

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

**AKSIGORTA A.Ş.**

**FINANCIAL STATEMENTS FOR THE INTERIM  
PERIOD JANUARY 1 - JUNE 30, 2020  
AND INDEPENDENT AUDITOR'S  
REVIEW REPORT**



**CONVENIENCE TRANSLATION OF  
THE REVIEW REPORT FOR THE INTERIM PERIOD  
OF AKSIGORTA A.Ş.  
(ORIGINALLY ISSUED IN TURKISH)**

To the General Assembly of Aksigorta A.Ş.,

*Introduction*

1. We have reviewed the accompanying balance sheet of Aksigorta A.Ş. (the “Company”) as of 30 June 2020 and the related statement of income, changes in shareholders’ equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Company’s Management is responsible for the preparation and fair presentation of the interim financial statements in accordance with accounting and financial reporting regulations enforced by the insurance legislation of Turkey and Turkish Accounting Standard 34, “Interim Financial Reporting” for the matters not regulated by such insurance legislation, the so-called “Regulation on Insurance Accounting and Financial Reporting Principles” (“the insurance legislation”). Our responsibility is to express a conclusion on these interim financial statements based on our review.

*Scope of the Review*

2. We conducted our review in accordance with the Standard on Review Engagements 2410 “Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and the principles on the review of interim financial statements as set out in the insurance legislation. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the regulation regarding audit policies in force due to the insurance legislation and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.



*Conclusion*

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true view of the financial position of Aksigorta A.Ş. at 30 June 2020, and of the results of its operations and its cash flows for the six-month period then ended in all aspects in accordance with the accounting principles and standards as set out in the insurance legislation.

*Additional Paragraph for Convenience Translation into English*

4. As discussed in Note 2.27 to the accompanying financial statements, the effects of differences between the accounting principles as set out by the related insurance laws and 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 in the accompanying interim financial statements. Accordingly, the accompanying interim financial statements are not intended to present the financial position and results of operations and changes in financial position and cash flows in accordance with accounting principles generally accepted in such countries and IFRS.

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

**ORIGINALLY ISSUED IN TURKISH**

Adnan Akan, SMMM  
Partner

Istanbul, 29 July 2020

**AKSIGORTA ANONİM ŞİRKETİ**

**COMPANY’S CONFIRMATION ON THE FINANCIAL STATEMENTS PREPARED  
AS AT 30 JUNE 2020**

We confirm that the accompanying financial statements and notes to these financial statements as of 30 June 2020 are prepared in accordance with the accounting principles and standards as set out in the insurance legislation and in conformity with the provisions of the Decree on “Financial Reporting of Insurance and Reinsurance Companies and Pensions Funds” and our Company’s accounting records.

İstanbul, 29 July 2020

**Osman AKKOCA**  
**Chief Financial Officers**

**Uğur GÜLEN**  
**Chief Executive Officer**

**Halil KOLBAŞI**  
**Actuary**  
**Licence No: 72**

**Seza TANINMIŞ ÖZGÜR**  
**Accounting Manager**

**AKSIGORTA A.Ş.**

---

<b>CONTENTS</b>	<b>PAGE</b>
<b>BALANCE SHEETS.....</b>	<b>1-5</b>
<b>STATEMENTS OF INCOME.....</b>	<b>6-7</b>
<b>STATEMENTS OF CASH FLOWS.....</b>	<b>8</b>
<b>STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY.....</b>	<b>9-10</b>
<b>NOTES TO THE FINANCIAL STATEMENTS.....</b>	<b>11-77</b>
<b>APPENDIX I - STATEMENTS OF PROFIT DISTRIBUTION.....</b>	<b>78</b>

# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF JUNE 30, 2020 AND DECEMBER 31, 2019

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

ASSETS			
	Notes	Reviewed	Audited
		Current Period June 30, 2020	Prior Period December 31, 2019
<b>I- CURRENT ASSETS</b>			
<b>A- Cash and Cash Equivalents</b>	<b>14</b>	<b>1,359,077,338</b>	<b>2,063,042,512</b>
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	888,052,819	1,356,583,321
4- Cheques Given and Payment Orders (-)		-	-
5- Receivables from Credit Cards with Bank Guarantee Due Less Than Three Months	14	471,024,519	706,459,191
6- Other Cash and Cash Equivalents		-	-
<b>B- Financial Assets and Investments with Risks on Policy Holders</b>	<b>11.1</b>	<b>2,081,282,657</b>	<b>1,330,189,267</b>
1- Financial Assets Available for Sale	11.1	1,750,280,081	702,749,632
2- Financial Assets Held to Maturity	11.1	115,090,149	34,881,722
3- Financial Assets Held for Trading	11.1	214,729,576	590,751,326
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders	11.1	1,875,338	1,806,587
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)		(692,487)	-
<b>C- Receivables from Main Operations</b>	<b>12.1</b>	<b>867,301,203</b>	<b>760,619,614</b>
1- Receivables from Insurance Operations	12.1	878,856,936	770,022,957
2- Provision for Receivables from Insurance Operations (-)	12.1	(32,466,714)	(18,093,784)
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies	12.1	30,954	30,954
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operation		-	-
9- Doubtful Receivables from Main Operations	12.1	162,728,364	142,028,430
10- Provisions for Doubtful Receivables from Main Operations (-)	12.1	(141,848,337)	(133,368,943)
<b>D- Due from Related Parties</b>		<b>178,901</b>	<b>160,165</b>
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		178,901	160,165
7- Rediscount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
<b>E- Other Receivables</b>		<b>14,278,987</b>	<b>17,597,262</b>
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		871,499	802,322
4- Other Receivables	47	13,407,488	16,794,940
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
<b>F- Prepaid Expenses and Income Accruals</b>	<b>4.2.2</b>	<b>287,913,178</b>	<b>294,531,083</b>
1- Deferred Commission Expenses	17.20	283,027,634	291,440,909
2- Accrued Interest and Rent Income		-	9,950
3- Income Accruals		974,046	510,490
4- Other Prepaid Expenses	47	3,911,498	2,569,734
<b>G- Other Current Assets</b>	<b>4.2.2</b>	<b>4,286,631</b>	<b>7,623,377</b>
1- Inventories		22	22
2- Prepaid Taxes and Funds		4,271,932	7,610,410
3- Deferred Tax Assets		-	-
4- Business Advances		14,677	12,945
5- Advances Given to Personnel		-	-
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
<b>I- Total Current Assets</b>		<b>4,614,318,895</b>	<b>4,473,763,280</b>

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

**AKSIGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF  
JUNE 30, 2020 AND DECEMBER 31, 2019**

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

ASSETS			
II- NON-CURRENT ASSET	Notes	Reviewed	Audited
		Current Period June 30, 2020	Prior Period December 31, 2019
<b>A- Receivables from Main Operations</b>		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations (-)		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
<b>B- Due from Related Parties</b>		-	-
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
<b>C- Other Receivables</b>		-	-
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Receivables		-	-
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
<b>D- Financial Assets</b>		-	-
1- Investments in Associates		-	-
2- Affiliates		-	-
3- Capital Commitments to Affiliates (-)		-	-
4- Subsidiaries		-	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Joint Ventures		-	-
7- Capital Commitments to Joint Ventures (-)		-	-
8- Financial Assets and Investments with Risks on Policy Holders		-	-
9- Other Financial Assets		-	-
10- Diminution in Value of Financial Assets (-)		-	-
<b>E- Tangible Fixed Assets</b>	<b>6 and 7</b>	<b>50,273,100</b>	<b>49,455,053</b>
1- Investment Properties	7	170,958	170,958
2- Diminution in Value for Investment Properties (-)		-	-
3- Owner Occupied Properties	6	1,598,569	1,598,569
4- Machinery and Equipment		-	-
5- Furnitures and Fixtures	6	29,552,250	27,612,750
6- Vehicles	6	2,720,001	2,720,001
7- Other Tangible Assets (Including Leasehold Improvements)	6	21,682,557	21,347,617
8- Leased Tangible Fixed Assets	6	40,645,080	34,372,885
9- Accumulated Depreciation (-)	6 and 7	(46,096,315)	(38,367,727)
10- Advances Paid for Tangible Fixed Assets (Including Construction in Progresses)		-	-
<b>F- Intangible Fixed Assets</b>	<b>8</b>	<b>57,030,099</b>	<b>60,569,259</b>
1- Rights	8	143,110,486	134,184,258
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortizations (-)	8	(91,959,002)	(77,104,087)
7- Advances Regarding Intangible Assets	8	5,878,615	3,489,088
<b>G- Prepaid Expenses and Income Accruals</b>		<b>72,195</b>	<b>149,980</b>
1- Deferred Commission Expenses		-	-
2- Accrued Interest and Rent Income		-	-
3- Other Prepaid Expenses	47	72,195	149,980
<b>H- Other Non-current Assets</b>		<b>23,769,466</b>	<b>23,935,685</b>
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	35	23,769,466	23,935,685
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
<b>II- Total Non-current Assets</b>		<b>131,144,860</b>	<b>134,109,977</b>
<b>TOTAL ASSETS (I+II)</b>		<b>4,745,463,755</b>	<b>4,607,873,257</b>

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

# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF JUNE 30, 2020 AND DECEMBER 31, 2019

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

LIABILITIES			
III- SHORT-TERM LIABILITIES	Notes	Reviewed	Audited
		Current Period June 30, 2020	Prior Period December 31, 2019
<b>A- Borrowings</b>		<b>14,605,351</b>	<b>64,584,250</b>
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables	20	9,317,933	12,599,956
3- Deferred Finance Lease Borrowing Costs (-)	20	(6,698,445)	(8,793,389)
4- Current Portion of Long-term Borrowings		-	-
5- Principal, Installments and Interests on Issued Bills (Bonds)		-	-
6- Other Financial Assets Issued		-	-
7- Value Differences on Issued Financial Assets (-)		-	-
8- Other Financial Borrowings (Liabilities)	14	11,985,863	60,777,683
<b>B- Payables from Main Operations</b>		<b>640,283,659</b>	<b>554,050,816</b>
1- Payables Due to Insurance Operations	19.1	640,283,659	554,050,816
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Rediscount on Other Payables from Main Operations (-)		-	-
<b>C- Due to Related Parties</b>		<b>271,636</b>	<b>287,654</b>
1- Due to Shareholders		1,143	1,143
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		270,493	286,511
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>		<b>88,907,825</b>	<b>147,073,119</b>
1- Deposits and Guarantees Received	12.1	5,561,151	3,002,608
2- Due to SSI regarding Treatment Expenses	19.1	28,732,604	42,392,477
3- Other Payables	19.1	54,614,070	101,678,034
4- Discount on Other Payables (-)		-	-
<b>E- Insurance Technical Reserves</b>		<b>2,635,992,511</b>	<b>2,515,041,331</b>
1- Unearned Premiums Reserve - Net	20	1,336,053,290	1,405,431,056
2- Unexpired Risk Reserves - Net	20	17,802,320	14,410,790
3- Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net	4.1 and 20	1,282,130,981	1,095,191,072
5- Provision for Bonus and Discounts - Net	20	5,920	8,413
6- Other Technical Reserves - Net		-	-
<b>F- Taxes and Other Liabilities and Relevant Provisions</b>		<b>86,467,892</b>	<b>93,440,050</b>
1- Taxes and Dues Payable		31,033,278	40,384,078
2- Social Security Premiums Payable	23.1	179,309	219,015
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		5,472	4,977
5- Corporate Tax Liability Provision on Period Profit	35	73,770,452	125,897,143
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	35	(18,520,619)	(73,065,163)
7- Provisions for Other Taxes and Liabilities		-	-
<b>G- Provisions for Other Risks</b>		<b>72,059,822</b>	<b>59,947,386</b>
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	19.1 and 23.4	72,059,822	59,947,386
<b>H- Deferred Income and Expense Accruals</b>	<b>19.1</b>	<b>133,828,793</b>	<b>144,643,673</b>
1- Deferred Commission Income	19.1	133,828,793	115,046,314
2- Expense Accruals	2.11 and 19.1	-	29,597,359
3- Other Deferred Income		-	-
<b>I- Other Short-term Liabilities</b>		<b>235</b>	<b>235</b>
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short-term Liabilities		235	235
<b>III - Total Short-term Liabilities</b>		<b>3,672,417,724</b>	<b>3,579,068,514</b>

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



# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF JUNE 30, 2020 AND DECEMBER 31, 2019

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

LIABILITIES			
	Notes	Reviewed	Audited
		Current Period June 30, 2020	Prior Period December 31, 2019
<b>IV- LONG-TERM LIABILITIES</b>			
<b>A- Borrowings</b>		<b>29,631,830</b>	<b>25,943,674</b>
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables	20	39,206,268	36,383,769
3- Deferred Finance Lease Borrowing Costs (-)	20	(9,574,438)	(10,440,095)
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Value Differences on Issued Financial Assets (-)		-	-
7- Other Financial Borrowings (Liabilities)		-	-
<b>B- Payables from Main Operations</b>		-	-
1- Payables Due to Insurance Operations		-	-
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Discount on Other Payables from Main Operations (-)		-	-
<b>C- Due to Related Parties</b>		-	-
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>		-	-
1- Deposits and Guarantees Received		-	-
2- Due to SSI regarding Treatment Expenses		-	-
3- Other Payables		-	-
4- Discount on Other Payables (-)		-	-
<b>E- Insurance Technical Reserves</b>		<b>93,580,664</b>	<b>97,139,342</b>
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Mathematical Reserves - Net	17.2 and 20	1,436,431	1,446,871
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	20	92,144,233	95,692,471
<b>F- Other Liabilities and Provisions</b>		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
<b>G- Provisions for Other Risks</b>		<b>8,266,365</b>	<b>7,052,711</b>
1- Provision for Employment Termination Benefits	22	8,266,365	7,052,711
2- Provisions for Employee Pension Fund Deficits		-	-
<b>H- Deferred Income and Expense Accruals</b>		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
<b>I- Other Long-term Liabilities</b>		-	-
1- Deferred Tax Liability		-	-
2- Other Long-term Liabilities		-	-
<b>IV- Total Long-term Liabilities</b>		<b>131,478,859</b>	<b>130,135,727</b>

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

**AKSIGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF  
JUNE 30, 2020 AND DECEMBER 31, 2019**

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

<b>SHAREHOLDERS' EQUITY</b>			
<b>V- SHAREHOLDERS' EQUITY</b>	Notes	Reviewed	Audited
		Current Period June 30, 2020	Prior Period December 31, 2019
<b>A- Paid in Capital</b>		<b>306,000,000</b>	<b>306,000,000</b>
1- (Nominal) Capital	15	306,000,000	306,000,000
2- Unpaid Capital (-)		-	-
3- Positive Inflation Adjustment on Capital		-	-
4- Negative Inflation Adjustment on Capital (-)		-	-
5- Unregistered Capital		-	-
<b>B- Capital Reserves</b>		<b>90,989,327</b>	<b>90,989,327</b>
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital	15	90,989,327	90,989,327
4- Translation Reserves		-	-
5- Other Capital Reserves		-	-
<b>C- Profit Reserves</b>		<b>199,683,770</b>	<b>48,970,786</b>
1- Legal Reserves	15	82,866,210	45,882,288
2- Statutory Reserves		62	62
3- Extraordinary Reserves		128,432,529	1,018,015
4- Special Funds (Reserves)	15 and 22	(5,167,237)	(4,518,213)
5- Revaluation of Financial Assets	16.1	(6,447,794)	6,588,634
6- Other Profit Reserves		-	-
<b>D- Previous Years' Profits</b>		<b>86,350,467</b>	<b>86,350,467</b>
1- Previous Years' Profits		86,350,467	86,350,467
<b>E- Previous Years' Losses (-)</b>		<b>-</b>	<b>-</b>
1- Previous Years' Losses		-	-
<b>F- Net Profit of the Period</b>	<b>37</b>	<b>258,543,608</b>	<b>366,358,436</b>
1- Net Profit of the Period		258,543,608	366,358,436
2- Net Loss of the Period (-)		-	-
3- Net Income not Subject to Distribution		-	-
<b>V- Total Shareholders' Equity</b>		<b>941,567,172</b>	<b>898,669,016</b>
<b>Total Liabilities and Shareholders' Equity (III+IV+V)</b>		<b>4,745,463,755</b>	<b>4,607,873,257</b>

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

## CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME FOR THE INTERIM PERIODS JANUARY 1 - JUNE 30, 2020 AND 2019

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

I-TECHNICAL PART	Notes	Reviewed	Not Reviewed	Reviewed	Not Reviewed
		Current Period January 1 - June 30, 2020	Current Period April 1 - June 30, 2020	Prior Period January 1 - June 30, 2019	Prior Period April 1 - June 30, 2019
<b>A- Non-Life Technical Income</b>		<b>1,526,409,697</b>	<b>772,190,570</b>	<b>1,290,142,943</b>	<b>656,741,150</b>
1- Earned Premiums (Net of Reinsurer Share)		1,324,638,408	670,568,896	1,037,918,371	534,889,389
1.1- Written Premiums (Net of Reinsurer Share)	24	1,258,652,172	582,386,725	1,147,209,464	622,825,276
1.1.1- Gross Written Premiums (+)	24	2,265,938,945	1,032,347,564	2,142,765,112	1,084,542,690
1.1.2- Ceded Premiums to Reinsurers (-)	17.16 and 24	(945,453,450)	(421,206,320)	(937,178,881)	(421,681,190)
1.1.3- Ceded Premiums to SSI (-)	17.16 and 24	(61,833,323)	(28,754,519)	(58,376,767)	(34,036,324)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	20	69,377,766	89,520,820	(111,504,930)	(88,721,696)
1.2.1- Unearned Premiums Reserve (-)	20	(13,736,880)	119,848,110	(331,525,094)	(143,343,022)
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)	17.16 and 20	89,706,212	(24,727,923)	212,243,884	46,709,497
1.2.3- SSI of Unearned Premiums Reserve (+)	17.16 and 20	(6,591,566)	(5,599,367)	7,776,280	7,911,829
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	20	(3,391,530)	(1,338,649)	2,213,837	785,809
1.3.1- Unexpired Risks Reserve (-)	20	(97,889,148)	(57,792,314)	(62,696,119)	(46,526,973)
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)	17.16 and 20	94,497,618	56,453,665	64,909,956	47,312,782
2- Investment Income Transferred from Non-Technical Part		187,833,249	100,783,160	241,318,084	113,903,783
3- Other Technical Income (Net of Reinsurer Share)		2,555,818	966,568	2,391,520	1,190,639
3.1- Gross Other Technical Income (+)			966,568		1,190,639
3.2- Reinsurance Share of Other Technical Income (-)				2,391,520	
4- Accrued Subrogation and Salvage Income (+)		11,382,222	(128,654)	8,514,968	6,757,339
<b>B- Non-Life Technical Expense (-)</b>		<b>(1,114,781,406)</b>	<b>(509,134,460)</b>	<b>(1,009,017,227)</b>	<b>(507,436,765)</b>
1- Total Claims (Net of Reinsurer Share)		(778,914,902)	(343,719,281)	(720,092,024)	(357,883,327)
1.1- Claims Paid (Net of Reinsurer Share)		(591,979,596)	(244,010,570)	(590,899,588)	(284,361,864)
1.1.1- Gross Claims Paid (-)		(861,832,442)	(340,231,530)	(850,711,399)	(439,859,216)
1.1.2- Reinsurance Share of Claims Paid (+)	17.16	269,852,846	96,220,960	259,811,811	155,497,352
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(186,935,306)	(99,708,711)	(129,192,436)	(73,521,463)
1.2.1- Outstanding Claims Reserve (-)					
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)	17.16	(381,169,486)	(252,914,381)	(335,701,461)	(122,680,707)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	20	194,234,180	153,203,670	206,509,023	49,159,244
2.1- Bonus and Discount Reserve (-)	20	2,493	2,503	78,830	5,740
2.2- Reinsurance Share of Bonus and Discount Reserve (+)	17.16 and 20	(44,908)	(32,353)	60,451,149	606,764
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	20	47,401	34,856	(60,372,319)	(601,024)
4- Operating Expenses (-)	32	3,548,238	723,776	(7,141,745)	(3,826,235)
5- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(290,016,951)	(142,976,455)	(242,858,556)	(123,453,685)
5.1- Mathematical Reserves (-)					
5.2- Reinsurance Share of Mathematical Reserves (+)					
6- Other Technical Expenses (-)	47	(49,400,284)	(23,165,003)	(39,003,732)	(22,279,258)
6.1- Gross Other Technical Expenses (-)	47	(49,400,284)	(23,165,003)	(39,003,732)	(22,279,258)
6.2- Reinsurance Share of Other Technical Expenses (+)					
<b>C- Non-Life Technical Net Profit (A-B)</b>		<b>411,628,291</b>	<b>263,056,110</b>	<b>281,125,716</b>	<b>149,304,385</b>
<b>D- Life Technical Income</b>		<b>64,895</b>	<b>32,376</b>	<b>65,596</b>	<b>32,752</b>
1- Earned Premiums (Net of Reinsurer Share)					
1.1- Written Premiums (Net of Reinsurer Share)					
1.1.1- Gross Written Premiums (+)					
1.1.2- Ceded Premiums to Reinsurers (-)					
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)					
1.2.1- Unearned Premium Reserves Reinsurer Share (+)					
1.2.2- Unearned Premium Reserves Reinsurer Share (-)					
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)					
1.3.1- Unexpired Risks Reserves (-)					
1.3.2- Unexpired Risks Reserves Reinsurer Share (+)					
2- Life Branch Investment Income		64,895	32,376	65,596	32,752
3- Unrealized Income from Investments					
4- Other Technical Income (Net of Reinsurer Share) (+/-)					
4.1- Gross Other Technical Income (+/-)					
4.2- Reinsurance Share of Other Technical Income (+/-)					
5- Accrued Subrogation and Salvage Income (+)					
<b>E- Life Technical Expense</b>		<b>(65,904)</b>	<b>(38,100)</b>	<b>(72,327)</b>	<b>(39,690)</b>
1- Total Claims (Net of Reinsurer Share)		(76,344)	(46,140)	(93,394)	(44,789)
1.1- Claims Paid (Net of Reinsurer Share)		(71,741)	(42,507)	(89,734)	(44,789)
1.1.1- Gross Claims Paid (-)		(71,741)	(42,507)	(89,734)	(44,789)
1.1.2- Claims Paid Reinsurer Share (+)					
1.2- Changes in Outstanding Claims Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(4,603)	(3,633)	(3,660)	
1.2.1- Outstanding Claims Reserve (-)		(4,603)	(3,633)	(3,660)	
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)					
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)					
2.1- Bonus and Discount Reserve (-)					
2.2- Reinsurance Share of Bonus and Discount Reserve (+)					
3- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		10,440	8,040	21,067	5,099
3.1- Mathematical Reserves (-)		10,440	8,040	21,067	5,099
3.1.1- Actuarial Mathematical Reserve (-)		9,396	7,236	18,960	4,589
3.1.2- Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		1,044	804	2,107	510
3.2- Reinsurer Share of Mathematical Reserves (+)					
3.2.1- Reinsurance Share of Actuarial Mathematical Reserve (+)					
3.2.2- Reinsurance Share of Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)					
4- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)					
5- Operating Expenses (-)					
6- Investment Expenses (-)					
7- Unrealized Losses from Investments (-)					
8- Investment Income Transferred to Non- Technical Part (-)					
<b>F- Life Technical Profit (D-E)</b>		<b>(1,009)</b>	<b>(5,724)</b>	<b>(6,731)</b>	<b>(6,938)</b>
<b>G- Individual Retirement Technical Income</b>					
1- Fund Management Fee					
2- Management Fee Deduction					
3- Initial Contribution Fee					
4- Management Fee in Case of Temporary Suspension					
5- Withholding tax					
6- Increase in Market Value of Capital Commitment Advances					
7- Other Technical Income					
<b>H- Individual Retirement Technical Expense</b>					
1- Fund Management Expenses (-)					
2- Decrease in Market Value of Capital Commitment Advances (-)					
3- Operating Expenses (-)					
4- Other Technical Expense (-)					
<b>I- Individual Retirement Technical Profit (G-H)</b>					

