY	Fair Value TRY	Book Value TRY
Listed on Borsa İstanbul		120,870,033	132,433,408	132,433,408
Foreign Stock Exchange Listed		5,295,378	4,036,174	4,036,174
Tarsım Tarım Sigortaları Havuz İşletmesi A.Ş.	4.17	722,156	-	722,156
Unlisted		722,156	-	722,156
<b>Total</b>		<b>126,887,567</b>	<b>136,469,582</b>	<b>137,191,738</b>



**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**11. Financial Assets (Continued)**

**11.1 Subcategories of Financial Assets (Continued)**

**December 31, 2019**

Equity Shares	Participation Rate %	Cost Value TRY	Fair Value TRY	Book Value TRY
Listed on Borsa İstanbul		70,267,685	77,976,955	77,976,955
Tarsim Tarm Sigortaları Havuz İşletmesi A.S.	4.17	430,032	-	430,032
Unlisted		430,032	-	430,032
<b>Total</b>		<b>70,697,717</b>	<b>77,976,955</b>	<b>78,406,987</b>

As of December 31, 2020, and December 31, 2019, 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, 2019: None).

**11.3 Securities issued representing the amortized borrowing in the current period:**

None (December 31, 2019: None).

**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**

None (December 31, 2019: None).

**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, 2019: 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, 2020	December 31, 2019	December 31, 2018
Financial Assets Available for Sale	1,801,936	(8,235,793)	(13,298,346)

**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

## AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**11. Financial Assets (Continued)****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.

**12. Receivables and Payables****12.1 Details of the Company's receivables**

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<b>Receivables from insurance operations</b>		
Receivables from agencies	735,423,012	545,911,687
Bank Guaranteed Credit Card Receivables More than Three Months	314,937,910	170,128,762
Receivables for salvage and claim recovery - net (Note 2.1.1)	46,265,076	31,126,674
Receivables from reinsurance companies	28,370,213	22,338,183
Other receivables	534,116	517,651
<b>Receivables from insurance operations</b>	<b>1,125,530,327</b>	<b>770,022,957</b>
Cash deposited for insurance and reinsurance companies	30,954	30,954
<b>Receivables from insurance and reinsurance companies</b>	<b>30,954</b>	<b>30,954</b>
Claim recovery receivables under legal follow-up	142,988,823	109,552,591
Doubtful receivables from main operations	36,520,503	32,475,839
<b>Total provision amount for doubtful receivables</b>	<b>179,509,326</b>	<b>142,028,430</b>
<b>Receivables from main operations</b>	<b>1,305,070,607</b>	<b>912,082,341</b>
Provision for due from insurance operations (-) (*)	(17,859,556)	(18,093,784)
Provision for doubtful receivables from main operations (-) (**)	(24,482,790)	(23,816,352)
Provision for net claim recovery receivables under legal follow-up (-) (**)	(142,988,823)	(109,552,591)
<b>Total provision amount for doubtful receivables</b>	<b>(185,331,169)</b>	<b>(151,462,727)</b>
<b>Receivables from main operations - net</b>	<b>1,119,739,438</b>	<b>760,619,614</b>

(\*) 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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
0 - 90 days	39,706,076	9,029,378
90+	18,111,489	21,712,042
Not due receivables	1,067,712,762	739,312,491
<b>Total</b>	<b>1,125,530,327</b>	<b>770,053,911</b>

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

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

#### 12. Receivables and Payables (Continued)

##### 12.1 Details of the Company's receivables (Continued)

The details of guarantees for the Company's receivables are presented below:

Type of Guarantees	December 31, 2020		December 31, 2019	
	Receivables	Doubtful Receivables	Receivables	Doubtful Receivables
Real Estate Pledges	57,345,412	531,200	55,282,791	1,195,700
Letters of Guarantee	91,776,888	55,000	43,933,079	-
Cash Guarantees	8,186,217	-	3,002,608	-
Government Bonds and Equity	1,748,553	-	314,439	7,500
Other	309,696	7,500	2,424,466	-
<b>Total</b>	<b>159,366,766</b>	<b>593,700</b>	<b>104,957,383</b>	<b>1,203,200</b>

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

	2020	2019
Opening Balance, 1 January	(133,368,943)	(106,734,101)
Charge for the period	(41,575,126)	(33,517,236)
Collections	7,472,456	6,882,394
<b>Closing Balance, 31 December</b>	<b>(167,471,613)</b>	<b>(133,368,943)</b>

#### 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, 2020, the Company has liabilities amounting to TRY 1,143 to shareholders (December 31, 2019: TRY 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 TRY 159,366,766 as of December 31, 2020 (December 31, 2019: TRY 104,957,383).

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

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

12. Receivables and Payables (Continued)

12.4 Details of the Company's foreign currency denominated receivables without exchange rate guarantees are presented below:

December 31, 2020

Banks (Foreign Currency)	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	20,805,122	7,3405	152,719,998
EUR	1,536,160	9,0079	13,837,576
GBP	100,040	9,9438	994,778
CHF	79,066	8,2841	654,991
<b>Total</b>			<b>168,207,343</b>
<b>Stocks and Bonds</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount TRY</b>
USD	24,956,034	7,3405	183,189,768
<b>Total</b>			<b>183,189,768</b>
<b>Receivables from Insurance Operations</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount TRY</b>
USD	47,616,088	7,3405	349,525,894
EUR	18,785,729	9,0079	169,219,968
GBP	98,084	9,9438	975,328
CHF	68,286	8,2841	565,688
<b>Total</b>			<b>520,286,878</b>
<b>Outstanding Claims Reserve</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount TRY</b>
USD	(9,473,467)	7,3405	(69,539,985)
EUR	(1,134,957)	9,0079	(10,223,579)
<b>Total</b>			<b>(79,763,564)</b>
<b>Payables from Insurance Operations</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount TRY</b>
USD	(60,000,422)	7,3405	(440,433,098)
EUR	(11,572,916)	9,0079	(104,247,670)
Other			(1,379,856)
<b>Total</b>			<b>(546,060,624)</b>
<b>Payables to Suppliers</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount TRY</b>
USD	(899,254)	7,3405	(6,600,974)
EUR	(63,701)	9,0079	(573,812)
<b>Total</b>			<b>(7,174,786)</b>
<b>Net Foreign Currency Position</b>			<b>238,685,015</b>

