

AKSIGORTA A.Ş.

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - SEPTEMBER 30, 2020**

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CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION FOR THE PERIOD JANUARY 1 - SEPTEMBER 30, 2020

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

Assets	Note	Unaudited	Audited
		September 30, 2020	December 31, 2019
Total current assets		8,212,923,280	7,188,629,825
Cash and cash equivalents	9	1,620,256,608	2,063,042,512
Securities pledged under repurchase agreements		-	-
Financial assets			
Debt securities:			
- Available for sale at company's risk	8	1,928,143,685	702,319,600
- Held to Maturity at company's risk	8	167,235,877	34,881,722
- Held for trading at company's risk	8	96,844,871	590,751,326
- Available for sale at insurees' risk	8	1,862,598	1,806,587
- Impairment in Value of Financial Assets (-)	8	(625,787)	-
Premium receivables		738,845,665	715,107,728
Due from reinsurers		34,696,446	22,369,137
Reinsurance share of insurance liabilities	11	3,429,273,399	2,830,342,891
Deferred acquisition costs		154,277,397	176,322,242
Derivative financial assets		4,189,974	510,490
Other current assets		37,922,547	51,175,590
Total non-current assets		178,770,847	167,853,184
Tangible assets	5	46,051,218	49,291,987
Investment properties		-	163,066
Intangible assets	6	53,578,413	60,569,259
Financial assets			
Equity securities:			
- Available for sale	8	594,094	430,032
Deferred income tax assets	13	78,485,653	57,248,860
Other non-current assets		61,469	149,980
Total assets		8,391,694,127	7,356,483,009
Liabilities			
Total current liabilities		7,529,329,937	6,553,274,709
Insurance liabilities	11	6,586,179,201	5,604,293,840
Payables to reinsurers	12	694,481,453	596,443,293
Other financial liabilities		12,682,747	12,806,818
Obligations under repurchase agreements		-	47,970,865
Derivative financial liabilities		-	29,597,359
Provisions for other liabilities and charges		89,066,397	59,947,386
Trade and other payables	12	112,790,297	145,576,602
Current income tax liabilities	14	33,437,180	52,831,979
Short-term lease liabilities	12	692,662	3,806,567
Total non-current liabilities		37,940,532	32,996,385
Provision for retirement benefit obligation		8,406,885	7,052,711
Deferred income tax liability		-	-
Long-term lease liabilities	12	29,533,647	25,943,674
Total equity		824,423,658	770,211,915
Shareholders' equity	10	306,000,000	306,000,000
Legal and other reserves	10	302,288,129	137,889,692
Actuarial loss arising from employee benefit	10	(5,144,160)	(4,518,213)
Hedging reserve	10	-	-
Available-for-sale investments fund	10	(39,293,244)	6,588,634
Retained earnings/accumulated deficit	10	260,572,933	324,251,802
Total equity and liabilities		8,391,694,127	7,356,483,009

The accompanying notes form an integral part of these condensed interim financial statement.

AKSIGORTA A.Ş.**CONDENSED INTERIM INCOME STATEMENT
FOR THE PERIOD JANUARY 1 – SEPTEMBER 30, 2020**

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

Income Statement	Note	Unaudited September 30, 2020	Unaudited September 30, 2019
Insurance premium revenue	14	3,437,734,288	2,815,517,766
Insurance premium ceded to reinsurers	14	(1,459,659,866)	(1,240,189,386)
Net insurance premium revenue		1,978,074,422	1,575,328,380
Investment income		260,545,571	330,311,283
Commission income		187,583,474	156,295,616
Other operating income		6,435,650	6,163,434
Net income		2,432,639,117	2,068,098,713
Insurance claims	16	(2,245,115,108)	(2,158,698,701)
Insurance claims recovered from reinsurers	16	929,179,343	992,251,039
Net insurance claims		(1,315,935,765)	(1,166,447,662)
Commission expense		(493,932,692)	(404,000,306)
Expenses for marketing and administration	15	(196,703,777)	(166,667,567)
Other operating expenses		(73,968,324)	(63,899,748)
Insurance claims and expenses		(2,080,540,558)	(1,801,015,283)
Results of operating activities		352,098,559	267,083,430
Foreign exchange gain / (loss), net		42,136,564	19,878,499
Profit before tax		394,235,123	286,961,929
Income tax expense	13	(91,555,556)	(71,550,387)
Profit for the period		302,679,567	215,411,542
Earnings per share		0.0099	0.0070

