

AKSİGORTA ANONİM ŞİRKETİ

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2009

*Translated into English from
The Original Turkish Report*

CONVENIENCE TRANSLATION OF REPORT AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

AKSİGORTA ANONİM ŞİRKETİ

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Aksigorta Anonim Şirketi,

1. We have audited the accompanying financial statements of Aksigorta Anonim Şirketi (the "Company"), which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable accounting principles and standards issued based on insurance laws and regulations. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express a conclusion on these financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued based on insurance laws and regulations. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Opinion

4. In our opinion, the accompanying financial statements give a true and fair view of the financial position of Aksigorta Anonim Şirketi as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with the applicable accounting principles and standards issued (Note 2) based on insurance laws and regulations.

Emphasis of Matter

5. As explained in Note 47, in the Extraordinary General Assembly on 4 January 2010, which was held as a result of the Board of Directors Meeting resolution dated 14 December 2009, Akbank T.A.Ş. equity shares, in the Company's available for sale financial assets portfolio, and Avivasa Emeklilik ve Hayat A.Ş. equity shares, in the Company's joint ventures portfolio, which are presented under "Other Current Assets" account in the accompanying financial statements were resolved to be transferred to Hacı Ömer Sabancı Holding A.Ş. ("Holding"), the Company's parent company, through the spin-off method. In accordance with procuring the equity shares mentioned above as capital in kind to the Holding and transferring the equity shares representing the increased capital in return for the procurement of those equity shares to the shareholders' of the Company except for the Holding; the Company's paid in capital is increased from TRY 306.000.000 to TRY 839.308.752 and decreased to TRY 306.000.000, concurrently. As a result of those transactions, the Company's issued shares with the nominal value of TRY 533.308.752 are registered by the Capital Markets Board (the "Board") by the document dated 7 January 2010 numbered 114/1087 in accordance with the Securities Exchange Act numbered 2499 and registered in Trade Register on 12 January 2010. As a result of the spin-off, the valuation differences of Akbank T.A.Ş. and Avivasa Emeklilik ve Hayat A.Ş. equity shares amounting to TRY 1.317.579.203 and TRY 417.706.115, respectively, are netted off with the Revaluation of Financial Assets account.

Additional paragraph for the English translation:

The effect of the differences between the accounting principles summarized in Note 2 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Company's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

İstanbul, 12 March 2010

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



Sibel Türker
Partner

AKSİGORTA ANONİM ŞİRKETİ
DETAILED BALANCE SHEET

TRY

ASSETS			
I- Current Assets	Note	Audited Current Period (31/12/2009)	Audited Previous Period (31/12/2008)
A- Cash and Cash Equivalents	14	415.619.719	340.737.486
1- Cash		646	544
2- Cheques Received		-	-
3- Banks		399.206.049	321.015.151
4- Cheques Given and Payment Orders (-)		(4.935.940)	(5.608.646)
5- Other Cash and Cash Equivalents		21.348.964	25.330.437
B- Financial Assets and Investments with Risks on Policy Holders		210.524.287	1.115.587.310
1- Financial Assets Available for Sale	11.1, 47	164.684.234	1.102.125.868
2- Financial Assets Held to Maturity		-	-
3- Financial Assets Held for Trading	11.1	53.041.321	18.501.155
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders	11.1	7.980.800	9.207.661
7- Equity Shares		-	-
8- Diminution in Value of Financial Assets (-)	11.1	(15.182.068)	(14.247.374)
C- Receivables From Main Operations		230.266.799	235.693.877
1- Receivables From Insurance Operations	12.1	229.146.696	238.745.436
2- Provision for Receivables From Insurance Operations (-)	12.1	(4.775.043)	(6.333.054)
3- Receivables From Reinsurance Operations		-	-
4- Provision for Receivables From Reinsurance Operations (-)		-	-
5- Cash Deposited For Insurance & Reinsurance Companies	12.1	31.494	31.494
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operation		-	-
9- Doubtful Receivables From Main Operations	12.1	41.010.171	19.952.575
10- Provisions for Doubtful Receivables From Main Operations (-)	12.1	(35.146.519)	(16.702.574)
D- Due from Related Parties		44.016	41.920
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	45	44.016	41.920
7- Rediscount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
E- Other Receivables		8.446.673	5.577.077
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		57.657	7.400
4- Other Receivables	47	8.389.016	5.569.677
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals		58.218.390	51.364.455
1- Prepaid Expenses		58.218.390	51.364.455
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
G- Other Current Assets		2.275.345.353	7.577.418
1- Inventories		95.825	107.263
2- Prepaid Taxes and Funds		6.642.769	7.467.988
3- Deferred Tax Assets		-	-
4- Business Advances		12.689	2.167
5- Advances Given to Personnel		-	-
6- Stock Count Differences		-	-
7- Other Current Assets	47	2.268.594.070	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		3.198.465.237	1.756.579.543

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

AKSIGORTA ANONİM ŞİRKETİ
DETAILED BALANCE SHEET

TRY

ASSETS			
II- Non Current Assets	Note	Audited Current Period (31/12/2009)	Audited Previous Period (31/12/2008)
A- Receivables From Main Operations			
1- Receivables From Insurance Operations		-	-
2- Provision for Receivables From Insurance Operations (-)		-	-
3- Receivables From Reinsurance Operations		-	-
4- Provision for Receivables From Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables From Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties			
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
C- Other Receivables			
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Receivables		-	-
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
D- Financial Assets			
1- Investments In Associates		30.116.653	577.101.646
2- Affiliates		-	-
3- Capital Commitments to Affiliates (-)	9, 11.4	30.116.653	28.879.475
4- Subsidiaries		-	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Joint Ventures	11.4, 47	-	548.222.171
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 (-)		-	-
E- Tangible Fixed Assets			
1- Investment Properties	7	43.509.939	46.401.666
2- Diminution in Value for Investment Properties (-)		7.533.985	7.542.332
3- Owner Occupied Properties	6	38.585.311	39.589.396
4- Machinery and Equipments		-	-
5- Furnitures and Fixtures	6	23.069.226	23.418.101
6- Vehicles	6	32.050	102.258
7- Other Tangible Assets (Including Leasehold Improvements)	6	2.346.367	2.267.752
8- Leased Tangible Fixed Assets	6	351.395	351.395
9- Accumulated Depreciation (-)	6, 7	(28.408.395)	(26.869.568)
10- Advances Paid for Tangible Fixed Assets (Including Construction In Progresses)		-	-
F- Intangible Fixed Assets			
1- Rights	8	7.930.683	6.477.146
2- Goodwill		10.196.503	7.797.890
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
6- Other Intangible Assets		-	-
7- Accumulated Amortizations (-)	8	(2.265.820)	(1.320.744)
8- Advances Regarding Intangible Assets		-	-
G- Prepaid Expenses and Income Accruals			
1- Prepaid Expenses		45.709	54.852
2- Income Accruals		45.709	54.852
3- Other Prepaid Expenses and Income Accruals		-	-
H- Other Non-current Assets			
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets		-	-
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non-current Assets		81.602.984	630.035.310
TOTAL ASSETS		3.280.068.221	2.386.614.853

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

AKSİGORTA ANONİM ŞİRKETİ
DETAILED BALANCE SHEET

TRY

LIABILITIES

III- Short Term Liabilities	Note	Audited Current Period (31/12/2009)	Audited Previous Period (31/12/2008)
A- Borrowings		-	-
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables		-	757
3- Deferred Finance Lease Borrowing Costs (-)		-	(757)
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)		-	-
B- Payables From Main Operations		69.636.459	64.050.477
1- Payables Due to Insurance Operations	19.1	69.629.307	64.043.325
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies	19.1	7.152	7.152
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Rediscount on Other Payables From Main Operations (-)		-	-
C- Due to Related Parties	19.1	641.000	182.712
1- Due to Shareholders	12.2	175.223	159.307
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		465.777	23.405
6- Due to Other Related Parties		-	-
D- Other Payables	47	14.810.198	10.087.446
1- Deposits and Guarantees Received		-	-
2- Other Payables		14.810.198	10.087.446
3- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		474.925.461	419.285.958
1- Unearned Premiums Reserve - Net	20	275.614.108	237.128.783
2- Unexpired Risk Reserves - Net	20	2.395.901	14.609.384
3- Life Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net	4.1, 20	196.915.452	167.547.791
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Policies Investment Risk of Life Insurance Policyholders - Net		-	-
7- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Relevant Provisions		4.583.905	8.759.817
1- Taxes and Dues Payable		6.953.578	5.281.114
2- Social Security Premiums Payable	23.1	721.420	649.684
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		47.557	7.405
5- Corporate Tax Liability Provision on Period Profit	35	-	2.821.614
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	35	(3.138.650)	-
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks		-	-
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs		-	-
H- Deferred Income and Expense Accruals		30.046.119	32.866.713
1- Deferred Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals	19.1	30.046.119	32.866.713
I- Other Short Term Liabilities	19.1	-	174
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short Term Liabilities		-	174
III - Total Short Term Liabilities		594.643.142	535.233.297

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

AKSİGORTA ANONİM ŞİRKETİ
DETAILED BALANCE SHEET

TRY

LIABILITIES			
IV- Long Term Liabilities	Note	Audited Current Period (31/12/2009)	Audited Previous Period (31/12/2008)
A- Borrowings		-	-
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables		-	-
3- Deferred Finance Lease Borrowing Costs (-)		-	-
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Value Differences on Issued Financial Assets (-)		-	-
7- Other Financial Borrowings (Liabilities)		-	-
B- Payables From Main Operations		-	-
1- Payables Due to Insurance Operations		-	-
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Discount on Other Payables From Main Operations (-)		-	-
C- Due to Related Parties		-	-
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		-	-
1- Deposits and Guarantees Received		-	-
2- Other Payables		-	-
3- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		12.927.711	11.068.326
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Life Mathematical Reserves - Net	17,2, 20	3.689.389	4.230.415
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Provision for Policies Investment Risk of Life Insurance Policyholders - Net	20	2.263.497	3.257.135
7- Other Technical Reserves - Net	20, 47	6.974.825	3.580.776
F- Other Liabilities and Provisions		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks		1.971.587	1.944.976
1- Provision for Employment Termination Benefits	22	1.971.587	1.944.976
2- Provisions for Employee Pension Fund Deficits		-	-
H- Deferred Income and Expense Accruals		-	-
1- Deferred Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
I- Other Long Term Liabilities		1.502.976	43.360.390
1- Deferred Tax Liability	35	1.502.741	43.360.152
2- Other Long Term Liabilities		235	238
IV- Total Long Term Liabilities		16.402.274	56.373.692

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

AKSIGORTA ANONİM ŞİRKETİ
DETAILED BALANCE SHEET

TRY

SHAREHOLDERS' EQUITY

V- Shareholders' Equity	Note	Audited Current Period (31/12/2009)	Audited Previous Period (31/12/2008)
A- Paid in Capital		434.338.906	434.338.906
1- (Nominal) Capital	15	306.000.000	306.000.000
2- Unpaid Capital (-)	15	-	-
3- Positive Inflation Adjustment on Capital		128.338.906	128.338.906
4- Negative Inflation Adjustment on Capital (-)		-	-
B- Capital Reserves		99.959.485	83.408.490
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital		99.959.485	83.408.490
4- Translation Reserves		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		2.099.758.587	1.228.574.054
1- Legal Reserves		104.134.439	97.863.921
2- Statutory Reserves		62	62
3- Extraordinary Reserves		207.779.928	233.935.027
4- Special Funds (Reserves)		52.898.500	52.898.500
5- Revaluation of Financial Assets	11.6, 16, 27	1.734.945.658	843.876.544
6- Other Profit Reserves		-	-
D- Previous Years' Profits		-	-
1- Previous Years' Profits		-	-
E- Previous Years' Losses (-)		-	(3.283.950)
1- Previous Years' Losses		-	(3.283.950)
F- Net Profit of the Period		34.965.827	51.970.364
1- Net Profit of the Period		34.169.290	35.419.369
2- Net Loss of the Period		-	-
3- Net Income not subject to distribution		796.537	16.550.995
Total Shareholders' Equity		2.669.022.805	1.795.007.864
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3.280.068.221	2.386.614.853

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

AKSİGORTA ANONİM ŞİRKETİ
DETAILED INCOME STATEMENT

TRY

I-TECHNICAL PART	Note	Audited Current Period 01/01/2009- 31/12/2009	Audited Previous Period 01/01/2008- 31/12/2008
A- Non-Life Technical Income		639.804.141	521.991.392
1- Earned Premiums (Net of Reinsurer Share)		541.377.407	431.979.099
1.1 - Premiums (Net of Reinsurer Share)	24	547.363.468	487.553.257
1.1.1 - Gross Premiums (+)		850.758.341	828.575.261
1.1.2 - Ceded Premiums to Reinsurers (-)		(303.394.873)	(341.022.004)
1.2 - Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(18.199.544)	(43.372.284)
1.2.1 - Unearned Premiums Reserve (-)		(40.278.124)	(80.076.803)
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)		22.078.580	36.704.519
1.3 - Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		12.213.483	(12.201.874)
1.3.1 - Unexpired Risks Reserve (-)		8.093.487	(18.010.013)
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)		4.119.996	5.808.139
2- Investment Income Transferred from Non-Technical Part		51.645.552	62.069.871
3- Other Technical Income (Net of Reinsurer Share)		46.781.182	27.942.422
3.1 - Gross Other Technical Income (+)	25	48.871.716	28.326.493
3.2 - Reinsurance Share of Other Technical Income (-)		(2.090.534)	(384.071)
B- Non-Life Technical Expense (-)		(623.542.974)	(518.675.695)
1- Total Claims (Net of Reinsurer Share)		(444.959.435)	(384.119.770)
1.1 - Claims Paid (Net of Reinsurer Share)		(439.770.715)	(320.306.239)
1.1.1 - Gross Claims Paid (-)		(615.066.099)	(512.411.224)
1.1.2 - Reinsurance Share of Claims Paid (+)		175.295.384	192.104.985
1.2 - Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(5.188.720)	(63.813.531)
1.2.1 - Outstanding Claims Reserve (-)		(19.625.439)	(116.034.975)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)		14.436.719	52.221.444
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 Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(3.394.045)	(3.580.776)
4- Operating Expenses (-)	32, 25	(175.189.494)	(130.975.149)
C- Non Life Technical Net Profit (A-B)		16.261.167	3.315.697
D- Life Technical Income		2.128.307	2.592.079
1- Earned Premiums (Net of Reinsurer Share)		298.709	459.513
1.1 - Premiums (Net of Reinsurer Share)	24	298.184	460.644
1.1.1 - Gross Premiums (+)		412.630	629.948
1.1.2 - Ceded Premiums to Reinsurers (-)		(114.446)	(169.304)
1.2 - Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		525	(1.131)
1.2.1 - Unearned Premium Reserves (-)		8.253	6.766
1.2.2 - Unearned Premium Reserves Reinsurer Share (+)		(7.728)	(7.897)
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		1.598.452	1.981.702
3- Unrealized Income from Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		231.146	150.864
E- Life Technical Expense		(1.822.493)	(2.280.604)
1- Total Claims (Net of Reinsurer Share)		(3.039.625)	(3.447.955)
1.1 - Claims Paid (Net of Reinsurer Share)		(3.072.290)	(3.228.690)
1.1.1 - Gross Claims Paid (-)		(3.123.890)	(3.298.942)
1.1.2 - Claims Paid Reinsurer Share (+)		51.600	70.252
1.2 - Changes in Outstanding Claims Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	32.665	(219.265)
1.2.1 - Outstanding Claims Reserve (-)		33.265	(219.265)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)		(600)	-
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 Life Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		541.024	439.415
3.1 - Life Mathematical Reserves (-)		541.024	439.415
3.2 - Life Mathematical Reserves Reinsurer Share (+)		-	-
4- Changes in Reserves for Life Insurance Policies Including Investment Risk (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		923.512	943.935
4.1 - Reserves for Life Insurance Policies Including Investment Risk (-)		923.512	943.935
4.2 - Reserves for Life Insurance Policies Including Investment Risk Reinsurer Share (+)		-	-
5- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
6- Operating Expenses (-)	32	(158.932)	(115.364)
7- Investment Expenses (-)		-	-
8- Unrealized Losses from Investments (-)		-	-
9- Investment Income Transferred to Non- Technical Part (-)		(88.472)	(100.635)
F- Life Technical Profit (D-E)		305.814	311.475
G- Individual Retirement Technical Income		-	-
1- Fund Management Fee		-	-
2- Management Fee Deduction		-	-
3- Initial Contribution Fee		-	-
4- Management Fee in Case Of Temporary Suspension		-	-
5- Withholding tax		-	-
6- Increase in Market Value of Capital Commitment Advances		-	-
7- Other Technical Income		-	-
H- Individual Retirement Technical Expense		-	-
1- Fund Management Expenses (-)		-	-
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Expense (-)		-	-
I- Individual Retirement Technical Profit (G-H)		-	-

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

AKSIGORTA ANONİM ŞİRKETİ
DETAILED INCOME STATEMENT

TRY

II-NON TECHNICAL PART	Note	Audited	Audited
		Current Period 01/01/2009- 31/12/2009	Previous Period 01/01/2008- 31/12/2008
C- Non Life Technical Profit		16.261.167	3.315.697
F- Life Technical Profit		305.814	311.475
I- Individual Retirement Technical Profit		-	-
J- Total Technical Profit (C+F+I)		16.566.981	3.627.172
K- Investment Income		106.502.198	180.631.216
1- Income From Financial Investment	26	41.226.758	44.185.523
2- Income from Sales of Financial Investments	26	29.009.686	1.250.250
3- Revaluation of Financial Investments	26	-	8.169.268
4- Foreign Exchange Gains	36	13.893.526	68.899.431
5- Income from Affiliates	26	22.066.660	56.532.752
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income Received from Land and Building	26	217.096	343.357
8- Income from Derivatives		-	1.150.000
9- Other Investments		-	-
10- Investment Income transferred from Life Technical Part		88.472	100.635
L- Investment Expenses (-)		(75.906.510)	(100.842.998)
1- Investment Management Expenses (including interest) (-)		-	-
2- Valuation Allowance of Investments (-)	26	(3.751.772)	-
3- Losses On Sales of Investments (-)		-	-
4- Investment Income Transferred to Life Technical Part (-)		(51.645.552)	(62.069.871)
5- Losses from Derivatives (-)		-	(8.980.000)
6- Foreign Exchange Losses (-)	36	(16.881.704)	(26.414.758)
7- Depreciation Expenses (-)	32	(3.491.701)	(3.378.369)
8- Other Investment Expenses (-)		(135.781)	-
M- Other Income and Expenses (+/-)	47	(12.196.842)	(28.623.412)
1- Provisions Account (+/-)		(9.103.406)	(9.714.357)
2- Discount account (+/-)		4.615.548	(1.664.974)
3- Mandatory Earthquake Insurance Account (+/-)		223.337	253.050
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Asset Accounts(+/-)	35	-	984.886
6- Deferred Tax Expense Accounts (-)	35	(3.250.020)	-
7- Other Income and Revenues	47	2.817.089	23.510.436
8- Other Expense and Losses (-)	47	(7.499.390)	(41.992.453)
9- Prior Period Income		-	-
10- Prior Period Losses (-)		-	-
N- Net Profit / (Loss)		34.965.827	51.970.364
1- Profit/(Loss) Before Tax		34.965.827	54.791.978
2- Corporate Tax Liability Provision (-)	35	-	(2.821.614)
3- Net Profit (Loss)		34.965.827	51.970.364
4- Inflation Adjustment Account		-	-