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**12. Receivables and Payables (Continued)****12.4. Details of the Company's foreign currency denominated receivables without exchange rate guarantees are presented below (Continued)**

December 31, 2019

<b>Banks (Foreign Currency)</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount TRY</b>
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	51
<b>Total</b>			<b>31,883,255</b>

<b>Stocks and Bonds</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount TRY</b>
USD	30,724,479	5,9402	182,509,550
<b>Total</b>			<b>182,509,550</b>

<b>Receivables from Insurance Operations</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount TRY</b>
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	586,343
<b>Total</b>			<b>385,080,002</b>

<b>Outstanding Claims Reserve</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount TRY</b>
USD	(11,809,266)	5,9402	(70,149,402)
EUR	(2,454,675)	6,6506	(16,325,062)
Other			(86,474,464)

<b>Total</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount TRY</b>
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**Payables from Insurance Operations**

USD	(49,015,172)	5,9402	(291,159,925)
EUR	(7,960,738)	6,6506	(52,943,684)
Other			(1,964,019)
<b>Total</b>			<b>(346,067,628)</b>

<b>Payables to Suppliers</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount TRY</b>
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USD	(743,357)	5,9402	(4,415,689)
EUR	(115,922)	6,6506	(770,951)
<b>Total</b>			<b>(5,186,640)</b>

<b>Total</b>			<b>161,744,075</b>
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**13. Derivative Financial Instruments**

During the period between January 1 - December 31, 2020, total income resulting from short-term swap contracts' market valuation has been accounted under 'Income from derivatives' in the income statement in amounting to TRY 77,270,026 (January 1 - December 31, 2019: TRY 155,026,807).

## AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**14. Cash and Cash Equivalents**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Cash at Banks	1,600,368,638	1,356,583,321
<i>Time Deposit</i>	<i>1,521,138,584</i>	<i>1,336,043,689</i>
<i>Demand Deposit</i>	<i>79,230,054</i>	<i>20,539,632</i>
Bank Guaranteed Credit Card Receivables with Maturities less than three months	669,855,762	706,459,191
<b>Total</b>	<b>2,270,224,400</b>	<b>2,063,042,512</b>
Interest Accrual on Cash and Cash Equivalents	(11,553,673)	(2,557,348)
Blocked Deposits (*)	(264,061,660)	(228,718,207)
<b>Cash Flow Based Grand Total</b>	<b>1,994,609,067</b>	<b>1,831,766,957</b>

(\*) 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, 2020 and 2019 are as follows:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
	<b>Annual Interest Rate</b>	<b>Annual Interest Rate</b>
	<b>(%)</b>	<b>(%)</b>
TRY	13.65 - 22.25	10.65 - 18.00
USD	0.20 - 3.10	1.25
EUR	0.01 - 0.05	0.50 - 0.35

As of December 31, 2020, the maturities of TRY deposits are between January 4, 2021 and December 22, 2021; The maturity of foreign currency USD deposits varies between 4 January 2021 and 3 February 2021.

As of December 31, 2019, the maturities of TRY deposits vary 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 31 December 2020, the reverse repo transaction accounted under the Company's Other Financial Liabilities account includes TRY 59,562,359 TL and TRY 13,065,843 loan used for tax payment (31 December 2019: TRY 47,970,865 repo transaction and TRY 12,806,818 tax payment).

As of December 31, 2020, the Company has accounted TRY 133,728 in the valuation of repurchase agreements. (December 31, 2019: TRY 303,863) (Note 26).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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

**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, 2020 and December 31, 2019 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. The Company transferred TRY 36,983,922 from the profit of the period to legal reserves with the decision of the General Assembly dated 11 March 2020. As of December 31, 2020, the Company has legal reserves amounting to TRY 82,866,210 (December 31, 2019: TRY 45,882,288).

Special Funds (reserves)	December 31, 2020	December 31, 2019
Actuarial (gain)/loss	5,451,203	4,518,213
<b>Total</b>	<b>5,451,203</b>	<b>4,518,213</b>

**Sales Profits To Be Added To The Capital**

The Company has decided to close all Previous Years Losses amounting to TRY 4,387,874 with Retained Earnings Company at the Ordinary General Assembly held on March 4, 2019, it was decided, and the company has a Capital Reserve of TRY 90,989,327.

**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 TRY 0.01 each. These shares are presented by Class 10 shares (December 31, 2019: 30,600,000,000 shares with a nominal amount of TRY 0.01 each).

## AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**15. Share Capital (Continued)****15.3 For each class of share capital (Continued)****15.3.2 The explanation about the number of issued and fully paid shares and issued but not fully paid shares**

None (December 31, 2019: None).

**15.3.3 Nominal value of an equity share or equity shares without having nominal value**

Nominal value of equity shares is TRY 0.01 per share (December 31, 2019: TRY 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, 2020	December 31, 2019
Beginning of the Period, 1 January	30,600,000,000	30,600,000,000
Issued in the Current Period	-	-
<b>End of the Period, 31 December</b>	<b>30,600,000,000</b>	<b>30,600,000,000</b>

**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, 2019: None).

**15.3.7 Equity shares held for future sale for forward transactions and contracts**

None (December 31, 2019: None).



## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

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#### 15. Share Capital (Continued)

##### 15.4 Share based payments

None (December 31, 2019: 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, 2020	December 31, 2019
Available for sale financial assets valuation difference	1,801,936	8,235,793
Deferred tax effect	(360,387)	(1,647,159)
<b>Total</b>	<b>1,441,549</b>	<b>6,588,634</b>

In accordance with changes regarding 'TAS 19 - Employee Benefits' effective as of January 1, 2013, actuarial loss amounting to TRY 6,814,004 (Deferred tax effect: TRY 1,362,801), (December 31, 2019: TRY 5,647,766, Deferred tax effect: TRY 1,129,553) 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, 2019: None).

##### 16.3 Hedging for forecasted transactions and net investment hedging

None (December 31, 2019: 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

	2020 Increase/(Decrease)	2019 Increase/(Decrease)
Beginning of the Period, 1 January	6,588,634	(10,638,677)
Increase/decrease in value recognized under the shareholders' equity in the current period	(5,147,085)	17,227,311
<b>End of the Period, 31 December</b>	<b>1,441,549</b>	<b>6,588,634</b>

**AKSIGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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

**16. Other Provisions and Capital Component of Discretionary Participation (Continued)**

**16.6 Income and loss related to affiliates recognized directly in equity in the current period**

None (December 31, 2019: None).