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

# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME FOR THE INTERIM PERIODS JANUARY 1 - JUNE 30, 2020 AND 2019

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

	Notes	Reviewed	Not Reviewed	Reviewed	Not Reviewed
		Current Period January 1 - June 30, 2020	Current Period April 1 - June 30, 2020	Prior Period January 1 - June 30, 2019	Prior Period April 1 - June 30, 2019
<b>II-NON TECHNICAL PART</b>					
C- Non-Life Technical Profit (A-B)		411,628,291	263,056,110	281,125,716	149,304,385
F- Life Technical Profit (D-E)		(1,009)	(5,724)	(6,731)	(6,938)
I - Individual Retirement Technical Profit (G-H)		-	-	-	-
<b>J- Total Technical Profit (C+F+I)</b>		<b>411,627,282</b>	<b>263,050,386</b>	<b>281,118,985</b>	<b>149,297,447</b>
<b>K- Investment Income</b>		<b>279,499,734</b>	<b>149,253,222</b>	<b>326,829,074</b>	<b>165,547,556</b>
1- Income from Financial Investment	26	82,742,471	46,742,898	62,857,758	31,468,040
2- Income from Sales of Financial Investments	26	35,490,361	18,956,429	28,410,417	14,587,433
3- Revaluation of Financial Investments	26	12,870,357	10,313,039	22,142,325	5,242,424
4- Foreign Exchange Gains	36	80,639,558	58,300,935	152,881,601	101,679,994
5- Income from Affiliates		-	-	-	-
6- Income from Subsidiaries and Joint Ventures		-	-	-	-
7- Income Received from Land and Building		-	-	-	-
8- Income from Derivatives	13 and 26	67,756,987	14,939,921	60,536,973	12,569,665
9- Other Investments		-	-	-	-
10- Investment Income transferred from Life Technical Part		-	-	-	-
<b>L- Investment Expenses (-)</b>		<b>(307,312,642)</b>	<b>(164,333,407)</b>	<b>(346,648,512)</b>	<b>(176,529,506)</b>
1- Investment Management Expenses (including interest) (-)	34.1	(4,004,052)	(1,914,823)	(4,163,244)	(2,563,617)
2- Valuation Allowance of Investments (-)	26	(2,104,317)	917,469	(1,141,243)	-
3- Losses on Sales of Investments (-)	26	(6,908,508)	(6,230,894)	(5,565,323)	(2,328,106)
4- Investment Income Transferred to Life Technical Part (-)		(187,833,249)	(100,783,760)	(241,318,084)	(113,903,783)
5- Losses from Derivatives (-)		-	-	-	-
6- Foreign Exchange Losses (-)	36	(83,349,816)	(43,120,885)	(78,804,360)	(49,315,603)
7- Depreciation Expenses (-)	6 and 8	(23,112,700)	(13,200,514)	(15,656,258)	(8,418,397)
8- Other Investment Expenses (-)		-	-	-	-
<b>M- Other Income and Expenses (+/-)</b>	<b>47</b>	<b>(51,500,314)</b>	<b>(26,087,260)</b>	<b>(33,298,041)</b>	<b>(6,374,738)</b>
1- Provisions Account (+/-)	47	(44,269,841)	(26,522,010)	(2,789,368)	15,951,573
2- Discount account (+/-)		-	-	-	-
3- Mandatory Earthquake Insurance Account (+/-)	47	1,903,067	618,970	1,271,491	279,781
4- Inflation Adjustment Account (+/-)		-	-	-	-
5- Deferred Tax Asset Accounts (+/-)	35 and 47	(3,587,581)	2,466,966	2,693,919	9,938,207
6- Deferred Tax Expense Accounts (-)		-	-	-	-
7- Other Income and Revenues	47	465,487	201,541	886,951	316,040
8- Other Expense and Losses (-)	47	(6,011,446)	(2,852,727)	(35,361,034)	(32,860,339)
9- Prior Period Income		-	-	-	-
10- Prior Period Losses (-)		-	-	-	-
<b>N- Net Profit/(Loss)</b>	<b>37</b>	<b>258,543,608</b>	<b>169,132,546</b>	<b>168,227,946</b>	<b>89,973,857</b>
1- Profit/(Loss) Before Tax		332,314,060	221,882,941	228,001,506	131,940,759
2- Corporate Tax Liability Provision (-)	35	(73,770,452)	(52,750,395)	(59,773,560)	(41,966,902)
3- Net Profit/(Loss)		258,543,608	169,132,546	168,227,946	89,973,857
4- Inflation Adjustment Account		-	-	-	-

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

**AKSIGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF THE STATEMENT OF CASH FLOWS  
FOR THE INTERIM PERIODS JANUARY 1 - JUNE 30, 2020 AND 2019**

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

	Notes	Reviewed	Reviewed
		Current Period June 30, 2020	Prior Period June 30, 2019
<b>A. CASH FLOWS FROM THE OPERATING ACTIVITIES</b>			
1. Cash inflows from the insurance operations		2,700,010,327	2,676,381,968
2. Cash inflows from the reinsurance operations		-	-
3. Cash inflows from the pension operations		-	-
4. Cash outflows due to the insurance operations (-)		(2,374,085,431)	(2,513,810,980)
5. Cash outflows due to the reinsurance operations (-)		-	-
6. Cash outflows due to the pension operations (-)		-	-
<b>7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)</b>		<b>325,924,896</b>	<b>162,570,988</b>
8. Interest payments (-)		-	-
9. Income tax payments (-)	35	(71,352,599)	(31,558,719)
10. Other cash inflows		-	-
11. Other cash outflows (-)		(170,679,059)	(89,723,761)
<b>12. Net cash generated from the operating activities</b>		<b>83,893,238</b>	<b>41,288,508</b>
<b>B. CASH FLOWS FROM THE INVESTING ACTIVITIES</b>			
1. Sale of tangible assets		(541,830)	-
2. Purchase of tangible assets (-)	6,7 and 8	(14,132,025)	(13,722,362)
3. Acquisition of financial assets (-)		(2,256,500,737)	(510,179,952)
4. Sale of financial assets		1,560,837,092	485,090,172
5. Interest received		146,750,008	140,955,368
6. Dividends received		-	-
7. Other cash inflows		-	836,715
8. Other cash outflows (-)		(48,791,820)	-
<b>9. Net cash generated from the investing activities</b>		<b>(612,379,312)</b>	<b>102,979,941</b>
<b>C. CASH FLOWS FROM THE FINANCING ACTIVITIES</b>			
1. Issue of equity shares		-	-
2. Cash inflows from the loans to policyholders		-	-
3. Payments of financial leases (-)	20	(7,775,170)	(3,041,048)
4. Dividend paid (-)	38	(201,960,000)	(201,960,000)
5. Other cash inflows		-	-
6. Other cash outflows (-)		-	(4,163,244)
<b>7. Cash generated from the financing activities</b>		<b>(209,735,170)</b>	<b>(209,164,292)</b>
<b>D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>			
		3,362,977	26,721,600
<b>E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)</b>		<b>(734,858,267)</b>	<b>(38,174,243)</b>
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>14</b>	<b>1,831,766,957</b>	<b>1,763,461,138</b>
<b>G. Cash and cash equivalents at the end of the period (E+F)</b>	<b>14</b>	<b>1,096,908,690</b>	<b>1,725,286,895</b>

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

## AKSİGORTA A.Ş.

### CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS JANUARY 1 - JUNE 30, 2020 AND 2019

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

#### Statement of Changes in Shareholders' Equity - January 1 - June 30, 2020 (\*)

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
<b>I - Closing Balance of Prior Period (December 31, 2019)</b>	<b>306,000,000</b>	-	<b>6,588,634</b>	-	-	<b>45,882,288</b>	<b>62</b>	<b>87,489,129</b>	<b>366,358,436</b>	<b>86,350,467</b>	<b>898,669,016</b>
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal sources	-	-	-	-	-	-	-	-	-	-	-
B- Equity shares purchased by the company	-	-	-	-	-	-	-	-	-	-	-
C- Income/(expense) recognized directly in the equity	-	-	-	-	-	-	-	-	-	-	-
D- Revaluation of financial assets (Note 16.5)	-	-	(13,036,428)	-	-	-	-	-	-	-	(13,036,428)
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income/(expenses)	-	-	-	-	-	-	-	(649,024)	-	-	(649,024)
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	258,543,608	-	258,543,608
I- Dividend distributed	-	-	-	-	-	-	-	-	(201,960,000)	-	(201,960,000)
J- Transfer	-	-	-	-	-	36,983,922	-	127,414,514	(164,398,436)	-	-
<b>II- Closing Balance (June 30, 2020) (I+ A+B+C+D+E+F+G+H+I+J)</b>	<b>306,000,000</b>	-	<b>(6,447,794)</b>	-	-	<b>82,866,210</b>	<b>62</b>	<b>214,254,619</b>	<b>258,543,608</b>	<b>86,350,467</b>	<b>941,567,172</b>

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

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

## AKSİGORTA A.Ş.

### CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE INTERIM PERIODS JANUARY 1 - JUNE 30, 2020 AND 2019

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

#### Statement of Changes in Shareholders' Equity - January 1 - June 30, 2019 (\*)

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
<b>I - Closing Balance of Prior Period (December 31, 2018)</b>	<b>306,000,000</b>	-	<b>(10,638,677)</b>	-	-	<b>15,835,334</b>	<b>62</b>	<b>92,793,197</b>	<b>227,619,080</b>	<b>86,350,467</b>	<b>717,959,463</b>
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal sources	-	-	-	-	-	-	-	-	-	-	-
B- Equity shares purchased by the company	-	-	-	-	-	-	-	-	-	-	-
C- Income/(expense) recognized directly in the equity	-	-	-	-	-	-	-	-	-	-	-
D- Revaluation of financial assets (Note 16.5)	-	-	2,628,167	-	-	-	-	-	-	-	<b>2,628,167</b>
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income/(expenses)	-	-	-	-	-	-	-	(711,863)	-	-	<b>(711,863)</b>
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	168,227,946	-	<b>168,227,946</b>
I- Dividend distributed	-	-	-	-	-	-	-	-	(197,572,126)	(4,387,874)	<b>(201,960,000)</b>
J- Transfer	-	-	-	-	-	30,046,954	-	(4,387,874)	(30,046,954)	4,387,874	-
<b>II- Closing Balance (June 30, 2019) (I+ A+B+C+D+E+F+G+H+I+J)</b>	<b>306,000,000</b>	-	<b>(8,010,510)</b>	-	-	<b>45,882,288</b>	<b>62</b>	<b>87,693,460</b>	<b>168,227,946</b>	<b>86,350,467</b>	<b>686,143,713</b>

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

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

# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

### 1. General Information

#### 1.1 Name of the Parent Company and the ultimate owner

Aksigorta Anonim Şirketi (“the Company”) is a subsidiary of Hacı Ömer Sabancı Holding A.Ş. and Ageas Insurance International N.V. as of June 30, 2020. 38.02% (December 31, 2019: 38.02%) of the Company is issued in Borsa İstanbul (“BİST”) (Note 2.14).

Agreement about the sale of 50% of 18,965,880,200 units of Aksigorta A.Ş. shares with TL 189,658,802 nominal value that belongs to H.Ö. Sabancı Holding (“Holding”) portfolio was signed with Ageas Insurance International N.V. at February 18, 2011. At the date of July 29, 2011, 9,482,940,100 units of Aksigorta A.Ş. shares that correspond to 50% of the Holding’s portfolio have been transferred to Ageas Insurance International N.V. with the sale price (excluding the corrections) of USD 220,029,000.

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

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

#### 1.3 Main operations of the Company

The Company’s main operations include insurance activities based on non-life insurance branches, including primarily motor vehicle, motor third party liability, fire, marine, accident, personal accident, engineering, agriculture and health. The headquarters of the Company is in İstanbul. The Company has 10 district offices of which three of them are in İstanbul (İstanbul Anatolian Region, İstanbul European Region and İstanbul Thracian Region), and one in each White Sea and South Aegean Region, Ankara Region, Çukurova and Central Anatolia Region, Eastern Anatolia and Eastern Black Sea Region, Southeast Region, İzmir and North Aegean Region, Marmara and West Black sea Region. As of June 30, 2020, the Company has 3,032 authorized agencies (December 31, 2019: 2,878).

#### 1.4 Details of the Company’s operations and nature of field of activities

Explained in Note 1.2 and Note 1.3.

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

	<b>January 1 – June 30,2020</b>	<b>January 1 – December 31,2019</b>
Senior Executive	9	9
Manager & Assistant Manager	99	121
Specialist/Executive	560	534
<b>Total</b>	<b>668</b>	<b>664</b>

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

January 1 - June 30, 2020, wages and similar benefits provided to the senior management including chairman, members of the board of the directors, general manager, general coordinator, and deputy general managers amounted to TL 4,173,680 and April 1 - June 30 amounted to TL 1,928,540 (January 1 - June 30, 2019: TL 3,709,315, April 1 - June 30, 2019: TL 1,854,658).



**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

**1. General Information (Continued)**

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

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

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

**1.8 Stand-alone or consolidated financial statements**

The accompanying financial statements comprise the stand-alone financial statements for Aksigorta A.Ş. as of June 30, 2020.

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

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

**1.10 Subsequent Events**

The financial statements as of June 30, 2020 have been approved by the Company's Board of Directors on July 29, 2020. The financial statements, according to Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pensions Funds", were signed by the Chief Executive Officer Uğur Gülen, Chief Financial Officer Osman Akkoca, Accounting Manager Seza Tanınmış Özgür and Actuary Halil Kolbaşı on behalf of the Board of Directors. Detailed information about these subsequent events is disclosed in Note 46.

**2. Summary of the Accounting Policies**

**2.1 Basis of Preparation**

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

*Accounting Standards*

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**2.1 Basis of Preparation (Continued)**

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

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

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

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

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

The Company accounts and recognizes its insurance technical provisions in its not consolidated financial statements as of June 30, 2020 in accordance with the “Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested,” (“Regulation on Technical Reserves”) dated July 28, 2010 and published in official gazette numbered 27655 and published in Official Gazette dated July 17, 2012 numbered 28356 effective and the regulations issued for insurance and reinsurance companies by the Treasury and Finance Ministry.

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**2.1 Basis of Preparation (Continued)**

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

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

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

**a. Preparation of Financial Statements in Hyperinflationary Periods**

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

**b. Comparative Information and Restatement of Prior Period Financial Statements**

The Company’s balance sheet as of June 30, 2020 is presented in comparison with its balance sheet as of December 31, 2019; income statement, statement of changes in equity and cash flow statement for the period between January 1 - June 30, 2020 are presented in comparison with its income statement, statement of changes in equity and cash flow statement for the period between January 1 - June 30, 2019.

**c. Technical Reserves**

***Unearned Premium Reserve***

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**2.1 Basis of Preparation (Continued)**

*Deferred Commission Expense and Income*

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

*Unexpired Risks Reserve*

As of January 1, 2008, within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that, future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. If the loss ratio for a branch is higher than 95%, net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch; and gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross and net amounts is considered as the reinsurance share.

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

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

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

As of June 30, 2020, the Company provided a net reserve of TL 17,802,320 (December 31, 2019: TL 14,410,790), TL 17,799,904 in general liability branch (December 31, 2019: TL 13,674,175), TL 2,416 in water craft branch (December 31, 2019: TL 735,575 and TL 1,040 in aircraft liability branch) (Note 20).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**2.1 Basis of Preparation (Continued)**

*Bonuses and rebates reserve*

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

The Company has calculated and accounted for gross bonuses and rebates reserve amounting to TL 945,339 and TL 5,920 net at June 30, 2020 (as of December 31, 2019 company has calculated and accounted gross bonus and rebates reserve amounting to TL 900,431 and TL 8,413 net). The company reflected the reserve for bonus and rebate in its records (Note 20).

*Claims provision*

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

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

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

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

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

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

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

**2.1 Basis of Preparation (Continued)**

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

*Claims provision (Continued)*

Branch	Applied Method	June 30, 2020		December 31, 2019		
		Gross Additional Reserve	Net Additional Reserve	Gross Additional Reserve	Net Additional Reserve	
Motor Liability	Frequency/Severity / Standard	806,291,172	806,291,172	Frequency/Severity / Standard	658,290,473	658,290,473
General Liability	Standard Chain /Damage Premium	223,403,644	44,284,378	Standard Chain /Damage Premium	119,748,673	32,107,540
Accident	Bornhuetter-Ferguson	1,518,315	659,657	Bornhuetter-Ferguson	1,908,026	867,099
General Losses	Bornhuetter-Ferguson	12,374,765	404,458	Bornhuetter-Ferguson	10,814,816	281,819
Water Crafts	Standard Chain	483,477	184,308	Standard Chain	567,812	152,879
Indemnity	Standard Chain	271,108	183,968	Standard Chain	307,177	177,484
Legal Protection	Standard Chain	75,987	75,987	Standard Chain	108,650	108,650
Fire and Natural Disaster	Bornhuetter-Ferguson	21,499,848	5,438	Bornhuetter-Ferguson	17,298,485	(800,489)
Credit	Standard Chain	86,956	4,348	Standard Chain	148,614	7,430
Air Crafts Liability	Standard Chain	592,936	612	Standard Chain	662,131	546
Air Crafts	Standard Chain	59,958	3	Standard Chain	51,264	2
Health	Standard Chain	246,411	(4,702)	Standard Chain	776,358	775
Marine	Bornhuetter-Ferguson	1,121,096	(258,266)	Bornhuetter-Ferguson	(2,229,694)	(707,912)
Financial Losses	Standard Chain	3,401,878	(433,484)	Standard Chain	3,514,079	(197,884)
Motor own damage	Standard Chain	(8,871,315)	(8,871,315)	Standard Chain	(7,048,377)	(7,048,377)
<b>Total</b>		<b>1,062,556,236</b>	<b>842,526,562</b>		<b>804,918,487</b>	<b>683,240,035</b>

With the resolution of Ministry of Treasury and Finance dated July 5, 2017 and numbered 18145, "Risky Insurance Pool" is founded as of April 12, 2017. Within this framework; On Motor Third Party Liability branch, premium and claim amounts that are transferred to Pool will be deducted from data used for IBNR calculation. For the damages that the company will take over from the pool; The loss premium rate of 135% for 2017, 139% for 2018, 136% for 2019 and 121% for 2020 was taken into consideration, IBNR was calculated with the earned premium estimate and the provision amounting to TL 162,736,247 was reflected in the financial statements. Related loss ratio is the expected loss ratio for the pool said pool by Turkey manages Bureau of Motor Vehicles is described in the report published on June 30, 2020. Since the loss premium rates in the IBNR calculation of the company correspond to 76 bases, the expected loss premium rate used in the calculation is specified by considering the same base in the report.