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

AKSİGORTA ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN EQUITY
(Audited)

CURRENT PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
I - Closing Balance of Prior Period (31/12/2008)	306.000.000	-	843.876.544	128.338.906	-	97.863.921	62	370.242.017	-	48.686.414	1.795.007.864
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	-	-	-	-	-	-	-	-	-	-	-
D- Revaluation of financial assets	-	-	891.069.114	-	-	-	-	-	-	-	891.069.114
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit	-	-	-	-	-	-	-	-	34.965.827	-	34.965.827
I- Dividend distributed	-	-	-	-	-	-	-	(20.791.954)	-	(31.228.046)	(52.020.000)
J- Transfer	-	-	-	-	-	6.270.518	-	11.187.850	-	(17.458.368)	-
II- Closing Balance (31/12/2009) (I+ A+B+C+D+E+F+G+H+I+J)	306.000.000	-	1.734.945.658	128.338.906	-	104.134.439	62	360.637.913	34.965.827	-	2.669.072.805

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

AKSİGORTA ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN EQUITY
(Audited)

PREVIOUS PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
I - Closing Balance of Prior Period (31/12/2007)	306.000.000	-	1.630.795.831	128.338.906	-	83.649.103	62	370.160.489	114.496.346	5.092.962	2.638.533.699
II - Effect of changes in accounting policy	-	-	(81.530.000)	-	-	-	-	-	-	(8.376.912)	(89.906.912)
III - As restated (I+II) (01/01/2008)	306.000.000	-	1.549.265.831	128.338.906	-	83.649.103	62	370.160.489	114.496.346	(3.283.950)	2.548.626.787
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	-	-	(705.389.287)	-	-	-	-	-	-	-	(705.389.287)
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)	-	-	-	-	-	-	-	-	-	-	-
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit	-	-	-	-	-	-	-	-	51.970.364	-	51.970.364
I- Dividend distributed	-	-	-	-	-	-	-	-	(100.200.000)	-	(100.200.000)
J- Transfer	-	-	-	-	-	14.214.818	-	81.528	(14.296.346)	-	-
IV- Closing Balance (31/12/2008) (III+ A+B+C+D+E+F+G+H+I+J)	306.000.000	-	843.876.544	128.338.906	-	97.863.921	62	370.442.017	51.970.364	(3.283.950)	1.795.007.864

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

AKSİGORTA ANONİM ŞİRKETİ
CASH FLOW STATEMENT

TRY

	Note	Audited Current Period (01/01/2009- 31/12/2009)	Audited Previous Period (01/01/2008- 31/12/2008)
A. CASH FLOWS FROM THE OPERATING ACTIVITIES			
1. Cash inflows from the insurance operations		713.795.379	592.312.140
2. Cash inflows from the reinsurance operations		-	-
3. Cash inflows from the pension operations		-	-
4. Cash outflows due to the insurance operations (-)		(664.905.256)	(439.432.964)
5. Cash outflows due to the reinsurance operations (-)		-	-
6. Cash outflows due to the pension operations (-)		-	-
7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)		48.890.123	152.879.176
8. Interest payments (-)		-	-
9. Income tax payments (-)	35	(5.960.264)	(4.764.524)
10. Other cash inflows		(6.253.112)	25.855.811
11. Other cash outflows (-)		25.495.587	(55.331.832)
12. Net cash generated from the operating activities	39	62.172.334	118.638.631
B. CASH FLOWS FROM THE INVESTING ACTIVITIES			
1. Sale of tangible assets		978.810	4.620.285
2. Purchase of tangible assets (-)	6	(640.049)	(1.342.486)
3. Acquisition of financial assets (-)		(9.116.593)	(134.705.732)
4. Sale of financial assets		7.218.750	70.734.211
5. Interest received		69.418.215	54.626.967
6. Dividends received		22.066.660	56.532.752
7. Other cash inflows		14.265.566	69.378.371
8. Other cash outflows (-)		(36.252.674)	(99.125.273)
9. Net cash generated from the investing activities	39	67.938.685	20.719.095
C. CASH FLOWS FROM THE FINANCING ACTIVITIES			
1. Issue of equity shares		-	-
2. Cash inflows from the loans to policyholders		-	-
3. Payments of financial leases (-)		-	-
4. Dividend paid (-)		(52.020.000)	(100.200.000)
5. Other cash inflows		-	-
6. Other cash outflows (-)		-	-
7. Cash generated from the financing activities	39	(52.020.000)	(100.200.000)
D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS			
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		78.091.019	39.157.726
F. Cash and cash equivalents at the beginning of the period	14	337.014.840	297.857.114
G. Cash and cash equivalents at the end of the period (E+F)	14	415.105.859	337.014.840

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

AKSİGORTA ANONİM ŞİRKETİ
STATEMENT OF PROFIT DISTRIBUTION
(Audited)

TRY

	Note	Audited Current Period (01/01/2009 - 31/12/2009) (*)	Audited Previous Period (01/01/2008 - 31/12/2008) (***)
I. DISTRIBUTION OF PERIOD PROFIT			
1.1 PERIOD PROFIT		-	38.240.983
1.2 TAXES AND DUTIES PAYABLE (-)		-	(2.821.614)
1.2.2 Corporate tax (Income tax)		-	(2.821.614)
1.2.2. Income withholding tax		-	-
1.2.3 Other taxes and duties		-	-
A. NET PERIOD PROFIT (1.1-1.2)		-	35.419.369
1.3 PRIOR PERIODS' LOSSES (-)		-	-
1.4 FIRST LEGAL RESERVES		-	2.598.518
1.5 COMPULSORY LEGAL FUNDS TO BE RETAINED AND INVESTED IN THE COMPANY (-)		-	-
B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]		-	32.820.851
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)		-	31.228.046
1.6.1 To Holders of Ordinary Shares		-	31.228.046
1.6.2 To Holders of Preferred Shares		-	-
1.6.3 To Holders of Participating Redeemed Shares		-	-
1.6.4 To Holders of Bonds Participating to Profit		-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates		-	-
1.7 DIVIDENDS TO PERSONNEL (-)		-	-
1.8 DIVIDENDS TO SHAREHOLDERS (-)		-	-
1.9 DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.10 SECOND DIVIDEND TO SHAREHOLDERS (-) (**)		-	20.791.954
1.10.1 To Holders of Ordinary Shares		-	20.791.954
1.10.2 To Holders of Preferred Shares		-	-
1.10.3 To Holders of Participating Redeemed Shares		-	-
1.10.4 To Holders of Bonds Participating to Profit		-	-
1.10.5 To Holders of Profit and Loss Sharing Certificates		-	-
1.11 SECOND LEGAL RESERVES (-) (**)		-	(3.672.000)
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	-
1.14 OTHER RESERVES		-	-
1.15 SPECIAL FUNDS		-	-
II. DISTRIBUTION OF RESERVES			
2.1 DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1 To Holders of Ordinary Shares		-	-
2.3.2 To Holders of Preferred Shares		-	-
2.3.3 To Holders of Participating Redeemed Shares		-	-
2.3.4 To Holders of Bonds Participating to Profit		-	-
2.3.5 To Holders of Profit and Loss Sharing Certificates		-	-
2.4 DIVIDENDS TO PERSONNEL (-)		-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. EARNINGS PER SHARE			
3.1 TO OWNERS OF ORDINARY SHARES		-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)		-	-
3.3 TO OWNERS OF PREFERRED SHARES		-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)		-	-
IV. DIVIDEND PER SHARE			
4.1 TO OWNERS OF ORDINARY SHARES		-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3 TO OWNERS OF PREFERRED SHARES		-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)		-	-

(*) As per the Capital Markets Board 27 January 2010 dated resolution, it has been resolved that for companies, required to prepare consolidated financial statements, the consolidated profit for the period will be used in the calculations of distributable profit for the period. Because of the fact, the profit distribution is not presented in stand alone financial statements."

(**) In the previous period, all of the Second Dividend to Shareholders and TRY 2.079.195 of Second Legal Reserves are covered by Extraordinary Reserves.

(***) As per No. 5520 Corporate Tax Law Article 5 of the first paragraph (e), 75 % of the sales income from subsidiaries and real estate ,is exempted from corporate tax. Because of the fact, TRY 16.550.995 sales income from subsidiaries and real estate, presented in "Net Income not subject to distribution" line of balance sheet, deducted from the Period Profit.

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

AKSIGORTA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

1. General Information

1.1 Parent Company and the ultimate owner

Aksigorta Anonim Şirketi ("the Company") is a subsidiary of Hacı Ömer Sabancı Holding A.Ş..

Approval of financial statements

The Company's financial statements are approved and authorized for issuance as of 12 March 2010 by the Board of Directors. Financial statements can be amended upon the authorization granted in the General Assembly.

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 25 April 1960. The Company is located at Meclis-i Mebusan Cad. No: 67, 34427 Fındıklı, İstanbul.

1.3 Main operations of the Company

The Company's main operations include insurance activities based on non-life insurance branches, including primarily fire, marine, personal accident, engineering, agriculture and health. The headquarters of the Company is in İstanbul. The Company has also 10 district offices of which four of them are in İstanbul (İstanbul 1, İstanbul 2, İstanbul 3 and İstanbul Kurumsal), and one each in Adana, Ankara, Bursa, Ege, Karadeniz and Akdeniz and two district agencies; in Denizli and Karadeniz.

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

The Company performs its insurance operations in accordance with the principles and procedures set out in the Insurance Law No: 5684.

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

	2009	2008
	Number	Number
Key management personnel	9	8
Directors	312	273
Officers	262	311
Total	583	592

1.6 Remuneration and fringe benefits provided to top management

As of 31 December 2009, remuneration and fringe benefits provided to top management such as; chairman and members of the board of directors, managing director and assistant managing directors amount to TRY 2.382.451 in total (31 December 2008: TRY 2.498.686).

AKSIGORTA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

1. General Information (Cont'd)

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)

The Company's distribution of investment income and operating expenses is made based on the standards and policies set out in relation to distribution keys used in the financial statements prepared in accordance with the Undersecretariat of the Treasury's Circular on the Insurance Uniformed Chart of Accounts issued on 4 January 2008.

1.8 Stand-alone or consolidated financial statements

According to the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds", published in the Official Gazette No: 26852 on 14 July 2007; the accompanying financial statements comprise the unconsolidated financial statements.

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

Name / Trade	:Aksigorta A.Ş.
Headquarter address	:Meclis-i Mebusan Cad. No:67 34427 Fındıklı / İstanbul
Phone	: 0 212 393 43 00
Fax	: 0 212 393 39 00
Web page address	: www.aksigorta.com.tr
E-mail address	: bilgi@aksigorta.com.tr

There has been no change in the above information as of the prior balance sheet date.

1.10 Subsequen Events

Akbank T.A.Ş. equity shares, in the Company's available for sale financial assets portfolio, and Avivasa Emeklilik ve Hayat A.Ş. equity shares, in the Company's joint ventures portfolio, which are stated under "Other Current Assets" account in the accompanying financial statements were resolved to be transferred to Hacı Ömer Sabancı Holding A.Ş. ("Holding"), the Company's parent company, through the spin-off method. In accordance with procuring the equity shares mentioned above as capital in kind to the Holding and transferring the equity shares representing the increased capital in return for the procurement of those equity shares to the shareholders' of the Company except for the Holding; the Company's paid in capital is increased from TRY 306.000.000 to TRY 839.308.752 and decreased to TRY 306.000.000, concurrently. As a result of those transactions, the Company's issued shares with a nominal value of TRY 533.308.752 are registered by the Capital Markets Board in accordance with the Securities Exchange Act numbered 2499 and registered in Trade Register on 12 January 2010.

Capital increase and decrease are registered in the Central Registry Agency on 14 January 2010.

The related detailed information is presented in Note 47.

AKSIGORTA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

2. Summary of the Accounting Policies

2.1 Basis of Preparation

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

Accounting Standards

In accordance with Article 50(a) of Section VII of the Capital Markets Law, insurance companies have to comply with their own specific laws and regulations in matters of establishment, auditing, supervision/oversight, accounting and financial reporting. Therefore, the Company's financial statements are prepared in accordance with the prevailing accounting principles and standards for Insurance and Reinsurance Companies and Pension Funds set out by the by T.C. Prime Ministry Undersecretariat of the Treasury and applicable regulations required by the Insurance Law No: 5684 published in the Official Gazette No: 26522 on 14 June 2007.

The Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" was published in the Official Gazette No:26852 on 14 July 2007 and has become effective as of 1 January 2008.

Article 4(1) of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" requires the recognition of company operations in accordance with the preparation and presentation of financial statements requirements in the Decree and Turkish Accounting Standards Board ("TASB"), except for any Decrees issued by the Undersecretariat of the Treasury in relation to the matters specified in 4(2), and Article 4(2) of the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds" requires the determination of principles and procedures on insurance contracts, accounting of subsidiaries, associates and entities under common control, consolidated financial statements, publicly available financial statements and the related disclosures and notes in accordance with the decrees issued by the Undersecretariat of the Treasury.

In this respect, the below requirements are set out in regards to Article 4(2) of the Decree in the Sector Announcement No: 2008/9 issued on 18 February 2008:

TFRS 4 "Insurance Contracts" is applicable for the annual periods beginning on or after 31 December 2005. The Standard is effective as of 25 March 2006; however, it is not applicable for the current year since IASB has not yet completed the second phase of its project. Principles and procedures on the preparation of notes and disclosures in relation to insurance contracts will be set out by a decree that will be issued by the Undersecretariat of the Treasury in case of need. Based on sectoral announcement, TFRS 4 has not been applied on financial statements.

According to the Communique on Consolidated Financial Reporting of Insurance and Reinsurance Companies and Pension Funds, published in the Official Gazette No: 27097 (4. Bis) on 31 December 2008, the Company prepares consolidated financial statements starting from 2009. According to the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds", published in the Official Gazette No: 26852 on 14 July 2007; the accompanying financial statements comprise the unconsolidated financial statements.

AKSİGORTA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

2. Summary of the Accounting Policies (cont'd)

2.1 Basis of Preparation (cont'd)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (cont'd)

Accounting Standards (cont'd)

a. Preparation of Financial Statements in Hyperinflationary Periods

In accordance with the Undersecretariat of the Treasury's statement no: 19387 issued on 4 April 2005, the Company's financial statements as of 31 December 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 15 November 2003. In addition, the preparation of financial statements in hyperinflationary periods has not been applied in accordance with the statement of the Undersecretariat of the Treasury. Therefore, as at 30 June 2009, non-monetary balance sheet assets and liabilities and equity items, including capital share, are calculated by indexing of inputs as of 31 December 2004 (for inputs prior to 31 December 2004) and carrying inputs subsequent to 31 December 2004 at nominal value.

b. Comparative Information and Restatement of Prior Period Financial Statements

The Company's balance sheet as of 31 December 2009 is presented in comparison with its balance sheet as of 31 December 2008. The Company's income statement, statement of changes in equity and cash flow statement for the year ended as of 31 December 2009 are presented in comparison with its income statement, statement of changes in equity and cash flow statement for the year ended as of 31 December 2008.

c. Technical Reserves

Accounting principles and accounting estimates used in the calculation of technical reserves in the financial statements are amended in accordance with the requirements set out in the Decree "Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and Assets Held For Such Provisions" issued in the Official Gazette No: 26606 on 7 August 2007.

Unearned Premiums Reserve

Previously, unearned premium reserve, except for premiums written in return of the earthquake guarantees given in fire and engineering insurance branches, was calculated on the net retained premiums written, net-of-commissions. However, the Circular "Compliance of Technical Provisioning of Insurance and Reinsurance Companies and Pension Funds with the Legal Provisions of Insurance Law No: 5684" issued by the Undersecretariat of the Treasury on 4 July 2007 prohibits the application of deducting the earthquake premiums in the calculation of unearned premium reserve for insurance policies prepared subsequent to 14 June 2007, and net-of-commissions application has been ceased in the calculation of unearned premium reserve of the insurance policies prepared after 1 January 2008 in accordance with the Decree "Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and Assets Held For Such Provisions". In accordance with the related Decree, for marine (commodity) policies issued after 1 January 2008 with indefinite expiration dates, 50% of the remaining portion of the premiums accrued in the last three months, less any commissions is also provided as unearned premium reserves.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

2. Summary of the Accounting Policies (cont'd)

2.1 Basis of Preparation (cont'd)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (cont'd)

Accounting Standards (cont'd)

c. Technical Reserves (cont'd)

Unearned Premiums Reserve (cont'd)

According to the Sectoral Announcement No: 2009/9 on Application of Principles of Technical Reserves, even there is a clause on a policy about the beginning time of the policy, it has to be assumed as the policy starts at 12.00 pm on noon time and ends at 12.00 pm on noon time, as common practice. Therefore, the day the policy is issued and the last day of the policy is accepted as half day.

Unexpired Risk Reserves

As of 1 January 2008, insurance companies are required to provide unexpired risk reserves for insurance branches of which are inconsistent with the risk level assumed over the insurance period and the distribution of premiums earned over time. Insurance companies are also required to provide unexpired risk reserves if unearned premium reserve is inadequate for the Company's risks and estimated expenses. In accordance with the related Decree, insurance companies should apply an adequacy test covering the last 12 months for each period for the possibility of exceeding claim compensations against the unearned premium reserves.