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

AKSIGORTA A.Ş.**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD JANUARY 1 - SEPTEMBER 30, 2020**

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

	Unaudited	Unaudited
Statement of comprehensive income	September 30, 2020	September 30, 2019
Profit for the period	302,679,567	215,411,542
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Change in available-for-sale financial assets fund, net off deferred tax	(45,881,878)	14,819,100
Cash flow hedging, net off deferred tax		-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	(45,881,878)	14,819,100
Other comprehensive income not being reclassified to profit or loss in subsequent periods:		
Actuarial loss, net off deferred tax	(625,947)	(1,038,809)
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	(625,947)	(1,038,809)
Other comprehensive income, net of tax	(46,507,825)	13,780,291
Total comprehensive income for the year, net of tax	256,171,742	229,191,833

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

AKSİGORTA A.Ş.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD JANUARY 1 - SEPTEMBER 30, 2020**

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

September 30, 2020							Unaudited
	Note	Share capital	Available-for-sale investment funds	Legal reserves	Actuarial loss arising from employee benefit	Retained earnings	Total
Balances at December 31, 2019	10	306,000,000	6,588,634	137,889,692	(4,518,213)	324,251,803	770,211,916
Profit for the period		-	-	-	-	302,679,567	302,679,567
Transfer		-	-	164,398,437	-	(164,398,437)	-
Other comprehensive income		-	(45,881,878)	-	(625,947)	-	(46,507,825)
Total comprehensive income	10	-	(45,881,878)	164,398,437	(625,947)	138,281,130	256,171,742
Dividend payment		-	-	-	-	(201,960,000)	(201,960,000)
September 30, 2020	10	306,000,000	(39,293,244)	302,288,129	(5,144,160)	260,572,933	824,423,658

September 30, 2019							Unaudited
	Note	Share capital	Available-for-sale investment funds	Legal reserves	Actuarial loss arising from employee benefit	Retained earnings	Total
Balances at December 31, 2018	10	306,000,000	(10,638,677)	112,230,612	(3,602,019)	242,280,528	646,270,444
Profit for the period		-	-	-	-	215,411,542	215,411,542
Transfer		-	-	25,659,080	-	(25,659,080)	-
Other comprehensive income		-	14,819,100	-	(1,038,809)	-	13,780,291
Total comprehensive income	10	-	14,819,100	25,659,080	(1,038,809)	189,752,462	229,191,833
Dividend payment		-	-	-	-	(201,960,000)	(201,960,000)
September 30, 2019	10	306,000,000	4,180,423	137,889,692	(4,640,828)	230,072,990	673,502,277

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

AKSIGORTA A.Ş.**INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE YEAR PERIOD JANUARY 1 - SEPTEMBER 30, 2020**

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

Cash Flow Statement	Note	January 1 - September 30, 2020	January 1 - September 30, 2019
Cash inflows from insurance operations		4,272,615,455	3,713,811,414
Cash outflows from insurance operations		(3,514,162,523)	(3,347,854,40)
Income tax payment		(120,560,192)	(69,097,504)
Cash outflows from operational expenses		(218,586,599)	(165,376,000)
Net cash flows from operating activities		419,306,141	131,483,430
Tangible and intangible asset acquisitions / disposals		(22,476,279)	(19,057,735)
Financial asset acquisitions / disposals		(800,853,833)	14,744,449
Interest received		187,122,623	229,276,307
Other cash (outflows)/inflows		(46,811,599)	18,529,962
Net cash flows (outflow)/inflow from investing activities		(683,019,088)	243,492,983
Dividends paid		(201,960,000)	(201,960,000)
Financial lease debts payments		(11,628,883)	(6,575,084)
Other cash inflows/(outflows)		-	(6,277,013)
Net cash (outflow)/inflows from financing operations		(213,588,883)	(214,812,097)
Net increase/(decrease) in cash and cash equivalents		(477,301,830)	160,164,316
Cash and cash equivalents at the beginning of the period		1,831,766,957	1,763,461,138
Cash and cash equivalents at the end of the period	9	1,354,465,127	1,923,625,454