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

As of June 30, 2020, Outstanding Claim Provision discount is calculated as TL 292,254,835 for General Liability and Motor Liability branches within the framework of "the Circular on Discount of Net Cash Flows Related to Outstanding Claim Reserve" numbered 2016/22 and dated June 10, 2016 and within the framework of "the amendment to the Circular on Discount of Net Cash Flows Related to Outstanding Claim Reserve" published by Treasury (December 31, 2019: TL 252,705,358). The discount calculation was made considering the development of the claims paid. In this calculation, the distribution of the payments of material and bodily damages for the Motor Vehicle Branch has been evaluated separately. As of June 30, 2020, the net outstanding claims provisions of the Company are presented below before and after the discount. The Company has not applied discounts in outstanding compensation provisions in the branches other than the Motor Liability and General Liability branches, where discounting is mandatory.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

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

**2.1 Basis of Preparation (Continued)**

*Claims provision (Continued)*

**June 30, 2020**

Branch	Net Outstanding Claim Provision Before		Discount Amount	Net Discounted Outstanding Claim Provision
	Discount			
Motor Third Party Liability	1,138,013,106		235,670,831	902,342,275
General Liability	215,774,550		56,584,004	159,190,546
<b>Total</b>	<b>1,353,787,656</b>		<b>292,254,835</b>	<b>1,061,532,821</b>

**December 31, 2019**

Branch	Net Outstanding Claim Provision Before		Discount Amount	Net Discounted Outstanding Claim Provision
	Discount			
Motor Third Party Liability	995,107,626		206,012,886	789,094,740
General Liability	178,052,384		46,692,472	131,359,912
<b>Total</b>	<b>1,173,160,010</b>		<b>252,705,358</b>	<b>920,454,652</b>

While determining the amount of IBNR, the company actuary has determined the threshold values for major damages with plot analysis starting from 2015, whereas it was calculated by Box-Plot method, which is permitted only by the Treasury and Finance Ministry in the Compulsory Traffic branch before 2014/16 Circle, in order to work with a more homogenous dataset. Files exceeding the threshold value determined by this method are considered as major damage. Since the damage progress of these files is separate from the other files, IBNR amounts have been determined and added to the provisions by a separate calculation for these files. Threshold values determined by December 31, 2019 and June 30, 2020 are total number of files subject to calculation, number of files determined as major damage and their shares in total files are as follows;

BRANCH	June 30, 2020				December 31, 2019			
	Threshold	# of Major Claim Files	Total Number of Claim Files	% of Elimination	Threshold	# of Major Claim Files	Total Number of Claim Files	% of Elimination
General Liability (*)	1,650,000	146	34,970	0.42	200,000	553	29,747	1.86
Employer's Financial Liability	650,000	27	10,998	0.25	-	-	-	-
Financial Liability to Third Parties	600,000	88	17,798	0.49	-	-	-	-
Other General Liability	400,000	31	6,173	0.50	-	-	-	-
General Losses	999,999	79	177,825	0.04	999,999	74	171,777	0.04
Fire and Natural Disaster	999,999	215	272,876	0.08	999,999	193	260,399	0.07
Transportation	499,999	91	60,939	0.15	499,999	87	59,792	0.15
Accident	299,999	34	7,436	0.46	299,999	33	6,977	0.47
Suretyship	149,999	105	9,348	1.12	149,999	87	9,112	0.95
Financial Losses	50,000	51	36,598	0.14	50,000	48	35,299	0.14

(\*) As of December 31, 2019, the Company has determined the General Liability major claim limits on the basis of the main branch.

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

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

**2.1 Basis of Preparation (Continued)**

*Claims provision (Continued)*

<b>Branch</b>	<b>Gross Additional Amount</b>	<b>NET IBNR</b>
General Liability	34,747,941	3,754,731
Fire and Natural Disaster	24,061,845	1,687,192
General Losses	11,004,436	128,148
Financial Losses	3,937,686	97,811
Transportation	3,461,661	549,780
Facultative Public Liability	2,781,835	2,781,835
Accident	338,434	25,609

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

*Equalization Reserve*

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

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

The company has offset the net TL 10,949,018 it has paid for the Elazig Earthquake claims that occurred in 2020 from the balancing provision it has allocated in previous years.

The Company has calculated TL 92,144,233 (December 31, 2019: TL 95,692,471) of equalization reserve as of June 30, 2020 and presented in the long-term liabilities in the accompanying financial statements under “Other Technical Reserves” (Note 20).

*Life mathematical reserves*

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

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



**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

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

**2.1 Basis of Preparation (Continued)**

**d. Subrogation and salvage income**

Within the framework of the Treasury and Finance Ministry’s Office of Republic of Turkey. Circular relating to Subrogation and salvage income No. 2015/6, dated February 10, 2015; as of June 30, 2020, the Company recognizes receivables from salvage and subrogation on an accrual basis up to coverage limit of debtor insurance company, on conditions that following the payment of claim, the Company receives the acquaintance or document agreed on payment from individuals and notification is made to individuals or insurance company. However, a doubtful receivables provision for these receivables is accounted under “Provisions for Doubtful Receivables From Main Operations” in case where related amounts are not collected from insurance companies after six months and from individuals after four months following the payment of claim.

Accordingly, accrued receivables from salvage and subrogation and doubtful receivables provision for salvage and subrogation as of June 30, 2020 are TL 21,742,941 (December 31, 2019: TL 31,126,674) and TL 20,281,753 (December 31, 2019: TL 7,983,926) respectively (Note 12.1).

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

	June 30, 2020					
	Collection			Accrual		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Motor Own Damage	101,350,447	-	101,350,447	14,608,730	-	14,608,730
Motor Crafts Liability	4,870,261	(221,791)	4,648,470	6,303,216	(294,480)	6,008,736
Transportation	4,527,412	(3,162,454)	1,364,958	1,027,307	(370,565)	656,742
Fire and Natural Disaster	676,982	(434,757)	242,225	619,598	(423,642)	195,956
General Responsibility	222,476	(191,589)	30,887	581,016	(490,428)	90,588
Legal Protection	24,454	-	24,454	-	-	-
Water Crafts	32,590	(8,147)	24,443	85,947	-	85,947
Suretyship	6,013	(3,163)	2,850	163,094	(81,288)	81,806
Financial Losses	3,255	(1,627)	1,628	-	-	-
General Liability	2,683	(3,040)	(357)	112,212	(97,776)	14,436
<b>Total</b>	<b>111,716,573</b>	<b>(4,026,568)</b>	<b>107,690,005</b>	<b>23,501,120</b>	<b>(1,758,179)</b>	<b>21,742,941</b>

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

**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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**2.1 Basis of Preparation (Continued)**

**f. Receivables from Insurance Operations**

In accordance with the Turkish Tax Code article No: 323, the Company provided provision for doubtful receivables by taking the nature and the value of the receivable into account. As of June 30, 2020, the Company has provided provision for the doubtful receivables under legal and management follow up in the account of "Provision for doubtful receivables from insurance operations" amounting to TL 23,827,618 (December 31, 2019: TL 23,816,352) provision for the overdue receivables which are not under legal follow up in the account of "Provision for doubtful receivables from main operations" amounting to TL 32,466,714 (December 31, 2019: TL 18,093,784). Furthermore, provision is accounted for the retention of claim recovery transactions under legal follow up amounting to TL 118,020,719 (December 31, 2019: TL 109,552,591) and it has been accounted in "Provision for doubtful receivables from main operations" account (Note 12).

**g. Earnings per Share**

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

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

**h. Subsequent Events**

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

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

**i. Provisions, Contingent Liabilities and Assets**

If there is an existing obligation arising from past events, it is probable that the obligation will be fulfilled and the amount in question is reliably predictable, a provision is made in the financial statements.

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, considering 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.

In cases where some or all of the economic benefits required to pay the provision are expected to be met by third parties, the amount to be collected is recognized as an asset if the collection of the relevant amount is almost certain and can be measured reliably.

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**2.1 Basis of Preparation (Continued)**

**j. Accounting Policies, Changes and Misstatements on Accounting Estimates**

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

***The Impact of Covid 19***

According to the announcement published by the Ministry of Treasury and Finance General Directorate of Insurance on April 29, 2020, the sixth paragraph of Article 4 titled "Principles of determination of insurance premiums" of the Regulation on Tariff Application Principles in Compulsory Liability Insurance for Motor Vehicles, "The Undersecretariat may introduce special rules for premium and claim sharing among insurance companies. The premium of those insured is determined by the Undersecretariat, that based on the judgement; that to be applied to the policies within the scope of the Risky Insurance Pool; It has been decided to extend the validity period of policies with expiry dates between 30 April 2020 and 31 May 2020 for 1 month without additional premium.

**k. Corporate Taxation and Deferred Tax**

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

***Corporate Tax***

Corporation tax is payable at a rate of 22% on the total income of the Company and its Subsidiaries registered in Turkey in 2020 (2019: 22%) after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution thus does not incur withholding tax and no stoppage is applied.

Corporations are required to pay advance corporation tax quarterly at the rate of 22% on their corporate income. Advance Tax is declared by 14th of the second month following and payable by the 17th of the second month following each calendar quarter end. Advance Tax paid by corporations is credited against the annual Corporation Tax liability.

The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

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

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**2.1 Basis of Preparation (Continued)**

*Corporate Tax (Continued)*

In accordance with Tax Law No.5024 “Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law” published in the Official Gazette on December 30, 2003 to amend the tax base for non-monetary assets and liabilities, effective from January 1,2004 income and corporate taxpayers are required to prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the Law in question, the cumulative inflation rate for the last 36 months and the inflation rate for the last 12 months must exceed 100% and 10% respectively (Wholesale Price Index increase rate). Since these conditions in question were not fulfilled in 2020 and 2019, no inflation adjustments were performed (Note 35).

*Deferred income tax*

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

Except the conditions that the Company can control its temporary differences removal and when the possibility of that removal is very low, deferred tax liabilities are accounted for all of the taxable temporary differences that are related with the rates in partnerships and investments in subsidiaries and participations. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, “Law on the Amendment of Some Tax Acts and Some Other Laws”, corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of June 30, 2020 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.

As of June 30, 2020, the Company has booked the deferred tax assets in amounting to TL 23,769,466 (December 31, 2019: TL 23,935,685). The Company management is in the opinion that the Company is able to make sufficient taxable income based on the business plans and projections therefore the Company foresees no indicator of any concern regarding its recoverability of deferred tax assets.

*Income tax withholding*

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% until it is altered by the Council of Ministers. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**2.1 Basis of Preparation (Continued)**

**2.1.2 Other related accounting policies for the understanding of financial statements**

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

**2.1.3 Functional currency**

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

**2.1.4 Rounding degree used in the financial statements**

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

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

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

**2.1.6 New and Revised International Financial Reporting Standards**

**New and revised standards and comments**

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

**a) Standards, amendments and interpretations applicable as at June 30, 2020:**

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

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

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

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**2.1 Basis of Preparation (Continued)**

**a) Standards, amendments and interpretations applicable as at June 30, 2020 (Continued):**

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

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

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

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

**b. Standards, amendments and interpretations that are issued but not effective as at June 30, 2020:**

**IFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after January 1, 2022. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**2.1 Basis of Preparation (Continued)**

**b. Standards, amendments and interpretations that are issued but not effective as at June 30, 2020:**

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

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

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

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

**Explanations about Covid 19**

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

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

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

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**2.2 Consolidation**

The Company has no subsidiaries or joint ventures that fall within the scope of consolidation as per “IFRS 10 - Consolidated and Separate Financial Statements” as of June 30, 2020 (December 31, 2019: None).

**2.3 Segment Reporting**

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

**2.4 Discontinued Operations**

The Company does not have any discontinued or disposed operations as of June 30, 2020 and December 31, 2019.

**2.5 Foreign Currency Translation**

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

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

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

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

**2.6 Tangible assets**

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

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

Such assets are depreciated, on the same basis used for other fixed assets, when they are ready to use.



**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

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

**2.6 Tangible assets (Continued)**

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 financial lease are depreciated as the same basis as tangible assets or, where shorter, the term of the relevant lease.

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

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

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

***Right of Use Asset***

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

***Lease Liability***

On adaptation of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principle of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2020. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2020 was 12% for local currency liabilities (December 31, 2019: 25%).

**2.7 Investment Properties**

Investment property is held to earn rentals and/or for capital appreciation is carried at cost less accumulated depreciation and any accumulated impairment losses. 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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**2.7 Investment Properties (Continued)**

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

Real estate’s held under financial 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 based on the costs incurred from the date of acquisition to the date to bring the specific software in use. These costs are capitalized under intangible advances account and amortized over their estimated useful lives (1 to 10 years).

Costs associated with developing or maintaining computer software programs are recognized as expense as incurred. Costs that are directly associated with the development of identifiable and unique software products that are controlled by the Company and will probably provide more economic benefits than costs in one year are recognized as intangible assets. Costs include software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets from the date that the assets become to provide economic benefit are amortized over their estimated useful lives (June 30, 2020: 3-5 years, December 31, 2019: 5 years).

**2.9 Financial Assets**

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

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

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

*Effective interest method*

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**2.10 Investment Properties**

*Held for trading financial assets*

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

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

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

*Available-for-sale financial assets*

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

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

*Held-to-maturity financial assets*

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

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

As of June 30,2020, the Company has TL 115,090,149 of financial assets under held-to-maturity investment account (December 31, 2019: TL 34,881,722).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**2.10 Investment Properties (Continued)**

*Financial Assets at Insured's Risk*

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

*Loans and receivables*

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

**2.11 Impairment of Assets**

*Impairment of non-financial assets*

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

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

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

*Impairment of financial assets*

The Company assesses its financial assets, other than those at FVTPL, at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as held-to-maturity, available-for-sale or loans and receivables is impaired.

A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

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

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

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

**2.11 Impairment of Assets (Continued)**

*Impairment of financial assets (Continued)*

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

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

**2.12 Derivative Financial Instruments**

The Company uses foreign currency swap and option contracts, the Company uses end of period market exchange rates and interest rates to calculate market value of foreign exchange swap contracts. As of June 30, 2020, the Company has a derivative financial instrument with a total cost of TL 157,871,169, of which TL 113,218,968 swap and TL 44,652,201 forward, and their registered value is TL 114,696,273 and TL 45,438,326, total TL 160,134,599 (December 31, 2019: cost total TL 1,114,629,998 TL 1,085,032,639 registered swaps)

As of June 30, 2020, the Company has accounted for “Income Accruals” amounting to TL 786,125 and TL 1,477,305 income accruals arising from the valuation of derivative instruments held by the Company in “Financial Assets Available for Sale” account. (December 31, 2019: TL 29,597,359 “Expense Accruals”).

**2.13 Offsetting Financial Instruments**

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

**2.14 Cash and Cash Equivalents**

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

**2.15 Share Capital**

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

	June 30, 2020		December 31, 2019	
	Rate %	Amount TL	Rate %	Amount TL
H. Ömer Sabancı Holding A.Ş.	36.00	110,160,000	36.00	110,160,000
Ageas Insurance International NV	36.00	110,160,000	36.00	110,160,000
Other	28.00	85,680,000	28.00	85,680,000
	<b>100.00</b>	<b>306,000,000</b>	<b>100.00</b>	<b>306,000,000</b>

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**2.15 Share Capital (Continued)**

Agreement about the sale of 50% of 18,965,880,200 units of Aksigorta A.Ş. shares with TL 189,658,802 nominal value that belong to H.Ö. Sabancı Holding (“Holding”) portfolio was signed with Ageas Insurance International N.V. at February 18, 2011. At the date of July 29, 2011, 9,482,940,100 units of Aksigorta A.Ş. shares that correspond to 50% of the Holding’s portfolio have been transferred to Ageas Insurance International N.V. with the sale price (excluding the corrections) of USD 220,029,000.

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

As of June 30, 2020, Company has TL 500,000,000 registered share capital ceiling (December 31, 2019: TL 500,000,000).

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

**2.16 Insurance and Investment Contracts**

***Insurance Contracts***

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

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

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

***Investment Contracts:***

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

***Reinsurance Agreements***

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

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**2.16 Insurance and Investment Contracts (Continued)**

*Reinsurance Agreements (Continued)*

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

*Premiums Transferred to Social Security Institution*

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

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**2.16 Insurance and Investment Contracts (Continued)**

*Premiums Transferred to Social Security Institution (Continued)*

Based on the aforementioned regulations, the Company has calculated the amount of the premiums to be ceded to SSI in January 1 - June 30, 2020 accounting period as TL 61,833,323 (January 1 - June 30, 2019: TL 58,376,767) and unearned premium reserve amounting to TL 6,591,566, (January 1 - June 30, 2019: TL 7,776,280) for the period ended as of June 30, 2019; classified under the accounts of "Premiums ceded to SSI" and "Change in SSI share of of Unearned Premiums Reserve", respectively (Note 20).

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

*Premium ceded to Turkish Motor Insurers' Bureau*

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

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

The Company has recorded the amounts of premiums, claims and commissions paid to the Pool under the regulation and taken over from the Pool within the scope of the Company's share, taking into account the monthly receipts finalized by the TMTB as of June 30, 2020. As at June 30, 2020, the Company accounted TL 97,131,846 premium ceded to the Pool and TL 39,694,233 paid claim; TL 86,280,726 premium which is reported as Company share from the pool, TL 27,382,280 claims paid, TL 256,114 recourse and TL 379,714 salvage are accounted in accordance with the related legislation.

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

None (December 31, 2019: None).

**2.18 Investment Contracts without Discretionary Participation Features**

None (December 31, 2019: None).

**2.19 Borrowings**

As of June 30, 2020, the Company has TL 11,985,863 borrowings with one day maturity without interest rate and classified as "Other Financial Liabilities. (December 31, 2019: TL 12,806,818).



**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**2.20 Employee Benefits**

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

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

**2.21 Provisions**

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

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

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

**2.22 Revenue Recognition**

***Written Premium Commission***

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

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

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

***Interest income and expense***

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

***Dividend income***

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**2.23 Profit Share Distribution**

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

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

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

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

**Covid - 19 Legal Regulations**

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

**2.24 Related parties**

Parties are considered related to the Company if;

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

**2.25 Foreign currency transactions**

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

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

**2.25 Foreign currency transactions (Continued)**

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

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

	June 30, 2020		December 31, 2019	
	USD / TL	EUR / TL	USD / TL	EUR / TL
Buying rate	6,8422	7,7082	5,9402	6,6506
Selling rate	6,8648	7,7337	5,9598	6,6725

**3. Significant Accounting Estimates and Requirements**

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

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

**4. Insurance and Financial Risk Management**

**4.1 Insurance Risk**

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

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

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

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

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

**4.1 Insurance Risk (Continued)**

**4.1.1.1 Sensitivity to insurance risk**

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

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

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

***Reinsurance Company Notification***

	2020		2019
<b>Reinsurance Company</b>	<b>Standard &amp; Poor’s Rating</b>	<b>Reinsurance Company</b>	<b>Standard &amp; Poor’s Rating</b>
African Re	A-	African Re	A-
Ageas	A	ARIG	BB-
American Agricultural	NR	Asia Capital Re	A-
American Family	A+	China Re	A
Aspen	A	Covea Cooperations	A+
Blenheim Syndicate	A+	Everest Re	A+
Cathay Century	A-	Fair Pool	NR
Cathedral 2010	A+	GIC	NR
Central Re	A	Hannover Re	AA-
China Property & Casualty Reinsurance	A	Korean Re	A
Covea Cooperations	A+	Mapfre Re	A
DEVK	A+	Milli Re	trA+
Dongbu Re (DB Insurance)	A	MS Amlin AG	A
EMC	NR	Odyssey Re	A-
Everest Re	A+	Partner Re	A+
General Insurance Corporation of India (GIC)	NR	QBE	A+
Hannover Rueck SE	A-	Samsung Fire&Marine Re	AA-
HCC 4141	A+	Sava Re	A
Korean Re	A	Scor Global P&C	AA-
Labuan Re	AA-	Toa Re	A+
LF Re	A-	Tokio Millenium Re	A+
Lib Synd Paris (4472)	A+	Trust Re	NR
Malaysian Re	NR	Unipol Re	NR
Mapfre Re	A+	VIG	A+
Milli Re	TR A+	XL Catlin Re	A+
MS Amlin AG	A		
Munich Re	A-		
New Re	A-		
Odyssey Re	A-		
Partner Re	A+		
Partner Re	A+		
QBE	A+		
QBE	A+		
R+V Versicherung AG (R+V Re)	AA-		
Samsung Fire&Marine Re	AA-		
Sava Re	A		
Scor	AA-		
Shelter Re	NR		
Taiping Re	A		
Toa Re	A+		
Turk Re	NR		
Unipol Re	NR		
VHV Re	A+		
VIG	A+		