The related Decree requires the multiplication of unearned premium reserves by the estimated claim premium ratio in adequacy test application. Estimated claim premium ratio is calculated by dividing the accrued claims (outstanding claims (net) + claims paid (net) – outstanding claims reversal (net)) into earned premiums (premiums written (net) + carried forward unearned premiums reserve (net) – unearned premiums reserve (net)). In addition, if the estimated claim premium ratio exceeds 100% in 2008 and 95 % in future periods for the estimated claim premium ratio of insurance branches that will be determined by the Undersecretariat of the Treasury, the amount calculated subsequent to the multiplication of the exceeding rate by unearned premiums reserve will be used in the calculation of unexpired risks reserve of the related branch.

In accordance with the Circular issued by the Undersecretariat of the Treasury on 6 November 2007, unexpired risks reserve should be calculated for each sub-branches specified in the Insurance Uniformed Chart of Accounts.

Outstanding Claims Reserve

Outstanding claims reserve is provided based on each branch for the outstanding claims reported but not paid and incurred but not reported as of the year-end.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

2. Summary of the Accounting Policies (cont'd)

2.1 Basis of Preparation (cont'd)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (cont'd)

Accounting Standards (cont'd)

c. Technical Reserves (cont'd)

Outstanding Claims Reserve (cont'd)

As opposed to prior periods, subrogation, salvage and other related incomes are deducted from the calculation of outstanding claims reserve. In the calculation of subrogation, salvage and other related incomes to be deducted from outstanding claims reserve accrued as of the period-end, for outstanding claim files opened in the last 5 or over 5 years, weighted average is taken into account. Weighted average ratio is calculated by dividing the subrogation, salvage and other related income received following the period in which the claims are incurred into the accrued outstanding claims reserve. Subrogation, salvage and other related income to be deducted from the related branch's outstanding claims reserve for the current period is calculated by multiplying the calculated weighted average ratio of the branch by the related branch's accrued outstanding claims reserve of the current period.

In accordance with the Decree "Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and Assets Held For Such Provisions" published in the Official Gazette No: 26606 on 7 August 2007, insurance companies have to consider the weighted average ratio calculated by dividing the claims incurred prior to the related periods but reported after the related period for the last 5 years or over, after the deduction of subrogation, salvage and other related incomes, to the related periods' premium, in the calculation of incurred but not reported claims.

The current period's incurred but not reported claim should be measured by multiplying the weighted average ratio by the total premium production for 12 months prior to the current period.

In accordance with Article 7(6) of the Decree "Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and Assets Held For Such Provisions" published in the Official Gazette No: 26606 on 7 August 2007, outstanding claim reserve provided for the current period cannot be below the amount calculated by using the actuarial chain ladder method developed by the Undersecretariat of the Treasury. In the Decree on the "Actuarial chain ladder method" issued by Republic of Turkey Prime Ministry Undersecretariat of the Treasury on 29 November 2007, the application principles of the Actuarial chain ladder method is based on the claims paid. The method is used for the statistical calculation of minimum outstanding claim reserves provided for the period-end by reducing the subrogation, salvage, and other related items from the net (less reinsurance share) and gross (including reinsurance share) claims paid in the last six years based on top-level branches in accordance with the Decree on Insurance Branches published in the Official Gazette No: 26579 on 11 July 2007.

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2. Summary of the Accounting Policies (cont'd)

2.1 Basis of Preparation (cont'd)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (cont'd)

Accounting Standards (cont'd)

c. Technical Reserves (cont'd)

Outstanding Claims Reserve (cont'd)

As of 13 August 2009, a circular No: 2009/12; "Circular related with the change on the Circulars of Actuarial Chain Ladder Method No: 2007/24 and 2007/11", is published by Undersecretariat of the Treasury. Additionally, in the sector announcement No: 2009/9, the periods that will be considered in case of the reduction of subrogation, salvage and other income items in the application of actuarial chain ladder method is explained. Nonetheless, it is observed that the new calculation method give abnormal results changing from one company to another company and it is also observed that this method give results that are not consistent with the real data of the company. Consequently, the application should be applied as explained below until 1 January 2010, including 31 December 2009.

1. Firstly, companies could use both the circulars numbered 2007/24 (old formulation) and 2009/11 (new formulation) in the application of actuarial chain ladder method. The companies will choose the method to use in the branch-basis.
2. In the application of these methods (old and new one) in the actuarial chain ladder method, the collection period will be considered for the reduction of subrogation, salvage and other related items from the claims paid.
3. In clean-cut treaty insurance branches, in the contracts that have abnormal deviations in the calculation of actuarial chain ladder method, the calculation will be performed over the gross amounts and the net amounts will be found according to the conditions of the contract.

As of 31 December 2009, the Company continues to use the old method in the calculation of the actuarial chain ladder method.

Insurance companies are required to prepare an adequacy table for their outstanding claims reserve at the end of each period using the format designated by the Undersecretariat of the Treasury and such companies are also required to present the tables to the Undersecretariat of the Treasury. The Undersecretariat of the Treasury denotes that an adequacy table should present the outstanding claim adequacy ratio, which is the proportion of outstanding claim reserves provided for the last 5 years to the total of actually paid claims including all expense shares in relation to the related claims. If the average of the last five years' outstanding claim adequacy ratio, except for the current year, is below 95%, in order to calculate the adequacy ratio, the difference is multiplied by the current year's outstanding claim reserve.

Equalization Reserve

As of 1 January 2008, insurance companies are required to provide equalization reserve for earthquake and credit insurances in order to equalise the possible fluctuations in the claim compensation rates and to cover the catastrophic risks in subsequent periods.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

2. Summary of the Accounting Policies (cont'd)

2.1 Basis of Preparation (cont'd)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (cont'd)

Accounting Standards (cont'd)

c. Technical Reserves (cont'd)

Equalization Reserve (cont'd)

Therefore, in accordance with the related article, equalization reserves should be calculated as 12% of the earthquake and credit net premiums of each year and amounts paid for non-proportional reinsurance contracts should be considered as premiums ceded in the calculation of net premium, and companies should continue to provide reserves to the extent that reserves exceed 150 % of the maximum amount of net premiums received in the last five financial periods.

Life Profit Share and Mathematical Reserves

Mathematical reserves provided for the claims that the Company has committed to pay for life insurance branch policies in the future are calculated based on the statistics on mortality tables by actuaries using the formulas accepted by the Undersecretariat of the Treasury. Income obtained from investing activities is also set aside as life profit share reserves for the distribution to policyholders.

d. Subrogation Income Accruals

Republic of Turkey Prime Ministry Undersecretariat of the Treasury has prescribed the guidelines of accounting for subrogation income accruals in order to establish the uniformity considering various applications in the sector under the statement no: B.02.1.HM.0.SGM.0.3.1.1-3534 published on 18 January 2005 and under the supplementary Article No: 2005/24 of the related statement.

In accordance with the requirements set out in the related statements, insurance companies should recognize the subrogation amounts from insurance companies as income, irrespective of having furnished the certificate of release from the counter insurance companies, as long as the insurance company settles the claim payment to the policyholder and receives the relevant payment document from the policyholder.

The Company has determined the amount of its subrogation receivables in accordance with the recent statement made by the Undersecretariat of the Treasury through the Union of the Turkish Insurance and Reinsurance Companies as of 3 February 2005 and has calculated the total subrogation receivable from the insurance companies amounting to TRY 11.076.263 (31 December 2008: TRY 9.067.864) and the reinsurance share of TRY 1.884.846 (31 December 2008: TRY 2.843.084) and presented these amounts in receivables and payables from operating activities and technical income accounts, respectively. The Company also calculated its retention amount as TRY 9.191.417 (31 December 2008: TRY 6.224.780) in its financial statements.

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(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

2. Summary of the Accounting Policies (cont'd)

2.1 Basis of Preparation (cont'd)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (cont'd)

Accounting Standards (cont'd)

d. Subrogation Income Accruals (cont'd)

The Company also calculated TRY 17.504.979 (31 December 2008:13.854.165) of retention under litigation and execution for its subrogation operations and presented TRY 29.251.035 (31 December 2008: TRY 26.732.518) of subrogation receivables and TRY 11.746.056 (31 December 2008: TRY 12.878.353) of reinsurance share of subrogation receivables under doubtful receivables from the operating activities and technical income accounts, respectively.

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 Activities

For allowance for doubtful receivables, the Company has provided provision for receivables that are subject to administrative and legal follow-up, considering the nature and extent of such receivables, in accordance with Article 323 of the Tax Procedure Law. As of 31 December 2009, the Company provided TRY 17.641.540 provision for the receivables that are subject to administrative and legal follow-up (31 December 2008: TRY 2.848.409) and TRY 4.775.043 for the receivables that are not subject to legal follow-up (31 December 2008: TRY 6.333.054). The Company has also provided TRY 17.504.979 (31 December 2008: TRY 13.854.165) for the retention amount in relation to subrogation transactions under litigation.

g. Discount of Receivables and Payables

Receivables and payables are carried at book values in the financial statements. Receivables and payables are subject to discount.

h. 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.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

2. Summary of the Accounting Policies (cont'd)

2.1 Basis of Preparation (cont'd)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (cont'd)

Accounting Standards (cont'd)

i. 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.

j. Provisions, Contingent Liabilities and Assets

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised 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.

k. Changes in Accounting Policies, Accounting Estimates and Errors

Changes in accounting policies or accounting errors are applied retrospectively and prior year financial statements are adjusted accordingly. If estimated changes in accounting policies are only for one period, changes are applied on the current year but if estimated changes are for the following periods, changes are applied both on the current and following years prospectively.

l. Taxation and deferred tax

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

Current tax

The current tax payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

2. Summary of the Accounting Policies (cont'd)

2.1 Basis of Preparation (cont'd)

2.1.1 Basis of Preparation of Financial Statements and Specific Accounting Policies Used (cont'd)

Accounting Standards (cont'd)

I. Taxation and deferred tax (cont'd)

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit with tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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).

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.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

2. Summary of the Accounting Policies (cont'd)

2.1 Basis of Preparation (cont'd)

2.1.6 Adoption of New and Revised Standards

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported and disclosures in these financial statements. Details of other standards and interpretations adopted in these financial statements but that have had no impact on the financial statements.

Standards affecting presentation and disclosure in 2009 financial statements

- International Financial Reporting Standard (“IFRS”) 7 (Revised), “Financial Instruments: Explanations”

An amendment to IFRS 7 which was issued in March 2009 is applicable to the Company beginning on 1 January 2009. The amendments require enhanced disclosure on fair value measurements as well as on liquidity risks. Specifically, the amendments require the Company to disclose changes in valuation techniques for classes of financial instruments where valuation techniques were used to determine fair values. In addition for each class of financial instrument, the Company is required to disclose the level in the fair value hierarchy into which the fair value measurements are categorized. When valuation techniques used to determine fair values of financial instrument changes, the transfers between levels of the fair value hierarchy are required to be disclosed. Furthermore, the Company is required to provide a reconciliation of fair values measurements that are determined based on unobservable inputs. Sensitivity analysis on changes in assumptions related to unobservable inputs should also be presented if such changes would produce significant fair value changes.

Also, the current maturity analysis for non-derivative financial instruments should include issued financial guarantee contracts, and requires the Company to add disclosure of a maturity analysis for derivative financial liabilities.

The Company applied the changes related with IFRS 7 within the year 2009 and the information related with fair values are made in disclosure 4.2. In the current period, the Company did not make a classification between three levels of the inputs that are used in the calculation of fair values of the financial assets. There are not any financial instruments whose valuations are performed from inputs that rely on unobservable data.

- International Accounting Standard (“IAS”) 1 (Revised) “Presentation of Financial Statements”

The revised standard prohibits the presentation of items of income and expenses (referred to as ‘non-owner changes in equity’) in the statement of changes in equity. Non-owner changes in equity are to be presented separately from owner changes in equity and are required to be disclosed in a “Statement of Comprehensive Income”.

IAS 1(Revised) further requires entities to present a restated balance sheet at the beginning comparative period in addition to presenting balance sheets at the end of the current period and comparative period when entities restate or reclassify comparative information.

Since the financial statements are prepared in accordance with financial statement format in the appendix of the Communique on the Presentation of Financial Statements, published in the Official Gazette No: 26851 on 18 April 2008, IAS 1 (Revised) has not been applied in the accompanying financial statements.

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2. Summary of the Accounting Policies (cont'd)

2.1 Basis of Preparation (cont'd)

2.1.6 Adoption of New and Revised Standards (cont'd)

IFRS 8 "Operating Segments"

IFRS 8 brings the management's point of view about the segment reporting. IFRS 8 required operating segments to be identified on the basis of internal reporting components.

Application of IFRS 8 has not an effect on the Company's reported figures or financial situation. The Company's comparative information " Operating Segments" Note in 2008 financial year is restated.

Standards and Interpretations that are effective in 2009 with no impact on the 2009 financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

The amendments deal with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRSs for the first time and with the recognition of dividend income from subsidiaries in a parent's separate financial statements.

Amendments to IFRS 2 *Share-based Payment - Vesting Conditions and Cancellations*

The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.

IAS 23 (as revised in 2007) *Borrowing Costs*

The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the Group's accounting policy to capitalise borrowing costs incurred on qualifying assets.

IAS 32 *'Financial Instruments: Presentation'* and IAS 1 *'Presentation of Financial Statements - Financial Instruments for sale in liquidation status and Liabilities' Change in standards.*

IAS 32 standard in the changes made, certain criteria are met in accordance with certain marketable financial instruments and business net assets liquidated only in a proportional distribution in accordance with any other party to give you must bring the intermediaries (or intermediaries elements) as resources and classification facilities by providing debt / equity classification for the criteria has led to the change.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

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2. Summary of the Accounting Policies (cont'd)

2.1 Basis of Preparation (cont'd)

2.1.6 Adoption of New and Revised Standards (cont'd)

Standards and Interpretations that are effective in 2009 with no impact on the 2009 financial statements (cont'd)

Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.

Embedded Derivatives (Amendments to IFRIC 9 and IAS 39)

The amendments clarify the accounting for embedded derivatives in the case of a reclassification of a financial asset out of the 'fair value through profit or loss' category as permitted by the October 2008 amendments to IAS 39 *Financial Instruments: Recognition and Measurement* (see above).

IFRIC 15 Agreements for the Construction of Real Estate

The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 *Construction Contracts* or IAS 18 *Revenue* and when revenue from the construction of real estate should be recognized.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.

IFRIC 18 Transfers of Assets from Customers (adopted in advance of effective date of transfers of assets from customers received on or after 1 July 2009)

The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognize the asset at its fair value on the date of the transfer, with the credit recognized as revenue in accordance with IAS 18 *Revenue*.

Improvements to IFRSs (2008)

In addition to the changes affecting amounts reported in the financial statements described above, the Improvements have led to a number of changes in the detail of the Company's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. The majority of these amendments are effective from 1 January 2009.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

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2. Summary of the Accounting Policies (cont'd)

2.1 Basis of Preparation (cont'd)

2.1.6 Adoption of New and Revised Standards (cont'd)

Standards and Interpretations that are issued but not yet effective in 2009 and have not been early adopted

IFRS 3 (as revised in 2008) Business Combinations

IFRS 3 (2008) is effective for business combinations where the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009. The main impact of the adoption will be as follows:

- a) to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquire.
- b) to change the recognition and subsequent accounting requirements for contingent consideration.
- c) to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred.

The company will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

IFRS 9 Financial Instruments: Classification and Measurement

In November 2009, the first part of IFRS 9 relating to the classification and measurement of financial assets was issued. IFRS 9 will ultimately replace IAS 39 Financial Instruments: Recognition and Measurement. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after 1 January 2013.

The Company has not had an opportunity to consider the potential impact of the adoption of this standard.

IAS 24 (Revised 2009) Related Party Disclosures

In November 2009, IAS 24 Related Party Disclosures was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after 1 January 2011. The Company has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

2. Summary of the Accounting Policies (cont'd)

2.1 Basis of Preparation (cont'd)

2.1.6 Adoption of New and Revised Standards (cont'd)

IAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

IAS 27 (revised) is effective for annual periods beginning on or after 1 July 2009. The revisions to IAS 27 principally affect the accounting for transactions or events that result in a change in the Company's interests in its subsidiaries.

The revised standard requires that ownership decreases or increases that do not result in change in control to be recorded in equity.

Amendments related to Annual Improvements to IFRS (2009)

As part of the Annual Improvement project, in addition to the amendments mentioned above, other amendments were made to various standards and interpretations. These amendments are effective for annual periods beginning on or after 1 January 2010. The Company has not yet had an opportunity to consider the potential impact of the adoption of these amendments.

2.2 Consolidation

According to the Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pension Funds", published in the Official Gazette No: 26852 on 14 July 2007; the accompanying financial statements comprise the unconsolidated financial statements.

2.3 Segment Reporting

The Company has considered life and non-life insurance in segment reporting under TFRS 8 Operation Segments.

2.4 Discontinued Operations

Discontinued operations is a separable part of a company that the company disposes or classifies as assets held for sale, its operations and cashflows can be separated from the entire company. Discontinued operations are the part of a sale or disposal plan or assets held-for-sale. The Company measures the discontinued operations as the lower of their book value and their fair value less their cost incurred for their disposals. Discontinued operations are presented in Note 47.

2.5 Reserves in Foreign Currencies

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.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

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2. Summary of the Accounting Policies (cont'd)

2.5 Reserves in Foreign Currencies (cont'd)

Exchange differences, except for those detailed below, are recognized in profit and loss in the period in which they are incurred:

- Exchange differences treated as restatements of interest costs on liabilities associated with assets in foreign currencies held for the construction of a future use which are included in the cost of such assets,
- Exchange differences arising from foreign currency hedging transactions (accounting policies for hedging are explained below),
- Exchange differences arising from doubtful receivables and payables from foreign operations that are part of the net investment in foreign operations, accounted in translation reserves and associated with profit and loss in the sale of net investment.

2.6 Property, Plant and Equipment

Property, plant and equipment are carried at cost, less any accumulated depreciation and impairment loss.