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

AKSIGORTA A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2020

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

1. General Information

Aksigorta A.Ş. (the “Company”) is a joint venture of Hacı Ömer Sabancı Holding A.Ş. and Ageas Insurance International N.V. as of September 30, 2020. 38.02% (December 31, 2019: 38.02%) of the Company shares is issued in Borsa İstanbul (“BİST”) (Note 2.3).

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. (“Ageas”) at 18 February 2011. At the date of 29 July 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. According to the joint administration agreement, which was signed between Holding and Ageas at 18 February 2011, Holding’s previous administrative controls over Aksigorta A.Ş. are going to remain equally with Ageas.

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

The Company’s main operations include insurance activities based on non-life insurance branches, including primarily motor third party liability, motor, fire, marine, accident, personal accident, engineering, agriculture and health.

Average numbers of employees during the period by category are as follows:

	September 30, 2020	December 31, 2019
Top and middle management	108	130
Other personnel	560	534
Total	667	664

Remuneration and fringe benefits provided to top management such as; chairman and members of the board of directors, managing director and assistant managing directors amount to TL 6,735,420 in total for January 1 - September 30, 2020 (January 1 - September 30, 2019: TL 5,563,973).

Financial statements include only one company (Aksigorta A.Ş.) and the Company does not have any subsidiaries or affiliates as of September 30, 2020 (December 31, 2019: None).

The Company’s interim condensed financial statements as of September 30, 2020 are approved and authorized for issuance as of October 26, 2020 by the Board of Directors.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2020**

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

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements at September 30, 2020 have been prepared in accordance with International Financial Reporting Standard as defined by IAS 1. In accordance with the International Accounting Standard No: 34 “Interim Financial Reporting”, entities are allowed to prepare a complete or condensed set of interim financial statements. In this respect, the Company has preferred to prepare condensed financial statements in the interim periods. Additionally, the accounting policies used in the preparation of the condensed interim financial statements for the period ended September 30, 2020 are consistent with those used in the preparation of annual financial statements for the year ended December 31, 2019. Accordingly, the financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements as at December 31, 2019 and any public announcement made by the Company during the period.

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira (“TL”) in accordance with the Insurance Law numbered 5684 and the regulations issued for insurance and reinsurance companies by Ministry of Treasury and Finance which is also the functional currency of the Company. These financial statements are based on the statutory records, with adjustments and reclassifications, for the purpose of fair presentation in accordance with IFRS.

The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise its judgements in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to financial statements are disclosed in Note 3.

Comparative information and restatement of prior period financial statements

The Company’s statement of financial position as of September 30, 2020 is presented in comparison with its statement of financial position as of December 31, 2019; statement of comprehensive income, statement of changes in equity and statement of cash flows for the period between January 1 - September 30, 2020 are presented in comparison with its statement of comprehensive income, statement of changes in equity and statement of cash flows for the period between January 1 - September 30, 2020.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2020**

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

2. Summary of significant accounting policies (Continued)

2.2 Adoption of New and Revised Standards

The new standards, amendments and interpretations

The accounting policies applied in the preparation of the financial statements as of January 1 - September 30, 2020 are consistent with those applied in the preparation of the financial statements as of December 31, 2019, except for the new standards and amended IAS/IFRS standards which are valid as of January 1, 2020 and International Financial Reporting Interpretations Committee’s (“IFRIC”) interpretations summarized below.

Standards, amendments and interpretations applicable as at 30 September 2020:

Amendments to IAS 1 and IAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 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

Amendments to IFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 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 1 January 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.