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

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

#### 4.1 Insurance Risk (Continued)

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

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

Total Claims Liability (*)	June 30, 2020			December 31, 2019		
	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
Motor Crafts Liability	925,960,036	(23,617,761)	902,342,275	813,372,523	(24,277,783)	789,094,740
General Liability	657,531,219	(498,340,673)	159,190,546	587,034,338	(455,674,426)	131,359,912
Motor Own Damage	116,961,475	(267)	116,961,208	99,102,286	(204)	99,102,082
Fire and Natural Disaster	887,348,921	(829,770,221)	57,578,700	682,056,042	(645,451,686)	36,604,356
General Losses	231,786,596	(214,448,103)	17,338,493	275,074,848	(264,431,598)	10,643,250
Transportation	65,283,715	(53,843,257)	11,440,458	58,021,514	(48,146,372)	9,875,142
Health	24,706,022	(17,460,981)	7,245,041	18,591,478	(13,191,960)	5,399,518
Financial Losses	102,035,549	(98,559,674)	3,475,875	90,207,565	(85,959,053)	4,248,512
Fidelity Guarantee	96,940,836	(94,271,849)	2,668,987	87,583,476	(84,371,502)	3,211,974
Accident	4,952,872	(2,806,806)	2,146,066	5,901,468	(3,017,587)	2,883,881
Water Crafts	7,456,983	(6,244,864)	1,212,119	32,231,008	(30,061,736)	2,169,272
Legal Protection	313,548	-	313,548	412,001	-	412,001
Life	140,914	-	140,914	136,311	-	136,311
Credit	1,217,186	(1,156,327)	60,859	727,288	(690,924)	36,364
Air Crafts Liability	19,226,141	(19,210,252)	15,889	15,756,454	(15,742,697)	13,757
Air Crafts	36,670,721	(36,670,718)	3	31,150,045	(31,150,045)	-
<b>Total</b>	<b>3,178,532,734</b>	<b>(1,896,401,753)</b>	<b>1,282,130,981</b>	<b>2,797,358,645</b>	<b>(1,702,167,573)</b>	<b>1,095,191,072</b>

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

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

Effect on Current Period (Net)	June 30, 2020			December 31, 2019		
	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability	Gross Total Claims Liability	Reinsurance Share of Gross Total Claims Liability	Net Total Claims Liability
Unpaid Claims	(67,198,256)	2,590,840,038	(1,859,121,698)	731,718,340	2,412,577,612	664,520,084
Discount Effect of Reported Damages	39,549,477	(475,004,454)	182,749,619	(292,254,835)	(420,273,765)	(252,705,358)
Claim Provisions (*)	(159,286,527)	1,062,556,236	(220,029,674)	842,526,562	804,918,487	683,240,035
Non-life Total	(186,935,306)	3,178,391,820	(1,896,401,753)	1,281,990,067	2,797,222,334	1,095,054,761
Life	(4,603)	140,914	-	140,914	136,311	136,311
<b>Grand Total</b>	<b>(186,939,909)</b>	<b>3,178,532,734</b>	<b>(1,896,401,753)</b>	<b>1,282,130,981</b>	<b>2,797,358,645</b>	<b>1,095,191,072</b>

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

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

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

#### 4.1 Insurance Risk (Continued)

##### Outstanding Claim Reserve:

	June 30, 2020			June 30, 2019		
	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
Beginning of the period - January 1	2,412,577,612	(1,748,057,528)	664,520,084	1,783,361,109	(1,235,866,842)	547,494,267
Opened in the period	1,040,166,609	(380,917,016)	659,249,593	1,147,868,249	(481,303,452)	666,564,797
Paid from current period (-)	(577,475,803)	180,801,407	(396,674,396)	(570,036,759)	174,073,913	(395,962,846)
Paid from previous periods (-)	(284,428,380)	89,051,439	(195,376,941)	(280,764,374)	85,737,898	(195,026,476)
Period end reported claims	<u>2,590,840,038</u>	<u>(1,859,121,698)</u>	<u>731,718,340</u>	<u>2,080,428,225</u>	<u>(1,457,358,483)</u>	<u>623,069,742</u>
Life	140,914	-	140,914	132,614	-	132,614
Reported claims discount effect	(475,004,454)	182,749,619	(292,254,835)	(318,718,206)	101,813,561	(216,904,645)
IBNR	1,062,556,236	(220,029,674)	842,526,562	670,140,659	(97,839,937)	572,300,722
<b>Total</b>	<b><u>3,178,532,734</u></b>	<b><u>(1,896,401,753)</u></b>	<b><u>1,282,130,981</u></b>	<b><u>2,431,983,292</u></b>	<b><u>(1,453,384,859)</u></b>	<b><u>978,598,433</u></b>

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

##### Gross claim development table prepared on the principles of incurred claims by June 30, 2020:

	January 1, - June 30, 2014	January 1, - June 30, 2015	January 1, - June 30, 2016	January 1, - June 30, 2017	January 1, - June 30, 2018	January 1, - June 30, 2019	January 1, - June 30, 2020	Gross Claim
<i>Claim realized in the accident period</i>	740,127,447	921,276,704	727,703,634	1,023,357,065	1,208,225,750	1,615,896,524	1,746,361,029	7,982,948,153
<i>1 year later</i>	212,918,108	267,956,100	199,865,675	847,143,021	509,582,320	975,103,388	-	3,012,568,612
<i>2 years later</i>	95,353,856	153,371,294	129,921,622	790,861,306	278,435,958	-	-	1,447,944,036
<i>3 years later</i>	90,565,504	159,800,618	101,207,504	785,794,873	-	-	-	1,137,368,499
<i>4 years later</i>	80,511,378	170,623,840	107,010,760	-	-	-	-	358,145,978
<i>5 years later</i>	85,455,127	183,449,939	-	-	-	-	-	268,905,066
<i>6 years later</i>	99,899,836	-	-	-	-	-	-	99,899,836
<b>TOTAL</b>	<b>1,404,831,256</b>	<b>1,856,478,495</b>	<b>1,265,709,195</b>	<b>3,447,156,265</b>	<b>1,996,244,028</b>	<b>2,590,999,912</b>	<b>1,746,361,029</b>	<b>14,307,780,180</b>

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

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

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

**4.2 Financial Risk**

**4.2.1 Capital risk management and capital requirement**

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

The Company measures its adequacy semi-annually in accordance with the Decree “Measurement and Assessment of Capital Adequacy of Insurance and Reinsurance Companies and Pension Funds” published in the Official Gazette No: 26761 on January 19, 2008. The Treasury and Finance Ministry has not published capital adequacy calculation tables for the interim period ended on June 30, 2020 as of publication date of financial statements. The minimum required capital of the company as of June 30, 2019, calculated within the framework of the regulation on capital adequacy measurement is TL 922,940,035. According to the calculation, the company's equity capital is TL 110,771,373 more than the minimum required equity. Company management believes that, as of June 30, 2020, the necessary capital adequacy has been provided for the interim period January 1 - June 30, 2020 considering the movement of equity.

**4.2.2 Financial risk factors**

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

***Market risk***

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

***Exchange rate risk***

The Company’s foreign currency denominated assets and liabilities expose the Company to exchange rate risks. These risks are monitored by analysing exchange rate position. The details of the Company’s foreign currency denominated assets and liabilities as of June 30, 2020 and December 31, 2019 are presented in details in Note 12.4.

***Sensitivity to exchange rate risk***

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

	June 30, 2020		December 31, 2019	
	USD Effect	EUR Effect	USD Effect	EUR Effect
Profit / Loss Increase	26,528,875	1,510,561	10,913,037	5,177,297
Profit / Loss (Decrease)	(26,528,875)	(1,510,561)	(10,913,037)	(5,177,297)

# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

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

#### 4.2 Financial Risk (Continued)

##### 4.2.2 Financial risk factors (Continued)

###### *Interest rate risk*

	June 30, 2020	December 31, 2019
<b>Total</b>	<b>Effect on profit and profit reserves</b>	
Market interest rate increase / (decrease)		TL
+1%	(6,936,999)	(6,705,683)
-1%	8,338,558	7,942,645
<b>Financial assets</b>	<b>Effect on profit and profit reserves</b>	
Market interest rate increase / (decrease)		TL
+1%	(6,936,999)	(6,705,683)
-1%	8,338,558	7,942,645

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

###### *Price risk*

The Company is exposed to price risk due to its available for sale financial assets. As of the reporting date, if data used in the valuation method is increased/decreased by 10% and all variables remain fixed, the Company's sensitivity is as follows. The sensitivity of the Company for the price risk is arising from the available for sale financial assets as of June 30, 2020.

	June 30, 2020	December 31, 2019
<b>Total</b>	<b>Financial Assets</b>	
<b>Price increase / (decrease)</b>		TL
+10%	183,832,867	73,763,135
-10%	(183,832,867)	(73,763,135)

###### *Credit risk*

Credit risk is the risk that the debtor defaults on its obligations under the terms of the transaction. Credit risk is managed by setting out limits and providing guarantees for receivables from a specific party. Limits and guarantees are determined based on the assessment of the respective party's financial ability and trading capacity. The Company is exposed to credit risk in Turkey because it mainly performs its operations in Turkey.

As of June 30, 2020, the Company has presented its receivables from insurance operations and guarantees received and provision for doubtful receivables in Note 12.1.



## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

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

#### 4.2 Financial Risk (Continued)

##### Liquidity risk

Liquidity risk is the possibility of non-performance of the Company's due liabilities. Events that give rise to funding shortages, such as; market deteriorations and decrease in credit ratings, are the main reasons of liquidity risk. The Company manages its liquidity risk through having adequate cash and cash equivalents in order to fulfil its current and possible liabilities by allocating its funds.

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

##### Liquidity risk table

June 30, 2020	Up to 1 month	1 - 3 month	3 months-1 year	1 - 5 years	5 years and over	No maturity	Total
Cash and Cash Equivalents	886,757,523	360,858,970	3,166,241	-	-	108,294,604	1,359,077,338
Financial Assets Available for Sale	13,712,370	41,212,742	660,294,620	712,732,166	178,739,060	143,589,123	1,750,280,081
Financial Assets Held for Trading	114,831,778	-	-	-	-	99,897,798	214,729,576
Held-to-Maturity Financial Assets	-	-	11,507,255	103,582,894	-	-	115,090,149
Investments with Risks on Policy Holders	-	-	-	-	-	-	-
Investments	-	-	-	1,875,338	-	-	1,875,338
Impairment on Financial Assets	-	-	(692,487)	-	-	-	(692,487)
Receivables from Main Operations	240,781,137	188,052,164	429,176,900	9,291,002	-	-	867,301,203
Due from Related Parties	178,901	-	-	-	-	-	178,901
Other Receivables	-	-	14,278,987	-	-	-	14,278,987
Prepaid Expenses and Income Accruals	40,698,622	67,633,166	179,581,390	-	-	-	287,913,178
<b>Total Assets</b>	<b>1,296,960,331</b>	<b>657,757,042</b>	<b>1,297,312,906</b>	<b>827,481,400</b>	<b>178,739,060</b>	<b>351,781,525</b>	<b>4,610,032,264</b>
Financial Liabilities	11,985,863	-	2,493,245	29,758,073	-	-	44,237,181
Payables from Main Operations	218,815,728	199,120,238	222,347,693	-	-	-	640,283,659
Due to Related Parties	270,493	-	1,143	-	-	-	271,636
Other Payables	-	83,346,674	-	-	-	5,561,151	88,907,825
Insurance Technical Reserves	865,718,925	795,775,699	812,671,041	154,019,360	7,807,486	-	2,635,992,511
Taxes Payable and Similar Liabilities	-	86,467,892	-	-	-	-	86,467,892
Prepaid Expenses and Income Accruals	20,074,319	40,148,638	73,605,836	-	-	-	133,828,793
Long-term Insurance Technical Reserves	-	-	-	1,436,431	92,144,233	-	93,580,664
Provisions for Other Risks	-	-	-	-	-	8,266,365	8,266,365
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,116,865,328</b>	<b>1,204,859,141</b>	<b>1,111,118,958</b>	<b>185,213,864</b>	<b>99,951,719</b>	<b>13,827,516</b>	<b>3,731,836,526</b>
<b>December 31, 2019</b>	<b>Up to 1 month</b>	<b>1 - 3 month</b>	<b>3 months-1 year</b>	<b>1 - 5 years</b>	<b>5 years and over</b>	<b>No maturity</b>	<b>Total</b>
Cash and Cash Equivalents	942,019,120	1,080,190,601	20,293,159	-	-	20,539,632	2,063,042,512
Financial Assets Available for Sale	20,993,443	16,816,813	114,942,696	415,543,534	56,413,071	78,040,075	702,749,632
Financial Assets Held for Trading	448,138,096	-	-	-	-	142,613,230	590,751,326
Held-to-Maturity Financial Assets	-	-	-	34,881,722	-	-	34,881,722
Investments with Risks on Policy Holders	-	-	-	-	-	-	-
Investments	-	-	-	1,806,587	-	-	1,806,587
Receivables from Main Operations	235,458,533	200,768,514	294,341,193	30,051,374	-	-	760,619,614
Due from Related Parties	-	-	160,165	-	-	-	160,165
Other Receivables	-	-	17,597,262	-	-	-	17,597,262
Prepaid Expenses and Income Accruals	41,425,868	69,643,629	183,461,586	-	-	-	294,531,083
<b>Total Assets</b>	<b>1,688,035,060</b>	<b>1,367,419,557</b>	<b>630,796,061</b>	<b>482,283,217</b>	<b>56,413,071</b>	<b>241,192,937</b>	<b>4,466,139,903</b>
Financial Liabilities	60,777,683	-	3,806,567	25,943,674	-	-	90,527,924
Payables from Main Operations	283,517,463	140,377,879	117,966,682	12,188,792	-	-	554,050,816
Due to Related Parties	286,511	-	1,143	-	-	-	287,654
Other Payables	-	147,073,119	-	-	-	-	147,073,119
Insurance Technical Reserves	720,574,743	630,761,513	401,332,066	755,461,917	6,911,092	-	2,515,041,331
Taxes Payable and Similar Liabilities	-	93,440,050	-	-	-	-	93,440,050
Prepaid Expenses and Income Accruals	21,696,551	54,964,596	67,982,526	-	-	-	144,643,673
Long-term Insurance Technical Reserves	-	-	-	1,446,871	95,692,471	-	97,139,342
Provisions for Other Risks	-	-	-	-	-	7,052,711	7,052,711
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,086,852,951</b>	<b>1,066,617,157</b>	<b>591,088,984</b>	<b>795,041,254</b>	<b>102,603,563</b>	<b>7,052,711</b>	<b>3,649,256,620</b>

# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

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

#### 4.2 Financial Risk (Continued)

##### *Categories of Financial Assets*

Current Financial Assets	June 30, 2020		December 31, 2019	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets Available for Sale	1,750,280,081	1,750,280,081	702,749,632	702,749,632
Financial Assets Held for Trading	214,729,576	214,729,576	590,751,326	590,751,326
Financial Assets Held to Maturity	116,965,962	115,090,149	36,506,714	34,881,722
Financial Investments with Risks on Policy Holders	1,875,338	1,875,338	1,806,587	1,806,587
Provision for Impairment (-)	(692,487)	(692,487)	-	-
<b>Total Financial Assets</b>	<b>2,083,158,470</b>	<b>2,081,282,657</b>	<b>1,331,814,259</b>	<b>1,330,189,267</b>

##### *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.

	June 30, 2020	Category 1	Category 2	Category 3
<b>Financial Assets Available for Sale</b>				-
Corporate Bond	686,999,410	686,999,410	-	-
Eurobond	611,599,642	611,599,642	-	-
Government Bonds	308,091,906	308,091,906	-	-
Stocks	143,589,123	143,058,073	-	531,050
<b>Financial Assets Held for Trading</b>				
Reverse Repo	114,831,778	114,831,778	-	-
Investment Funds	99,897,798	99,897,798	-	-
<b>Held to Maturity Financial Assets</b>				
Eurobond	103,582,895	103,582,895	-	-
Government Bonds	11,507,254	11,507,254	-	-
<b>Financial Investments with Risks on Policy Holders</b>				
Government Bonds	1,875,338	1,875,338	-	-
<b>Total</b>	<b>2,081,975,144</b>	<b>2,081,444,094</b>	-	<b>531,050</b>
	<b>December 31, 2019</b>	<b>Category 1</b>	<b>Category 2</b>	<b>Category 3</b>
<b>Financial Assets Available for Sale</b>				
Corporate Bond	333,690,554	333,690,554	-	-
Eurobond	152,749,578	152,749,578	-	-
Government Bonds	137,902,513	137,902,513	-	-
Stocks	78,406,987	77,976,955	-	430,032
<b>Financial Assets Held for Trading</b>				
Reverse Repo	448,138,097	448,138,097	-	-
Investment Funds	142,613,229	142,613,229	-	-
<b>Held to Maturity Financial Assets</b>				
Eurobond	24,027,260	24,027,260	-	-
Government Bonds	10,854,462	10,854,462	-	-
<b>Financial Investments with Risks on Policy Holders</b>				
Government Bonds	1,806,587	1,806,587	-	-
<b>Total</b>	<b>1,330,189,267</b>	<b>1,329,759,235</b>	-	<b>430,032</b>

The Company determines the estimated fair value of its financial instruments by using the current market information and appropriate valuation methods. Additionally, ability to estimate the market values through assessing the market information requires interpretation and judgment. As a result, the estimations presented herein cannot be an indicator of the amounts obtained by the Company in a current market transaction.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

**4.2 Financial Risk (Continued)**

*Fair value of financial assets (Continued)*

The fair value of financial assets shown in the following table in terms of valuation methods is shown divided into three categories. “Category 1”, was organized market obtained from fair values (market data), the “Category 2” precedent that has truth according to processes and “Category 3” is the future cash flows to their present reduced according to the values that are valued financial assets represents.

The following methods and assumptions were used to estimate the fair value of financial instruments for which fair value estimates are practicable.

*Financial assets*

It is anticipated that fair value of the financial assets including cash and cash equivalents and other financial assets carried at cost will approximate to their book value based on their short-term nature and having insignificant potential losses.

Market value is taken as a basis in the measurement of fair value of government bonds and equity shares

*Financial liabilities*

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

**5. Segment Information**

**5.1 Operating segments**

Information related to the operational reporting made by the Company to the chief operating decision-maker in the accordance with the “IFRS 8 - Operating Segments” is disclosed in this part.

Numerical limits in “IFRS 8 - Operating Segments” is also considered as well as management reporting in the determination of operating segments. Premium production and net technical income of different operating segments are grouped separately.

The Company operates in Turkey. Since the results of operating activities abroad have very low effect on financial statements, the information about geographical segmentation has not been given.

# AKSİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

### 5. Segment Information (Continued)

#### 5.1 Operating segments (Continued)

#### Segment results for the interim period at January 1 - June 30, 2020:

	Fire	Transportation	Motor Own Damage	Motor Crafts Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
<b>TECHNICAL INCOME</b>	<b>100,791,863</b>	<b>17,442,835</b>	<b>490,543,980</b>	<b>728,320,378</b>	<b>93,866,457</b>	<b>11,527,794</b>	<b>19,113,698</b>	<b>64,802,692</b>	<b>64,895</b>	-	<b>1,526,474,592</b>
1- Earned Premiums (Net of Reinsurer Share)	84,167,838	14,035,636	438,861,750	631,986,827	76,240,041	9,986,983	14,949,304	54,410,029	-	-	1,324,638,408
1.1- Premiums (Net of Reinsurer Share)	86,781,932	13,690,109	419,231,493	593,774,745	71,759,519	10,095,208	20,356,429	42,962,737	-	-	1,258,652,172
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(2,614,094)	345,527	19,630,257	38,212,082	7,872,052	(108,225)	(5,407,125)	11,447,292	-	-	69,377,766
1.3-Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	-	-	-	-	(3,391,530)	-	-	-	-	-	(3,391,530)
2- Investment Income transferred from Non-Technical Part	15,275,938	2,875,356	53,760,804	83,056,544	17,188,023	1,403,308	4,164,394	10,108,882	64,895	-	187,898,144
3- Other Technical Income (Net of Reinsurance Share)	-	-	2,272,037	-	-	-	-	283,781	-	-	2,555,818
4- Accrued Subrogation and Salvage Income (+)	1,348,087	531,843	(4,350,611)	13,277,007	438,393	137,503	-	-	-	-	11,382,222
<b>TECHNICAL EXPENSES</b>	<b>(83,267,410)</b>	<b>(7,607,260)</b>	<b>(356,503,822)</b>	<b>(541,750,449)</b>	<b>(73,469,186)</b>	<b>(5,283,464)</b>	<b>(15,463,169)</b>	<b>(31,436,646)</b>	<b>(65,904)</b>	-	<b>(1,114,847,310)</b>
1- Total Claims (Net of Reinsurer Share)	(51,422,128)	(3,823,954)	(223,355,351)	(438,922,279)	(41,533,661)	(5,121,785)	(10,117,067)	(4,618,677)	(76,344)	-	(778,991,246)
1.1- Claims Paid (Net of Reinsurer Share)	(30,447,784)	(2,258,638)	(205,496,225)	(325,674,743)	(16,905,978)	(4,574,506)	(3,848,570)	(2,773,152)	(71,741)	-	(592,051,337)
1.2- Changes in Outstanding Claims Reserve Reinsurer Share and Reserves Carried Forward (+/-)	(20,974,344)	(1,565,316)	(17,859,126)	(113,247,536)	(24,627,683)	(547,279)	(6,268,497)	(1,845,525)	(4,603)	-	(186,939,909)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer) (+/-)	3,400	-	-	-	(907)	-	-	-	-	-	2,493
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-) and Other Technical Expenses	4,488,363	-	(574,555)	-	(145,366)	(220,204)	-	-	-	-	3,548,238
4- Operating Expenses	(29,725,702)	(3,624,611)	(104,562,172)	(91,962,966)	(29,787,800)	353,641	(5,151,223)	(25,556,118)	-	-	(290,016,951)
4.1- Production Commissions (-)	(57,940,490)	(7,864,774)	(77,892,448)	(78,671,475)	(42,946,194)	(9,893,044)	(2,370,839)	(44,656,129)	-	-	(322,235,393)
4.2- Reinsurance Commissions (+)	46,441,953	5,565,124	115,972	13,565,824	21,475,212	12,798,130	(2,359,618)	24,140,233	-	-	121,742,830
4.3- General Administrative Expenses	(18,227,165)	(1,324,961)	(26,785,696)	(26,857,315)	(8,316,818)	(2,551,445)	(420,766)	(5,040,222)	-	-	(89,524,388)
4.4- Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
5- Changes in Mathematical Reserves (+/-)	-	-	-	-	-	-	-	-	10,440	-	10,440
6- Other Technical Expenses (Net of Reinsurer Share)	(6,611,343)	(158,695)	(28,011,744)	(10,865,204)	(2,001,452)	(295,116)	(194,879)	(1,261,851)	-	-	(49,400,284)
	<b>17,524,453</b>	<b>9,835,575</b>	<b>134,040,158</b>	<b>186,569,929</b>	<b>20,397,271</b>	<b>6,244,330</b>	<b>3,650,529</b>	<b>33,366,046</b>	<b>(1,009)</b>	-	<b>411,627,282</b>
Financial income	-	-	-	-	-	-	-	-	-	279,499,734	279,499,734
Depreciation expense	-	-	-	-	-	-	-	-	-	(23,112,700)	(23,112,700)
Provisions account, net	-	-	-	-	-	-	-	-	-	(44,269,841)	(44,269,841)
Tax expenses	-	-	-	-	-	-	-	-	-	(77,358,033)	(77,358,033)
Financial expenses	-	-	-	-	-	-	-	-	-	(284,199,942)	(284,199,942)
Other	-	-	-	-	-	-	-	-	-	(3,642,892)	(3,642,892)
<b>Net Profit / (Loss)</b>	<b>17,524,453</b>	<b>9,835,575</b>	<b>134,040,158</b>	<b>186,569,929</b>	<b>20,397,271</b>	<b>6,244,330</b>	<b>3,650,529</b>	<b>33,366,046</b>	<b>(1,009)</b>	<b>(153,083,674)</b>	<b>258,543,608</b>

# AKSİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

### 5. Segment Information (Continued)

#### 5.1 Operating segments (Continued)

#### Segment results for the interim period at January 1 - June 30, 2019:

	Fire	Transportation	Motor Own Damage	Motor Crafts Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
<b>TECHNICAL INCOME</b>	<b>100,310,391</b>	<b>17,295,248</b>	<b>412,031,154</b>	<b>586,180,487</b>	<b>87,445,148</b>	<b>10,536,952</b>	<b>15,618,673</b>	<b>60,724,890</b>	<b>65,596</b>	-	<b>1,290,208,539</b>
1- Earned Premiums (Net of Reinsurer Share)	77,073,618	12,668,570	370,753,148	455,671,063	61,611,192	9,430,651	9,229,777	41,480,352	-	-	1,037,918,371
1.1- Premiums (Net of Reinsurer Share)	86,109,933	12,979,733	356,847,109	530,743,728	79,994,441	8,520,970	18,045,583	53,967,967	-	-	1,147,209,464
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(9,036,315)	(311,163)	(3,375,901)	(75,072,665)	(4,040,691)	909,681	(8,815,806)	(11,762,070)	-	-	(111,504,930)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	-	-	17,281,940	-	(14,342,558)	-	-	(725,545)	-	-	2,213,837
2- Investment Income transferred from Non-Technical Part	21,885,047	4,854,652	39,737,967	122,278,838	25,859,262	1,068,884	6,388,896	19,244,538	65,596	-	241,383,680
3- Other Technical Income (Net of Reinsurance Share)	-	-	2,391,520	-	-	-	-	-	-	-	2,391,520
4- Accrued Subrogation and Salvage Income (+)	1,351,726	(227,974)	(851,481)	8,230,586	(25,306)	37,417	-	-	-	-	8,514,968
<b>TECHNICAL EXPENSES</b>	<b>(74,130,989)</b>	<b>(2,469,635)</b>	<b>(376,121,177)</b>	<b>(441,218,392)</b>	<b>(67,501,616)</b>	<b>(6,653,699)</b>	<b>(10,224,792)</b>	<b>(30,696,927)</b>	<b>(72,327)</b>	-	<b>(1,009,089,554)</b>
1- Total Claims (Net of Reinsurer Share)	(32,425,025)	(950,201)	(264,727,095)	(367,865,425)	(35,488,113)	(5,080,555)	(7,124,439)	(6,431,171)	(93,394)	-	(720,185,418)
1.1- Claims Paid (Net of Reinsurer Share)	(35,782,680)	(437,656)	(254,183,394)	(273,224,313)	(15,684,054)	(5,776,248)	(1,561,867)	(4,249,376)	(89,734)	-	(590,989,322)
1.2- Changes in Outstanding Claims Reserve Reinsurer Share and Reserves Carried Forward (+/-)	3,357,655	(512,545)	(10,543,701)	(94,641,112)	(19,804,059)	695,693	(5,562,572)	(2,181,795)	(3,660)	-	(129,196,096)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer) (+/-)	(7,962)	9,142	83,916	-	(5,595)	(671)	-	-	-	-	78,830
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-) and Other Technical Expenses	(6,015,392)	-	(546,461)	-	(425,400)	(154,492)	-	-	-	-	(7,141,745)
4- Operating Expenses	(29,971,525)	(1,401,201)	(90,932,025)	(64,484,940)	(29,622,271)	(1,133,776)	(2,992,732)	(22,320,086)	-	-	(242,858,556)
4.1- Production Commissions (-)	(48,741,680)	(5,426,864)	(63,405,278)	(56,036,092)	(39,061,220)	(10,331,143)	(2,935,644)	(34,050,982)	-	-	(259,988,903)
4.2- Reinsurance Commissions (+)	36,730,055	5,287,755	23,391	11,180,002	17,841,890	11,680,034	333,163	17,086,483	-	-	100,162,773
4.3- General Administrative Expenses	(17,959,900)	(1,262,092)	(27,550,138)	(19,628,850)	(8,402,941)	(2,482,667)	(390,251)	(5,355,587)	-	-	(83,032,426)
4.4- Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
5- Changes in Mathematical Reserves (+/-)	-	-	-	-	-	-	-	-	21,067	-	21,067
6- Other Technical Expenses (Net of Reinsurer Share)	(5,711,085)	(127,375)	(19,999,512)	(8,868,027)	(1,960,237)	(284,205)	(107,621)	(1,945,670)	-	-	(39,003,732)
	<b>26,179,402</b>	<b>14,825,613</b>	<b>35,909,977</b>	<b>144,962,095</b>	<b>19,943,532</b>	<b>3,883,253</b>	<b>5,393,881</b>	<b>30,027,963</b>	<b>(6,731)</b>	-	<b>281,118,985</b>
Financial income	-	-	-	-	-	-	-	-	-	326,829,074	326,829,074
Depreciation expense	-	-	-	-	-	-	-	-	-	(15,656,258)	(15,656,258)
Provisions account, net	-	-	-	-	-	-	-	-	-	(2,789,368)	(2,789,368)
Tax expenses	-	-	-	-	-	-	-	-	-	(57,079,641)	(57,079,641)
Financial expenses	-	-	-	-	-	-	-	-	-	(330,992,254)	(330,992,254)
Other	-	-	-	-	-	-	-	-	-	(33,202,592)	(33,202,592)
<b>Net Profit / (Loss)</b>	<b>26,179,402</b>	<b>14,825,613</b>	<b>35,909,977</b>	<b>144,962,095</b>	<b>19,943,532</b>	<b>3,883,253</b>	<b>5,393,881</b>	<b>30,027,963</b>	<b>(6,731)</b>	<b>(112,891,039)</b>	<b>168,227,946</b>

# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

### 6. Tangible Assets

June 30, 2020

<u>Cost Value</u>	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Assets	Other Tangible Assets (Including Leasehold Improvements)	Right of Use Assets	Total
January 1,	1,598,569	2,720,001	27,612,750	21,347,617	34,372,885	87,651,822
Additions	-	-	2,479,080	334,940	6,272,195	9,086,215
Disposals	-	-	(539,580)	-	-	(539,580)
<b>June 30,</b>	<b>1,598,569</b>	<b>2,720,001</b>	<b>29,552,250</b>	<b>21,682,557</b>	<b>40,645,080</b>	<b>96,198,457</b>
<u>Accumulated Depreciation</u>						
January 1,	(601,219)	(549,962)	(17,306,145)	(11,657,802)	(8,243,981)	(38,359,109)
Charge for the Period	(15,898)	(270,514)	(2,022,459)	(1,126,490)	(4,813,797)	(8,249,158)
Disposals	-	-	529,072	-	-	529,072
<b>June 30,</b>	<b>(617,117)</b>	<b>(820,476)</b>	<b>(18,799,532)</b>	<b>(12,784,292)</b>	<b>(13,057,778)</b>	<b>(46,079,195)</b>
<b>Net Book Value as of June 30,</b>	<b>981,452</b>	<b>1,899,525</b>	<b>10,752,718</b>	<b>8,898,265</b>	<b>27,587,302</b>	<b>50,119,262</b>

The Company has no impairment loss recognized for tangible fixed assets in the current period (January 1 - June 30, 2019: None).

June 30, 2019

<u>Cost Value</u>	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Assets	Other Tangible Assets (Including Leasehold Improvements)	Right of Use Assets	Total
January 1,	1,598,569	2,720,001	23,741,539	21,052,437	33,797,961	82,910,507
Additions	-	-	2,537,066	47,390	-	2,584,456
Disposals	-	-	(704,504)	-	-	(704,504)
<b>June 30,</b>	<b>1,598,569</b>	<b>2,720,001</b>	<b>25,574,101</b>	<b>21,099,827</b>	<b>33,797,961</b>	<b>84,790,459</b>
<u>Accumulated Depreciation</u>						
January 1,	(569,248)	(5,962)	(14,906,985)	(9,300,583)	-	(24,782,778)
Charge for the Period	(15,854)	(269,764)	(1,396,679)	(1,212,511)	(4,063,414)	(6,958,222)
Disposals	-	-	607,094	-	-	607,094
<b>June 30,</b>	<b>(585,102)</b>	<b>(275,726)</b>	<b>(15,696,570)</b>	<b>(10,513,094)</b>	<b>(4,063,414)</b>	<b>(31,133,906)</b>
<b>Net Book Value as of June 30,</b>	<b>1,013,467</b>	<b>2,444,275</b>	<b>9,877,531</b>	<b>10,586,733</b>	<b>29,734,547</b>	<b>53,656,553</b>

### 7. Investment Properties

June 30, 2020

<u>Cost Value</u>	Land	Buildings	Total
January 1,	-	170,958	170,958
Additions	-	-	-
Disposals	-	-	-
<b>June 30,</b>	<b>-</b>	<b>170,958</b>	<b>170,958</b>
<u>Accumulated Depreciation</u>			
January 1,	-	(8,618)	(8,618)
Charge for the Period	-	(8,502)	(8,502)
Disposals	-	-	-
<b>June 30,</b>	<b>-</b>	<b>(17,120)</b>	<b>(17,120)</b>
<b>Net Book Value as of June 30,</b>	<b>-</b>	<b>153,838</b>	<b>153,838</b>

In the period of January 1 - June 30, 2020, the Company has no obtained rental income from investment properties (January 1 - June 30, 2019: None).

The Company has no investment properties as of June 30, 2019.

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

#### 8. Intangible Assets

June 30, 2020			
<u>Cost Value</u>	<u>Advances for Intangible Assets (*)</u>	<u>Rights</u>	<u>Total</u>
January 1,	3,489,088	134,184,258	137,673,346
Additions	3,882,513	7,435,492	11,318,005
Disposals	-	(2,250)	(2,250)
Transfers	(1,492,986)	1,492,986	-
<b>June 30,</b>	<b>5,878,615</b>	<b>143,110,486</b>	<b>148,989,101</b>
<u>Accumulated Amortization</u>			
January 1,	-	(77,104,087)	(77,104,087)
Charge for the Period	-	(14,855,040)	(14,855,040)
Disposals	-	125	125
<b>June 30,</b>	<b>-</b>	<b>(91,959,002)</b>	<b>(91,959,002)</b>
<b>Net book Value as of June 30,</b>	<b>5,878,615</b>	<b>51,151,484</b>	<b>57,030,099</b>

(\*) Intangible assets advances include the administrative advances for the projects implemented. Since the related assets do not create economic benefits no amortization is calculated over intangible assets.

June 30, 2019			
<u>Cost Value</u>	<u>Advances for Intangible Assets (*)</u>	<u>Rights</u>	<u>Total</u>
January 1,	1,949,163	111,808,560	113,757,723
Additions	1,467,560	9,670,346	11,137,906
Disposals	-	(275,900)	(275,900)
<b>June 30,</b>	<b>3,416,723</b>	<b>121,203,006</b>	<b>124,619,729</b>
<u>Accumulated Amortization</u>			
January 1,	-	(58,117,829)	(58,117,829)
Charge for the Period	-	(8,698,036)	(8,698,036)
Disposals	-	215,814	215,814
<b>June 30,</b>	<b>-</b>	<b>(66,600,051)</b>	<b>(66,600,051)</b>
<b>Net book Value as of June 30,</b>	<b>3,416,723</b>	<b>54,602,955</b>	<b>58,019,678</b>

(\*) Intangible assets advances include the administrative advances for the projects implemented. Since the related assets do not create economic benefits no amortization is calculated over intangible assets.

As of June 30, 2020, the Company has not recognized any impairment loss for its intangible fixed assets in the current period (June 30, 2019: None).

The Company has no goodwill amount in its financial statements.

#### 9. Investments in Affiliates

In 28 June 2019, in accordance with the Resolution of the Board of Directors dated December 31, 2019, numbered 41; Merter B. V., a wholly-owned subsidiary of 25% of its capital, was awarded with Apollo European Real Estate III Coöperatief U.A. and Apollo European Real Estate III (EU) Coöperatief U.A. sold to firms.

#### 10. Reinsurance Assets

Reinsurance assets are disclosed in Note 17.16.

# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

### 11. Financial Assets

#### 11.1 Subcategories of Financial Assets

##### Financial Assets and Financial Investments with Risks on Policy Holders

	June 30, 2020	December 31, 2019
Financial Assets Available for Sale	1,750,280,081	702,749,632
Financial Assets Held for Trading	214,729,576	590,751,326
Financial Assets to be Held Until Maturity	115,090,149	34,881,722
Financial Investments with Risks on Policy Holders	1,875,338	1,806,587
Provision for Impairment (-)	(692,487)	-
<b>Total</b>	<b>2,081,282,657</b>	<b>1,330,189,267</b>

##### Financial Assets Available for Sale

	June 30, 2020			December 31, 2019		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Private Sector bonds	677,189,635	686,999,410	686,999,410	326,266,711	333,690,554	333,690,554
Eurobond	613,855,126	611,599,642	611,599,642	152,806,509	152,749,578	152,749,578
Government Bonds	294,512,444	308,091,906	308,091,906	133,150,541	137,902,513	137,902,513
Equity Shares (Listed on the stock exchange)	150,416,408	143,058,073	143,058,073	70,267,685	77,976,955	77,976,955
Equity Shares (Not listed on the stock exchange) Net	531,050	-	531,050	430,032	-	430,032
<b>Total</b>	<b>1,736,504,663</b>	<b>1,749,749,031</b>	<b>1,750,280,081</b>	<b>682,921,478</b>	<b>702,319,600</b>	<b>702,749,632</b>

##### Financial Assets Held for Trading

	June 30, 2020			December 31, 2019		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Reverse Repo	114,807,482	114,831,778	114,831,778	447,999,882	448,138,097	448,138,097
Investment Funds	71,700,788	99,897,798	99,897,798	116,663,610	142,613,229	142,613,229
<b>Total</b>	<b>186,508,270</b>	<b>214,729,576</b>	<b>214,729,576</b>	<b>564,663,492</b>	<b>590,751,326</b>	<b>590,751,326</b>

##### Held-to-Maturity Financial Assets

	June 30, 2020			December 31, 2019		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Eurobond	102,109,260	103,583,369	103,582,895	23,431,170	24,095,114	24,027,260
Government Bonds	9,194,956	13,382,593	11,507,254	9,194,956	12,411,600	10,854,462
<b>Total</b>	<b>111,304,216</b>	<b>116,965,962</b>	<b>115,090,149</b>	<b>32,626,126</b>	<b>36,506,714</b>	<b>34,881,722</b>

##### Financial Investment with Risks on Policy Holders

	June 30, 2020			December 31, 2019		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Government Bonds	1,647,665	1,875,338	1,875,338	1,647,665	1,806,587	1,806,587

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

#### June 30, 2020

Equity Shares	Participation Rate %	Cost Value TL	Fair Value TL	Book Value TL
Borsa İstanbul Listed		130,382,562	132,498,505	132,498,505
Foreign Stock Exchange Listed		20,033,846	10,559,568	10,559,568
Tarsim Tarım Sigortaları Havuz İşletmesi A.Ş.	4.17	531,050	-	531,050
Unlisted		531,050	-	531,050
<b>Total</b>		<b>150,947,458</b>	<b>143,058,073</b>	<b>143,589,123</b>



## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

#### 11. Financial Assets (Continued)

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

December 31, 2019

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

As of June 30, 2020 and December 31, 2019, the blockage on financial assets in favour of Treasury and Finance Ministry has been disclosed in Note 17.1.

##### 11.2 Securities other than equity shares issued in the current period:

None (December 31, 2019: None).

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

None (December 31, 2019: None).

##### 11.4 Fair value of securities and long-term financial assets that are carried at cost in the balance sheet and cost of securities and long-term financial assets that are carried at fair value in the balance sheet

None (December 31, 2019: None).

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

None (December 31, 2019: None).

##### 11.6 Increase in value of financial assets in the last three years

Value increases and decreases (net-off deferred tax) reflect the difference between the book value and cost value of the financial assets at period end.

Type of Financial Asset	June 30, 2020	December 31, 2019	December 31, 2018
Financial Assets Available for Sale	(8,059,743)	(8,235,793)	(13,298,346)

##### 11.7 Financial Instruments

- Information that enables the financial statement users to evaluate the financial position and performance of the Company is disclosed in Note 4.1.
- Information on the book value of the financial assets is disclosed in Note 11.1.
- Comparison of the fair value and book value of financial assets is disclosed in Note 11.1.
- Financial assets overdue or impaired are presented in Note 11.1.

##### 11.8 Financial Instruments

Information related to hedge accounting has been disclosed in Note 34.5.

##### 11.9 Effects of Exchange Rate Differences

Exchange rate differences arising from the payments of monetary items or different conversion rates used in the current period or at initial recognition are recognized in profit or loss.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

**12. Receivables and Payables**

**12.1 Details of the Company's receivables**

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
<b>Receivables from insurance operations</b>		
Receivables from agencies	581,110,876	545,911,687
Bank Guaranteed Credit Card Receivables More than Three Months	244,636,483	170,128,762
Receivables from reinsurance companies	30,830,437	22,338,183
Receivables for salvage and claim recovery - net (Note 2.1.1)	21,742,941	31,126,674
Other receivables	536,199	517,651
<b>Receivables from insurance operations</b>	<b>878,856,936</b>	<b>770,022,957</b>
Cash deposited for insurance and reinsurance companies	30,954	30,954
<b>Receivables from insurance and reinsurance companies</b>	<b>30,954</b>	<b>30,954</b>
Claim recovery receivables under legal follow-up	118,020,719	109,552,591
Doubtful receivables from main operations	44,707,645	32,475,839
<b>Total provision amount for doubtful receivables</b>	<b>162,728,364</b>	<b>142,028,430</b>
<b>Receivables from main operations</b>	<b>1,041,616,254</b>	<b>912,082,341</b>
Provision for due from insurance operations (-) (*)	(32,466,714)	(18,093,784)
Provision for doubtful receivables from main operations (-) (**)	(23,827,618)	(23,816,352)
Provision for net claim recovery receivables under legal follow-up (-) (**)	(118,020,719)	(109,552,591)
<b>Total provision amount for doubtful receivables</b>	<b>(174,315,051)</b>	<b>(151,462,727)</b>
<b>Receivables from main operations - net</b>	<b>867,301,203</b>	<b>760,619,614</b>

(\*) In balance sheet disclosed under provision for receivables from insurance operations.

(\*\*) In balance sheet disclosed under provision for receivables from main operations.