**16.7 Revaluation increases in tangible fixed assets**

None (December 31, 2019: None).

**16.8 Current and deferred tax in relation to debit and credit items directly charged in equity**

None (December 31, 2019: None).

**17. Insurance Liabilities and Reinsurance Assests**

**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, 2020		December 31, 2019	
	Amount to be Provided TRY	Current Blockage TRY	Amount to be Provided TRY	Current Blockage TRY
Life	1,577,345	1,952,843	1,602,590	1,806,587
Government Bonds		1,952,843		1,806,587
Non-Life (*)	308,576,202	313,961,660	195,062,313	228,718,207
Credit Card		175,000,000		50,000,000
Time Deposit		89,061,660		178,718,207
Government Bonds		49,900,000		-
<b>Total</b>	<b>310,153,547</b>	<b>315,914,503</b>	<b>196,664,903</b>	<b>230,524,794</b>

(\*) As of December 31, 2020, the required guarantee amount has been calculated based on capital requirements in June 30, 2020. The Company has on behalf of Treasury and Finance Ministry, TRY 89,061,660 in time deposits, TRY 49,900,000 government bonds and TRY 175,000,000 credit card blocked.

**17.2 Number of life insurance policies, additions, disposals in the current period, and current life insurances and their mathematical reserves**

	2020		2019	
	Unit	Mathematical Reserves TRY	Unit	Mathematical Reserves TRY
Beginning of the Period, 1 January	172	1,446,871	181	1,473,636
Participations in the Current Period	-	-	-	-
Leavings in the Current Period	(6)	(28,595)	(9)	(26,765)
<b>End of Period, 31 December</b>	<b>166</b>	<b>1,418,276</b>	<b>172</b>	<b>1,446,871</b>

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**17. Insurance Liabilities and Reinsurance Assests (Continued)**

**17.2 Number of life insurance policies, additions, disposals in the current period, and current life insurances and their mathematical reserves (Continued)**

Mathematical reserves amounting to TRY 1,418,276 (December 31, 2019: TRY 1,446,871) and Reserves for the policies, investment risk of which belongs to life insurance policy holders amounting TRY 141,828 (December 31, 2019: TRY 144,687) 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, 2019: None).

**17.3 Insurance guarantees given ton on life insurances based on insurance branches**

<b>Branch</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Motor Crafts Liability	53,797,363,591,986	30,947,452,871,905
Health	6,679,519,586,938	19,184,808,633,587
Fire and Natural Disaster	1,284,858,156,955	1,108,881,267,915
General Losses	354,206,047,585	401,874,537,958
Transportation	310,748,830,487	229,031,409,773
Motor Own Damage	216,041,601,896	120,500,080,048
Financial Losses	156,308,878,106	143,962,247,275
General Liability	149,326,884,506	217,122,301,005
Air-Crafts Liability	86,695,373,025	56,376,566,352
Accident	45,440,548,020	38,320,933,542
Air Crafts	21,370,330,291	6,849,068,075
Legal Protection	10,648,456,187	9,761,649,517
Fidelity Guarantee	1,948,512,473	1,701,829,554
Credit	1,115,106,185	964,404,821
<b>Total</b>	<b>63,115,591,904,640</b>	<b>52,467,607,801,327</b>

**17.4 Pension investment funds established by the Company and their unit prices**

None (December 31, 2019: None).

**17.5 Number and amount of participation certification in portfolio and circulation**

None (December 31, 2019: None).

**17.6 Number of portfolio amounts of additions, disposals, reversals, and current individual and group pension participants**

None (December 31, 2019: None).

**17.7 Valuation methods used in profit share calculation for life insurances with profit shares**

None (December 31, 2019: None).

**AKSIGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**17. Insurance Liabilities and Reinsurance Assests (Continued)**

**17.8 Number of the additions and their group or individual gross and net share participations in the current period**

None (December 31, 2019: 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, 2019: 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, 2019: 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, 2019: None).

**17.12 Number of additions of life insurances and their group or individual gross and net mathematical reserves**

None (December 31, 2019: 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:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
	<b>Profit Share Distribution</b>	<b>Profit Share Distribution</b>
TRY (Life Insurance)	9.00	9.00

**17.15 Explanation of information that describes amounts arose from insurance agreements**

None (December 31, 2019: None).

**AKSİGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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

**17. Insurance Liabilities and Reinsurance Assets (Continued)**

**17.16 Assets, liabilities, income, expense and cash flows from insurance contracts recognized when the insurer is a ceding company:**

Reinsurance Assets		
	December 31, 2020	December 31, 2019
Reinsurance Share of Outstanding Claims Reserve (Note 4.1.2.2)	2,095,704,577	1,702,167,573
Reinsurance Share of Unearned Premiums Reserve (Note 20)	1,299,053,674	951,108,392
Ongoing Risks Provision Reinsurer Share (Note 20)	906,674,991	149,871,549
Equalization Provision Reinsurer Share (Note 20)	195,058,293	160,236,890
Cash Deposited for Insurance & Reinsurance Companies (Note 12.1)	28,370,213	22,338,183
Bonus and rebates provision Reinsurance Share (Not 20)	452,167	892,018
Deposits of Reinsurance Company (Note 12.1)	30,954	30,954
<b>Total</b>	<b>4,525,344,869</b>	<b>2,986,645,559</b>
Reinsurance Debts		
	December 31, 2020	December 31, 2019
Payables to Insurance and Reinsurance Companies (Note 19.1)	765,628,607	554,050,816
Deferred Commissions Income (Note 19.1)	149,596,174	115,046,314
<b>Total</b>	<b>915,224,781</b>	<b>669,097,130</b>
Income/Expense on Reinsurance Agreements		
	January 1, - December 31, 2020	January 1, - December 31, 2019
Reinsurance Share of Claims Paid	770,714,953	813,932,280
Ongoing Risks Provision Reinsurer Share (Note 20)	756,803,442	42,951,349
Reinsurance Share of Outstanding Claims Reserve	393,537,004	455,291,739
Reinsurance Share of Unearned Premiums Reserve (Note 20)	347,945,282	221,560,317
Commissions Received (Note 32)	260,600,252	212,487,700
Bonus and rebates provision Reinsurance Share (Not 20)	(439,851)	(61,173,502)
Premiums Ceded to Reinsurers (-)	(2,303,498,417)	(1,871,222,042)
<b>Total</b>	<b>225,662,665</b>	<b>(186,172,159)</b>