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

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

Assets acquired under finance lease are depreciated as the same basis as property, plant and equipment or, where shorter, the term of the relevant lease.

Gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized to profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

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2. Summary of the Accounting Policies (cont'd)

2.7 Investment Properties

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

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

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

Real estates held under finance lease are classified as investment properties.

2.8 Intangible Assets

Intangible assets acquired

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

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred from the date of acquisition to the date to bring the specific software in use. These costs are amortized over their estimated useful lives (3 to 10 years).

Costs associated with developing or maintaining computer software programmes 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 are amortized over their estimated useful lives (not exceeding 3 years).

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

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2. Summary of the Accounting Policies (cont'd)

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 “at fair value through profit or loss” (“FVTPL”), “held-to-maturity investments”, “available-for-sale” (“AFS”) financial assets 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.

Financial assets at fair value through profit and loss (Held-for-trading financial assets)

Income related to the financial assets except for the financial assets at fair value through profit and loss is calculated by using the effective interest method.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset can be classified as financial asset at fair value through profit and loss, if it is acquired principally for the purpose of selling in the short-term. Derivatives are also classified as held for trading unless they are designated as hedging instruments. Financial assets at fair value through profit and loss are classified as current assets.

Held-to-maturity investments

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

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2. Summary of the Accounting Policies (cont'd)

2.9 Financial Assets (cont'd)

Available-for-sale financial assets

Investments other than a) held-to-maturity, b) held for trading, or c) loans and receivables are classified as 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.

Financial asset risks attributable to life insurance policyholders

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 insurees are recognized in the Insurance Technical Reserves - Life Mathematical Reserves account. Assets that are not carried at fair value are carried at amortized cost using the effective interest rate method.

Loans and receivables

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

Associates

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

2. Summary of the Accounting Policies (cont'd)

2.10 Impairment of Assets

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. 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 suffered impairment 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.

With the exception of 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 recognised, the previously recognised 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 amortised cost would have been had the impairment not been recognised.

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

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

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2. Summary of the Accounting Policies (cont'd)

2.11 Derivative Financial Instruments

Derivative financial instruments are initially measured at fair value at the contract date, and are remeasured to fair value at subsequent reporting dates.

2.12 Offsetting

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

2.13 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are 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.

2.14 Share Capital

As of 31 December 2009, the Company's nominal capital is TRY 306.000.000 (31 December 2008: 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:

	31 December 2009		31 December 2008	
	Participation rate	Participation amount	Participation rate	Participation amount
	%	TRY	%	TRY
H.Ömer Sabancı Holding A.Ş.	61,98	189.658.800	61,98	189.658.800
Other	38,02	116.341.200	38,02	116.341.200
	<u>100,00</u>	<u>306.000.000</u>	<u>100,00</u>	<u>306.000.000</u>

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 31 December 2009, the Company's registered capital is TRY 500.000.000 (31 December 2008: TRY 500.000.000).

The Company has no capital increase in the current period.

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 (insuree) when any uncertain case affects the insuree. 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.

2. Summary of the Accounting Policies (cont'd)

2.15 Insurance and Investment Contracts – Classification (cont'd)

Insurance Contracts (cont'd):

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.

2.16 Insurance and Investment Contracts With Discretionary Participation Features

Discretionary participation feature in the insurance and investment contracts is the contractual right to have the guaranteed benefits and and additional benefits listed below:

- The right to form the owner of the significant portion of the contractual benefits;
- The right to determine the amount and timing in accordance with the contract; and
- The right to have the benefits dependent on the conditions listed below:
 - a. The performance of the specific contract pool or specific type of contract;
 - b. The realized and/or unrealized investment income of a specific asset pool held by the contract issuer; or
 - c. Profit or loss of the issuer company, fund or other company.

The Company does not have insurance and investment contracts with discretionary participation features as of the balance sheet date.

2.17 Investment Contracts without Discretionary Participation Features

In the context of the saving life insurance products, if the investment return, obtained from the savings of the policyholders which is invested by the Company, results in a lower yield rate than the technical interest rate, the Company compensates the difference; if investment return results higher yield than the guaranteed technical interest rate, the difference is distributed to the policyholders as profit sharing bonus. Due to contractual and competitive constraints in practice, the Company has classified these contracts as investment contracts without discretionary participation features.

For such products, investment income obtained from assets backing liabilities is recorded within income statement or equity in accordance with the accounting policies mentioned above; and whole contract is presented as a liability under life mathematical provisions – provision for policies investment risk of life insurance policyholders.

2.18 Borrowings

The Company has no short-term or long-term borrowings.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

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2. Summary of the Accounting Policies (cont'd)

2.19 Deferred Tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit with tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

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2. Summary of the Accounting Policies (cont'd)

2.20 Employee Benefits

The objective of the Turkey Accounting Standard (“TAS”) 19 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an entity to recognize: a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and b) an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

The short term employee benefits are wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) for current employees. Post-employment benefits are pensions, other retirement benefits, post-employment life insurance and post-employment medical care. Other long-term employee benefits are long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are payable twelve months or more after the end of the period, profit-sharing, bonuses and deferred compensation; and termination benefits.

2.21 Provisions

Provisions are based on precautionary principle. The aim of this principle is to implement measures to warn against the uncertainties and potential risk the Company may be exposed to. As a result of this principle, companies provide provisions for their possible expenses and losses.

The amount recognised as a 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.

2.22 Accounting of Income

Premium and commission income

Premium income represents premiums on policies written during the period. Unearned premiums, set aside to provide for the period of risk extending beyond the end of the financial year, are determined from premiums written during the period on a daily basis.

Commissions received in the current period but relate to subsequent financial periods in return for the premiums ceded to the reinsurance companies are accounted as deferred commission income.

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.

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2. Summary of the Accounting Policies (cont'd)

2.23 Finance Lease – the Company as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

2.24 Profit Share Distribution

Based on the guidelines and principals issued by the Capital Markets Board (the Board) dated 27 January 2010 for the distribution of dividends from the profit generated from operating activities in 2009, 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 (31 December 2008: 20%). 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.

Additionally, as stated within the aforementioned Board Decision, for entities required to prepare consolidated financial statements, it has been agreed upon to require the net distributed profit calculations to be performed on the net profit for the period as stated on the consolidated financial statements, so long that the distribution can be funded through statutory resources.

3. Significant Accounting Estimates and Requirements

None.

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.

4. Insurance and Financial Risk Management (cont'd)

4.1 Insurance Risk (cont'd)

4.1.1 Objective of managing risks arising from insurance contracts and policies used to minimize such risks (cont'd)

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.

4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance)

4.1.2.1 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 programme.

4.1.2.2 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:

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4. Insurance and Financial Risk Management (cont'd)**4.1 Insurance Risk (cont'd)****4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance) (cont'd)****4.1.2.2 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) (cont'd)**

Total Claims Liability (*)	31 December 2009			31 December 2008		
	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
Fire and Natural Disasters	65.720.924	55.842.997	9.877.927	29.742.209	20.674.755	9.067.454
Marine	10.217.207	7.897.212	2.319.995	7.125.173	5.178.676	1.946.497
Accident	4.516.427	2.000.987	2.515.440	4.160.556	2.551.899	1.608.657
Motor Vehicles	44.735.568	5.994.093	38.741.475	54.879.861	17.909.932	36.969.930
Air Crafts	133.170	133.170	-	3.805	3.805	-
Water Crafts	2.805.417	2.216.365	589.052	2.253.094	1.784.194	468.900
General Losses	25.926.159	19.925.731	6.000.428	34.552.599	28.646.548	5.906.051
Motor Vehicles Liability	125.342.172	14.452.617	110.889.555	137.508.680	41.658.299	95.850.381
Air Crafts Liability	652.408	640.185	12.223	-	-	-
General Liability	20.290.243	17.373.199	2.917.044	15.956.015	14.107.314	1.848.701
Financial Losses	201.968	172.424	29.544	713.418	645.355	68.063
Legal Protection	1.173.833	(2.211.331)	3.385.164	28.918	(2.927)	31.845
Credit	658.615	658.615	-	1.091.383	1.091.383	-
Illness / Health	21.033.476	5.274.494	15.758.982	15.937.300	6.018.905	9.918.395
Security Breach	170.863	122.494	48.369	-	-	-
Life	3.830.253	-	3.830.253	3.863.518	600	3.862.918
Total	327.408.703	130.493.252	196.915.452	307.816.529	140.268.739	167.547.791

(*) Total claim liability includes all claims reserves as of the balance sheet date, outstanding claims reserve, incurred but not reported claims, the actuarial chain ladder method and additional reserves from outstanding claims reserve adequacy calculation.

Gross and net insurance risk concentrations of the insurance contracts (after reinsurance) based on geographical regions are summarized as below:

Total Claims Liability (*)	31 December 2009			31 December 2008		
	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
Marmara Region	174.701.115	100.204.170	74.496.945	133.681.241	54.885.503	78.795.738
Aegean Region	24.788.945	8.554.659	16.234.286	25.027.898	11.531.265	13.496.633
Middle Anatolian Region	20.059.100	5.644.938	14.414.162	18.927.600	11.938.298	6.989.302
Mediterranean Region	18.303.532	5.499.285	12.804.247	16.093.994	10.317.881	5.776.113
Black Sea Region	13.336.332	6.431.111	6.905.221	7.864.485	4.730.026	3.134.459
East Anatolian Region	2.578.101	539.409	2.038.692	3.053.167	2.085.660	967.507
South East Anatolian Region	12.361.104	5.206.853	7.154.251	10.892.389	5.682.648	5.209.741
Total	266.128.229	132.080.425	134.047.804	215.540.774	101.171.281	114.369.493

(*) Total claims include outstanding claims reserve provided on file basis as of the balance sheet date.

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4. Insurance and Financial Risk Management (cont'd)**4.1 Insurance Risk (cont'd)****4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance) (cont'd)****4.1.2.2 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) (cont'd)**

Gross and net insurance risk concentrations of the insurance contracts (after reinsurance) based on currency types are summarized as below:

	31 December 2009			31 December 2008		
	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
Turkish Lira	176.880.847	55.847.177	121.033.670	194.756.964	98.763.141	95.993.823
USD	21.152.086	19.131.241	2.020.845	15.214.594	1.191.099	14.023.495
Euro	35.627.861	33.538.157	2.089.704	4.471.938	1.199.002	3.272.936
Great Britain Pound	318.658	318.625	33	995.560	6.088	989.472
Other	32.148.777	23.245.225	8.903.552	101.718	11.951	89.767
Total	266.128.229	132.080.425	134.047.804	215.540.774	101.171.281	114.369.493

(*)Total claims include outstanding claims reserve provided on file basis as of the balance sheet date.

4.1.2.3 Comparison of incurred claims with past estimations

Outstanding claims reserve retention adequacy rates per insurance branches are presented below:

	31 December 2009	31 December 2008
	%	%
Accident	92,41	74,98
Illness / Health	100,93	95,24
Motor Vehicles	83,05	83,61
Water Crafts	77,65	69,42
Marine	122,32	120,44
Fire and Natural Disasters	173,75	171,85
General Losses	114,14	100,16
Motor Vehicles Liability	72,20	52,24
Air Crafts Liability	0,10	0,09
General Liability	94,07	53,63
Financial Losses	119,01	87,69
Security Breach	140,77	-
Legal Protection	79,70	20,53
General Rate	85,36	79,27

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4. Insurance and Financial Risk Management (cont'd)**4.1 Insurance Risk (cont'd)****4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance) (cont'd)****4.1.2.3 Comparison of incurred claims with past estimations (cont'd)****Claims development table as of 31 December 2009:**

The claims development table is assessed based on the claims paid in accordance with the Technical Reserves Regulations. Claims development table includes the claims paid based on the claim period:

Period of Claims Incurred	Paid in the incurred period	Paid in after 1 period following the incurred period	Paid in after 2 period following the incurred period	Paid in after 3 period following the incurred period	Paid in after 4 period following the incurred period	Paid in after 5 period following the incurred period	Total payment
1 January 2004-31 December 2004	108.995.539	(1.169.847)	1.077.814	965.243	1.840.433	810.034	112.519.216
1 January 2005-31 December 2005	152.161.431	619.755	1.953.394	1.824.912	978.738	-	157.538.230
1 January 2006-31 December 2006	217.853.351	3.072.022	2.755.521	1.339.484	-	-	225.020.378
1 January 2007-31 December 2007	249.411.236	7.100.352	2.232.065	-	-	-	258.743.653
1 January 2008-31 December 2008	327.179.801	5.095.762	-	-	-	-	332.275.563
1 January 2009-31 December 2009	362.529.559	-	-	-	-	-	362.529.559
Total Claims Paid	1.418.130.917	14.718.044	8.018.795	4.129.639	2.819.171	810.034	1.448.626.599

Claims development table as of 31 December 2008:

Period of Claims Incurred	Paid in the incurred period	Paid in after 1 period following the incurred period	Paid in after 2 period following the incurred period	Paid in after 3 period following the incurred period	Paid in after 4 period following the incurred period	Paid in after 5 period following the incurred period	Total payment
1 January 2003-31 December 2003	82.637.611	1.740.254	827.077	723.355	820.901	364.382	87.113.580
1 January 2004-31 December 2004	110.272.546	(1.239.201)	1.081.256	969.510	530.930	-	111.615.041
1 January 2005-31 December 2005	144.743.845	630.564	1.877.226	788.426	-	-	148.040.061
1 January 2006-31 December 2006	226.035.861	2.853.369	1.812.506	-	-	-	230.701.736
1 January 2007-31 December 2007	251.531.420	3.238.916	-	-	-	-	254.770.336
1 January 2008-31 December 2008	313.571.079	-	-	-	-	-	313.571.079
Total Claims Paid	1.128.792.362	7.223.902	5.598.066	2.481.291	1.351.831	364.382	1.145.811.833

As per Technical Reserves Regulation, as of 31 December 2009, the Company provided TRY 4.352.738 (31 December 2008: TRY 305.330) additional outstanding claims reserve as a result of the difference between the Company's outstanding claims reserve and Undersecretariat of the Treasury's actuarial chain ladder method calculation. Since there has been no new life insurance branch business and also there is little payment during the period, the life branch is not considered in actuarial chain ladder method calculations.

Insurance guarantee amounts of nonlife branches are presented in Note 17.3.

AKSIGORTA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

4. Insurance and Financial Risk Management (cont'd)

4.1 Insurance Risk (cont'd)

4.1.2 Details of insurance risk, including the following information (details prior and/or subsequent to minimizing risks through reinsurance) (cont'd)

4.1.2.4 Effects of the changes in assumptions used in the measurement of insurance assets and liabilities showing the effect of each change separately that has significant effect on financial statements

The Company has clean-cut agreements in relation to its car-accident branch, and premium and loss portfolio withdrawals related to these agreements are recognized by the Company as of 31 December 2008. In accordance with these agreements, portfolio additions are also recognized in 2009. The reinsurance share of outstanding claim reserve and unearned premium reserve have been affected from these portfolio additions in 2009.

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 going concern status as an income yielding company and to protect shareholder and corporate partners' benefits while sustaining the most effective capital structure in order to reduce capital costs.

The Company measures its adequacy semi-annually in accordance with the Decree "Measurement and Assessment of Capital Adequacy of Insurance and Reinsurance Companies and Pension Funds" published in the Official Gazette No: 26761 on 19 January 2008. The required equity amount is significantly high as a result of the Company's capital adequacy calculation.

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

4. Insurance and Financial Risk Management (cont'd)**4.2 Financial Risk****4.2.1 Capital risk management and capital requirement**

Capital Adequacy Summary	31 December 2009	31 December 2008
1. According to Premium Base	101.580.563	103.185.892
2. According to Claim Base	99.918.013	97.774.543
I. REQUIRED CAPITAL FOR THE NON-LIFE BRANCHES	101.580.563	103.185.892
1.Liability Result	231.568	325.033
2.Risk Result	16.923	32.909
II. REQUIRED CAPITAL FOR THE LIFE BRANCH	248.491	325.033
III. REQUIRED CAPITAL FOR THE RETIREMENT BRANCH	-	-
REQUIRED CAPITAL BASED ON THE FIRST METHOD	101.829.054	103.185.892
1. Asset Risk	542.158.693	228.006.398
2. Reinsurance Risk	20.343.916	35.014.551
3. Excessive Premium Increase Risk	-	-
4. Outstanding Claims Risk	16.988.036	14.453.245
5. Underwriting Risk	88.776.271	77.207.773
6. Exchange Rate Risk	4.670.767	6.265.571
REQUIRED CAPITAL BASED ON THE SECOND METHOD	672.937.683	360.947.538
REQUIRED CAPITAL AMOUNT FOR THE COMPANY	672.937.683	360.947.538
CAPITAL (*)	2.675.997.630	1.798.588.640
AMOUNT OF ASSOCIATES DEDUCTED FROM CAPITAL	17.828.774	17.828.774
CAPITAL ADEQUACY RESULT	1.985.231.173	1.419.812.328

(*)Total equity includes TRY 6.974.825 of equalization reserve (31 December 2008: TRY 3.580.776).

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

4. Insurance and Financial Risk Management (cont'd)**4.2 Financial Risk (cont'd)****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. The details of the Company's foreign currency denominated assets and liabilities as of 31 December 2009 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.

	31 December 2009		31 December 2008	
	USD Effect	EUR Effect	USD Effect	EUR Effect
Profit/Loss (increase)	681.817	2.700.122	6.294.597	1.928.493
Profit/Loss (decrease)	(681.817)	(2.700.122)	(6.294.597)	(1.928.493)

Interest rate risk

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.

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

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

	31 December 2009
Total	Profit and profit reserves
Market interest rate increase / (decrease)	TRY
%5	(2.629.029)
-%5	2.893.766
Financial assets held for trading (shareholder)	Kar üzerindeki etkisi
Market interest rate increase / (decrease)	TRY
%5	(455.139)
-%5	541.307
Financial assets available for sale	Effects on profit and profit reserves
Market interest rate increase / (decrease)	TRY
%5 Investments with risks on policy holders	(12.973)
%5 Financial assets available for sale	(2.160.917)
-%5 Investments with risks on policy holders	13.617
-%5 Financial assets available for sale	2.338.842

Price risk

The Company is exposed to price risk due to its equity investments. Equity investments are held for strategical purposes rather than trading purposes. These investments are not actively traded by the Company.