The movement table of provision for doubtful receivables under legal follow-up is resented below:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
0 - 90 days	33,472,085	9,029,378
90+	26,704,284	21,712,042
Not due receivables	818,711,521	739,312,491
<b>Total</b>	<b>878,887,890</b>	<b>770,053,911</b>

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

<b>Type of Guarantees</b>	<b>June 30, 2020</b>		<b>December 31, 2019</b>	
	<b>Receivables</b>	<b>Doubtful Receivables</b>	<b>Receivables</b>	<b>Doubtful Receivables</b>
Real Estate Pledges	55,889,538	1,031,200	55,282,791	1,195,700
Letters of Guarantee	43,818,771	-	43,933,079	-
Cash Guarantees	5,561,151	-	3,002,608	-
Government Bonds and Equity	308,360	7,500	314,439	7,500
Other	1,831,146	-	2,424,466	-
<b>Total</b>	<b>107,408,966</b>	<b>1,038,700</b>	<b>104,957,383</b>	<b>1,203,200</b>

The Company books provision for 100% of doubtful receivables disclosing guarantees. The movement table of provision for doubtful receivables under legal follow-up is presented below:

<b>Doubtful trade receivable transactions</b>	<b>2020</b>	<b>2019</b>
Opening Balance, January 1,	(133,368,943)	(106,734,101)
Charge for the period	(10,612,421)	(7,743,856)
Collections	2,133,027	2,480,930
<b>Closing Balance, June 30,</b>	<b>(141,848,337)</b>	<b>(111,997,027)</b>

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

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

##### 12.2 Receivable - payable relationship with shareholders, affiliates and subsidiaries of the Company

Due to/from shareholders, affiliates and subsidiaries in balance sheet includes dividends which have paid in previous years but not yet collected by shareholders. As of June 30, 2020, the Company has liabilities amounting to TL 1,143 to shareholders (December 31, 2019: TL 1,143).

##### 12.3 Total pledges and other guarantees received for receivables amount

Total amount of pledges and other guarantees received for receivables amounts to TL 107,408,966 as of June 30, 2020 (December 31, 2019: TL 104,957,383).

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

June 30, 2020

Banks (Foreign Currency)	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	9,661,733	6,8422	66,107,510
EUR	2,609,671	7,7082	20,115,866
GBP	38,120	8,4282	321,283
CHF	87,829	7,2161	633,783
Other	23,165	0,0637	1,476
<b>Total</b>			<b>87,179,918</b>
<b>Stocks and Bonds</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount TL</b>
USD	38,115,652	6,8422	260,794,914
<b>Total</b>			<b>260,794,914</b>
<b>Receivables from Insurance Operations</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount TL</b>
USD	47,753,755	6,8422	326,740,742
EUR	12,808,345	7,7082	98,729,285
GBP	119,729	8,4282	1,009,100
<b>Total</b>			<b>426,479,127</b>
<b>Outstanding Claims Reserve</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount TL</b>
USD	(9,100,949)	6,8422	(62,270,513)
EUR	(1,065,632)	7,7082	(8,214,105)
<b>Total</b>			<b>(70,484,618)</b>
<b>Payables from Insurance Operations</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount TL</b>
USD	(47,258,589)	6,8422	(323,352,718)
EUR	(12,392,707)	7,7082	(95,525,464)
Other			(649,500)
<b>Total</b>			<b>(419,527,682)</b>
<b>Payables to Suppliers</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount TL</b>
USD	(399,163)	6,8422	(2,731,153)
<b>Total</b>			<b>(2,731,153)</b>
<b>Net Foreign Currency Position</b>			<b>281,710,506</b>

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

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

**12.4. Details of the Company’s foreign currency denominated receivables without exchange rate guarantees are presented below (Continued):**

December 31, 2019

<b>Banks (Foreign Currency)</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount TL</b>
EUR	2,401,308	6,6506	15,970,139
USD	2,405,752	5,9402	14,290,648
GBP	130,106	7,7765	1,011,769
CHF	100,218	6,0932	610,648
Other	943	0,0543	51
<b>Total</b>			<b>31,883,255</b>

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

<b>Receivables from Insurance Operations</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount TL</b>
USD	46,809,061	5,9402	278,055,184
EUR	15,914,733	6,6506	105,842,523
GBP	76,635	7,7765	595,952
Other	96,229	6,0932	586,340
<b>Total</b>			<b>385,080,002</b>

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

<b>Payables from Insurance Operations</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount TL</b>
USD	(49,015,172)	5,9402	(291,159,925)
EUR	(7,960,738)	6,6506	(52,943,684)
Other			(1,964,019)
<b>Total</b>			<b>(346,067,628)</b>

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

<b>Net Foreign Currency Position</b>			<b>161,744,075</b>
--------------------------------------	--	--	--------------------

**13. Derivative Financial Instruments**

During the period between January 1 - June 30, 2020, total income resulting from short-term swap contracts’ market valuation has been accounted under “Income from derivatives” in the income statement in amounting to TL 66,279,682. In addition, an income accrual of TL 1,477,305 arising from the valuation of derivatives it holds as of the balance sheet date was also recognized in the income from derivative instruments account. (January 1 - December 31, 2019: TL 155,026,807).

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

#### 14. Cash and Cash Equivalents

	June 30, 2020	December 31, 2019
Cash at Banks	888,052,819	1,356,583,321
Time Deposit	779,758,215	1,336,043,689
Demand Deposit	108,294,604	20,539,632
Bank Guaranteed Credit Card Receivables with Maturities less than three months	471,024,519	706,459,191
<b>Total</b>	<b>1,359,077,338</b>	<b>2,063,042,512</b>
Interest Accrual on Cash and Cash Equivalents	(1,270,878)	(2,557,348)
Blocked Deposits (*)	(260,897,770)	(228,718,207)
<b>Cash Flow Based Grand Total</b>	<b>1,096,908,690</b>	<b>1,831,766,957</b>

(\*) Details of blocked deposits in the company's treasury are given in footnote 17.1.

The details of interest rates received from time deposits as of June 30, 2020 and December 31, 2019 are as follows:

	June 30, 2020	December 31, 2019
	Annual Interest Rate (%)	Annual Interest Rate (%)
TL	6.00 - 8.80	10.65 - 18.00
USD	0.10 - 1.25	1.25
EUR	0.01 - 0.05	0.50 - 0.35

As of June 30, 2020, the maturity of TL deposits varies between 1 July 2020 and 25 November 2020; There are no foreign currency deposits.

As of December 31, 2019, the terms of TL deposits are between 2 January 2019 and 22 November 2019; The maturity of foreign currency deposits varies between 2 January 2019 and 16 September 2019.

As of June 30, 2020, the Company's Other Financial Liabilities account includes TL 11,985,863 credit used for tax payment (December 31, 2019: TL 47,970,865 repo transaction and TL 12,806,818 tax payment.)

As of June 30, 2020, the Company has a valuation expense of TL 77,358 recognized in the valuation account from repo transactions (December 31, 2019: TL 303,863 valuation expense) (Note 26)

#### 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 June 30, 2020 and December 31, 2019 are presented in Note 2.14.

The details of the transactions between the Company and its shareholders and the related balances as of the end of the period are presented in "Related Parties" note.

According to the provisions of the tax legislation, 50% of the profits arising from the sales of real estates in the assets of the companies are exempted from the corporation tax, provided that they are kept in a special fund account for at least five full years. The exempted proficient be transferred to another account nor be withdrawn unless it is in any other account, except for the addition to the capital within five years. The Sales Profit To Be Added To The Capital account includes the amounts transferred from the real estate sales to the equity.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

**15. Share Capital (Continued)**

**15.2 Reconciliation of carrying values of each capital account and each reserve as of the beginning and end of the period showing each change separately**

**Legal Reserve**

According to the Turkish Commercial Code, legal reserves; consists of first and second legal reserves. The first legal reserve is appropriated out of the statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves cannot be distributed unless they exceed 50% of the total capital; however, they can be used to compensate for losses in case of depletion of reserve reserves. As of June 30, 2020, the Company has legal reserves amounting to TL 82,866,210 (December 31, 2019: TL 45,882,288).

<b>Special Funds (reserves)</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Actuarial (gain) / loss	5,167,237	4,518,213
<b>Total</b>	<b>5,167,237</b>	<b>4,518,213</b>

**Gains from sale of fixed asset**

75% of TL 127,169,601 of total gains from the sale of real estates, namely TL 95,377,201, which was obtained through the sale of real estate in Bursa and Istanbul in 2009, sale of real estate in İzmir in 2010, sale of Adapazarı Karaaptiler land and participation shares in 2011, sale of real estate in İzmir Tepecik in 2011, sale of real estate in Istanbul Fındıklı and Ankara in 2013, and sale of real estate in Ankara, Çanakkale and İzmir in 2014, has been decided not to be distributed in the related accounting periods but to be followed under special funds account pursuant to the Article 5-1/3 of the Corporate Tax Law and in accordance with the Tax Legislation, Capital Markets Legislation and other related financial legislation. According to the decision of the General Assembly dated March 4, 2019, it was decided to distribute TL 4,387,874 from the sales profits to be added to the capital by transferring it to the Profits of the Previous Years, and the company has a Capital Reserve of TL 90,989,328.

**15.3 For each class of share capital**

**15.3.1 The explanation about the number of capital shares**

The Company's issued capital share is composed of 30,600,000,000 shares having a nominal amount of TL 0.01 each. These shares are presented by Class 10 shares (December 31, 2019: 30,600,000,000 shares with a nominal amount of TL 0.01 each).

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

None (December 31, 2019: None).

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

Nominal value of equity shares is TL 0.01 per share (December 31, 2019: TL 0.01 per share).

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

#### 15. Share Capital (Continued)

##### 15.3 For each class of share capital (Continued)

##### 15.3.4 Reconciliation of the number of the equity shares at the beginning and ending of the period

	Number of Shares	
	June 30, 2020	June 30, 2019
Beginning of the Period, January 1,	30,600,000,000	30,600,000,000
Issued in the Current Period	-	-
End of the Period, June 30,	<b>30,600,000,000</b>	<b>30,600,000,000</b>

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

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

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

Based on the guidelines and principals issued by the Capital Markets Board (the Board) dated January 27, 2010 for the distribution of dividends from the profit generated from operating activities in 2010, concerning public entities, the shares of which are quoted in public equity markets, it has been agreed upon not to set a mandatory minimum dividend payment quota. Furthermore, it has been agreed upon to let public entities perform dividend distributions as stated within the “Communique Concerning Principal Matters on Dividend Advances Distributed by Public Entities Under the Regulation of the Capital Markets Law” (Serial: IV, No: 27), as stated within the principal agreement of the companies and as stated within the policies on dividend distribution that have been shared with the public.

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

None (December 31, 2019: None).

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

None (December 31, 2019: None).

#### 15.4 Share based payments

None (December 31, 2019: None).

#### 15.5 Subsequent events

Disclosed in note 46.

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

#### 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

	June 30, 2020	December 31, 2019
Available for sale financial assets valuation difference	(8,059,743)	8,235,793
Deferred tax effect	1,611,949	(1,647,159)
<b>Total</b>	<b>(6,447,794)</b>	<b>6,588,634</b>

In accordance with changes regarding “TAS 19 - Employee Benefits” effective as of January 1, 2013, actuarial loss amounting to TL 6,459,046 (Deferred tax effect: TL 1,291,809), (December 31, 2019: TL 5,647,766, Deferred tax effect: TL 1,129,553) resulting from retirement pay liability calculation has been accounted to “Other Reserves and Retained Earnings” under equity.

##### 16.2 Net exchange differences classified separately as an equity item and reconciliation of exchange differences at the beginning and end of the period

None (December 31, 2019: None).

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

None (December 31, 2019: None).

##### 16.4 Hedging against financial risks

Information related to hedge accounting has been disclosed in Note: 34.5.

##### 16.5 Gains and losses from available for sale financial assets recognized directly in equity for in the current period and amounts recognized in the current profit or loss taken from shareholders’ equity

	2020 Increase / (Decrease)	2019 Increase / (Decrease)
Beginning of the Period, January 1,	6,588,634	(10,638,677)
Increase/decrease in value recognized under the shareholders’ equity in the current period	(13,036,428)	2,628,167
End of the Period, December 31,	<b>(6,447,794)</b>	<b>(8,010,510)</b>

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

Disclosed in note 34.5.

##### 16.7 Revaluation increases in tangible fixed assets

None (December 31, 2019: None).

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

None (December 31, 2019: None).



**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

**17. Insurance Liabilities and Reinsurance Assets**

**17.1 Guarantees to be provided for life and non-life insurance branches and guarantees provided for life and non-life insurances based on assets**

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

Branch	June 30, 2020		December 31, 2019	
	Amount to be Provided TL	Current Blockage TL	Amount to be Provided TL	Current Blockage TL
Life	1,602,590	1,875,338	1,602,590	1,806,587
Government Bonds		1,875,338		1,806,587
Non-Life (*)	195,062,313	260,897,770	195,062,313	228,718,207
Time Deposit		210,897,770		178,718,207
Credit Card		50,000,000		50,000,000
<b>Total</b>	<b>196,664,903</b>	<b>262,773,108</b>	<b>196,664,903</b>	<b>230,524,794</b>

(\*) As of June 30, 2020, the required guarantee amount has been calculated based on capital requirements in December 31, 2019. The Company has on behalf of Treasury and Finance Ministry, TL 210,897,770 time deposits and TL 50,000,000 credit card blocked.

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

	2020		2019	
	Unit	Mathematical Reserves TL	Unit	Mathematical Reserves TL
Beginning of the Period, January 1,	173	1,446,871	182	1,473,636
Participations in the Current Period	-	-	-	-
Leavings in the Current Period	(3)	(10,440)	(5)	(21,067)
<b>End of Period, June 30,</b>	<b>170</b>	<b>1,436,431</b>	<b>177</b>	<b>1,452,569</b>

Mathematical reserves amounting to TL 1,436,431 (December 31, 2019: TL 1,446,871) and Reserves for the policies, investment risk of which belongs to life insurance policy holders amounting TL 143,643 (December 31, 2019: TL 147,367) and cancelled policy numbers together with their mathematical reserves are included in the table above.

Financial assets classified as Financial Assets Available For Sale under Financial Investments at Policyholder's Risk are valued with current value as explained in note 11; as of June 30, 2020, there is no difference in the value accounted in Life Mathematical Reserve account discounted with current value (December 31, 2019: None).

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

Branch	June 30, 2020	December 31, 2019
Motor Crafts Liability	38,734,412,819,880	30,947,452,871,905
Health	8,279,929,395,828	19,184,808,633,587
Fire and Natural Disaster	1,144,874,606,310	1,108,881,267,915
General Losses	326,354,406,074	401,874,537,958
Transportation	249,799,464,085	229,031,409,773
General Liability	162,092,836,674	217,122,301,005
Motor Own Damage	142,581,861,598	120,500,080,048
Financial Losses	130,022,851,737	143,962,247,275
Air-Crafts Liability	80,028,524,937	56,376,566,352
Accident	38,933,424,072	38,320,933,542
Legal Protection	9,867,289,181	9,761,649,517
Air Crafts	6,970,036,602	6,849,068,075
Fidelity Guarantee	1,627,463,456	1,701,829,554
Credit	1,001,714,516	964,404,821
<b>Total</b>	<b>49,308,496,694,950</b>	<b>52,467,607,801,327</b>

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

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

None (December 31, 2019: None).

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

None (December 31, 2019: None).

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

None (December 31, 2019: None).

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

None (December 31, 2019: None).

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

None (December 31, 2019: None).

**17.9 Number of additions from the other companies and their group or individual gross and net share participations in the current period**

None (December 31, 2019: None).

**17.10 Number of transfers from the Company’s life portfolio to individual pension portfolio and their group or individual gross and net share participations**

None (December 31, 2019: None).

**17.11 Number of transfers from the Company’s individual pension portfolio to other company or not and together their personal and corporate allocation and gross and net share participations**

None (December 31, 2019: None).

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

None (December 31, 2019: None).

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

All of disposals of life insurances in current period are individual and units and amounts are represented in Note 17.2.

**17.14 Profit share distribution rate of life insurances in the current period**

In the current period, profit share distribution rate of life insurances is calculated as below:

	June 30, 2020	December 31, 2019
	Profit Share Distribution (%)	Profit Share Distribution (%)
TL (Life Insurance)	9.00	9.00

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

None (December 31, 2019: None).

# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

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

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

##### Reinsurance Assets

	June 30, 2020	December 31, 2019
Reinsurance Share of Outstanding Claims Reserve (Note 4.1.2.2)	1,896,401,753	1,702,167,573
Reinsurance Share of Unearned Premiums Reserve (Note 20)	1,034,223,038	951,108,392
Equalization Provision Reinsurer Share (Note 20)	244,369,167	149,871,549
Ongoing Risks Provision Reinsurer Share (Note 20)	162,387,481	160,236,890
Cash Deposited for Insurance & Reinsurance Companies (Note 12.1)	30,830,437	22,338,183
Reinsurance Share of Reserves for Bonus and Discounts (Note 20)	939,419	892,018
Deposits of Reinsurance Company (Note 12.1)	30,954	30,954
<b>Total</b>	<b>3,369,182,249</b>	<b>2,986,645,559</b>

##### Reinsurance Debts

	June 30, 2020	December 31, 2019
Payables to Insurance and Reinsurance Companies (Note 19.1)	640,283,659	554,050,816
Deferred Commissions Income (Note 19.1)	133,828,793	115,046,314
<b>Total</b>	<b>774,112,452</b>	<b>669,097,130</b>

##### Income / Expense on Reinsurance Agreements

	January 1, June 30, 2020	April 1, June 30, 2020	January 1, June 30, 2019	April 1, June 30, 2019
Reinsurance Share of Outstanding Claims Reserve	194,234,180	153,205,670	206,509,025	49,159,244
Reinsurance Share of Claims Paid	269,852,846	96,220,960	259,811,811	155,497,352
Commissions Received (Note 32)	121,742,830	61,910,216	100,162,773	53,536,537
Ongoing Risks Provision Reinsurer Share (Note 20)	94,497,618	56,453,665	64,909,956	47,312,782
Reinsurance Share of Unearned Premiums Reserve (Note 20)	83,114,646	(30,327,290)	220,020,164	54,621,326
Reinsurance Share of Reserves for Bonus and Discounts (Note 20)	47,401	34,856	(60,372,319)	(601,024)
Premiums Ceded to Reinsurers (-)	(1,007,286,773)	(449,960,839)	(995,555,648)	(461,717,414)
<b>Total</b>	<b>(243,797,252)</b>	<b>(112,462,762)</b>	<b>(204,514,238)</b>	<b>(102,191,197)</b>

Branch	June 30, 2020			June 30, 2019		
	Premiums Ceded (*)	Reinsurance Share of Technical Reserves (**)	Reinsurance Share of Claims Paid	Premiums Ceded	Reinsurance Share of Technical Reserves	Reinsurance Share of Claims Paid
Fire and Natural						
Disaster	(340,392,749)	224,458,645	32,013,600	(336,756,447)	139,977,606	35,297,058
Health	(203,902,164)	55,255,985	89,649,655	(160,713,934)	56,806,697	96,404,815
Motor CraftsLiability	(160,373,872)	(2,960,999)	39,694,594	(144,388,332)	22,439,106	44,161,602
General Losses	(109,449,241)	(35,152,263)	46,109,783	(110,577,342)	(42,762,807)	45,047,061
General Liability	(86,363,316)	88,133,045	15,880,950	(79,957,331)	157,973,092	8,747,654
Financial Losses	(39,629,040)	5,947,578	19,886,608	(69,236,106)	26,298,980	14,798,588
Transportation	(30,498,706)	5,788,527	12,214,964	(29,361,504)	4,768,572	8,351,745
Air Crafts Liability	(10,438,811)	1,810,444	301,690	(6,444,902)	(71,744,766)	-
Water Crafts	(10,140,080)	(27,286,680)	25,400,152	(11,535,981)	39,477,372	1,612,371
Ait Crafts	(6,304,068)	50,055,771	509,084	(37,195,358)	96,587,205	2,658,211
Accident	(4,316,887)	(1,503,397)	1,137,487	(3,600,070)	(3,464,320)	2,442,854
Motor Own Damage	(2,716,910)	148,858	-	(2,495,822)	214,017	-
Credit	(1,675,689)	896,649	(106,222)	(1,788,275)	1,283,611	264,159
Fidelity Guarantee	(1,085,240)	6,301,682	(12,839,499)	(1,504,244)	3,212,461	25,693
<b>Total</b>	<b>(1,007,286,773)</b>	<b>371,893,845</b>	<b>269,852,846</b>	<b>(995,555,648)</b>	<b>431,066,826</b>	<b>259,811,811</b>

(\*) As explained in Note 2.15, Transferred Premiums amounted to TL 61,833,323 (June 30, 2019: TL 58,376,767) transferred to the Social Security Institution as of June 30, 2020.

(\*\*) Technical reserves reinsurer share includes unearned premium reserve, unexpired risk reserve, outstanding claim reserve, bonus and discount reserve.

The company defers commission income that arises from reinsurance agreements which has been bought ascendant enterprise.

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

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

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

Disclosed in Note 4.1.1.3.

##### 17.18. Effects of changes in the assumptions used in the measurement of insurance assets and liabilities, showing the effects of each change that has significant effect on the financial statements separately

Disclosed in note 4.1.1.4.