Branch	December 31, 2020			December 31, 2019		
	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	(792,211,293)	274,095,428	254,127,561	(640,426,124)	178,104,280	330,612,719
Health	(373,282,389)	66,166,853	193,491,519	(276,285,004)	43,392,614	188,851,687
General Losses	(215,261,129)	(4,462,403)	99,513,000	(202,708,502)	(74,996,714)	79,650,705
Motor Crafts Liability	(348,011,779)	23,113,517	87,778,000	(319,071,858)	55,203,263	90,013,413
Air Crafts	(70,270,116)	44,893,741	42,805,636	(40,693,186)	60,241,513	3,142,800
General Liability	(202,824,682)	282,627,851	32,371,729	(160,221,319)	316,899,524	22,388,795
Water Crafts	(24,127,665)	(16,576,787)	27,729,586	(18,368,780)	37,353,772	3,219,910
Financial Losses	(99,079,400)	(29,157,779)	20,833,885	(110,840,632)	71,260,203	75,799,087
Transportation	(61,050,152)	24,511,480	20,523,995	(48,982,107)	14,260,246	18,342,963
Accident	(23,597,474)	9,751,157	2,498,365	(11,273,437)	(1,713,781)	6,199,912
Air Crafts Liability	(72,523,480)	792,589,921	354,801	(23,420,329)	(59,623,821)	6,445
Credit	(3,477,571)	618,043	314,846	(2,656,074)	(2,086,986)	838,544
Motor Own Damage	(5,653,565)	9,368,802	(1,811)	(4,648,272)	7,743,161	(820)
Fidelity Guarantee	(12,127,722)	20,306,053	(11,626,159)	(11,626,418)	12,592,629	(5,133,880)
<b>Total</b>	<b>(2,303,498,417)</b>	<b>1,497,845,877</b>	<b>770,714,953</b>	<b>(1,871,222,042)</b>	<b>658,629,903</b>	<b>813,932,280</b>

(\*) As explained in Note 2.15, Transferred Premiums amounted to TRY 144,624,135 (December 31, 2019: TRY 135,165,977) transferred to the Social Security Institution as of December 31, 2020.

(\*\*) 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

## AKSİGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**17. Insurance Liabilities and Reinsurance Assets (Continued)**

**17.17. Comparison of incurred claims with past estimations**

Disclosed in Note 4.1.1.3.

**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 4.1.1.4.

**17.19 Reconciliation of insurance payables, reinsurance assets and changes in deferred acquisition costs, if any**

	<b>2020</b>	
	<b>Insurance Payables</b>	<b>Reinsurance Assets</b>
Beginning of the Period, January 1	669,097,130	2,986,645,559
Net change of the year	246,127,651	1,538,699,310
<b>End of the period - December 31</b>	<b>915,224,781</b>	<b>4,525,344,869</b>
	<b>2019</b>	
	<b>Insurance Payables</b>	<b>Reinsurance Assets</b>
Beginning of the Period, January 1	520,228,222	2,281,356,921
Net change of the year	148,868,908	705,288,638
<b>End of the period - December 31</b>	<b>669,097,130</b>	<b>2,986,645,559</b>

**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, 2020 amounted to TRY 334,192,509 (December 31, 2019: TRY 291,440,909) and TRY 149,596,174 (December 31, 2019: TRY 115,046,314), respectively, deferred production expenses and deferred tax commission income is included in account items.

**18. Investment Contract Liabilities**

Disclosed in Note 17.3.

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

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

#### 19. Trade and Other Payables, Deferred Income

##### 19.1 Sub-classifications of presented items in the Company's operations line with

	December 31, 2020	December 31, 2019
Payables from Insurance and Reassurance Operations (Note 17.16)	765,628,607	554,050,816
<b>Payables from Insurance Operations</b>	<b>765,628,607</b>	<b>554,050,816</b>
Payables to sellers	26,540,034	27,539,894
Current account of natural catastrophe insurance	29,576,727	23,480,700
Negotiated service and debts to institutions	40,496,161	48,821,504
DASK debts to agencies	1,273,306	979,333
Other	276,459	856,603
<b>Other Payables</b>	<b>98,162,687</b>	<b>101,678,034</b>
<b>Payables to SSI regarding medical expenses</b>	<b>45,560,203</b>	<b>42,392,477</b>
Deferred commission income (Not 17.16)	149,596,174	115,046,314
Provision for Cost Expenses (Not 23.4)	70,812,935	59,947,386
Expense accruals	5,352,006	29,597,359
<b>Deferred Income and Expense Accruals</b>	<b>225,761,115</b>	<b>204,591,059</b>
<b>Total Short-Term Liabilities</b>	<b>1,135,112,612</b>	<b>902,712,386</b>
<b>Total Trade and Other Payables, Deferred Income</b>	<b>1,135,112,612</b>	<b>902,712,386</b>

##### 19.2 Related Party Disclosures

Details related with related party balances and transactions for the current financial period are disclosed in Note 45.

#### 20. Payables

Insurance Technical Reserves	December 31, 2020	December 31, 2019
Unearned Premiums Reserve - Net (*)	1,627,711,840	1,405,431,056
Unexpired Risks Reserve - Net (Note 4.1.1.3)	1,416,138,827	1,095,191,072
Equalization Provision - Net	96,570,268	95,692,471
Ongoing Risks Provision- Net	23,860,001	14,410,790
Mathematical Reserves - Net	1,418,276	1,446,871
Bonus and Discount Provisions - Net	3,596	8,413
<b>Total</b>	<b>3,165,702,808</b>	<b>2,612,180,673</b>

(\*) While calculating the income statement effect of the provisions for unearned premiums, TRY 7,590,563 the deferral effect of the premiums transferred to assistance companies, which is included in operating expenses, has been netted off (December 31, 2019: TRY 9,906,207)

As disclosed in Note 2.15, the reinsurers' share of unearned premiums includes SSI share as of December 31, 2020 which is TRY 5,548,179 (December 31, 2019: TRY 23,363,624).