Amendment to IFRS 16, ‘Leases’ - Covid-19 related rent concessions; effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2020**

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

2. Summary of significant accounting policies (Continued)

2.2 Adoption of New and Revised Standards (Continued)

Standards, amendments and interpretations applicable as at 30 September 2020 (Continued):

Standards, amendments and interpretations that are issued but not effective as at 30 September 2020:

IFRS 17, ‘Insurance contracts’; effective from annual periods beginning on or after 1 January 2023. 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.

Standard will be implemented for the periods after January 1, 2023. The Company assesses the effects of the standard on the financial situation and performance.

Amendments to IAS 1, Presentation of financial statements on classification of liabilities; effective from 1 January 2022. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.

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

Several narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16; effective from Annual periods beginning on or after 1 January 2022.

- **Amendments to IFRS 3, ‘Business combinations’** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to IAS 16, ‘Property, plant and equipment’** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’** specify which costs a company includes when assessing whether a contract will be loss-making.
- **IAS 23, ‘Borrowing costs’** - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

AKSIGORTA A.Ş.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2020

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

2. Summary of significant accounting policies (Continued)

2.3 Share capital

As of September 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:

Name of shareholders	September 30, 2020		December 31, 2019	
	Share	Share amount	Share	Share amount
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
Publicly quoted shares	28.00	85,680,000	28.00	85,680,000
Total	100.00	306,000,000	100.00	306,000,000

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

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 June 15, 2000 upon the permission no: 67/1039 granted by the Capital Markets Board. As of September 30, 2020, the Company’s registered share capital is TL 500,000,000 (December 31, 2019: TL 500,000,000).

3. Critical accounting estimates and judgements

Preparation of financial statements requires the use of estimations and assumptions which may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the statement of financial position date and reported amounts of income and expenses during the financial period. Accounting estimates and assumptions are continuously evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Although the estimations and assumptions are based on the best knowledge of the management for existing events and operations, they may differ from the actual results.

The estimation of the ultimate liability for technical expenses that can be incurred for the existing insurance contracts is one of the most critical accounting estimates. Estimation of the insurance liabilities, by nature, includes the evaluation of several uncertainties.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2020**

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

3. Critical accounting estimates and judgements (Continued)

Impact of Covid - 19

The impact of Covid-19 (Coronavirus) pandemic to the Company’s operations and financial results has been monitored and actions have been immediately taken for the Company to mitigate the impacts of the pandemic. In connection with the Covid-19 pandemic and parallel to the current conditions/slowdown in the global and Turkish economy. In the meantime, the Company has taken measures for savings on operational and capital expenditures. Cash management strategies have been reviewed for a stronger liquidity position.

In preparation of the condensed interim consolidated financial statements as of 30 June 2020, the Company has assessed the possible impacts of Covid-19 pandemic on the financial statements and reviewed the critical estimates and assumptions. Within this scope, the Company has tested the financial assets, tangible and intangible assets for a possible impairment and no impairments were identified. The Company has also tested the assumptions for the measurement of insurance liabilities.

In accordance with the announcement issued on April 29, 2020, by the Ministry of Treasury and Finance - General Directorate of Insurance , the sixth clause of the article 4, titled “Principles for the determination of insurance premiums” of the Regulation on the Principles of Compulsory Financial Liability Tariffs, Ministry of Treasury and Finance may impose special rules for the sharing of premiums and claims among insurers with high risk. The premium of these insured is determined by the Ministry of Treasury and Finance, based on provision; it has been decided to extend the validity period of the policies in the scope of MTPL risk insured pool with an expiry date between April 30, 2020 and May 31, 2020 for a period of 1 month without additional premium.

4. Segment information

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

Numerical limits in “IFRS 8 - Operating Segments” is also considered as the reporting to the chief operating decision-maker in the determination of segments and the premium production and net technical income of the segments are considered while determining a separate operating segment.