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

	2020	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, January 1	669,097,130	2,986,645,559
Net change of the year	105,015,322	382,536,690
<b>End of the period - June 30</b>	<b>774,112,452</b>	<b>3,369,182,249</b>
	2019	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, January 1	520,228,222	2,281,356,921
Net change of the year	177,022,392	705,288,638
<b>End of the period - June 30</b>	<b>697,250,614</b>	<b>2,986,645,559</b>

##### 17.20 Deferred production commissions and deferred commission income

The part of the commissions paid to the intermediaries for the premiums written and the commissions received from the reinsurers due to the premiums transferred to the reinsurers are accounted for in the balance sheet under “Deferred manufacturing expenses” and “deferred commission income” accounts, respectively, and in the Income Statement under the operating expenses account. Deferred commission expenses and deferred commission income as of June 30, 2020 amounted to TL 283,027,634 (December 31, 2019: TL 291,440,909) and TL 133,828,793 (December 31, 2019: TL 115,046,314), respectively, deferred production expenses and deferred tax commission income is included in account items.

#### 18. Investment Contract Liabilities

Disclosed in Note 17.3.

# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

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

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

	June 30, 2020	December 31, 2019
Payables from Insurance and Reassurance Operations (Note 17.16)	640,283,659	554,050,816
<b>Payables from Insurance Operations</b>	<b>640,283,659</b>	<b>554,050,816</b>
Current account of natural catastrophe insurance	30,105,138	23,480,700
Negotiated service and debts to institutions	19,483,351	48,821,504
Payables to sellers	3,392,406	27,539,894
DASK debts to agencies	1,316,732	979,333
Other	316,443	856,603
<b>Other Payables</b>	<b>54,614,070</b>	<b>101,678,034</b>
<b>Payables to SSI regarding medical expenses</b>	<b>28,732,604</b>	<b>42,392,477</b>
Deferred commission income (Note 17.16)	133,828,793	115,046,314
Provision for Cost Expenses (Note 23.4)	72,059,822	59,947,386
Expense accruals	-	29,597,359
<b>Deferred Income and Expense Accruals</b>	<b>234,621,219</b>	<b>246,983,536</b>
<b>Total Short-term Liabilities</b>	<b>929,518,948</b>	<b>902,712,386</b>
<b>Total Trade and Other Payables, Deferred Income</b>	<b>929,518,948</b>	<b>902,712,386</b>

#### 19.2 Related Party Disclosures

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

### 20. Payables

<b>Insurance Technical Reserves</b>	June 30, 2020	December 31, 2019
Unearned Premiums Reserve - Net (*)	1,336,053,290	1,405,431,056
Unexpired Risks Reserve - Net (Note 4.1.2.2)	1,282,130,981	1,095,191,072
Equalization Provision - Net	92,144,233	95,692,471
Ongoing Risks Provision- Net	17,802,320	14,410,790
Mathematical Reserves - Net	1,436,431	1,446,871
Bonus and Discount Provisions - Net	5,920	8,413
<b>Total</b>	<b>2,729,573,175</b>	<b>2,612,180,673</b>

(\*) While calculating the income statement effect of the provisions for unearned premiums, TL 549,015 the deferral effect of the premiums transferred to assistance companies, which is included in operating expenses, has been netted off (December 31, 2019: TL 9,906,207).

As disclosed in Note 2.15, the reinsurers' share of unearned premiums includes SSI share as of June 30, 2020 which is TL (6,591,566) (December 31, 2019: TL 23,363,624).

# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

### 20. Payables (Continued)

The movement of technical reserves are as follows:

#### Unearned Premium Reserve:

	June 30, 2020			June 30, 2019		
	Gross	Reinsurance Share (*)	Net	Gross	Reinsurance Share (*)	Net
Beginning of the Period, January 1	2,356,539,448	(951,108,392)	1,405,431,056	1,769,723,314	(729,548,076)	1,040,175,238
Net change	13,736,880	(83,114,646)	(69,377,766)	331,525,094	(220,020,164)	111,504,930
<b>End of the Period, June 30</b>	<b>2,370,276,328</b>	<b>(1,034,223,038)</b>	<b>1,336,053,290</b>	<b>2,101,248,408</b>	<b>(949,568,240)</b>	<b>1,151,680,168</b>

(\*) The reinsurance share for unearned premiums also includes the share of SSI amounting to TL 6,591,566 (June 30, 2019: TL 7,776,280).

#### Unexpired Risk Reserve:

	June 30, 2020			June 30, 2019		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Beginning of the Period, January 1	164,282,339	(149,871,549)	14,410,790	127,573,257	(106,920,200)	20,653,057
Net change	97,889,148	(94,497,618)	3,391,530	62,696,119	(64,909,956)	(2,213,837)
<b>End of the Period, June 30</b>	<b>262,171,487</b>	<b>(244,369,167)</b>	<b>17,802,320</b>	<b>190,269,376</b>	<b>(171,830,156)</b>	<b>18,439,220</b>

#### Equalization Reserve:

	June 30, 2020			June 30, 2019		
	Gross	Reinsurance Share (*)	Net	Gross	Reinsurance Share (*)	Net
Beginning of the Period, January 1	255,929,361	(160,236,890)	95,692,471	189,329,309	(106,980,739)	82,348,570
Used during the period (*)	(34,488,042)	23,539,024	(10,949,018)	-	-	-
Net change	33,090,395	(25,689,615)	7,400,780	38,771,488	(31,629,743)	7,141,745
<b>End of the Period, June 30</b>	<b>254,531,714</b>	<b>(162,387,481)</b>	<b>92,144,233</b>	<b>228,100,797</b>	<b>(138,610,482)</b>	<b>89,490,315</b>

(\*) The company has offset 10,949,018 TL, which it has paid for the Elazig Earthquake claims in 2020, from the balancing provision it has allocated in previous years.

#### Provision for bonus and discount

	June 30, 2020			June 30, 2019		
	Gross	Reinsurance Share (*)	Net	Gross	Reinsurance Share (*)	Net
Beginning of the Period, January 1	900,431	(892,018)	8,413	62,162,575	(62,065,520)	97,055
Net change	44,908	(47,401)	(2,493)	(60,451,149)	60,372,319	(78,830)
<b>End of the Period, June 30</b>	<b>945,339</b>	<b>(939,419)</b>	<b>5,920</b>	<b>1,711,426</b>	<b>(1,693,201)</b>	<b>18,225</b>

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

**20. Payables (Continued)**

**Outstanding claims reserve:**

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

The movement table of the total lease obligation and lease obligations that the Company has recognized within the scope of the transition to IFRS 16- Leases standard is as follows:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Short-term rent liabilities	9,317,933	12,599,956
Long-term rent liabilities	39,206,268	36,383,769
Alternative borrowing rate and discount amount	(16,272,883)	(19,233,484)
<b>Total rent liabilities</b>	<b>32,251,318</b>	<b>29,750,241</b>
	<b>June 30, 2020</b>	<b>June 30, 2019</b>
<b>January 1,</b>	29,750,241	-
IFRS 16 effect	-	31,004,961
Lease agreements	6,272,195	-
Rent payments (Real Estates and Motor Vehicles)	(7,775,170)	(3,041,048)
Interest payments	4,004,052	4,163,244
<b>June 30, 2020</b>	<b>32,251,318</b>	<b>32,127,157</b>

**21. Deferred Income Tax**

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for Turkey Accounting Standards (TAS) purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS.

Within the scope of the "Law on the Amendment of Certain Tax Laws and Some Other Laws" numbered 7061, which was published in the Official Gazette dated December 5, 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%. For severance indemnity provision and marketable securities valuation difference, 20% is used. The Company's deferred income tax amounts are disclosed in footnote 35.

**22. Retirement and Welfare Liabilities**

Provisional Article 23 of the Banking Act No: 5411 requires the transfer of pension funds, which are established for employees of financial institutions, insurance and reinsurance companies under Social Security Act, to Social Security Institution (“SSI”) as of the effective date of the Act within 3 years and principles and procedures of fund transfer are also prescribed in accordance with the Council of Ministers’ order no: 2006/11345 issued on November 30, 2006. However, transfer requirement in the related Act was annulled based on the application made by the Turkish President on November 2, 2005 in accordance with the order of the Constitutional Court (no: E.2005/39, K.2007/33) issued on March 22, 2007 as effective from the date of publication in the Official Gazette no: 26479 on March 31, 2007.

On the other hand, the Act No: 5754 “Amendments in Social Securities and General Health Insurance Acts Specific Laws and Related Requirements” published in the Official Gazette No: 26870 on May 8, 2008, requires the transfer of participants or beneficiaries of pension funds to SSI as of the effective date of the Act within 3 years and prescribes the extension period of the transfer as maximum of two years upon the order of Council of Ministers.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

---

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

The Act prescribes that, as of the transfer date, present value of fund liabilities should be measured by considering the fund income and expense based on the insurance branches presented in the related act using 9,8% of technical interest rate in the actuarial calculation. The Act also specifies that the uncovered other rights and compensations of participants or beneficiaries of pension funds should be covered by institutions that made the fund transfers.

Aksigorta A.Ş. is a member of Akbank T.A.Ş Pension Fund (Akbank T.A.Ş Tekaüt Sandığı). At each period-end, the Company pays its liability calculated for its share to the pension fund. As the result of the actuarial calculations made in relation to the Pension Fund of Akbank T.A.Ş. established in accordance with Article 20 of the Social Securities Act No: 506, the Company has no deficits by the end of the current period and no payments have been made in relation to any deficit amount by the Company. Fund assets are adequate in covering all the funds liabilities; therefore, the Company management anticipates no liabilities to be assumed in relation to the above-mentioned matter.

**Retirement Pay Provisions:**

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

Employee termination benefits provisions are legally not a subject of funding. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

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 June 30, 2020 and December 31, 2019, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. As of June 30, 2020, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 11.25% (December 31, 2019: 15.4%) and a discount rate of 9% (December 31, 2019: 11.7%), resulting in a real interest rate of 4% (December 31, 2019: 4%). The anticipated rate of forfeitures is considered and estimated rate of the Company's retirements pay is also taken into account.

However, during this estimation, other conditions other than the ages specified in subparagraphs (a) and (b) of the first paragraph of Article 60 of Law 506, which are stated in paragraph 1 of Article 14 of Article 14 of the Labor Law No. 1475, temporary. According to Article 81, the severance payments to be made due to the fact that they complete the insured period (15 years) and the number of premium payment days (3600 days) foreseen to be connected to the old-age pension are separated from their estimations.

Actuarial loss amounting to TL 6,459,046 (Deferred tax effect: TL 1,291,809) in the calculation of severance pay provision is accounted in the account of private funds under the equity (Note 15.2).



**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

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

**Retirement Pay Provisions (Continued):**

As the maximum liability is updated semi-annually, as of June 30, 2020, the maximum amount of TL 7,117 effective from July 1, 2020 has been taken into consideration in calculation of provision from employment termination benefits (December 31, 2019: TL 6,730).

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

	2020	2019
Beginning of the period, January 1	7,052,711	6,503,684
Charge for the period (Note 47)	831,572	874,836
Actuarial Gain/(Loss)	811,280	889,829
Retirement Payments (-)	(429,198)	(1,089,225)
<b>End of the period, June 30,</b>	<b>8,266,365</b>	<b>7,179,124</b>

**23. Other Liabilities and Expense Accruals**

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

	2020		2019	
	Unused Vacations Provisions	Social Security Premiums Payable	Unused Vacations Provisions	Social Security Premiums Payable
Beginning of the period, January 1	2,051,784	219,015	1,833,998	168,325
Movements in the Current Period	858,402	20,871,094	876,195	14,865,390
Payments in the Current Period	(44,899)	(20,910,800)	(168,723)	(14,827,068)
<b>End of the period, June 30</b>	<b>2,865,287</b>	<b>179,309</b>	<b>2,541,470</b>	<b>206,647</b>

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

Company’ s statement of pledges and commitments as of June 30, 2020 and December 31, 2019 are presented below:

	June 30, 2020		December 31, 2019	
	Amount in Original Currency	Amount TL	Amount in Original Currency	Amount TL
<b>Collaterals, Pledges and Mortgages Given by the Company (CPM)</b>				
A. Total amount of CPM’s given on behalf of the Company legal entity	-	-	-	-
B. Total amount of CPM’s given in favor of joint ventures included in full consolidation	-	-	-	-
C. Total amount of CPM’s given as the guarantee of the third parties for the maintenance purpose of the ordinary activities		10,309,684		7,786,291
Turkish Lira	10,309,684	10,309,684	7,786,291	7,786,291
USD	-	-	-	-
D. Total amount of the other CPM’s given		488,179		488,179
i. Total amount of CPM’s given in favor of the parent company	-	-	-	-
ii. Total amount of CPM’s given in favor of other group companies not included in clauses B and C	-	-	-	-
iii. Total amount of CPM’s given in favor of third parties not included		488,179		488,179
Turkish Lira	488,179	488,179	488,179	488,179
<b>Total</b>		<b>10,797,863</b>		<b>8,274,470</b>

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

#### 23. Other Liabilities and Expense Accruals (Continued)

##### 23.2 Total Amount of Non-Liability Commitments (Continued)

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

##### 23.3 Provisions, Contingents Assets and Liabilities

Contingent Liabilities	June 30, 2020	December 31, 2019
Outstanding Claims under Litigation (*)	799,328,997	712,591,573
Unused Vacation allowance	2,865,287	2,051,784
Business Cases Provision	1,256,495	1,230,851
<b>Total</b>	<b>803,450,779</b>	<b>715,874,208</b>
Contingent Assets	June 30, 2020	December 31, 2019
Subrogation Receivable Litigations, Gross	163,766,525	131,094,166
Trade Receivable Litigations and Executions	2,098,970	8,946,215
<b>Total</b>	<b>165,865,495</b>	<b>140,040,381</b>

(\*) Outstanding claims provision consists of net receivables, interest and expenses & agency fees in the amount of TL 474,489,353, TL 164,663,963 and TL 160,175,681 respectively.

As of June 24, 2014, Tax Inspection Board of T.C. Ministry of Finance has launched a limited tax investigation related to the Banking and Insurance Transaction Tax for the years 2009, 2010, 2011 and 2012 and as a consequence of the tax inspection, tax of TL 1.8 million and tax penalty of TL 2.8 million for the year 2009, tax of TL 2 million and tax penalty of TL 3 million for the year 2010, tax of TL 3 million and tax penalty of TL 4.6 million for the year 2011 and tax of TL 4.3 million and tax penalty of TL 6.4 million for the year 2012 and in total tax and tax penalty of TL 27.9 million related to Banking Insurance Transaction Tax were imposed to the Company. The Company has not booked any provision in the financial statements since it believes that its practice is in compliance with the regulations. On January 16, 2015, the Company filed a reconciliation request for the year 2009 and on February 20, 2015 filed a reconciliation request for the years 2010, 2011 and 2012 to the Large Taxpayers Office Commission of Reconciliation. Large taxpayers were interviewed by the Tax Office on February 15, 2018, and on February 27, 2018 a lawsuit was filed against the Grand Taxpayers Office as no compromise could be reached. In the cases of 2009, 2010, 2011 and 2012, in tax litigation related to BITT, Tax Court has decided in favour of the Company in the cases of 2009, 2010, 2011 and 2012.

##### 23.4 Provision for Expense Accruals

	June 30, 2020	December 31, 2019
Commission provision (*)	24,988,237	28,447,678
Donation	17,600,000	-
Expense provision	11,893,372	5,528,924
Guarantee fund provision	6,238,993	13,656,077
Performance premium provision	4,352,251	8,433,529
Allowance	2,865,287	2,051,784
Business cases provision	1,256,495	1,230,851
Other	2,865,187	598,543
<b>Total</b>	<b>72,059,822</b>	<b>59,947,386</b>

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

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

### 24. Net Insurance Premium Revenue

	January 1, - June 30, 2020			April 1, - June 30, 2020		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Motor Crafts Liability (*)	754,148,617	(160,373,872)	593,774,745	353,339,722	(78,010,352)	275,329,370
Motor Own Damage	421,948,400	(2,716,907)	419,231,493	201,996,210	(1,350,677)	200,645,533
Fire and Natural Disaster	427,174,681	(340,392,749)	86,781,932	206,562,715	(166,410,108)	40,152,607
General Losses	162,640,822	(109,449,241)	53,191,581	61,025,989	(41,021,800)	20,004,189
Health	246,864,900	(203,902,163)	42,962,737	92,111,163	(74,486,221)	17,624,942
Financial Losses	61,260,156	(39,629,040)	21,631,116	28,151,825	(17,547,874)	10,603,951
Transportation	44,188,816	(30,498,707)	13,690,109	17,352,607	(12,138,421)	5,214,186
Accident	16,141,906	(4,316,887)	11,825,019	6,939,134	(1,356,376)	5,582,758
General Liability	96,944,686	(86,363,316)	10,581,370	41,861,664	(37,396,515)	4,465,149
Legal Protection	2,207,721	-	2,207,721	1,090,353	-	1,090,353
Water Crafts	11,853,275	(10,140,080)	1,713,195	9,964,831	(8,754,346)	1,210,485
Fidelity Guarantee	2,094,234	(1,085,240)	1,008,994	659,906	(214,750)	445,156
Credit	1,727,296	(1,675,689)	51,607	860,294	(842,422)	17,872
Air Crafts	6,304,385	(6,304,071)	314	4,132,291	(4,132,196)	95
Air Crafts Liability	10,439,050	(10,438,811)	239	6,298,860	(6,298,781)	79
<b>Total - Non-life branches</b>	<b>2,265,938,945</b>	<b>(1,007,286,773)</b>	<b>1,258,652,172</b>	<b>1,032,347,564</b>	<b>(449,960,839)</b>	<b>582,386,725</b>
Written premium - Life branch	-	-	-	-	-	-
<b>Total</b>	<b>2,265,938,945</b>	<b>(1,007,286,773)</b>	<b>1,258,652,172</b>	<b>1,032,347,564</b>	<b>(449,960,839)</b>	<b>582,386,725</b>

	January 1, - June 30, 2019			April 1, - June 30, 2019		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Motor Crafts Liability (*)	675,132,060	(144,388,332)	530,743,728	444,827,494	(117,502,422)	327,325,072
Fire and Natural Disaster	422,866,381	(336,756,448)	86,109,933	295,813,109	(272,023,579)	23,789,530
Motor Own Damage	359,342,931	(2,495,822)	356,847,109	68,868,876	(1,759,971)	67,108,905
Health	214,681,901	(160,713,934)	53,967,967	46,900,775	26,873,891	73,774,666
General Losses	163,911,386	(110,400,288)	53,511,098	56,166,925	(109,311,009)	(53,144,084)
Financial Losses	92,628,270	(69,236,106)	23,392,164	39,406,728	7,722,208	47,128,936
General Liability	92,583,848	(79,946,107)	12,637,741	70,310,621	21,413,817	91,724,438
Transportation	42,341,237	(29,361,504)	12,979,733	34,196,942	17,316,352	51,513,294
Air Crafts	37,195,822	(37,195,358)	464	36,431,623	(34,508,244)	1,923,379
Accident	15,895,295	(3,788,348)	12,106,947	(21,735,668)	(1,449,149)	(23,184,817)
Water Crafts	13,098,805	(11,535,981)	1,562,824	10,411,369	(8,873,254)	1,538,115
Air Crafts Liability	6,445,116	(6,444,902)	214	6,445,116	(2,717,421)	3,727,695
Fidelity Guarantee	2,748,941	(1,504,244)	1,244,697	86,122	13,536,674	13,622,796
Legal Protection	2,032,636	-	2,032,636	(4,479,874)	-	(4,479,874)
Credit	1,860,483	(1,788,274)	72,209	892,532	(435,307)	457,225
<b>Total - Non-life branches</b>	<b>2,142,765,112</b>	<b>(995,555,648)</b>	<b>1,147,209,464</b>	<b>1,084,542,690</b>	<b>(461,717,414)</b>	<b>622,825,276</b>
Written premium - Life branch	-	-	-	-	-	-
<b>Total</b>	<b>2,142,765,112</b>	<b>(995,555,648)</b>	<b>1,147,209,464</b>	<b>1,084,542,690</b>	<b>(461,717,414)</b>	<b>622,825,276</b>

(\*) Reinsurance share of land vehicles liability branch amounting to TL 61,833,323 (January 1 - June 30, 2019: TL 58,376,767) includes premiums to be ceded to SSI.

### 25. Fee Income

None (January 1 - June 30, 2019: None).

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

### 26. Investment Income / (Expense)

	January 1,- June 30, 2020	April 1, - June 30, 2020	January 1,- June 30, 2019	April 1, - June 30, 2019
<b>Realized Investment Income / Expenses</b>				
Derivative Transactions	66,279,682	14,939,921	60,536,973	12,569,665
Term Deposit Interest Income	28,557,838	19,296,097	28,437,415	16,414,265
Private Sector Bonds	27,243,254	15,133,889	22,016,144	11,536,696
Government Bond	18,114,504	5,284,592	7,986,811	472,818
Eurobond	15,435,469	11,588,573	8,276,611	3,700,703
Stock	9,863,012	1,981,941	3,743,977	1,699,991
Treasury Bond	9,420,185	5,704,204	1,132,785	2,185,902
Investment Fund	2,690,062	479,137	14,109,000	7,553,209
Other	-	-	109	-
<b>Total</b>	<b>177,604,006</b>	<b>74,408,354</b>	<b>146,239,825</b>	<b>56,133,249</b>
<b>Unrealized Investment Income / (Expenses)</b>				
Eurobond	5,849,810	4,963,359	2,086,573	256,160
Derivative Transactions	1,477,305	-	-	-
Government Bond	2,868,408	4,708,316	2,453,316	4,025,367
Investment Fund	2,686,370	1,728,701	(703,849)	(1,526,139)
Private Sector Bonds	686,721	1,228,583	5,909,644	1,777,377
Stock	86,562	404,509	(371,798)	(575,745)
Treasury Bond	(64,895)	(32,374)	(65,596)	(32,752)
Repo	(77,358)	23,081	299,870	-
Term Deposit	(1,269,578)	(1,793,667)	11,392,922	1,481,939
<b>Total</b>	<b>12,243,345</b>	<b>11,230,508</b>	<b>21,001,082</b>	<b>5,406,207</b>
<b>Investment Income / Expense, Net</b>	<b>189,847,351</b>	<b>85,638,862</b>	<b>167,240,907</b>	<b>61,539,456</b>

### 27. Net Accrual Income on Financial Assets

<b>Financial Assets Available for Sale</b>	<b>January 1,- June 30, 2020</b>	<b>January 1,- June 30, 2019</b>
Valuation differences recognized under shareholders' equity	(6,447,794)	(8,010,510)
<b>Total</b>	<b>(6,447,794)</b>	<b>(8,010,510)</b>

### 28. Assets Held at Fair Value through Profit and Loss

The net gain which is booked in income statement from the fair value difference reflected to gain or loss of the financial assets, is amounting to TL 2,609,011 as of June 30, 2020 (January 1 - June 30, 2019: TL 116,515).