## AKSİGORTA A.Ş.

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

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

## 20. Payables (Continued)

The movement of technical reserves are as follows:

## Unearned Premium Reserve:

	December 31, 2020			December 31, 2019		
	Gross	Reinsurance Share (*)	Net	Gross	Reinsurance Share (*)	Net
Beginning of the Period, January 1	2,356,539,448	(951,108,392)	1,405,431,056	1,769,723,313	(729,548,075)	1,040,175,238
Net change	570,226,066	(347,945,282)	222,280,784	586,816,135	(221,560,317)	365,255,818
<b>End of the Period, December 31</b>	<b>2,926,765,514</b>	<b>(1,299,053,674)</b>	<b>1,627,711,840</b>	<b>2,356,539,448</b>	<b>(951,108,392)</b>	<b>1,405,431,056</b>

(\*) The reinsurance share for unearned premiums also includes the share of SSI amounting to TRY 5,548,179 (December 31, 2019: TRY 23,363,624).

## Unexpired Risk Reserve:

	December 31, 2020			December 31, 2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	164,282,339	(149,871,549)	14,410,790	127,573,257	(106,920,200)	20,653,057
Net change	766,252,653	(756,803,442)	9,449,211	36,709,082	(42,951,349)	(6,242,267)
<b>End of the Period, December 31</b>	<b>930,534,992</b>	<b>(906,674,991)</b>	<b>23,860,001</b>	<b>164,282,339</b>	<b>(149,871,549)</b>	<b>14,410,790</b>

## Equalization Reserve:

	December 31, 2020			December 31, 2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	255,929,361	(160,236,890)	95,692,471	189,329,309	(106,980,739)	82,348,570
Net change	35,699,200	(34,821,403)	877,797	66,600,052	(53,256,151)	13,343,901
<b>End of the Period, December 31</b>	<b>291,628,561</b>	<b>(195,058,293)</b>	<b>96,570,268</b>	<b>255,929,361</b>	<b>(160,236,890)</b>	<b>95,692,471</b>

(\*) The company has offset TRY 8,553,028 and TRY 8,270,839; which it has paid for the Elazığ Earthquake and Izmir Earthquake claims in 2020, from the balancing provision it has allocated in previous years.

## Provision for bonus and discount

	December 31, 2020			December 31, 2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	900,431	(892,018)	8,413	62,162,575	(62,065,520)	97,055
Net change	(444,668)	439,851	(4,817)	(61,262,144)	61,173,502	(88,642)
<b>End of the Period, December 31</b>	<b>455,763</b>	<b>(452,167)</b>	<b>3,596</b>	<b>900,431</b>	<b>(892,018)</b>	<b>8,413</b>

## Outstanding claims reserve:

The movement of Outstanding Claims Reserve of 2020 and 2019 are presented in note 4.1.2.3.

The movement table of the total lease obligation and lease obligations that the Company is as follows:

	December 31, 2020	December 31, 2019
Short-term rent liabilities	13,524,088	12,599,956
Long-term rent liabilities	28,360,104	36,383,769
Alternative borrowing rate and discount amount	(12,992,169)	(19,233,484)
<b>Total rent liabilities</b>	<b>28,892,023</b>	<b>29,750,241</b>



**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**20. Payables (Continued)**

**Outstanding claims reserve (Continued):**

	December 31, 2020	December 31, 2019
<b>1 January</b>	29,750,241	-
TFRS 16 effect	-	31,004,961
New lease agreements	6,756,386	-
Rent payments (Real Estates and Motor Vehicles)	(15,518,592)	(9,570,804)
Interest payments	7,903,988	8,316,084
<b>December 31, 2019</b>	<b>28,892,023</b>	<b>29,750,241</b>

**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.

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 publishment 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.

## AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**22. Retirement and Welfare Liabilities (Continued)**
**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.

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:

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, 2020 and December 31, 2019; 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, 2020; the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 12.1% (December 31, 2019: 15.4%) and a discount rate of 14% (December 31, 2019: 11.7%), resulting in a real interest rate of 4% (December 31, 2019: 4%). The anticipated rate of forfeitures is considered and estimated rate of the Company's retirements pay is also taken into account.

Actuarial loss amounting to TRY 6,814,004 (Deferred tax effect: TRY 1,362,801) 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, 2020, the maximum amount of TRY 7,639 effective from January 1, 2021 has been taken into consideration in calculation of provision from employment termination benefits (December 31, 2019: TRY 6,730).

Movement of employee termination benefits provisions are presented in the statement below:

	<b>2020</b>	<b>2019</b>
Beginning of the period, January 1	7,052,711	6,503,684
Charge for the period (Note 47)	1,663,144	1,749,671
Actuarial Gain/(Loss)	1,166,238	1,145,242
Retirement Payments (-)	(787,015)	(2,345,886)
<b>End of the period, December 31</b>	<b>9,095,078</b>	<b>7,052,711</b>

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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

**23. Other Liabilities and Expense Accruals**

**23.1 Provisions related to employee benefits and others**

	2020		2019	
	Unused Vacations Provisions	Social Security Premiums Payable	Unused Vacations Provisions	Social Security Premiums Payable
Beginning of the period, January 1	2,051,784	219,015	1,833,998	168,325
Movements in the Current Period	198,850	40,075,400	480,190	30,185,870
Payments in the Current Period	(92,053)	(40,055,785)	(262,404)	(30,135,180)
<b>End of the period, December 31</b>	<b>2,158,581</b>	<b>238,630</b>	<b>2,051,784</b>	<b>219,015</b>

**23.2 Total Amount of Non-Liability Commitments**

Company's statement of pledges and commitments as of December 31, 2020 and December 31, 2019 are presented below:

Collaterals, Pledges and Mortgages Given by the Company (CPM)	December 31, 2020		December 31, 2019	
	Amount in Original Currency	Amount TRY	Amount in Original Currency	Amount TRY
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		11,426,306		7,786,291
Turkish Lira	11,426,306	11,426,306	7,786,291	7,786,291
USD			-	-
D. Total amount of the other CPM's given		488,179		488,179
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		488,179
Turkish Lira	488,179	488,179	488,179	488,179
<b>Total</b>		<b>11,914,485</b>		<b>8,274,470</b>

Other CPM's given by the Company is zero in proportion to the Company's equity (December 31, 2019: None).