The Company has been operating in Turkey. Since the effect of the foreign operations on financial statements is extremely low, geographic segment information is not given.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2020

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

4. Segment information (Continued)

Segment results for period January 1 - September 30, 2020 is as follows:

January 1- September 30, 2020	Fire	Marine	Motor Own Damage (MOD)	Motor Third Party Liability	General Losses	Health	Other	Undistributed	Total
TECHNICAL INCOME	124,484,515	21,588,071	636,408,846	961,399,490	77,104,311	79,346,684	77,742,505	-	1,978,074,422
Earned Premiums (Net of Reinsurer Share)	124,484,515	21,588,071	636,408,846	961,399,490	77,104,311	79,346,684	77,742,505	-	1,978,074,422
Premiums (Net of Reinsurer Share)	122,159,761	22,496,925	660,666,530	953,111,165	71,678,772	63,356,233	78,120,234	-	1,971,589,620
Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	2,324,754	(908,854)	(24,257,684)	8,288,325	5,425,539	15,990,451	(377,729)	-	6,484,802
TECHNICAL EXPENSES	(122,145,016)	(12,993,671)	(610,477,265)	(933,707,128)	(61,532,787)	(47,971,577)	(97,693,990)	-	(1,886,521,434)
Total Claims (Net of Reinsurer Share)	(66,128,004)	(7,070,981)	(427,483,086)	(720,063,534)	(25,937,615)	(6,474,186)	(62,778,359)	-	(1,315,935,765)
Claims Paid (Net of Reinsurer Share)	(47,144,953)	(5,171,131)	(367,793,944)	(465,191,589)	(20,627,811)	(4,742,119)	(15,824,245)	-	(926,495,792)
Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	(18,983,051)	(1,899,850)	(59,689,142)	(254,871,945)	(5,309,804)	(1,732,067)	(46,954,114)	-	(389,439,973)
Commission income/(expenses) (Net)	(17,063,863)	(4,055,047)	(122,792,249)	(99,133,009)	(20,048,373)	(29,900,223)	(13,356,453)	-	(306,349,217)
Operating Expenses	(35,124,781)	(1,203,728)	(43,868,365)	(74,722,320)	(13,175,551)	(9,440,739)	(19,168,293)	-	(196,703,777)
Other Operating Income / Expenses	(3,828,368)	(663,915)	(16,333,565)	(39,788,265)	(2,371,248)	(2,156,429)	(2,390,885)	-	(67,532,675)
Technical Profit	2,339,499	8,594,400	25,931,581	27,692,362	15,571,524	31,375,107	(19,951,485)	-	91,552,988
Investment income	-	-	-	-	-	-	-	260,545,571	260,545,571
Foreign exchange income	-	-	-	-	-	-	-	42,136,564	42,136,564
Tax expense	-	-	-	-	-	-	-	(91,555,556)	(91,555,556)
Net Profit / (Loss)	2,339,499	8,594,400	25,931,581	27,692,362	15,571,524	31,375,107	(19,951,485)	211,126,579	302,679,567

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2020

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4. Segment information (Continued)

Segment results for period January 1 - September 30, 2019 is as follows:

January 1- September 30, 2019	Fire	Marine	Motor Own Damage (MOD)	Motor Third Party Liability	General Losses	Health	Other	Undistributed	Total
TECHNICAL INCOME	146,505,365	19,813,236	575,448,122	670,614,877	80,071,671	63,984,051	18,891,058	-	1,575,328,380
Earned Premiums (Net of Reinsurer Share)	146,505,365	19,813,236	575,448,122	670,614,877	80,071,671	63,984,051	18,891,058	-	1,575,328,380
Premiums (Net of Reinsurer Share)	152,729,698	20,213,647	612,446,441	795,980,385	78,701,061	71,481,199	21,908,830	-	1,753,461,261
Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(6,224,333)	(400,411)	(36,998,319)	(125,365,508)	1,370,610	(7,497,148)	(3,017,772)	-	(178,132,881)
TECHNICAL EXPENSES	(119,991,048)	(13,717,663)	(576,570,659)	(747,581,393)	(57,366,925)	(44,771,283)	(78,557,262)	-	(1,638,556,233)
Total Claims (Net of Reinsurer Share)	(60,383,270)	(10,260,867)	(422,638,566)	(595,623,862)	(19,844,459)	(8,491,659)	(49,204,979)	-	(1,166,447,662)
Claims Paid (Net of Reinsurer Share)	(61,795,074)	(4,382,346)	(396,760,834)	(401,094,936)	(16,468,929)	(6,926,511)	(5,704,030)	-	(893,132,660)
Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	1,411,804	(5,878,521)	(25,877,732)	(194,528,926)	(3,375,530)	(1,565,148)	(43,500,949)	-	(273,315,002)
Commission income/(expenses) (Net)	(19,083,439)	(1,813,774)	(83,695,149)	(73,343,622)	(19,603,352)	(24,386,601)	(25,778,754)	-	(247,704,691)
Operating Expenses	(35,692,430)	(989,560)	(54,845,047)	(47,129,027)	(15,278,262)	(9,782,758)	(2,950,483)	-	(166,667,567)
Other Operating Income / Expenses	(4,831,909)	(653,462)	(15,391,897)	(31,484,882)	(2,640,852)	(2,110,265)	(623,046)	-	(57,736,313)
Technical Profit	26,514,317	6,095,573	(1,122,537)	(76,966,516)	22,704,746	19,212,768	(59,666,204)	-	(63,227,853)
Investment income								330,311,283	330,311,283
Foreign exchange income								19,878,499	19,878,499
Tax expense								(71,550,387)	(71,550,387)
Net Profit / (Loss)	26,514,317	6,095,573	(1,122,537)	(76,966,516)	22,704,746	19,212,768	(59,666,204)	278,639,395	215,411,542

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2020

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5. Tangible assets

As of September 30, 2020, and 2019 tangible assets movement and its accumulated depreciation is as follows:

Costs:	January 1	Additions	Disposals	September 30, 2020
Property for operational use	1,598,569	-	-	1,598,569
Motor vehicles	2,720,001	-	-	2,720,001
Furniture and fixtures and leased tangible assets	27,612,750	2,576,561	(564,468)	29,624,843
Other tangible assets (including leasehold improvements)	21,347,617	334,940	-	21,682,557
Advances for tangible assets	34,372,885	6,272,195	-	40,645,080
Total	87,651,822	9,183,696	(564,468)	96,271,050
Accumulated depreciation: (-)				
Property for operational use	(601,219)	(23,935)	-	(625,154)
Motor vehicles	(549,962)	(407,257)	-	(957,219)
Furniture and fixtures and leased tangible assets	(17,306,145)	(3,097,513)	550,931	(19,852,727)
Other tangible assets	(11,658,528)	(1,664,490)	-	(13,323,018)
Advances for tangible assets	(8,243,981)	(7,217,733)	-	(15,461,714)
Total	(38,359,835)	(12,410,928)	550,931	(50,219,832)
Net book value	49,291,987	(3,227,232)	(13,537)	46,051,218
Costs:				
Costs:	January 1	Additions	Disposals	September 30, 2019
Property for operational use	1,598,569	-	-	1,598,569
Motor vehicles	2,720,001	-	-	2,720,001
Furniture and fixtures and leased tangible assets	23,741,539	2,612,682	(717,808)	25,636,413
Other tangible assets (including leasehold improvements)	21,052,437	47,390	(21,657)	21,078,170
Advances for tangible assets	-	-	-	-
Total	49,112,546	2,660,072	(739,465)	51,033,153
Accumulated depreciation: (-)				
Property for operational use	(569,248)	(28,222)	-	(597,470)
Motor vehicles	(5,962)	(406,882)	-	(412,844)
Furniture and fixtures and leased tangible assets	(14,906,985)	(2,387,148)	635,899	(16,658,234)
Other tangible assets	(9,300,583)	(1,649,008)	8,129	(10,941,462)
Advances for tangible assets	-	-	-	-
Total	(24,782,778)	(4,471,260)	644,028	(28,610,010)
Net book value	24,329,768	(1,811,188)	(95,437)	22,423,143

The Company has not accounted for any impairment provision for tangible fixed assets in the current period.