### 29. Insurance Rights and Demands

	January 1,- June 30, 2020	April 1, - June 30, 2020	January 1,- June 30, 2019	April 1, - June 30, 2019
<b>Outstanding Claims Reserve Expenses</b>				
Motor Crafts Liability	(113,247,536)	(47,304,688)	(94,641,112)	(45,426,648)
General Liability	(27,830,632)	(14,673,796)	(18,972,515)	(12,506,993)
Fire and Natural Disaster	(20,974,344)	(9,542,686)	3,357,655	3,991,034
Motor Own Damage	(17,859,126)	(23,858,396)	(10,543,701)	(13,387,290)
General Losses	(6,848,554)	(5,816,166)	(5,112,770)	(4,056,001)
Health	(1,845,525)	(383,610)	(2,181,796)	(1,382,528)
Transportation	(1,565,316)	(991,724)	(512,545)	(1,135,457)
Credit	(24,496)	52,786	(33,949)	31,739
Air Crafts Liability	(2,133)	(947)	(394)	56
Air Crafts	-	-	(526)	(150)
Legal Protection	98,453	77,762	(13,355)	(42,971)
Fidelity Guarantee	542,987	256,514	(6,046)	(110,884)
Financial Losses	772,635	1,641,675	918,265	1,363,553
Accident	891,127	997,059	(691,112)	(532,177)
Water Crafts	957,154	(162,494)	(758,535)	(326,746)
<b>Total Non-life</b>	<b>(186,935,306)</b>	<b>(99,708,711)</b>	<b>(129,192,436)</b>	<b>(73,521,463)</b>
Life	(4,603)	(3,633)	(3,660)	-
<b>Total (*)</b>	<b>(186,939,909)</b>	<b>(99,712,344)</b>	<b>(129,196,096)</b>	<b>(73,521,463)</b>

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

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

#### 30. Investment Agreement Types

None (December 31, 2019: None).

#### 31. Mandatory Other Expenses

Types of expenses are disclosed in Note 32.

#### 32. Expense Type

	January 1,- June 30, 2020	April 1, - June 30, 2020	January 1, - June 30, 2019	April 1, - June 30, 2019
Production Commissions (-)	(322,235,393)	(161,000,998)	(259,988,903)	(134,755,822)
Employee Wages and Expenses (-) (*) (Note 33)	(62,724,188)	(30,668,143)	(52,744,183)	(26,434,705)
Information Technology Expenses (-)	(11,162,811)	(5,598,635)	(8,868,533)	(5,284,127)
Meeting and Training Expenses (-)	(2,697,989)	(1,043,130)	(3,762,853)	(1,818,834)
Advertisement Expenses (-)	(2,783,402)	(1,623,682)	(2,070,959)	(929,189)
Social Relief Expenses (-) (Note 33)	(1,794,833)	(315,414)	(2,540,480)	(1,230,110)
Transportation Expenses (-)	(967,277)	(186,977)	(2,122,194)	(1,121,906)
Reinsurance Commissions (+)	121,742,830	61,910,216	100,162,773	53,536,537
Other (-)	(7,393,888)	(4,449,692)	(10,923,224)	(5,415,529)
<b>Total</b>	<b>(290,016,951)</b>	<b>(142,976,455)</b>	<b>(242,858,556)</b>	<b>(123,453,685)</b>

(\*) The Company makes payments to pension contribution (3% of the monthly gross salary) for the employees who fulfil conditions and this amount is presented in employees' wages and expenses.

#### 33. Employee Wages and Expenses

	January 1,- June 30, 2020	April 1, - June 30, 2020	January 1, - June 30, 2019	April 1, - June 30, 2019
Salary and Bonus Payments	(47,727,777)	(23,582,671)	(42,839,793)	(21,403,378)
Insurance Payments	(12,443,348)	(6,314,747)	(8,754,727)	(4,461,109)
Other Payments	(4,347,896)	(1,086,139)	(3,690,143)	(1,800,328)
<b>Total (Note 32)</b>	<b>(64,519,021)</b>	<b>(30,983,557)</b>	<b>(55,284,663)</b>	<b>(27,664,815)</b>

#### 34. Financing Cost

##### 34.1 Financial Expenses:

The company has an interest expense of TL 4,004,052 for the lease contracts accounted for under TFRS 16 in the interim period of January 1, - June 30, 2020 (January 1, - June 30, 2019: TL 4,163,244).

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

None (June 30, 2019: None).

##### 34.3 Sales transactions with shareholders, affiliates and subsidiaries:

Disclosed in Note 45.

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

Disclosed in Note 45.

##### 34.5 Hedge accounting principle

###### Cash Flow hedging principle

None (December 31, 2019: None).

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

None (December 31, 2019: None).

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

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

None (December 31, 2019: None).

#### 35. Corporate Tax

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
<b><u>Current Tax Liability:</u></b>		
Corporate Tax Liability Provision on Period Profit	73,770,452	125,897,143
Prepaid Taxes and Other Liabilities on Period Profit (-)	(18,520,619)	(73,065,163)
<b>Total</b>	<b>55,249,833</b>	<b>52,831,980</b>

<b><u>Tax (Expense)/Income is Formed by the Items Below:</u></b>	<b>January 1, - June 30, 2020</b>	<b>April 1, - June 30, 2020</b>	<b>January 1,- June 30, 2019</b>	<b>April 1, - June 30, 2019</b>
Current Tax Income / (Expense)	(73,770,452)	(52,750,395)	(59,773,560)	(41,966,902)
Deferred Tax Income / (Expense) due to Temporary Differences	(3,587,581)	2,466,966	2,693,919	9,938,207
<b>Total tax (expense)</b>	<b>(77,358,033)</b>	<b>(50,283,429)</b>	<b>(57,079,641)</b>	<b>(32,028,695)</b>

<b><u>Deferred Tax</u></b>	<b>2020</b>	<b>2019</b>
<b><u>Recognized in the Shareholders' Equity:</u></b>		
Valuation of Financial Assets Available for Sale	1,611,949	2,002,628
Actuarial Gain/Loss Effect	1,291,809	1,078,470
	<b>2,903,758</b>	<b>3,081,098</b>

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below. Within the scope of the “Law on the Amendment of Certain Tax Laws and Some Other Laws” numbered 7061, which was published in the Official Gazette dated December 5, 2017, the corporate tax rate for the years 2019 and 2020 was increased from 20% to 22%. In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, “Law on the Amendment of Some Tax Acts and Some Other Laws”, corporate tax rate for the years 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of December 31, 2019 are calculated with 22% tax rate for the temporary differences which will be realized in 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards. The tax rate used in the calculation of deferred tax assets and liabilities is 22% excluding the retirement pay provision. For severance indemnity provision and marketable securities valuation difference, 20% is used.

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

#### 35. Corporate Tax (Continued)

Deferred tax items are as follows:

Deferred Tax Assets / (Liabilities)	Temporary differences June 30, 2020	Temporary differences December 31, 2019	Deferred Tax Assets / (Liabilities) June 30, 2020	Deferred Tax Assets / (Liabilities) December 31, 2019
Expense reserves (Note 23.4)	27,096,543	20,409,676	5,961,239	4,490,129
Provision for doubtful receivables	22,399,649	34,734,800	4,927,923	7,641,656
Ongoing Risks	17,802,320	14,410,790	3,916,510	3,170,374
Donation	17,600,000	-	3,872,000	-
Balancing Equivalent	9,114,589	8,525,890	2,005,210	1,875,696
Provision for employment termination benefits (Note 22)	8,266,365	7,052,711	1,653,273	1,410,542
Marketable securities valuation difference	8,059,740	(8,235,793)	1,611,948	(1,647,158)
Tangible assets leasing	4,664,015	3,621,337	1,026,083	796,694
Performance premium provision (Note 23.4)	4,352,251	8,433,529	957,495	1,855,376
Unused vacation allowance (Note 23.4)	2,865,287	2,051,784	630,363	451,392
Bonuses and Discounts	5,920	8,413	1,302	1,851
Financial asset valuation effect for trading	(102,658)	(708,780)	(22,585)	(155,932)
Investment fund valuation effect	(2,263,430)	30,321,953	(497,955)	6,670,830
Instrument Valuation Effect	(2,508,134)	(606,879)	(551,789)	(133,513)
Tangible and intangible assets economic life differences	(7,825,232)	(11,328,416)	(1,721,551)	(2,492,252)
<b>Deferred Tax Assets / (Liabilities)</b>	<b>109,527,225</b>	<b>108,691,015</b>	<b>23,769,466</b>	<b>23,935,685</b>

Corporation tax reconciliation is as below:

Confirmation of Tax Provision	2020	2019
Profit Before Tax	335,901,641	225,307,587
Tax Calculated: 22%	(73,898,361)	(49,567,669)
Effect of Additions	(24,553,665)	(35,023,869)
Effect of Discounts, net	24,681,574	24,817,978
<b>Corporate Tax Liability Provision on Period Profit</b>	<b>(73,770,452)</b>	<b>(59,773,560)</b>

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

	2020	2019
Profit before tax	335,901,641	225,307,587
Calculated tax revenue: 22%	(73,898,361)	(49,567,669)
Tax rate change effect	-	(4,969,248)
Disallowable expenses	(3,459,672)	(2,542,724)
<b>Total Tax Expense</b>	<b>(77,358,033)</b>	<b>(57,079,641)</b>

#### 36. Net Foreign Exchange Gain / (Loss)

	January 1, - June 30, 2020	April 1, - June 30, 2020	January 1, - June 30, 2019	April 1, - June 30, 2019
Recognized in Profit / Loss:				
Foreign Exchange Income	80,639,558	58,300,935	152,881,601	101,679,994
Foreign Exchange Expense	(83,349,816)	(43,120,885)	(78,804,360)	(49,315,603)
	<b>(2,710,258)</b>	<b>15,180,050</b>	<b>74,077,241</b>	<b>52,364,391</b>

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

#### 37. Earnings per Share

	<u>2020</u>	<u>2019</u>
Number of Equity Shares Outstanding Beginning Period, January 1,	30,600,000,000	30,600,000,000
Number of Equity Shares Issued in Cash		-
Number of Equity Shares Outstanding End of Period, June 30,	30,600,000,000	30,600,000,000
Weighted Average Number of Outstanding Shares (Unit of 1; TL 0.01)	30,600,000,000	30,600,000,000
Net Profit for the Period / (Loss) (TL)	258,543,608	168,227,946
Earnings / (Loss) per Share (TL)	0.840	0.550

#### 38. Dividends per share

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

#### 39. Cash Generated from the Operations

Cash Generated from Operations is presented in the Cash Flow Statement.

#### 40. Equity Share Convertible Bonds

None (December 31, 2019: None).

#### 41. Cash Convertible Privileged Equity Shares

None (December 31, 2019: None).

#### 42. Risks

The Company's contingent asset and liabilities are presented in Note 23.3.

#### 43. Commitments

Total amount of off-balance sheet commitments are presented in Note 23.2.

#### 44. Business Combinations

None (December 31, 2019: None).



## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020

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

#### 45. Related Parties

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

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

<u>Bank Deposit</u>	<b>June 30, 2020</b>	<b>December 31, 2019</b>		
Group Companies	228,102,179	484,545,450		
<b>Total</b>	<b>228,102,179</b>	<b>484,545,450</b>		
<u>Private Sector Bonds</u>	<b>June 30, 2020</b>	<b>December 31, 2019</b>		
Group Companies	334,912,062	27,149,232		
<b>Total</b>	<b>334,912,062</b>	<b>27,149,232</b>		
<u>Investment Funds</u>	<b>June 30, 2020</b>	<b>December 31, 2019</b>		
Group Companies	99,897,798	142,613,229		
<b>Total</b>	<b>99,897,798</b>	<b>142,613,229</b>		
<u>Related Party Receivables/(Payables)</u>	<b>June 30, 2020</b>	<b>December 31, 2019</b>		
Group Companies	36,661,022	58,379,601		
Shareholders	1,926,547	44,663		
<b>Total</b>	<b>38,587,569</b>	<b>58,424,264</b>		
<u>Premium production</u>	<b>January 1,- June 30, 2020</b>	<b>April 1, - June 30, 2020</b>	<b>January 1,- June 30, 2019</b>	<b>April 1,- June 30, 2019</b>
Group Companies	65,577,402	34,308,568	85,188,805	59,643,655
Shareholders	1,076,136	811,064	1,152,660	604,630
<b>Total</b>	<b>66,653,538</b>	<b>35,119,632</b>	<b>86,341,465</b>	<b>60,248,285</b>
<u>Claims Paid</u>	<b>January 1,- June 30, 2020</b>	<b>April 1, - June 30, 2020</b>	<b>January 1, - June 30, 2019</b>	<b>April 1, - June 30, 2019</b>
Group Companies	4,294,198	339,326	22,856,118	21,791,383
<b>Total</b>	<b>4,294,198</b>	<b>339,326</b>	<b>22,856,118</b>	<b>21,791,383</b>
<u>Interest Income Received from Related Part</u>	<b>January 1,- June 30, 2020</b>	<b>April 1, - June 30, 2020</b>	<b>January 1,- June 30, 2019</b>	<b>April 1,- June 30, 2019</b>
Group Companies	39,736,728	16,255,495	27,370,901	22,471,827
<b>Total</b>	<b>39,736,728</b>	<b>16,255,495</b>	<b>27,370,901</b>	<b>22,471,827</b>
<u>Commission Expenses</u>	<b>January 1,- June 30, 2020</b>	<b>April 1, - June 30, 2020</b>	<b>January 1,- June 30, 2019</b>	<b>April 1,- June 30, 2019</b>
Group Companies	49,944,754	23,862,776	57,574,736	30,287,262
<b>Total</b>	<b>49,944,754</b>	<b>23,862,776</b>	<b>57,574,736</b>	<b>30,287,262</b>

#### 46. Subsequent Events

None.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2020**

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

**47. Other**

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

<b>Other Receivables</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Agencies Obligated to Compulsory Earthquake Insurance Premiums	5,821,640	5,232,500
Receivables from Tarım Sigortaları A.Ş.	5,710,126	8,888,272
Other Receivables	1,875,722	2,674,168
<b>Total</b>	<b>13,407,488</b>	<b>16,794,940</b>

<b>Other Short-term Payables</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Payables to contracted enterprises	30,105,138	48,821,504
Payables to suppliers	19,483,351	27,539,894
Payables to Turkish Catastrophe Insurance Pool	3,392,406	23,480,700
Turkish Catastrophe Insurance Pool Payables to agencies	1,316,732	979,333
Other	316,443	856,603
<b>Total</b>	<b>54,614,070</b>	<b>101,678,034</b>

<b>Other Prepaid Expenses</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Prepaid Expenses	3,911,498	2,569,734
<b>Total</b>	<b>3,911,498</b>	<b>2,569,734</b>

<b>Other Prepaid Expenses (Long-term)</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Prepaid Expenses	72,195	149,980
<b>Total</b>	<b>72,195</b>	<b>149,980</b>

Assistance services under other technical expenses in the income statement, amounting to TL 49,400,284 (April 1 - June 30, 2020: TL 23,165,003), (January 1 - June 30, 2019: TL 39,003,732 and April 1 - June 30, 2019: TL 22,279,258) consist of deferral of these amounts and technical expenses of these services.

<b>Income and Profit / Expenses and Losses from Other and Extraordinary Activities</b>	<b>January 1,- June 30, 2020</b>	<b>April 1, - June 30, 2020</b>	<b>January 1,- June 30, 2019</b>	<b>April 1, - June 30, 2019</b>
Provisions Account (+/-)	(44,269,841)	(26,522,010)	(2,789,368)	15,951,573
<i>Provisions No Longer Required (**)</i>	-	-	30,116,653	30,116,653
<i>Provisions for other expenses</i>	(405,162)	(126,083)	(358,081)	(16,475)
<i>Retirement pay provision (Note 22)</i>	(831,572)	(415,786)	(874,836)	(437,419)
<i>Unused vacation provision (Note 23.1)</i>	(858,402)	102,747	(876,195)	(138,554)
<i>Portfolio Management</i>	(1,722,381)	(870,370)	(2,196,679)	(201,356)
<i>Donation (*)</i>	(17,600,000)	(11,500,000)	(10,800,000)	(6,400,000)
<i>Provisions for doubtful receivable</i>	(22,852,324)	(13,712,518)	(17,800,230)	(6,971,276)
Specialized Insurance Account (+/-)	1,903,067	618,970	1,271,491	279,781
Other income and profits	465,487	201,541	886,951	316,040
Deferred tax asset account (+/-) (Note 35)	(3,587,581)	2,466,966	2,693,919	9,938,207
Other expenses and losses (-)	(6,011,446)	(2,852,727)	(35,361,034)	(32,860,339)
<i>Participation sales loss (**)</i>	-	-	(30,116,647)	(30,116,647)
<i>Bank expenses</i>	(4,256,765)	(2,055,013)	(3,791,717)	(1,844,137)
<i>Disallowable expenses</i>	(332,610)	(116,918)	(519,645)	(394,458)
<i>Participation Management Expenses</i>	-	-	-	-
<i>Other</i>	(1,422,071)	(680,796)	(933,025)	(505,097)
<b>Total</b>	<b>(51,500,314)</b>	<b>(26,087,260)</b>	<b>(33,298,041)</b>	<b>(6,374,738)</b>

(\*) Donations to be paid to Hacı Ömer Sabancı Foundation.

(\*\*) Merter BV, the subsidiary of the company, was sold for a euro. While the registered value of the subsidiary is accounted for under the “Other Expenses and Losses” account after deducting the sales amount, the provision reserved for the subsidiary is recognized under the “Non-subject Provisions” account.

**AKSIGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF THE STATEMENT OF PROFIT  
DISTRIBUTION AS OF DECEMBER 31, 2020**

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

	Current Period June 30, 2020	Previous Period June 30, 2019
<b>I. Distribution of profit for the period</b>		
1.1. Profit for the period		
1.2. Taxes payable and legal liabilities		
1.2.1. Corporation tax (Income tax)		
1.2.2. Income tax deduction		
1.2.3. Other taxes and legal liabilities		
<b>A. Net profit for the period (1.1 - 1.2)</b>		
1.3. Previous years' losses (-)		
1.4. First legal reserve		
1.5. Legal reserves kept in the company (-)		
<b>B. Net distributable Profit for the period [ (a - (1.3 + 1.4 + 1.5) ]</b>		
1.6. First dividend to shareholders (-)		
1.6.1. To common shareholders		
1.6.2. To preferred shareholders		
1.6.3. To owners of participating redeemed shares		
1.6.4. To owners of profit-sharing securities		
1.6.5. To owners of profit and loss sharing securities		
1.7. Dividends to personnel (-)		
1.8. Dividends to founders (-)		
1.9. Dividends to board of directors (-)		
1.10. Second dividends to shareholders (-)		
1.10.1. To common shareholders		
1.10.2. To preferred shareholders		
1.10.3. To owners of participating redeemed shares		
1.10.4. To owners of profit-sharing securities		
1.10.5. To owners of profit and loss sharing securities		
1.11. Second legal reserve (-)		
1.12. Statutory reserves (-)		
1.13. Extraordinary reserves		
1.14. Other reserves		
1.15. Special funds		
<b>II. Distribution from reserves</b>		
2.1. Distributed reserves		
2.2. Second legal reserve (-)		
2.3. Dividends to shareholders (-)		
2.3.1. To common shareholders		
2.3.2. To preferred shareholders		
2.3.3. To owners of participating redeemed shares		
2.3.4. To owners of profit-sharing securities		
2.3.5. To owners of profit and loss sharing securities		
2.4. Dividends to employees (-)		
2.5. Dividends to board of directors (-)		
<b>III. Profit per share</b>		
3.1. To common shareholders		
3.2. To common shareholders (%)		
3.3. To preferred shareholders		
3.4. To preferred shareholders (%)		
<b>IV. Dividends per share</b>		
4.1. To common shareholders		
4.2. To common shareholders (%)		
4.3. To preferred shareholders		
4.4. To preferred shareholders (%)		

The profit distribution proposal for January 1 - June 30, 2020 and 2019 has not been filled as the General Assembly meeting has not been held as of the date of the financial statements.

.....