As of the date of this report, if data used in the valuation method is increased/decreased by 10% and all variables remain fixed, since the Company's equity investments are classified as available for sale assets and if they are not disposed of or impaired, net profit/loss would not be affected and the Company's equity would be increased/decreased by TRY 172.091.200 (31 December 2008: TRY 87.046.003).

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

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

4. Insurance and Financial Risk Management (cont'd)**4.2 Financial Risk (cont'd)****4.2.2 Financial risk factors (cont'd)****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 management manages its liquidity risk through having adequate cash and cash equivalents in order to fulfill its current and possible liabilities by allocating its funds.

Liquidity risk table

31 December 2009

	Up to 1 month	1-3 months	3 months-1 year	1 year-5 years	5 year and over	No maturity	Total
Cash and Cash Equivalents	74.002.749	234.805.074	-	-	-	106.811.896	415.619.719
Financial Assets Available for Sale	997.530	51.386.400	92.931.467	-	-	4.186.769	149.502.166
Financial Assets Held for Trading	-	-	4.193.016	48.848.305	-	-	53.041.321
Investments with Risks on Policy Holders	7.980.800	-	-	-	-	-	7.980.800
Receivables From Main Operations	68.126.404	67.742.523	94.260.351	137.521	-	-	230.266.799
Due from Related Parties	-	-	44.016	-	-	-	44.016
Other Receivables	-	8.446.673	-	-	-	-	8.446.673
Short Term Prepaid Expenses and Income Accruals	-	-	58.218.390	-	-	-	58.218.390
Other Current Assets	-	-	6.642.769	-	-	2.268.702.584	2.275.345.353
Financial Assets	-	-	-	-	-	30.116.653	30.116.653
Tangible Fixed Assets	-	-	-	-	-	43.509.939	43.509.939
Intangible Fixed Assets	-	-	-	-	-	7.930.683	7.930.683
Long Term Prepaid Expenses and Income Accruals	-	-	-	45.709	-	-	45.709
Total Assets	151.107.483	362.380.670	256.290.009	49.031.535	-	2.461.258.524	3.280.068.221
Payables From Main Operations	-	-	69.636.459	-	-	-	69.636.459
Due to Related Parties	488.852	-	152.148	-	-	-	641.000
Other Payables	-	14.810.198	-	-	-	-	14.810.198
Insurance Technical Reserves	-	-	474.925.461	-	-	-	474.925.461
Taxes and Other Liabilities and Relevant Provisions	-	4.583.905	-	-	-	-	4.583.905
Deferred Income and Expense Accruals	-	9.701.314	20.344.805	-	-	-	30.046.119
Other Short Term Liabilities	-	-	-	-	-	-	-
Long Term Insurance Technical Reserves	-	-	-	5.952.886	6.974.825	-	12.927.711
Provisions for Other Risks	-	-	-	-	-	1.971.587	1.971.587
Other Long Term Liabilities	-	-	-	-	-	1.502.976	1.502.976
Shareholders' Equity	-	-	-	-	-	2.669.022.805	2.669.022.805
Total Liabilities and Shareholders' Equity	488.852	29.095.417	565.058.873	5.952.886	6.974.825	2.672.497.368	3.280.068.221
Liquidity Gap	150.618.631	333.285.253	(308.768.864)	43.078.649	(6.974.825)	(211.238.844)	

AKSİGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

4. Insurance and Financial Risk Management (cont'd)**4.2 Financial Risk (cont'd)****4.2.2 Financial risk factors (cont'd)****Liquidity risk (cont'd)**

31 December 2008

	Up to 1 month	1-3 months	3 months-1 year	1 year-5 years	5 year and over	No maturity	Total
Cash and Cash Equivalents	204.637.097	80.982.267	-	-	-	55.118.122	340.737.486
Financial Assets Available for Sale	11.878.531	9.908.899	184.008.653	-	-	882.082.411	1.087.878.494
Financial Assets Held for Trading	-	-	-	-	-	18.501.155	18.501.155
Investments with Risks on Policy Holders	-	482.640	8.725.021	-	-	-	9.207.661
Receivables From Main Operations	4.600.228	142.656.895	88.245.419	191.335	-	-	235.693.877
Due from Related Parties	-	-	41.920	-	-	-	41.920
Other Receivables	-	5.577.077	-	-	-	-	5.577.077
Short Term Prepaid Expenses and Income Accruals	-	-	51.364.455	-	-	-	51.364.455
Other Current Assets	-	-	7.577.418	-	-	-	7.577.418
Financial Assets	-	-	-	-	-	577.101.646	577.101.646
Tangible Fixed Assets	-	-	-	-	-	46.401.666	46.401.666
Intangible Fixed Assets	-	-	-	-	-	6.477.146	6.477.146
Long Term Prepaid Expenses and Income Accruals	-	-	-	54.852	-	-	54.852
Total Assets	221.115.856	239.607.778	339.962.886	246.187	-	1.585.682.146	2.386.614.853
Payables From Main Operations	18.832.892	11.396.397	33.821.188	-	-	-	64.050.477
Due to Related Parties	23.405	-	159.307	-	-	-	182.712
Other Payables	4.506.802	5.580.818	-	-	-	-	10.087.620
Insurance Technical Reserves	-	-	419.285.958	-	-	-	419.285.958
Taxes and Other Liabilities and Relevant Provisions	-	8.759.817	-	-	-	-	8.759.817
Deferred Income and Expense Accruals	-	9.418.469	23.448.244	-	-	-	32.866.713
Long Term Insurance Technical Reserves	-	-	-	7.487.550	3.580.776	-	11.068.326
Provisions for Other Risks	-	-	-	-	-	1.944.976	1.944.976
Other Long Term Liabilities	-	-	-	-	-	43.360.390	43.360.390
Shareholders' Equity	-	-	-	-	-	1.795.007.864	1.795.007.864
Total Liabilities and Shareholders' Equity	23.363.099	35.155.501	476.714.697	7.487.550	3.580.776	1.840.313.230	2.386.614.853
Liquidity Gap	197.752.757	204.452.277	(136.751.811)	(7.241.363)	(3.580.776)	(254.631.084)	

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

4. Insurance and Financial Risk Management (cont'd)**4.2 Financial Risk (cont'd)****4.2.2 Financial risk factors (cont'd)****Categories of Financial Assets:**

	31 December 2009		31 December 2008	
	Book Value	Fair Value	Book Value	Fair Value
Current Financial Assets				
Financial Assets Available for Sale (*) (**)	149.502.166	149.502.166	1.087.878.494	1.087.878.494
Financial Assets Held for Trading Investments with Risks on Policy Holders	53.041.321	53.041.321	18.501.155	18.501.155
	7.980.800	7.980.800	9.207.661	9.207.661
Non Current Financial Assets				
Affiliates	30.116.653	30.116.653	28.879.475	28.879.475
Joint Ventures (*)	-	-	548.222.171	548.222.171
Total Financial Assets	240.640.940	240.640.940	1.692.688.956	1.692.688.956

(*) Akbank T.A.Ş. equity shares which was classified under the Company's available for sale financial assets portfolio and Avivasa Emeklilik ve Hayat A.Ş. equity shares which was classified under joint ventures portfolio in the prior period financial statements are presented in other current assets account in the accompanying current period financial statements due to spin off which occur in the subsequent period. The detailed information is presented in Note 47.

(**) Net value after impairment.

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.

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.

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

4. Insurance and Financial Risk Management (cont'd)**4.2 Financial Risk (cont'd)****4.2.2 Financial risk factors (cont'd)****Fair value of financial assets (cont'd)**

Fair values of financial assets and level classifications

	31 December 2009 (*)	Category 1	Category 2	Category 3
Financial assets held for trading	53.041.321	53.041.321	-	-
Government bonds & Treasury bills	53.041.321	53.041.321	-	-
Financial assets available for sale	149.502.166	145.855.500	3.646.666	-
Government bonds & Treasury bills	145.315.397	145.315.397	-	-
Listed equity shares	540.103	540.103	-	-
Unlisted equity shares	3.646.666	-	3.646.666	-
Investments with Risks on Policy Holders	7.980.800	7.980.800	-	-
Affiliates	30.116.653	-	30.116.653	-
Total	240.640.940	206.877.621	33.763.319	-

(*) Akbank T.A.Ş. equity shares which was classified under the Company's available for sale financial assets portfolio and Avivasa Emeklilik ve Hayat A.Ş. equity shares which was classified under joint ventures portfolio in the prior period financial statements are presented in other current assets account in the accompanying current period financial statements due to spin off which occur in the subsequent period. The detailed information is presented in Note 47.

	31 December 2008	Category 1	Category 2	Category 3
Financial assets held for trading	18.501.155	18.501.155	-	-
Government bonds & Treasury bills	18.501.155	18.501.155	-	-
Financial assets available for sale	1.087.878.494	1.076.256.120	11.622.374	-
Government bonds & Treasury bills	205.796.084	205.796.084	-	-
Listed equity shares	870.460.036	870.460.036	-	-
Unlisted equity shares	11.622.374	-	11.622.374	-
Investments with Risks on Policy Holders	9.207.661	9.207.661	-	-
Affiliates	28.879.475	-	28.879.475	-
Joint Ventures	548.222.171	-	548.222.171	-
Total	1.692.688.956	1.103.964.936	588.724.020	-

The following methods and assumptions are used in fair value estimations for financial instruments of which their fair value cannot be practically measured:

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.

AKSİGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

4. Insurance and Financial Risk Management (cont'd)**4.2 Financial Risk (cont'd)****4.2.2 Financial risk factors (cont'd)****Fair value of financial assets (cont'd)****Financial liabilities:**

It is anticipated that fair value of monetary liabilities will approximate to their carrying value based on their short term nature.

5. Segment Information**5.1 Operating Segments**

The Company only performs non-life insurance activities. Technical income/expenses in the financial statements are mainly from non-life insurance branches. The Company has also TRY 170.033 (31 December 2008: TRY 311.475) of technical income from its discontinued life insurance activities.

The Company has no impairment loss recognized in profit/loss or directly in equity.

Geographical Segments

The Company operates in Turkey. Since the results of the Company's foreign operations have no significant effect over the financial statements, no disclosure is presented on the geographical segment.

6. Tangible Fixed Assets

31 December 2009

	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Fixed Assets	Other Tangible Assets (Including Leasehold Improvements)	Total
<u>Cost Value</u>					
Opening balance at 1 January 2009	39.589.396	102.258	23.769.496	2.267.752	65.728.902
Additions	1.003	-	310.431	78.615	390.049
Disposals	(1.005.088)	(70.208)	(659.306)	-	(1.734.602)
Closing Balance at 31 December 2009	38.585.311	32.050	23.420.621	2.346.367	64.384.349
<u>Accumulated Depreciation</u>					
Opening balance at 1 January 2009	(9.202.834)	(78.781)	(15.636.414)	(1.485.910)	(26.403.939)
Charge for the period	(776.540)	(6.410)	(1.402.441)	(335.381)	(2.520.772)
Disposals	225.825	70.208	646.554	-	942.587
Closing balance at 31 December 2009	(9.753.549)	(14.983)	(16.392.301)	(1.821.291)	(27.982.124)
Net book value as of 31 December 2009	28.831.762	17.067	7.028.320	525.076	36.402.225

AKSİGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

6. Tangible Fixed Assets (cont'd)

31 December 2008

	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Fixed Assets	Other Tangible Assets (Including Leasehold Improvements)	Total
<u>Cost Value</u>					
Opening balance at 1 January 2008	40.491.007	102.258	23.589.959	1.832.474	66.015.698
Additions	226.409	-	673.913	435.278	1.335.600
Disposals	(1.128.020)	-	(494.376)	-	(1.622.396)
Closing Balance at 31 December 2008	39.589.396	102.258	23.769.496	2.267.752	65.728.902
<u>Accumulated Depreciation</u>					
Opening balance at 1 January 2008	(8.923.116)	(68.701)	(14.577.699)	(1.179.979)	(24.749.495)
Charge for the period	(793.157)	(10.080)	(1.553.091)	(305.931)	(2.662.259)
Disposals	513.439	-	494.376	-	1.007.815
Closing balance at 31 December 2008	(9.202.834)	(78.781)	(15.636.414)	(1.485.910)	(26.403.939)
Net book value as of 31 December 2008	30.386.562	23.477	8.133.082	781.842	39.324.963

Useful lives of tangible fixed assets are as follows:

	<u>Useful Life</u>
Buildings	50 year
Fixtures	10 year
Vehicles	4 year
Furniture	10 year
Leasehold Improvements	4 year

The Company has no impairment loss recognized for tangible fixed assets in the current period.

Impairment loss is included in the "Amortization and depreciation expense" item in the income statement.

The Company has applied the cost method.

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

7. Investment Properties

31 December 2009

<u>Cost Value</u>	Land	Buildings	Total
Opening balance at 1 January 2009	5.816.175	1.726.157	7.542.332
Additions	-	250.000	250.000
Disposals	-	(258.347)	(258.347)
Closing balance at 31 December 2009	5.816.175	1.717.810	7.533.985

Accumulated Depreciation

Opening balance at 1 January 2009	-	(465.629)	(465.629)
Charge for the period	-	(25.853)	(25.853)
Disposals	-	65.211	65.211
Closing balance at 31 December 2009	-	(426.271)	(426.271)
Net book value as of 31 December 2009	5.816.175	1.291.539	7.107.714

31 December 2008

<u>Cost Value</u>	Land	Buildings	Total
Opening balance at 1 January 2008	5.816.175	4.717.160	10.533.335
Additions	-	6.886	6.886
Disposals	-	(2.997.889)	(2.997.889)
Closing balance at 31 December 2008	5.816.175	1.726.157	7.542.332

Accumulated Depreciation

Opening balance at 1 January 2008	-	(2.063.100)	(2.063.100)
Charge for the period	-	(36.372)	(36.372)
Disposals	-	1.633.843	1.633.843
Closing balance at 31 December 2008	-	(465.629)	(465.629)
Net book value as of 31 December 2008	5.816.175	1.260.528	7.076.703

The fair value of investment properties was determined by an independent valuation company as of 31 December 2009 and 31 December 2008. The valuation company, which is authorized by the CMB, has the necessary qualifications and experience in the valuation of the related real estate. Valuation study, which was undertaken in accordance with International Valuation Standards, is performed based on by the reference prices of similar real estate transactions in the market.

AKSİGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

8. Intangible Fixed Assets

31 December 2009

<u>Cost Value</u>	<u>Rights</u>	<u>Total</u>
Opening balance at 1 January 2009	7.797.890	7.797.890
Additions	2.398.613	2.398.613
Closing balance at 31 December 2009	10.196.503	10.196.503
<u>Accumulated Amortization</u>		
Opening balance at 1 January 2009	(1.320.744)	(1.320.744)
Charge for the period	(945.076)	(945.076)
Net book value as of 31 December 2009	(2.265.820)	(2.265.820)
Net book value as of 31 December 2009	7.930.683	7.930.683

31 December 2008

<u>Cost Value</u>	<u>Rights</u>	<u>Total</u>
Opening balance at 1 January 2008	5.853.588	5.853.588
Additions	1.944.302	1.944.302
Closing balance at 31 December 2008	7.797.890	7.797.890
<u>Accumulated Amortization</u>		
Opening balance at 1 January 2008	(641.006)	(641.006)
Charge for the period	(679.738)	(679.738)
Net book value as of 31 December 2008	(1.320.744)	(1.320.744)
Net book value as of 31 December 2008	6.477.146	6.477.146

The Company has not recognized any impairment loss for its intangible fixed assets in the current period.

The Company has no goodwill amount in its financial statements.

9. Investments in Affiliates

An affiliate is an entity, over which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. As of 31 December 2009, the Company has an affiliate as Merter BV amounting to TRY 30.116.653 (31 December 2008: TRY 28.879.475) with a 25 % of participation.

10. Reinsurance Assets

Reinsurance assets are disclosed in Note 17.16.

AKSİGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

11. Financial Assets**11.1 Subcategories of Financial Assets**

Financial assets and investments with risks on policy holders

	31 December 2009	31 December 2008
Financial Assets Available for Sale	164.684.234	1.102.125.868
Financial Assets Held for Trading	53.041.321	18.501.155
Investments with Risks on Policy Holders	7.980.800	9.207.661
Diminution in Value of Financial Securities (-)	(15.182.068)	(14.247.374)
Total	210.524.287	1.115.587.310

Financial Assets Available-for-sale	31 December 2009			31 December 2008		
	Cost Value TRY	Fair Value TRY	Book Value TRY	Cost Value TRY	Fair Value TRY	Book Value TRY
Government Bonds	141.839.311	145.315.397	145.315.397	195.356.232	205.796.084	205.796.084
Equity Shares (Listed)	1.185.963	540.103	540.103	403.978.659	870.460.036	870.460.036
Equity Shares (Unlisted)	3.646.666	-	3.646.666	11.622.374	-	11.622.374
Total	146.671.940	145.855.500	149.502.166	610.957.265	1.076.256.120	1.087.878.494

Investments with Risks on Policy Holders

	31 December 2009			31 December 2008		
	Cost Value TRY	Fair Value TRY	Book Value TRY	Cost Value TRY	Fair Value TRY	Book Value TRY
Government Bonds	7.303.280	7.980.800	7.980.800	8.523.262	9.207.661	9.207.661

Equity shares under financial assets available-for-sale is as below:

31 December 2009:

Equity Shares (*)	Participation Rate %	Cost Value TL	Fair Value TL	Book Value TL
Yünsa	1,49	1.185.963	540.103	540.103
Listed		1.185.963	540.103	540.103
Akyatırım	0,02	12.505	-	12.505
Tursa	2,57	18.681.633	-	18.681.633
Tursa - Allowance for Impairment		(15.182.068)	-	(15.182.068)
Dönkasan	0,02	541	-	541
Ak Finansal Kiralama	0,01	3.490	-	3.490
Tarsim	4,35	130.565	-	130.565
Unlisted		3.646.666	-	3.646.666
Total		4.832.629	540.103	4.186.769

(*) Akbank Akbank T.A.Ş. equity shares which was classified under the Company's available for sale financial assets portfolio and Avivasa Emeklilik ve Hayat A.Ş. equity shares which was classified under joint ventures portfolio in the prior period financial statements are presented in other current assets account in the accompanying current period financial statements due to spin off which occur in the subsequent period. The detailed information is presented in Note 47.