Total depreciation expense is TL 38,537,326 (January 1 - September 30, 2019: TL 24,384,538).

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2020

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

6. Intangible assets

Costs:	January 1	Additions	Disposals	September 30, 2020
Rights	134,184,258	12,965,208	(13,980)	147,135,486
Advances given for intangible assets	3,489,088	6,172,770	-	9,661,858
Total	137,673,346	19,137,978	(13,980)	156,797,344
Accumulated depreciation: (-)				
Rights	(77,104,087)	(26,114,980)	136	(103,218,931)
Total	(77,104,087)	(26,114,980)	136	(103,218,931)
Net book value	60,569,259	(6,977,002)	(13,844)	53,578,413
Costs:				
Costs:	January 1	Additions	Disposals	September 30, 2019
Rights	111,808,560	14,715,806	(260,153)	126,264,213
Advances given for intangible assets	1,949,163	1,681,857	-	3,631,020
Total	113,757,723	16,397,663	(260,153)	129,895,233
Accumulated depreciation: (-)				
Rights	(58,117,829)	(13,767,249)	215,814	(71,669,264)
Total	(58,117,829)	(13,767,249)	215,814	(71,669,264)
Net book value	55,639,894	2,630,414	(44,339)	58,225,969

7. Management of insurance and financial risk

Foreign currency risk

The Company is exposed to foreign exchange risk through the impact of rate changes at the translation of Turkish Lira pertaining to foreign currency denominated assets and liabilities. These risks are monitored by the analysis of exchange rate position. The details of the Company’s foreign currency denominated assets and liabilities as of September 30, 2020 and December 31, 2019 are disclosed below:

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

7. Management of insurance and financial risk (Continued)

September 30, 2020			
Banks (Foreign Currency)	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	21,502,812	7.8080	167,893,956
EUR	1,225,629	9.1281	11,187,664
GBP	58,587	10.0309	587,680
CHF	86,607	8.4413	731,076
Other	35,592	0.0737	2,623
Total			180,402,999
Receivables from Insurance Operations			
	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	33,177,272	7.8080	259,048,140
EUR	17,345,822	9.1281	158,334,398
GBP	150,942	10.0309	1,514,084
CHF	-	-	-
Total			418,896,622
Marketable Securities			
	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	33,752,989	7.8080	263,543,338
Total			263,543,338
Outstanding Claims Reserve			
	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(8,729,148)	7.8080	(68,157,188)
EUR	(1,088,960)	9.1281	(9,940,136)
Other			
Total			(78,097,324)
Payables from Insurance Operations			
	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(48,102,189)	7.8080	(375,581,892)
EUR	(13,487,136)	9.1281	(123,111,926)
Other	-	-	(1,154,953)
Total			(499,848,771)
Off-balance sheet liabilities			
	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(356,879)	7.8080	(2,786,511)
EUR	(103,836)	9.1281	(947,825)
Total			(3,734,336)
Net Foreign Currency Position			281,162,528

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AS AT SEPTEMBER 30, 2020**

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

7. Management of insurance and financial risk (Continued)

December 31, 2019			
Banks (Foreign Currency)	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	2,405,752	5.9402	14,290,648
EUR	2,401,308	6.6506	15,970,139
GBP	130,106	7.7765	1,011,769
CHF	100,218	6.0932	610,648
Other	943	0.0543	51
Total			31,883,256
Receivables from Insurance			
Operations	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	46,809,061	5.9402	278,055,184
EUR	15,914,733	6.6506	105,842,523
GBP	76,635	7.7765	595,952
CHF	96,229	6.0932	586,343
Total			385,080,002
Marketable Securities			
	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	30,724,479	5.9402	182,509,550
Total			182,509,550
Outstanding Claims Reserve			
	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(11,809,266)	5.9402	(70,149,402)
EUR	(2,454,675)	6.6506	(16,325,062)
Other			
Total			(86,474,463)
Payables from Insurance			
Operations	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(49,015,172)	5.9402	(291,159,925)
EUR	(7,960,738)	6.6506	(52,943,684)
Other			(1,964,017)
Total			(346,067,626)
Off-balance sheet liabilities			
	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(743,357)	5.9402	(4,415,689)
EUR	(115,922)	6.6506	(770,951)
Total			(5,186,640)
Net Foreign Currency Position			161,744,079

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2020

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

7. Management of insurance and 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 fulfill its current and possible liabilities by allocating its funds.