Contingent Liabilities	December 31, 2020	December 31, 2019
Outstanding Claims under Litigation (*)	977,496,405	712,591,573
Unused Vacation allowance	2,158,581	2,051,784
Business Cases Provision	1,633,654	1,230,851
<b>Total</b>	<b>981,288,640</b>	<b>715,874,208</b>

## AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**23. Other Liabilities and Expense Accruals (Continued)****23.2 Total Amount of Non-Liability Commitments (Continued)**

<b>Contingent Assets</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Subrogation Receivable Litigations, Gross	194,192,120	131,094,166
Trade Receivable Litigations and Executions	8,295,660	8,946,215
<b>Total</b>	<b>202,487,780</b>	<b>140,040,381</b>

(\*) Outstanding claims provision consists of net receivables, interest and expenses & agency fees in the amount of TRY 579,468,044, TRY 187,422,308 and TRY 210,606,053 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 TRY 1.8 million and tax penalty of TRY 2.8 million for the year 2009, tax of TRY 2 million and tax penalty of TRY 3 million for the year 2010, tax of TRY 3 million and tax penalty of TRY 4.6 million for the year 2011 and tax of TRY 4.3 million and tax penalty of TRY 6.4 million for the year 2012 and in total tax and tax penalty of TRY 27.9 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.

**23.4 Provision for Expense Accruals**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Commission provision (*)	35,959,660	28,447,678
Guarantee fund provision	15,455,363	13,656,077
Performance premium provision	10,544,208	8,433,529
Expense provision	4,353,920	5,528,924
Allowance	2,158,581	2,051,784
Business cases provision	1,633,654	1,230,851
Other	707,549	598,543
<b>Total</b>	<b>70,812,935</b>	<b>59,947,386</b>

(\*) Commission provision to be distributed to the agency, bank and institutional channels for the current period.

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

#### 24. Net Insurance Premium Revenue

	January 1 - December 31, 2020		
	Gross	Reinsurance share	Net
Motor Crafts Liability (*)	1,744,003,695	(348,011,779)	1,395,991,916
Motor Own Damage	1,040,655,920	(5,653,566)	1,035,002,354
Fire and Natural Disaster	981,753,765	(792,211,293)	189,542,472
General Losses	319,959,085	(215,261,129)	104,697,956
Health	472,033,551	(373,282,389)	98,751,162
Financial Losses	143,489,996	(99,079,400)	44,410,596
Accident	59,300,681	(23,597,474)	35,703,207
Transportation	88,963,407	(61,050,151)	27,913,256
General Liability	228,904,062	(202,824,682)	26,079,380
Legal Protection	4,951,152	-	4,951,152
Water Crafts	27,539,408	(24,127,665)	3,411,743
Fidelity Guarantee	14,196,450	(12,127,722)	2,068,728
Credit	3,595,499	(3,477,571)	117,928
Air Crafts Liability	72,524,702	(72,523,480)	1,222
Air Crafts	70,270,684	(70,270,116)	568
<b>Total - Non-life branches</b>	<b>5,272,142,057</b>	<b>(2,303,498,417)</b>	<b>2,968,643,640</b>
<b>Written premium - Life branch</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>5,272,142,057</b>	<b>(2,303,498,417)</b>	<b>2,968,643,640</b>

  

	January 1 - December 31, 2019		
	Gross	Reinsurance share	Net
Motor Crafts Liability (*)	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
<b>Total - Non-life branches</b>	<b>4,473,559,840</b>	<b>(1,871,222,042)</b>	<b>2,602,337,798</b>
<b>Written premium - Life branch</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4,473,559,840</b>	<b>(1,871,222,042)</b>	<b>2,602,337,798</b>

(\*) Reinsurance share of land vehicles liability branch amounting to TRY 144,624,135 (January 1 - December 31, 2019: TRY 135,165,977) includes premiums to be ceded to SSI.

#### 25. Fee Income

None (January 1 - December 31, 2019: None.).

## AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**26. Investment Income/(Expense)**

	January 1 - December 31, 2020	January 1 - December 31, 2019
<b>Realized Investment Income/Expenses</b>		
Eurobond	63,287,049	18,135,838
Term Deposit	62,868,925	108,029,870
Private Sector Bonds	62,673,718	67,654,772
Investment Fund	47,746,783	24,713,755
Government Bond	21,241,038	25,675,758
Stock	15,670,337	8,209,000
Treasury Bond	13,749,437	9,417,737
<b>Total</b>	<b>287,237,287</b>	<b>261,836,730</b>
<b>Unrealized Investment Income/(Expenses)</b>		
Term Deposit	9,217,126	(9,108,944)
Eurobond	8,627,247	980,452
Private Sector Bonds	5,269,009	(6,905,359)
Government Bond	3,219,001	4,524,953
Stock	528,787	439,268
Treasury Bond	(128,906)	(130,771)
Repo	(133,728)	303,863
Investment Fund	(23,534,522)	536,849
<b>Total</b>	<b>3,064,014</b>	<b>(9,359,689)</b>
<b>Investment Income/Expense, Net</b>	<b>290,301,301</b>	<b>252,477,041</b>

**27. Net Accrual Income on Financial Assets**

	January 1 - December 31, 2020	January 1 - December 31, 2019
<b>Financial Assets Available for Sale</b>		
Valuation differences recognized under shareholders' equity	1,441,549	6,588,634
<b>Total</b>	<b>1,441,549</b>	<b>6,588,634</b>

**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 TRY 2,477,593 as of December 31, 2020 (January 1 - December 31, 2019 TRY 840,711).

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

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

#### 29. Insurance Rights and Demands

<b>Outstanding Claims Reserve Expenses</b>	<b>January 1 - December 31, 2020</b>	<b>January 1 - December 31, 2019</b>
Motor Crafts Liability	(232,888,753)	(202,346,560)
General Liability	(46,406,588)	(39,399,305)
Fire and Natural Disaster	(23,426,486)	5,352,514
Motor Own Damage	(12,646,718)	(4,647,344)
Transportation	(3,040,213)	(3,702,143)
Health	(2,658,930)	(2,041,133)
General Losses	(1,018,383)	(99,875)
Water Crafts	(157,026)	(493,402)
Credit	(1,728)	100,392
Air Crafts	(835)	6,383
Air Crafts Liability	6,711	(5,424)
Legal Protection	19,209	(128,900)
Fidelity Guarantee	295,282	(432,411)
Financial Losses	233,398	3,239,775
Accident	751,639	(1,183,944)
<b>Total Non-life</b>	<b>(320,939,421)</b>	<b>(245,781,377)</b>
Life	(8,334)	(7,358)
<b>Total (*)</b>	<b>(320,947,755)</b>	<b>(245,788,735)</b>

(\*) For current previous period comparison please refer to note 4.1.1.3.

#### 30. Investment Agreement Types

None. (December 31, 2019: None).