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

11. Financial Assets (cont'd)**11.1 Subcategories of Financial Assets (cont'd)**

31 December 2008:

Equity Shares	Participation Rate %	Cost Value TRY	Fair Value TRY	Book Value TRY
Akbank	6,07	402.792.696	870.198.696	870.198.696
Yünsa	1,49	1.185.963	261.340	261.340
Listed		403.978.659	870.460.036	870.460.036
Akyatırım	0,02	16.505	-	16.505
Temsa	2,75	7.037.014	-	7.037.014
Tursa	2,57	18.681.633	-	18.681.633
Tursa - Allowance for Impairment		(14.247.374)	-	(14.247.374)
Dönkasan	0,02	541	-	541
Ak Finansal Kiralama	0,01	3.490	-	3.490
Tarım	4,35	130.565	-	130.565
Unlisted		11.622.374	-	11.622.374
Total		415.601.033	870.460.036	882.082.410

31 December 2009

Financial Assets Held for Trading

	Cost Value TRY	Fair Value TRY	Book Value TRY
Government Bonds	50.243.645	53.024.595	53.024.595
Fund	16.591	16.726	16.726
TOTAL	50.260.236	53.041.321	53.041.321

31 December 2008

Financial Assets Held for Trading

	Cost Value TRY	Fair Value TRY	Book Value TRY
Fund	14.999.932	14.999.932	14.999.932
Repo	3.501.223	3.501.223	3.501.223
TOTAL	18.501.155	18.501.155	18.501.155

As of 31 December 2009, allowance for diminution in value provided for financial assets available for sale is amounting to TRY 15.182.068 (31 December 2008: 14.247.374).

Shares of Temsa Global Sanayi ve Ticaret A.Ş held in the Company's portfolio were sold on 2 March 2009. Shares of Akçansa Çimento Sanayi ve Ticaret A.Ş held in the Company's portfolio were sold on 17 July 2008 and also shares of Çimsa Çimento Sanayi ve Ticaret A.Ş. were sold on 30 June 2008.

AKSİGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

11. Financial Assets (cont'd)**11.2 Securities other than equity shares issued in the current period**

None.

11.3 Securities issued representing the amortized borrowing in the current period

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

Cost, fair value and book values of marketable securities are presented in Note 11.1.

Financial assets consist of unlisted assets, and cost and book value of financial assets are presented as below:

Affiliates

Equity Shares (Unlisted)	31 December 2009			31 December 2008		
	Participation rate	Cost Value	Book Value	Participation rate	Cost Value	Book Value
	%	TRY	TRY	%	TRY	TRY
Merter BV	25	30.116.653	30.116.653	25	28.879.475	28.879.475
TOTAL		30.116.653	30.116.653		28.879.475	28.879.475

Joint Ventures

Equity Shares (Listed)	31 December 2009			31 December 2008		
	Participation rate	Cost Value	Book Value	Participation rate	Cost Value	Book Value
	%	TRY	TRY	%	TRY	TRY
AvivaSA Emeklilik ve Hayat A.Ş. (*)	0,00	-	-	49,83	130.516.055	548.222.171
TOTAL		-	-		130.516.055	548.222.171

(*) Book value is measured based on the determinations of the expert commission's 16 July 2007 dated report. Expert commission was appointed upon the resolution no: 2007/876 D of Commercial Court of Third Instance of Kadıköy issued on 11 July 2007.

Avivasa Emeklilik ve Hayat A.Ş. equity shares, which were classified under the Company's joint ventures portfolio in the prior period financial statements, have been transferred to Hacı Ömer Sabancı Holding A.Ş. as of 14 January 2010 through the spin-off method and classified to other current assets within the context of disposal asset in the accompanying financial statements. Detailed information is presented in Note 47.

11.5 Marketable securities issued by the shareholders, affiliates and subsidiaries of the company classified under marketable securities and associates and their issuers:

None.

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

11. Financial Assets (cont'd)**11.6 Value increases of financial assets in the last three years**

Type of Financial Assets	31 December 2009	31 December 2008	31 December 2007
Financial Assets Available for Sale	1.734.945.658	843.876.544	1.630.795.831

Value increases reflect the difference between the book value and cost value of the financial assets at the period end.

11.7 Financial Instruments

i) Information that enables the financial statement users to evaluate the financial position and performance of the Company is disclosed in Note 4.1.

ii) Information on the book value of the financial assets is disclosed in Note 11.1.

iii) Comparison of the fair value and book value of financial assets is disclosed in Note 11.1.

iv) Financial assets overdue or impaired are presented in Note 11.1.

11.8. Financial Instruments

The Company does not apply any hedge accounting.

11.9 Effects of Exchange Rates

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**

	31 December 2009	31 December 2008
Receivables from insurance operations	229.146.696	238.745.436
Provisions for receivables from insurance operations (-)	(4.775.043)	(6.333.054)
Doubtful receivables from operating and insurance operations	41.010.171	19.952.575
Provisions for doubtful receivables from operating and insurance operations (-)	(35.146.519)	(16.702.574)
Other receivables	31.494	31.494
Total	230.266.799	235.693.877

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

12. Receivables and Payables**12.1 Details of the Company's receivables (cont'd)**

Aging of receivables from insurance operations is as follows:

	31 December 2009	31 December 2008
0-60 days	43.805.624	20.682.547
61-90 days	6.060.071	3.440.924
90+	16.974.566	8.929.637
Undue receivables	162.306.435	205.692.328
Total	229.146.696	238.745.436

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

Types of Guarantees	31 December 2009		31 December 2008	
	Receivables	Doubtful Receivables	Receivables	Doubtful Receivables
Letters of Guarantees	22.329.209	10.000	21.561.956	10.000
Real Estate Pledges	82.198.246	7.827.947	95.295.445	3.493.345
Government Bonds and Equity Shares	837.069	-	254.470	-
Other	253.742	-	727.708	426.617
Total	105.618.266	7.837.947	117.839.579	3.929.962

The Company provides full provision for unguaranteed amounts in relation to its doubtful receivables. The movement of provision for doubtful receivables is presented as follows:

Movement of provision for doubtful receivables

	31 December 2009	31 December 2008
Opening balance	(16.702.574)	(16.368.812)
Charge for the period (*)	(8.561.089)	(7.041.361)
Receivables written off from the assets in the previous periods	(11.344.993)	-
Collections	1.462.137	6.707.599
Closing Balance	(35.146.519)	(16.702.574)

Aging of overdue and doubtful receivables from insurance activities is as follows:

	31 December 2009	31 December 2008
61-90 days	25.536.062	17.162.088
Over 90 days (*)	15.474.109	2.790.487
Total	41.010.171	19.952.575

(*)The receivable balance amounting to TRY 11.334.993, written off from the assets with the evidence of insolvency documents taken from the nonsolvent agencies in the previous periods, recorded back to doubtful receivables from main operations and provisions for doubtful receivables from main operations accounts. This amount is disclosed; under the "Receivables written off from the assets in the previous periods" line in the movement of provision for doubtful receivables table above and, under "Over 90 days" line in the aging of overdue and doubtful receivables from insurance activities table above.

AKSİGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

12. Receivables and Payables (cont'd)**12.2 Receivable-payable relationship with shareholders, affiliates and subsidiaries of the Company**

TRY 175.553 due to shareholders balance in the balance sheet consists of unclaimed dividend attributable to prior periods (31 December 2008: TRY 159.307).

12.3 Total of pledges and other guarantees received for receivables amount

Total amount of pledges and other guarantees received for receivables amounts to TRY 122.335.932 (31 December 2008: TRY 121.769.541).

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

31 December 2009

	Foreign Currency Amount	Exchange Rate	Amount (TRY)
Banks (FC)			
USD	1.714.087	1,5057	2.580.901
EURO	2.933.531	2,1603	6.337.307
GBP	28.352	2,3892	67.739
JPY	293.609	0,0163	4.786
CHF	253	1,4492	367
Total			<u>8.991.100</u>
Receivables from Insurance Operations			
USD	4.587.491	1,5057	6.907.340
EURO	10.532.618	2,1603	22.753.615
GBP	1.548	2,3892	3.698
JPY	5.507.853	0,0163	89.789
CHF	363	1,4492	526
Other			9.506
Total			<u>29.764.474</u>
Outstanding Claims Reserves			
USD	(1.342.130)	1,5057	(2.020.845)
EURO	(967.321)	2,1603	(2.089.704)
Other			(9.798)
Total			<u>(4.120.347)</u>
Payables from Insurance Operations			
USD	(431.179)	1,5057	(649.226)
Total			<u>(649.226)</u>
Net Foreign Currency Position			<u><u>33.986.001</u></u>

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

12. Receivables and Payables (cont'd)**12.5 Details of the Company's foreign currency denominated receivables without exchange rate guarantees are presented below (cont'd)**

31 December 2008

Banks (FC)	Foreign Currency Amount	Exchange Rate	Amount (TRY)
USD	1.747.765	1,5123	2.643.144
EURO	837.069	2,1408	1.791.997
GBP	52.854	2,1924	115.876
JPY	293.609	0,0167	4.913
CHF	34.268	1,4300	49.003
Total			<u>4.604.933</u>

Receivables from Insurance Operations	Foreign Currency Amount	Exchange Rate	Amount (TRY)
USD	42.779.377	1,5123	64.695.253
EURO	8.728.604	2,1408	18.686.196
GBP	312.581	2,1924	685.303
JPY	4.529	0,0167	76
CHF	49.843	1,4300	71.275
Total			<u>84.138.103</u>

Outstanding Claims Reserves	Foreign Currency Amount	Exchange Rate	Amount (TRY)
USD	(9.272.958)	1,5123	(14.023.495)
EURO	(1.528.838)	2,1408	(3.272.936)
GBP	(451.319)	2,1924	(989.472)
CHF	(62.774)	1,4300	(89.767)
Total			<u>(18.375.670)</u>

Payables from Insurance Operations	Foreign Currency Amount	Exchange Rate	Amount (TRY)
USD	(2.120.644)	1,5123	(3.207.050)
Total			<u>(3.207.050)</u>

Net Foreign Currency Position			<u><u>67.160.316</u></u>
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AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

13. Derivative Financial Instruments

As of 31 December 2009 and 31 December 2008, the Company has no derivative financial instruments.

14. Cash and Cash Equivalents

	31 December 2009	31 December 2008
Cash	646	544
Cash at banks	399.206.049	321.015.151
Demand deposits	106.811.251	55.118.122
Time deposits	292.394.798	265.897.029
Other cash and cash equivalents	16.413.024	19.721.791
Total	415.619.719	340.737.486
Interest accruals on cash and cash equivalents (-)	(513.860)	(3.722.646)
Cashflow based grand total	415.105.859	337.014.840
Blocked deposits (-)	9.314.193	1.837.050

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 31 December 2009 and 31 December 2008 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.

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

Presented in the statement of changes in equity.

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.

15.3.2 The explanation about the number of issued and fully paid shares and issued but not fully paid shares

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.

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

15. Share Capital (cont'd)**15.3 For each class of share capital; (Cont'd)****15.3.4 Reconciliation of the number of the equity shares at the beginning and ending of the period**

	Number of Shares	
	31 December 2009	31 December 2008
Beginning of the period, 1 January 2009 / 1 January 2008	30.600.000.000	30.600.000.000
Issued in the current period	-	-
End of the period, 31 December 2009 / 31 December 2008	30.600.000.000	30.600.000.000

15.3.5 Rights, privileges and limitations on dividend payments and repayment of share capital

In accordance with Article 61 of the Company's Articles of Association, corporate tax is deducted from the net profit which is determined and calculated based on the issued balance sheet. 5% of statutory reserve is allocated over the remaining amount and subsequent to this allocation, at minimum, 1. dividend amount that is determined by the CMB is also allocated over the final remaining amount.

The Company's capital does not include any preferred shares.

Based on the guidelines and principals issued by the Capital Markets Board (the Board) dated 27 January 2010 for the distribution of dividends from the profit generated from operating activities in 2009, 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 (31 December 2008: 20%). 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.

Additionally, as stated within the aforementioned Board Decision, for entities required to prepare consolidated financial statements, it has been agreed upon to require the net distributed profit calculations to be performed on the net profit for the period as stated on the consolidated financial statements, so long that the distribution can be funded through statutory resources.

15.3.6 Equity shares held by the Company, its affiliates or its subsidiaries

None.

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

None.

15.4 Share Based Payments

None.

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

15. Share Capital (cont'd)**15.5 Subsequent Events**

During the spin-off process, as detailed in Note 1.10, the Company's paid in capital is increased from TRY 306.000.000 to TRY 839.308.752 and decreased to TRY 306.000.000, concurrently.

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**

	31 December 2009	31 December 2008
Valuation difference of available for sale financial assets	1.735.022.207	889.060.525
Effect of deferred tax	(76.549)	(45.183.981)
Total	<u>1.734.945.658</u>	<u>843.876.544</u>

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.

16.3 Hedging for forecasted transactions and net investment hedging

None.

16.4 Hedging transactions

None.

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

	1 January 2009 – 31 December 2009 Increase/ (decrease) in value	1 January 2008 – 31 December 2008 Increase/ (decrease) in value
Opening balance, 1 January	843.876.544	1.630.795.831
Increase/decrease in value recorded in shareholders' equity in the current period	891.069.114	(786.919.287)
Closing balance, 31 December	<u>1.734.945.658</u>	<u>843.876.544</u>

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

None.

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

16. Other Provisions and Capital Component of Discretionary Participation (cont'd)**16.7 Revaluation increases in tangible fixed assets**

None.

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

31 December 2009

Financial Assets Available for Sale	Valuation Difference	Deferred Tax Difference	Total
Equity Shares	1.734.639.460	-	1.734.639.460
Government Bonds	382.747	(76.549)	306.198
Total	1.735.022.207	(76.549)	1.734.945.658

31 December 2008

Financial Assets Available for Sale	Valuation Difference	Deferred Tax Difference	Total
Equity Shares	884.187.495	(44.209.375)	839.978.120
Government Bonds	4.873.030	(974.606)	3.898.424
Total	889.060.525	(45.183.981)	843.876.545

17. Insurance Liabilities and Reinsurance Assets**17.1 Guarantees to be provided for life and non-life insurance branches and guarantees provided for life and non-life insurances based on assets**

The Company's guarantees to be provided for life and non-life insurance branches and guarantees provided for life and non-life insurances based on assets are below:

	31 December 2009			31 December 2008 (***)	
	Amounts to be Provided TRY(*)	Amounts to be Provided TRY(**)	Current Blockage TRY (*)	Amounts to be Provided TRY	Current Blockage TRY
Branches					
Life	9.668.694	9.668.694	10.147.210	11.109.276	12.452.968
Government Bonds			8.090.173		9.530.456
Equity Shares			-		1.056.135
Time Deposits			2.057.037		1.866.377
Non-Life	224.312.561	80.948.236	173.883.142	120.535.992	143.385.370
Government Bonds			166.542.799		131.331.771
Equity Shares			-		12.053.599
Time Deposits			7.340.343		-
Total	233.981.255	90.616.930	184.030.352	131.645.268	155.838.338

(*) Guarantees to be provided for Republic of Turkey Prime Ministry Undersecretariat of Treasury are calculated and presented as of 31 December 2009.

(**)The Company recalculated the guarantees to be provided in accordance with the Company's changed assets as a result of the spin-off process, and the Company applied to Republic of Turkey Prime Ministry Undersecretariat of Treasury to provide the related guarantees and withdraw the exceeding guarantees at recalculated values. As of the balance sheet date, there is no response to this application.

(***) The marketable securities, provided for Republic of Turkey Prime Ministry Undersecretariat of Treasury as of 31 December 2008, were disclosed at values as of 28 February 2009. The difference between the time deposit amount (as above) and the blocked time deposit amount disclosed in Note 14 is due to the accrued interest till the month end of February.

AKSİGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

17. Insurance Liabilities and Reinsurance Assets (cont'd)**17.2 Number of life insurance policies, additions, disposals in the current period, and current life insureds and their mathematical reserves**

	31 December 2009		31 December 2008	
	Unit	Mathematical Reserves TRY	Unit	Mathematical Reserves TRY
Current - 31 December 2008/2007	1.114	7.403.994	1.638	8.787.345
Additions	-	1.180.942	-	1.522.529
Disposals	(355)	(2.645.477)	(524)	(2.905.880)
Current - 31 December 2009/2008	759	5.939.459	1.114	7.403.994

Reversals and their corresponding mathematical reserves are included to the above table.

Available for sale financial assets of which their risks are on policyholders are carried at fair value as explained in Note 11. 95% of the difference between fair value and amortized cost amounts to TRY 13.427 (31 December 2008: TRY 83.556) and this amount is recognized under the Life Mathematical Reserves account. However, the related amount is not included in the above table.

17.3 Insurance guarantees given to non life insurances based on insurance branches

Branches	31 December 2009 Amount	31 December 2008 Amount
Accident	35.493.512.031	22.386.988.258
Motor Vehicles	12.390.404.062	11.190.772.531
Air Crafts	361.383.044	135.018.328
Water Crafts	552.601.851	517.737.747
Marine	64.342.927.464	62.726.212.532
Fire and Natural Disasters	74.301.183.801	68.929.513.230
General Losses	42.959.574.575	40.045.018.553
Air Crafts Liability	1.313.273.526	1.249.509.404
Motor Vehicles Liability	1.531.288.005.330	1.312.678.576.433
General Liability	8.784.437.734	11.971.638.572
Security Breach	219.656.796	-
Legal Protection	5.828.622.992	4.977.775.952
Credits	-	814.438.194
Financial Losses	3.752.359.154	4.500.852.830
Illness/Health	426.041.966	126.633.039
Life	17.232.859	25.407.598
Total	1.782.031.217.185	1.542.276.093.201

AKSİGORTA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

17. Insurance Liabilities and Reinsurance Assets (cont'd)

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

None.

17.5 Number and amount of participation certificates in portfolio and circulation

None.

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

None.

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

None.

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

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.

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.

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.

17.12 Number of additions of life insurances and their group or individual gross and net premiums

None.

17.13 Number of disposals of life insurances and their group or individual gross and net mathematical reserves

All disposals from life insurances consist of individual people and their amounts and numbers are disclosed in Note 17.2.

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

17. Insurance Liabilities and Reinsurance Assets (cont'd)**17.14 Profit share distribution rate of life insurees in the current period**

In the current period, profit share distribution rate of life insurees are calculated as below:

	1 January 2009- 31 December 2009 Profit Share Distribution Rate (%)	1 January 2008- 31 December 2008 Profit Share Distribution Rate (%)
TRY (Life Insurance)	15,11%	16,79%

17.15 Amounts from insurance contracts in the financial statements

None.

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

Reinsurance Assets	31 December 2009	31 December 2008
Receivables from Reinsurance Companies	45.346.940	18.546.015
Cash Deposits in Reinsurance Companies	31.494	31.494
Reinsurance Share of Unearned Premiums Reserve	139.609.727	137.825.180
Reinsurance Share of Outstanding Claims Reserve	130.493.252	140.268.738
Reinsurance Share of Unexpired Risks Reserve	11.753.856	5.808.139
Total	327.235.270	302.479.566

Reinsurance Liabilities	31 December 2009	31 December 2008
Payables Due to Reinsurance Operations		
Payables Due to Insurance Operations	(42.648.252)	(33.814.036)
Cash Deposited by Reinsurance Companies	(7.152)	(7.152)
Total	(42.655.404)	(33.821.188)

AKSİGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

17. Insurance Liabilities and Reinsurance Assets (cont'd)**17.16 Assets, liabilities, income and expense and cash flows from insurance contracts recognized when the insurer is a ceding company (cont'd)**

	31 December 2009	31 December 2008
Reinsurance Share of Premiums (-)	(303.509.319)	(341.191.309)
Commissions Received	43.127.135	24.212.096
Reinsurance Share of Unearned Premiums Reserve	139.609.727	137.825.180
Reinsurance Share of Unearned Premiums Reserve Carried Forward (-)	(117.538.875)	(101.128.557)
Reinsurance Share of Unexpired Risks Reserve	11.753.856	5.808.139
Reinsurance Share of Unexpired Risks Reserve Carried Forward (-)	(7.633.860)	-
Reinsurance Share of Outstanding Claims Reserve	130.493.252	140.268.738
Reinsurance Share of Outstanding Claims Reserve Carried Forward (-)	(116.057.133)	(88.047.294)
Reinsurance Share of Claims Paid	175.346.984	192.175.237
Net Income/(Expense)	(44.408.233)	(30.077.770)

Branch	31 December 2009			31 December 2008		
	Ceded Premiums	Reinsurance Share of Technical Reserves	Reinsurer Share of Claims Paid	Ceded Premiums	Reinsurance Share of Technical Reserves	Reinsurer Share of Claims Paid
Accident	(2.435.768)	(654.660)	1.519.769	(2.783.049)	1.411.855	779.880
Motor Vehicles	(46.717.760)	(13.343.046)	46.151.117	(88.900.712)	6.475.285	75.320.409
Air Crafts	(4.285.903)	10.520.821	12.763.209	(2.129.605)	(3.308.805)	133.237
Water Crafts	(2.657.188)	(800.499)	533.465	(2.200.284)	695.719	6.454.737
Marine	(8.423.738)	2.419.039	7.161.971	(11.684.217)	1.740.135	6.507.545
Fire and Natural Disasters	(101.815.283)	49.113.947	20.246.425	(84.056.153)	14.736.790	8.744.664
General Losses Air Crafts Liability	(64.095.994)	12.682.771	21.462.859	(43.083.313)	26.576.345	14.782.910
Motor Vehicles Liability	(2.751.374)	2.744.241	2.075.635	(1.591.026)	606.010	122
General Liability	(27.355.429)	(19.626.029)	24.942.482	(52.114.671)	38.633.149	38.846.227
Legal Protection	(9.922.723)	2.699.707	2.309.411	(9.997.416)	5.843.293	2.792.466
Security Breach	(447.415)	(2.159.893)	3.501	(365.142)	26.852	1.247
Credits	(1.550.685)	1.218.426	36.293	-	-	-
Financial Losses	-	(807.968)	2.285.262	(750.400)	1.467.096	16.522
Illness	(7.850.265)	129.759	1.298.161	(6.550.474)	(1.502.913)	2.029.950
Life	(23.085.348)	(3.501.322)	32.505.824	(34.815.543)	1.317.412	35.695.069
	(114.446)	(8.327)	51.600	(169.304)	7.982	70.252
Total	(303.509.319)	40.626.967	175.346.984	(341.191.309)	94.726.205	192.175.237

The Company, as a ceding company, defers its commission income obtained from reinsurance agreements.

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

17. Insurance Liabilities and Reinsurance Assets (cont'd)**17.17. Comparison of incurred claims with past estimations**

Disclosed in Note 4.1.2.3.

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 4.1.2.4.

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

	Insurance Payables	Reinsurance Assets
Beginning of the period, 1 January 2009	(33.814.036)	302.479.566
Change in the current period	(8.834.216)	24.755.704
Ending of the period, 31 December 2009	(42.648.252)	327.235.270
	Insurance Payables	Reinsurance Assets
Beginning of the period, 1 January 2008	(31.445.872)	212.432.388
Change in the current period	(2.368.164)	90.047.178
Ending of the period, 31 December 2008	(33.814.036)	302.479.566

18. Investment Contract Liabilities

Disclosed in Note 17.2.

19. Trade and Other Payables, Deferred Income**19.1 Sub-classifications of presented items in line with the Company's operations**

	31 December 2009	31 December 2008
Payables due to insurance operations	69.629.307	64.043.325
Other deferred income and expense accruals	30.046.119	32.866.713
Cash deposited by insurance and reinsurance companies	7.152	7.152
Due to related parties	641.000	182.712
Other payables	19.394.103	18.847.437
	119.717.681	115.947.339

19.2 Related Parties

Şirket'in ilişkili taraflarla olan işlemlerinin ve dönem sonu itibarıyla olan bakiyelerinin detaylı açıklaması not 45'te belirtilmiştir.

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

20. Payables

Insurance Technical Reserves	31 December 2009	31 December 2008
Unearned Premiums Reserve - Net	275.614.108	237.128.783
Unexpired Risks Reserve- Net	2.395.901	14.609.384
Outstanding Claims Reserve -Net	196.915.452	167.547.791
Life Mathematical Reserve - Net	3.689.389	4.230.415
Provision for Policies Investment Risk of Life		
Insurance Policyholders – Net	2.263.497	3.257.135
Equalization Reserve- Net	6.974.825	3.580.776
Total	487.853.172	430.354.284

21. Deferred Income Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for 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.

Tax rate is applied as 20% for the calculation of deferred tax asset and liabilities. The details of deferred tax are presented in Note 35.

22. Retirement Benefits

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 30 November 2006. However, transfer requirement in the related Act was annulled based on the application made by the Turkish President on 2 November 2005 in accordance with the order of the Constitutional Court (no: E.2005/39, K.2007/33) issued on 22 March 2007 as effective from the date of publishment in the Official Gazette no: 26479 on 31 March 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 8 May 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.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

22. Retirement Benefits

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 Provisional Article 20 of the Social Securities Act No: 506, the Company has no deficits by the end of the current period and no payments have been made in relation to any deficit amount by the Company. Fund assets are adequate in covering all the funds liabilities; therefore, the Company management anticipates no liabilities to be assumed in relation to the above-mentioned matter.

Retirement pay provision:

Under the Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified for such payment. Also, employees are entitled to retirement pay provisions subsequent to the completion of their retirement period by gaining a right to receive retirement payments in accordance with the amended Article 60 of the applicable Social Insurance Law No: 506 and the related Decrees No: 2422 and 4447 issued on 6 March 1981 and 25 August 1999, respectively. Some transitional provisions related to pre-retirement service term was excluded from the law since the related law was amended as of 23 May 2002.

The amount payable consists of one month's salary limited to a maximum of TRY 2.365,16 for each period of service as of 31 December 2009 (31 December 2008: 2.173,19).

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 31 December 2009 and 31 December 2008, 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. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 4,8 % and a discount rate of 11%, resulting in a real discount rate of approximately 5,92%. The anticipated rate of forfeitures is considered and estimated rate of the Company's retirement pay is also taken into account. As the maximum liability is updated semi annually, the maximum amount of TRY 2.427,04 effective from 1 January 2010 has been taken into consideration in calculation of provision from employment termination benefits (As of 1 January 2009, the ceiling on severance pay is TL 2.260,05 per month).

	1 January - 31 December 2009	1 January - 31 December 2008
Provision at 1 January	1.944.976	2.599.024
Service cost	691.474	6.717
Interest cost	121.792	148.923
Retirement payment	(786.655)	(809.688)
Provision at 31 December 2009 / 2008	1.971.587	1.944.976

AKSİGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

23. Other Liabilities and Expense Accruals**23.1 Provisions related to employee benefits and others**

	31 December 2009		31 December 2008	
	Unused vacation provisions	Social security premiums payable	Unused vacation provisions	Social security premiums payable
At 1 January	1.838.324	649.684	618.862	982.313
Charge for the period	16.195	71.736	1.219.462	(332.629)
Closing balance	1.854.519	721.420	1.838.324	649.684

23.2 Off-balance sheet commitments

Type of Commitment	31 December 2009	31 December 2008
Letters of guarantee	6.288.484	4.317.300
Other commitments	565.250	565.250
Total	6.853.734	4.882.550

23.3 Provisions, Contingent Assets and Liabilities

Contingent Liabilities	31 December 2009	31 December 2008
Outstanding Claims under Litigation	87.570.869	65.021.297
Total	87.570.869	65.021.297

Contingent Assets	31 December 2009	31 December 2008
Subrogation Litigations	29.251.035	26.732.518
Trade Receivables Under Litigation and Execution	11.862.188	5.915.139
Total	41.113.223	32.647.657

The Company has been served a notice of tax penalty with the total of TRY 545.199 (including withholding tax, loss of tax revenue, special irregularity fine) in respect of a tax inquiry on the financial year of 2008. The penalty is about not providing withholding tax on the payments to enforcement offices for attorney's fee. The Company has not provided any reserve for those tax and its penalties in the accompanying financial statements and brought an action for rescission.

The Company has been served a notice of tax penalty with the total of TRY 1.688.656 (including tax and fines) in respect of a tax inquiry on the Company's records. The penalty is about the written off nonsolvent receivables from the assets as detailed in the Note 12.1. The Company has not provided any reserve for those tax and its penalties in the accompanying financial statements and offered a settlement.

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

24. Net Insurance Premium Revenue

	1 January - 31 December 2009	1 January - 31 December 2008
Non - Life Branches		
Accident	16.870.193	15.270.050
Motor Vehicles	216.790.974	197.899.856
Air Crafts	1	2
Water Crafts	320.343	393.114
Marine	9.059.412	12.622.546
Fire and Natural Disasters	45.811.857	53.387.909
General Losses	22.193.457	17.852.001
Air Crafts Liability	20	14
Motor Vehicles Liability	133.214.009	115.782.597
General Liability	4.553.388	3.056.780
Legal Protection	4.026.740	3.286.284
Security Breach	66.426	-
Financial Losses	411.333	225.287
Health	94.045.315	67.776.817
Total of non-life branches	547.363.468	487.553.257
Life	298.184	460.644
Total	547.661.652	488.013.901

Amounts in the table above are presented at net by gross premiums less reinsurance shares.

25. Fee Income

	1 January - 31 December 2009	1 January - 31 December 2008
Service Income/(Expense)		
Commissions received from reinsurers	43.127.135	24.212.096
Commissions paid to agencies (-)	(115.612.115)	(66.128.090)
Total	(72.484.980)	(41.915.994)

Commissions received from reinsurers presented under the other technical income in the accompanying financial statements, while commissions paid to agencies presented under the operating expenses.

AKSİGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

26. Investment Income/Expenses

	1 January - 31 December 2009	1 January - 31 December 2008
Financial assets held-for-trading		
Interest income	27.465	1.250.250
Reverse repo income	1.337.445	2.697.526
Total	1.364.910	3.947.776

	1 January - 31 December 2009	1 January - 31 December 2008
Financial assets available-for-sale		
Interest income	65.119.762	49.657.265
Dividend income (*)	22.066.660	56.532.752
Total	87.186.422	106.190.017

	1 January - 31 December 2009	1 January - 31 December 2008
(*)Dividend income		
Akbank	21.845.992	43.691.524
Ak Yatırım	2.069	3.558
Akçansa	-	9.343.369
Çimsa	-	3.461.362
Tarsim	-	32.669
Tursa	217.449	-
Dönkasan	150	270
Ak Finansal Kiralama	1.000	-
Total	22.066.660	56.532.752

(*) The income, presented under the income from affiliates account in the accompanying financial statements, consist of the dividends income received from the equity investments, classified under the Company's available for sale financial assets portfolio.

	1 January - 31 December 2009	1 January - 31 December 2008
Investment properties		
Rent income	217.096	343.357
Total	217.096	343.357
Grand Total	88.768.428	110.481.150

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

27. Net Income Accrual on Financial Assets

	1 January - 31 December 2009	1 January - 31 December 2008
Financial assets available-for-sale		
Valuation differences recognized in shareholders' equity	1.735.022.207	889.060.525
Total	1.735.022.207	889.060.525

28. Assets Held At Fair Value through Profit and Loss

Net gain/loss of assets held at fair value through profit and loss reflected to the income statement as of the balance sheet date is TRY 1.364.910 (31 December 2008: TRY 3.947.776).

29. Insurance Rights and Demands

Amounts of subrogation income/ (expenses) for the period between 1 January – 31 December 2009 and 1 January – 31 December 2008 in terms of insurance branches are presented in the below table:

	1 January - 31 December 2009	1 January - 31 December 2008
Subrogation Income/(Expenses)		
Accident	(3.208)	(18.036)
Motor Vehicles	4.627.388	3.756.453
Water Crafts	(10.200)	21.600
Marine	26.184	41.442
Fire and Natural Disasters	492.509	210.193
General Losses	38.946	58.501
Motor Vehicles Liability	1.662.752	532.459
General Liability	(1.315)	1.315
Total	6.833.056	4.603.927

Subrogation income/ (expenses) are presented under the other technical income in the Company's income statement.

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

29. Insurance Rights and Demands (Cont'd)

<u>Outstanding Claims Reserve</u>	<u>1 January - 31 December 2009</u>	<u>1 January - 31 December 2008</u>
Fire and Natural Disasters	(810.473)	(3.003.751)
Marine	(373.499)	108.373
Accident	(906.783)	(827.150)
Motor Vehicles	5.507.974	3.087.934
Water Crafts	(120.151)	(94.358)
General Losses	(94.379)	(2.135.096)
Motor Vehicles Liability	1.892.912	(54.498.053)
Air Crafts Liability	(12.223)	29
General Liability	(1.068.342)	(1.244.119)
Financial Losses	38.519	5.863
Legal Protection	(3.353.320)	(31.112)
Security Breach	(48.369)	-
Illness/Health	(5.840.586)	(5.182.091)
<u>Total of Non-Life Branches</u>	<u>(5.188.720)</u>	<u>(63.813.531)</u>
Life	32.665	(219.265)
<u>Total (*)</u>	<u>(5.156.055)</u>	<u>(64.032.796)</u>

(*) Comparison of current period and prior period presented in Note 4.1.2.4.

30. Investment Agreement Rights

None.

31. Other Expenses

Types of expenses are disclosed in Note 32.

AKSİGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

32. Expense Types

	1 January - 31 December 2009	1 January - 31 December 2008
Personnel wages and expenses	(30.471.422)	(32.680.278)
Advertisement expenses	(3.503.651)	(5.079.168)
Depreciation expenses	(3.491.701)	(3.378.369)
Outsourcing services expenses	(1.918.482)	(1.808.890)
Social relief expenses	(1.797.679)	(1.616.833)
Transportation expenses	(2.400.678)	(2.088.860)
Communication expenses	(932.998)	(975.553)
Rent expenses	(489.454)	(479.045)
Meeting and training expenses	(955.264)	(3.560.163)
Renewal and maintenance expenses	(3.168.686)	(2.866.217)
IT system expenses	(4.419.769)	(4.373.134)
Other	(4.958.341)	(6.208.360)
Total	(58.508.125)	(65.114.870)

(*) TRY 115.612.115 (31 December 2008: TRY 66.128.090) of production commission expenses and TRY 4.719.887 (31 December 2008: TRY 3.225.922) of other expenses have not been included; TRY 3.491.701 (31 December 2008: TRY 3.378.369) of depreciation expenses have been included.

33. Employee Benefit Expenses

Employee benefit expenses are detailed in Note 32.

The Company has no share-based payments under TFRS 2 in the current period.

34. Financing Costs

34.1 The Company has no financing costs.

34.2 There are no financing expenses related to shareholders, affiliates and subsidiaries in the current period.

34.3 Sales transactions with shareholders, affiliates and subsidiaries

None.

34.4 Interest, rent and similar balances with shareholders, affiliates and subsidiaries

In the current period, rent income received from AvivaSa Emeklilik A.Ş. and Hacı Ömer Sabancı Holding (the shareholder) is TRY 63.600 (31 December 2008: TRY 57.588) and TRY 63.600 (31 December 2008: TRY 57.588), respectively.

34.5 The Company does not apply any hedge accounting.

34.6 The Company has no exchange differences, other than those arising from financial assets held at fair value through profit and loss.

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

35. Income Tax

<u>Current tax provision:</u>	<u>31 December 2009</u>	<u>31 December 2008</u>
Corporate Tax Liability Provision on Period Profit	-	2.821.614
Prepaid Taxes and Other Liabilities on Period Profit (-)	(3.138.650)	-
	<u>(3.138.650)</u>	<u>2.821.614</u>

Income tax (expense)/income is formed by the items below:

	<u>1 January - 31 December 2009</u>	<u>1 January - 31 December 2008</u>
Current tax (expense)/income	-	-
Deferred tax (expense)/income due to temporary differences	(3.250.020)	984.886
Total tax (expense) / income	<u>(3.250.020)</u>	<u>984.886</u>

Deferred Tax

Recognized in the shareholders' equity:

	<u>1 January - 31 December 2009</u>	<u>1 January - 31 December 2008</u>
-Revaluation of available for sale financial assets	76.549	45.183.981
	<u>76.549</u>	<u>45.183.981</u>

Corporate Tax

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate used in 2009 and 2008 is 20 %.

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate used in 2009 and 2008 is 20%. Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within 5 years.