#### 31. Mandatory Other Expenses

Types of expenses are disclosed in Note 32.

#### 32. Expense Type

	<b>January 1 - December 31, 2020</b>	<b>January 1 - December 31, 2019</b>
Production Commissions (-)	(670,043,269)	(556,193,004)
Employee Wages and Expenses (-) (*) (Not 33)	(127,209,376)	(108,318,094)
Information Technology Expenses (-)	(23,598,190)	(19,890,295)
Advertisement Expenses (-)	(7,686,707)	(6,216,165)
Meeting and Training Expenses (-)	(4,225,508)	(8,054,920)
Social Relief Expenses (-) (Not 33)	(2,235,208)	(5,655,130)
Transportation Expenses (-)	(1,662,758)	(4,465,507)
Reinsurance Commissions (+)	260,600,252	212,487,700
Other (-)	(21,670,141)	(16,658,157)
<b>Total</b>	<b>(597,730,905)</b>	<b>(512,963,572)</b>

(\*) 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.

## AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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

**33. Employee Wages and Expenses**

	January 1 - December 31, 2020	January 1 - December 31, 2019
Salary and Bonus Payments	(99,779,115)	(86,305,296)
Insurance Payments	(23,837,216)	(17,697,458)
Other Payments	(5,828,253)	(9,970,470)
<b>Total (Note 32)</b>	<b>(129,444,584)</b>	<b>(113,973,224)</b>

**34. Financing Cost****34.1 Financial Expenses:**

None. (December 31, 2019: None).

**34.2 Current period's financial expenses related to shareholders, affiliates and subsidiaries:**

None. (December 31, 2019: 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.

**34.5 Hedge accounting principle****Cash Flow hedging principle**

None. (December 31, 2019: None).

**Type risk and principle of the cash flow hedge**

None. (December 31, 2019: None).

**34.6 Exchange differences, other than those arising from financial assets held at fair value through profit and loss.**

None. (December 31, 2019: None).

**35. Corporate Tax**

	December 31, 2020	December 31, 2019
<b><u>Current Tax Liability:</u></b>		
Corporate Tax Liability Provision on Period Profit	117,630,688	125,897,143
Prepaid Taxes and Other Liabilities on Period Profit (-)	(94,016,621)	(73,065,163)
<b>Total</b>	<b>23,614,067</b>	<b>52,831,980</b>



**AKSIGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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

**35. Corporate Tax (Continued)**

	<b>January 1 - December 31, 2020</b>	<b>January 1 - December 31, 2019</b>
<b><u>Tax (Expense)/Income is Formed by the Items Below:</u></b>		
Current Tax Income/(Expense)	(117,630,688)	(125,897,143)
Deferred Tax Income/(Expense) due to Temporary Differences	(5,282,333)	18,330,425
<b>Total Tax Income/(Expense)</b>	<b>(122,913,021)</b>	<b>(107,566,718)</b>
<b><u>Deferred Tax</u></b>	<b>2020</b>	<b>2019</b>
<b>Recognized in the Shareholders' Equity:</b>		
Valuation of Financial Assets Available for Sale	(360,387)	(1,647,159)
Actuarial Gain/Loss Effect	1,362,801	1,129,553
	<b>1,002,414</b>	<b>(517,606)</b>

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.

For severance indemnity provision and marketable securities valuation difference, 20% is used.

Deferred tax items are as follows:

<b>Deferred Tax Assets / (Liabilities)</b>	<b>Temporary differences December 31, 2020</b>	<b>Temporary differences December 31, 2019</b>	<b>Deferred Tax Assets/(Liabilities) December 31, 2020</b>	<b>Deferred Tax Assets/(Liabilities) December 31, 2019</b>
Ongoing Risks	23,860,001	14,410,790	4,772,000	3,170,374
Expense reserves	22,348,560	20,409,676	4,469,712	4,490,129
Provision for doubtful receivables	18,369,483	34,734,800	3,673,897	7,641,656
Performance premium provision (Note 23.4)	10,544,208	8,433,529	2,108,842	1,855,376
Balancing Equivalent	7,674,976	8,525,890	1,534,995	1,875,696
Provision for employment termination benefits (Note 22)	9,095,078	7,052,711	1,819,016	1,410,542
Tangible assets leasing	5,405,814	3,621,337	1,081,163	796,694
Investment fund valuation effect	5,352,006	30,321,953	1,070,401	6,670,830
Unused vacation allowance (Note 23.4)	2,158,581	2,051,784	431,716	451,392
Tangible and intangible assets economic life differences	1,421,990	(11,328,416)	284,397	(2,492,252)
Bonuses and Discounts	3,596	8,413	719	1,851
Instrument Valuation Effect	(5,367,432)	(9,551,452)	(1,073,487)	(1,936,603)
<b>Deferred Tax Assets/(Liabilities)</b>	<b>100,866,861</b>	<b>108,691,015</b>	<b>20,173,371</b>	<b>23,935,685</b>

Corporation tax reconciliation is as below:

<b>Confirmation of Tax Provision</b>	<b>2020</b>	<b>2019</b>
Profit Before Tax	555,255,907	473,925,154
Tax Calculated: 22%	(122,156,300)	(104,263,534)
Effect of Additions	(30,886,358)	(44,012,743)
Effect of Discounts, net	35,411,970	22,379,134
<b>Corporate Tax Liability Provision on Period Profit</b>	<b>(117,630,688)</b>	<b>(125,897,143)</b>

## AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

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

**35. Corporate Tax (Continued)**

Reconciliation of period tax expense with net income for the period is as below:

	<b>2020</b>	<b>2019</b>
Profit before tax	555,255,907	473,925,154
Calculated tax revenue: 22%	(122,156,300)	(104,263,534)
Tax rate change effect (Note 2.1.1)	(210,707)	108,170
Disallowable expenses	(546,014)	(3,411,354)
<b>Total Tax Expense</b>	<b>(122,913,021)</b>	<b>(107,566,718)</b>

**36. Net Foreign Exchange Gain/Loss**

	<b>January 1 - December 31, 2020</b>	<b>January 1 - December 31, 2019</b>
Recognized in Profit / Loss:		
Foreign Exchange Income	316,242,743	230,548,082
Foreign Exchange Expense	(285,747,047)	(161,736,401)
	<b>30,495,696</b>	<b>68,811,681</b>

**Earnings per Share**

	<b>2020</b>	<b>2019</b>
Number of Equity Shares Outstanding Beginning Period, 1 January	30,600,000,000	30,600,000,000
Number of Equity Shares Issued in Cash	-	-
Number of Equity Shares Outstanding End of Period, 31 December	30,600,000,000	30,600,000,000
Weighted Average Number of Outstanding Shares (Unit of 1; TRY 0.01)	30,600,000,000	30,600,000,000
Net Profit for the Period/(Loss) (TRY)	432,342,886	366,358,436
Earnings/(Loss) per Share (TRY)	1,4129	1,197

**38. Dividends per share**

Pursuant to the decision taken in the Company's Ordinary General Meeting held on March 11, 2020, dividend distribution to shareholders was TRY 201.960,000 based on the 2019 operating results. (December 31, 2019: TRY 201,960,000).

**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, 2019: None).

**41. Cash Convertible Privileged Equity Shares**

None (December 31, 2019: None).

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TRY") 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, 2019: None).

#### 45. Related Parties

##### Related Party Receivables/(Payables)

The details of transactions between the Company and other related parties are disclosed below.

<u>Bank Deposit</u>	December 31, 2020	December 31, 2019
Group Companies	409,450,889	484,545,450
<b>Total</b>	<b>409,450,889</b>	<b>484,545,450</b>
<u>Private Sector Bonds</u>	December 31, 2020	December 31, 2019
Group Companies	28,642,016	27,149,232
<b>Total</b>	<b>28,642,016</b>	<b>27,149,232</b>
<u>Investment Funds</u>	December 31, 2020	December 31, 2019
Group Companies	95,998,460	142,613,229
<b>Total</b>	<b>95,998,460</b>	<b>142,613,229</b>
<u>Related Party Receivables/(Payables)</u>	December 31, 2020	December 31, 2019
Group Companies	91,461,912	58,379,601
Shareholders	2,254,915	44,663
<b>Total</b>	<b>93,716,827</b>	<b>58,424,264</b>
<u>Premium production</u>	January 1 - December 31, 2020	January 1 - December 31, 2019
Group Companies	132,381,217	171,870,456
Shareholders	-	2,349,511
<b>Total</b>	<b>132,381,217</b>	<b>174,219,967</b>
<u>Claims Paid</u>	January 1 - December 31, 2020	January 1 - December 31, 2019
Group Companies	11,411,400	46,014,074
<b>Total</b>	<b>1,848</b>	
<b>Claims Paid</b>	<b>11,413,248</b>	<b>46,014,074</b>

## AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020**

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

**45. Related Parties (Continued)****Related Party Receivables/(Payables) (Continued)****Interest Income Received from Related Part**

	January 1 - December 31, 2020	January 1 - December 31, 2019
Group Companies	48,594,991	78,335,240
<b>Total</b>	<b>48,594,991</b>	<b>78,335,240</b>

**Commission Expenses**

	January 1 - December 31, 2020	January 1 - December 31, 2019
Group Companies	122,037,729	126,568,178
<b>Total</b>	<b>122,037,729</b>	<b>126,568,178</b>

**46. Subsequent Events**

None.

**47. Other**

Details of 'Other' items in the balance sheet which exceed 20% of its respective account group or 5% of total assets:

<b>Other Receivables</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Receivables from Tarım Sigortaları A.Ş.	11,988,852	8,888,272
Receivables from Agencies due to DASK Premiums	6,069,346	5,232,500
Other Receivables	3,632,284	2,674,168
<b>Total</b>	<b>21,690,482</b>	<b>16,794,940</b>
<b>Other Short-Term Payables</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Payables to suppliers	40,496,161	48,821,504
Turkish Catastrophe Insurance Pool Payables to agencies	29,576,727	23,480,700
Payables to contracted enterprises	26,540,034	27,539,894
Payables to Turkish Catastrophe Insurance Pool	1,273,306	979,333
Other	276,459	856,603
<b>Total</b>	<b>98,162,687</b>	<b>101,678,034</b>
<b>Other Prepaid Expenses</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Prepaid Expenses	4,973,654	2,569,734
<b>Total</b>	<b>4,973,654</b>	<b>2,569,734</b>
<b>Other Prepaid Expenses (Long Term)</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Prepaid Expenses	61,469	149,980
<b>Total</b>	<b>61,469</b>	<b>149,980</b>

## AKSİGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

#### 47. Other (Continued)

Assistance services under other technical expenses in the income statement, amounting to TRY 120,891,220 (December 31, 2019: TRY 97,485,609), consist of deferral of these amounts and technical expenses of these services.

<b>Income and Profit/Expenses and Losses from Other and Extraordinary Activities</b>	<b>January 1 - December 31, 2020</b>	<b>January 1 - December 31, 2019</b>
Provisions Account (+/-)	(70,031,673)	(30,294,342)
<i>Provisions for doubtful receivable (Note 12.1)</i>	<i>(33,868,442)</i>	<i>(32,822,837)</i>
<i>Donation (*)</i>	<i>(29,800,000)</i>	<i>(20,675,000)</i>
<i>Provisions No Longer Required (**)</i>	-	30,116,653
<i>Portfolio Management</i>	<i>(3,409,366)</i>	<i>(3,858,176)</i>
<i>Retirement pay provision (Note 22)</i>	<i>(1,663,144)</i>	<i>(1,749,671)</i>
<i>Unused vacation provision (Note 23.1)</i>	<i>(198,850)</i>	<i>(480,190)</i>
<i>Provision for other expenses</i>	<i>(1,091,871)</i>	<i>(825,121)</i>
Specialized Insurance Account (+/-)	1,758,500	1,356,101
Other income and profits	1,507,077	1,374,123
Deferred tax asset account (+/-) (Note 35)	(5,282,333)	18,330,425
Other expenses and losses (-)	(12,337,681)	(40,848,246)
<i>Participation sales loss (**)</i>	-	<i>(30,116,647)</i>
<i>Bank expenses</i>	<i>(9,040,760)</i>	<i>(8,462,577)</i>
<i>Certificate Insolvency</i>	-	-
<i>Disallowable expenses</i>	<i>(805,614)</i>	<i>(354,370)</i>
<i>Participation Management Expenses</i>	-	-
<i>Other</i>	<i>(2,491,307)</i>	<i>(1,914,652)</i>
<b>Total</b>	<b>(84,386,110)</b>	<b>(50,081,939)</b>

(\*) 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.

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