35. Income Tax (Cont'd)

Income Withholding Tax

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

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of their investments within the scope of the investment incentive certificate and that are directly related to production facilities of the Company. Investments without investment incentive certificates do not qualify for tax allowance.

Investment Incentive

Investment incentive certificates are revoked commencing from 1 January 2006. If companies cannot use investment incentive due to inadequate profit as of 31 December 2005, such outstanding investment incentive can be carried forward to following years so as to be deducted from taxable income of subsequent profitable years. However, companies can deduct carried forward outstanding allowance from the 2006, 2007 and 2008's taxable income. Investment incentive amount that cannot be deducted from the 2008's taxable income will not be carried forward to following years.

Constitutional Court, meeting at the date 15 October 2009, the acquired rights which removes this legal arrangement, contrary to the Constitution finding canceled so that the investment incentives and restrictions regarding the time of the date of the reporting has been eliminated. At about this decision was published in the Official Gazette dated 8 January 2010.

Since the Company has not benefit from investment incentives, it applied 20% of corporate tax rate.

Inflation Adjusted Legal Tax Calculation

The Company has adjusted its statutory financial statements as of 31 December 2004 in accordance with Law No: 5024 published in the Official Gazette No: 25332 on 30 December 2003 which requires the application of inflation accounting in Turkey in 2005 and future years for tax purposes, if the actual rate of inflation meets certain thresholds.

Inflation accounting requirements set out in tax legislation do not differ from those that are specified in TAS 29. Therefore, the Company applied inflation adjustment in its financial statements as inflation met the required thresholds in 2004. Those balances were taken as opening balances in the as of 1 January 2005 for statutory purposes. However, no further inflation adjustment was made to the Company's statutory financial statements after 2005.

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

35. Income Tax (Cont'd)**Deferred Tax**

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. Tax rate is applied as 20% for the calculation of deferred tax asset and liabilities.

Items that are subject to deferred tax and corporate tax are summarized as follows:

Deferred tax assets / (liabilities) ;	1 January - 31 December 2009	1 January - 31 December 2008
Valuation differences of financial assets	(76.549)	(45.183.981)
Useful life differences of tangible and intangible fixed assets	(2.250.670)	(2.168.113)
Retirement pay provision	394.317	388.995
Unused vacation provision	370.904	243.892
Payable/receivable discounts	461.087	1.387.372
Technical reserves	(1.456.839)	573.514
Provision for doubtful receivables	955.009	1.208.815
Other	100.000	189.354
Deferred tax liability	(1.502.741)	(43.360.152)

Movement of deferred tax asset/(liability);	1 January - 31 December 2009	1 January - 31 December 2008
Opening balance at 1 January	(43.360.152)	(36.520.941)
Deferred tax income / (expense) recognized in the income statement	(3.250.020)	984.886
Deferred tax income / (expense) recognized in the shareholders' equity	45.107.431	(7.824.097)
Closing balance at 31 December	(1.502.741)	(43.360.152)

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

Reconciliation of tax provision;	1 January - 31 December 2009	1 January - 31 December 2008
Income before tax	34.965.827	54.791.978
Calculated Tax with 20%	(6.993.165)	(10.958.396)
Effect of additions	(6.199.096)	(12.104.440)
Effect of allowances	15.211.380	20.241.222
Corporate tax payable and provision for other statutory liabilities (-)	-	(2.821.614)
Deferred tax income / (loss)	(3.250.020)	984.886

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

36. Net Foreign Exchange Gain

	1 January - 31 December 2009	1 January - 31 December 2008
Recognized in profit/loss		
Foreign exchange income	13.893.526	68.899.431
Foreign exchange expense	(16.881.704)	(26.414.758)
	<u>(2.988.178)</u>	<u>42.484.673</u>

37. Earnings per Share

	1 January - 31 December 2009	1 January - 31 December 2008
Number of ordinary shares outstanding As of 1 January (total)	<u>30.600.000.000</u>	<u>30.600.000.000</u>
	30.600.000.000	30.600.000.000
Number of equity shares issued in cash	-	-
Number of ordinary shares outstanding As of 31 December (total)	<u>30.600.000.000</u>	<u>30.600.000.000</u>
	30.600.000.000	30.600.000.000
Weighted average number of outstanding shares (TRY 0,01)	30.600.000.000	30.600.000.000
Net profit for the period (TRY)	<u>34.965.827</u>	<u>51.970.364</u>
Earnings per share (TRY)	<u>0,114</u>	<u>0,170</u>

38. Dividends per Share

As at 31 March 2009, the Company paid TRY 0,0017 earnings per share to its shareholders (total dividend paid: TRY 52.020.000). As at 2 April 2008, the Company paid TRY 0.00327 earnings per share to its shareholders (total dividend paid: TRY 100.200.000).

39. Cash Generated from the Operations

Cash flow statements is presented with the financial statements. The Company's net cash generated from the operating activities, net cash generated from the investing activities, and net cash generated from the financing activities is amounting to TRY 62.172.334, TRY 67.938.685 ve TRY (52.020.000), respectively (31 December 2008: TRY 118.638.631, TRY 20.719.095 and TRY (100.200.000)).

40. Equity Share Convertible Bonds

None.

41. Cash Convertible Privileged Equity Shares

None.

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

AKSİGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

44. Business Combinations

None.

45. Related Parties

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

Due from related parties

Company	31 December 2009	31 December 2008
Ak Finansal Kiralama A.Ş.	3.551.886	4.069.626
Ak Yatırım Ortaklığı A.Ş.	11.998	11.693
Akbank Türk A.Ş.	18.149	870.383
Akçansa Çimento San. Ve Tic. A.Ş.	400.976	653.034
Akbank Tekaüt Sandığı	-	41.920
Akpörföy Yönetimi A.Ş.	85.285	81.772
Akyatırım Menkul Değerler A.Ş.	(384)	225.250
Avivasa Hayat ve Emeklilik A.Ş.	-	2.015.218
Bimsa Uluslar. İş, Bilgi ve Yönetim Sist. A.Ş.	(154)	1.889
Bekaert İzmit Çelik Kord San. ve Tic. A.Ş.	-	28.247
Bossa A.Ş.	-	1.751.877
Brisa Bridgestone Sabancı Last. San. Ve Tic. A.Ş.	405.440	-
Carrefour Sabancı Ticaret Merkezi A.Ş.	826.623	2.503.618
Çimsa Çimento san. Ve Tic. A.Ş.	30.201	91.813
Diasa Dia Sabancı Süpermarketleri Tic. A.Ş.	425.109	402.248
Dönkasan A.Ş.	27.452	26.154
Enerjisa Enerji Üretim A.Ş.	11.944.207	5.233.754
Exsa Export San. Mam. Satış Araş. A.Ş.	2.039	36.566
Hacı Ömer Sabancı Holding	19.600	-
Hilton International	35	233
Karçimsa Çimento San. Ve Tic. A.Ş.	-	197
Kordsa Sabancı Global	125.827	59.873
Kraft	-	128.589
Olmuksa Mukavva San. Tic A.Ş.	99.447	50.712
Oysa Çimento San. Tic. A.Ş.	-	147
Pmsa Philip	9.726	14.082
Philsa Philip Morris	345	660
Sabancı Üniversitesi	3.614.668	3.237.358
Sabancı Telekom	-	961
Sasa Poly. San. A.Ş.	95.984	308.996
Teknosa İç Ve Dış Tic A.Ş.	50.987	35.496
Temsa Global	91.646	776.731
Toyotasa Toyota Sabancı Pazar. ve Satış A.Ş.	-	147.092
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş.	(371)	288
Hacı Ömer Sabancı Vakfı	-	-
Vista Turizm	62.146	-
Yünsa Yünlü San. Ve Tic. A.Ş.	23.085	78.573
Total	21.921.952	22.885.050

(*) TRY 44.016 (31 December 2008: TRY 41.920) of due from related parties is presented under the "Due from Related Parties" in the financial statements and the remaining amount is presented under the "Receivables from Insurance Operations" account.

AKSİGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

45. Related Parties (cont'd)

<u>Premium Production</u>	1 January - 31 December 2009	1 January - 31 December 2008
Insuree		
Ak Finansal Kiralama A.Ş.	9.608.350	8.860.948
Ak Yatırım Ortaklığı A.Ş.	6.438	-
Akbank Türk A.Ş.	3.874.593	2.977.466
Akçansa Çimento San. Ve Tic. A.Ş.	3.257.776	3.728.997
Akpörföy Yönetimi A.Ş.	58.757	60.036
Akyatırım Menkul Değerler A.Ş.	210.879	353.609
Avivasa Hayat ve Emeklilik A.Ş.	1.758.640	1.727.329
Brisa Bridgestone Sabancı Last. San. Ve Tic. A.Ş.	8.136.408	7.237.830
Bossa A.Ş.	-	2.093.449
Carrefour Sabancı Ticaret Merkezi A.Ş.	5.455.043	5.462.340
Çimsa Çimento san. Ve Tic. A.Ş.	3.319.901	3.143.315
Diasa Dia Sabancı Süpermarketleri Tic. A.Ş.	774.636	705.795
Dönkasan A.Ş.	101.604	91.178
Enerjisa Enerji Üretim A.Ş.	15.123.436	2.494.033
Exsa Export San. Mam. Satış Araş. A.Ş.	323.020	927.064
Gıdasa Sabancı	-	956.741
Hacı Ömer Sabancı Holding	818.246	667.215
Hilton International	11.058	10.130
Bimsa Uluslar. İş, Bilgi ve Yönetim Sist. A.Ş.	214.514	203.123
Karçimsa	-	30.235
Marsa Kraft	-	133.864
Kordsa Sabancı Global	3.494.363	3.020.591
Olmaksa Mukavva San. Tic A.Ş.	2.479.959	1.697.991
Oysa Çimento San.Tic. A.Ş.	-	5.535
Pmsa Philip	1.041.541	801.894
Philsa Philip Morris	688.616	414.262
Pilsa Plastik	-	375.086
Sabancı Üniversitesi	4.355.984	3.743.733
Sasa Poly. San. A.Ş.	4.349.682	3.677.598
Sabancı Telekom	-	43.481
Teknosa İç Ve Dış Tic A.Ş.	2.077.678	1.550.006
Temsa Global	6.796.415	5.433.263
Toyotasa Toyota Sabancı Pazar. ve Satış A.Ş.	-	1.699.344
Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş.	322.763	203.313
Hacı Ömer Sabancı Vakfı	-	17.791
Vista Turizm	307.408	-
Yünsa Yünlü San. Ve Tic. A.Ş.	841.553	545.232
Beksa Çelik	-	715.420
Sapeksa	-	1.306
Total	79.809.261	65.810.543

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

45. Related Parties (cont'd)**Interest Income Received From Related Parties**

Name of the Company	1 January - 31 December 2009	1 January - 31 December 2008
Akbank T.A.Ş	31.255.869	33.222.765
Total	31.255.869	33.222.765

The detail of dividend income received from related parties is presented in Note 26.

46. Subsequent Events

Disclosed in Note 1.10.

47. Other

Other Current Assets	31 December 2009	31 December 2008
Akbank T.A.Ş.	1.720.371.899	-
AvivaSa Emeklilik ve Hayat A.Ş.	548.222.171	-
Total	2.268.594.070	-

In the Board of Directors Meeting held on 14 December 2009, Akbank T.A.Ş. equity shares in the Company's available for sale financial assets portfolio and Avivasa Emeklilik ve Hayat A.Ş. equity shares in the Company's joint ventures portfolio which are presented under "Other Current Assets" account in the accompanying financial statements were resolved to be transferred to Hacı Ömer Sabancı Holding A.Ş. ("Holding"), the Company's parent company, through the spin-off method. It has been resolved that the spin-off process would be performed in accordance with the article 19, clause 3, paragraph 3 and article 20 of the Corporate Tax Law numbered 5520 and the rules of "The Communique about the Basis and Procedures of the Spin-off Transactions of the Corporations and Limited Companies" published in the Official Gazette dated 16 September 2003 and numbered 25231. Spin-off contract signed with the Holding in accordance with the rules of the communique mentioned above is approved in the Extraordinary General Assembly held on 4 January 2010. Additionally, Republic of Turkey Prime Ministry Undersecretariat of Treasury gave an opinion, dated 16 September 2009 and numbered 40116, about the fact that spin-off does not have any inconvenience for the insurance regulations. In the Capital Markets Board letter numbered B.02.1.SPK.013-1823, the spin-off of the Company's investment in Akbank T.A.Ş. and in Avivasa Emeklilik ve Hayat A.Ş. along with the concurrent capital increase and decrease of the Company was declared with no exception.

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

47. Other (cont'd)

In accordance with procuring the equity shares mentioned above as capital in kind to the Holding and transferring the equity shares representing the increased capital in return for the procurement of those equity shares to the shareholders' of the Company except for the Holding; the Company's paid in capital is increased from TRY 306.000.000 to TRY 839.308.752 and decreased to TRY 306.000.000, concurrently. As a result of those transactions, issued shares with TRY 533.308.752 nominal value are registered by the Capital Markets Board (the "Board") by the document dated 7 January 2010 numbered 114/1087 in accordance with the Securities Exchange Act numbered 2499 and registered in Trade Register on 12 January 2010. The increase and the decrease of the paid in capital was registered to Central Registry Agency on 14 January 2010. The total of TRY 533.308.752 increase in paid capital comprise; positive inflation adjustment differences of capital account, amounting to TRY 128.338.906; inflation adjustment differences on legal reserves account, amounting to TRY 44.331.933; inflation adjustment differences on extraordinary reserves account, amounting to TRY 153.605.731; extraordinary reserves account, amounting to TRY 54.174.197; income from sale of affiliates and real-estates account, amounting to TRY 99.959.485; and compulsory earthquake insurance provision account, amounting to TRY 52.898.500. Furthermore, the total decrease in paid capital amounted TRY 533.308.752 compromise cost value of Abank T.A.Ş.'s shares, amounting to TRY 402.792.696, and cost value of Avivasa Emeklilik ve Hayat A.Ş.'s shares, amounting to TRY 130.516.056. As a result of the spin-off, the valuation differences of Akbank T.A.Ş. and Avivasa Emeklilik ve Hayat A.Ş. equity shares amounting to TRY 1.317.579.203 and TRY 417.706.115, respectively, are netted off with the Revaluation of Financial Assets account.

Akbank T.A.Ş. equity shares, which were under the Company's available-for-sale portfolio in previous periods, are classified to other current assets within the context of disposal asset in the accompanying financial statements.

31 December 2009

Equity Shares

	Participation Rate %	Cost Value TRY	Fair Value TRY	Book Value TRY
Akbank	6,07	402.792.696	1.720.371.899	1.720.371.899

31 December
2008

Shares

	Participation Rate %	Cost Value TRY	Fair Value TRY	Book Value TRY
Akbank	6,07	402.792.696	870.198.696	870.198.696

Avivasa Emeklilik ve Hayat A.Ş. equity shares, which were under the Company's joint ventures portfolio in previous periods, are classified to other current assets within the context of disposal asset in the accompanying financial statements

AKSİGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

(Amounts expressed in Turkish Lira (TRY) unless otherwise stated)

47. Other (cont'd)

31 December 2009

Joint Ventures

Equity Shares (Not Listed)

	Participation Rate %	Cost Value TRY	Book Value TRY
AvivaSA Emeklilik ve Hayat A.Ş.	49,83	130.516.056	548.222.171

31 December 2008

Joint Ventures

Equity Shares (Not Listed)

	Participation Rate %	Cost Value TRY	Book Value TRY
AvivaSA Emeklilik ve Hayat A.Ş.	49,83	130.516.056	548.222.171

(*) Book value is measured based on the determinations of the expert commission's 16 July 2007 dated report. Expert commission was appointed upon the resolution no: 2007/876 D of Commercial Court of Third Instance of Kadıköy issued on 11 July 2007.

Items and amounts classified under the "other" account in financial statements either exceeding 20 % of the total amount of the group to which they relate or 5 % of the total assets in the balance sheet

Other Receivables

Paid claims temporary accounts
Other receivables
Total

	31 December 2009	31 December 2008
Paid claims temporary accounts	6.570.084	5.569.677
Other receivables	1.818.932	-
Total	8.389.016	5.569.677

Other Payables

Payables to vendors
Payables to contracted enterprises
Natural disaster insurances institution payables to agents
Institution of Natural Disaster Insurances current account
Tarım Sigortaları A.Ş. current account
Other
Total

	31 December 2009	31 December 2008
Payables to vendors	1.842.249	831.439
Payables to contracted enterprises	7.059.290	4.188.745
Natural disaster insurances institution payables to agents	381.616	1.105.853
Institution of Natural Disaster Insurances current account	2.053.547	1.798.067
Tarım Sigortaları A.Ş. current account	3.424.612	771.269
Other	48.884	1.392.073
Total	14.810.198	10.087.446

AKSIGORTA A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009**

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47. Other (cont'd)

Long Term Liabilities - Other Technical Provision

	31 December 2009	31 December 2008
Equalization reserve	6.974.825	3.580.776
Total	6.974.825	3.580.776

	1 January - 31 December 2009	1 January - 31 December 2008
Other Income / (Expenses)		
Provisions account (+/-)	(9.103.406)	(9.714.357)
Discount account (+/-)	4.615.548	(1.664.974)
Compulsory earthquake insurance account (+/-)	223.337	253.050
Deferred tax asset (+/-)	(3.250.020)	984.886
Other income and profit (*)	2.817.089	23.510.436
Other expenses and losses (-) (**)	(7.499.390)	(41.992.453)
Total	(12.196.842)	(28.623.412)

	1 January - 31 December 2009	1 January - 31 December 2008
(*) Other income and profit		
Profit from sales of real estates	1.089.501	9.506.165
Profit from sales of equity shares	181.736	12.561.828
Other	1.545.852	1.442.443
Total	2.817.089	23.510.436

	1 January - 31 December 2009	1 January - 31 December 2008
(**) Other expenses and losses (-)		
Legal application expenses	(1.276.055)	-
Other banking operation expenses	(2.738.064)	(285.433)
Losses from sales of equity shares	-	(37.876.130)
Other	(3.485.271)	(3.830.890)
Total	(7.499.390)	(41.992.453)

Total of subrogation receivables followed under the off-balance sheet is TRY 3.039.001 (31 December 2008: TRY 7.126.804).