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

Table of liquidity risk as of September 30, 2020 is as follows:

September 30, 2020	Up to 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5 years and over	No maturity	Total
Cash and cash equivalents	820,236,731	549,675,641	78,728,303	-	-	171,615,933	1,620,256,608
Securities pledged under repurchase agreements	-	-	-	-	-	-	-
Financial assets available for sale	20,670,845	45,850,721	845,642,107	681,762,370	169,422,001	164,169,854	1,927,517,898
Financial assets held for trading	-	-	-	-	-	96,844,871	96,844,871
Financial assets held to maturity	-	-	11,552,084	155,683,793	-	-	167,235,877
Investments on policyholders’ risk	-	-	-	1,862,598	-	-	1,862,598
Receivables from main operations	209,576,242	184,332,750	337,751,182	7,185,491	-	-	738,845,665
Due from reinsurance companies	-	-	34,696,446	-	-	-	34,696,446
Reinsurers’ share of insurance liabilities	1,472,533,973	1,056,550,115	714,564,779	170,645,164	14,979,368	-	3,429,273,399
Equity securities	-	-	-	-	-	594,094	594,094
Derivative financial assets	-	4,189,974	-	-	-	-	4,189,974
Other assets	-	192,199,944	-	-	-	-	192,199,944
Total Assets	2,523,017,791	2,032,799,145	2,022,934,901	1,017,139,416	184,401,369	433,224,752	8,213,517,374
Obligations under repurchase agreements	-	-	-	-	-	-	-
Financial liabilities	-	12,682,747	692,662	-	-	-	13,375,409
Taxes and other liabilities	-	-	33,437,180	-	-	-	33,437,180
Insurance liabilities	2,655,651,467	2,024,186,355	1,577,074,470	303,194,119	26,072,790	-	6,586,179,201
Due to reinsurers	-	-	694,481,453	-	-	-	694,481,453
Provisions for other liabilities and charges	-	-	85,836,039	1,286,273	-	1,944,085	89,066,397
Trade and other payables	-	-	112,790,297	-	-	-	112,790,297
Total liabilities	2,655,651,467	2,036,869,102	2,504,312,101	304,480,392	26,072,790	1,944,085	7,529,329,937
Liquidity surplus/(deficit)	(132,633,676)	(4,069,957)	(481,377,200)	712,659,024	158,328,579	431,280,667	684,187,437

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2020

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7. Management of insurance and financial risk (Continued)

Table of liquidity risk as of December 31, 2019 is as follows:

December 31, 2019	Up to 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5 years and over	No maturity	Total
Cash and cash equivalents	942,019,120	1,080,190,601	20,293,159	-	-	20,539,632	2,063,042,512
Securities pledged under repurchase agreements	-	-	-	-	-	-	-
Financial assets available for sale	20,993,443	16,816,813	114,942,696	415,543,534	56,413,071	77,610,043	702,319,600
Financial assets held for trading	448,138,096	-	-	-	-	142,613,230	590,751,326
Financial assets held to maturity	-	-	-	34,881,722	-	-	34,881,722
Investments on policyholders' risk	-	-	-	1,806,587	-	-	1,806,587
Receivables from main operations	235,458,533	200,768,514	248,829,307	30,051,374	-	-	715,107,728
Due from reinsurance companies	-	22,369,137	-	-	-	-	22,369,137
Reinsurers' share of insurance liabilities	1,183,084,258	947,174,701	523,442,442	164,782,779	11,858,711	-	2,830,342,891
Equity securities	-	-	-	-	-	430,032	430,032
Derivative financial assets	-	-	510,490	-	-	-	510,490
Other assets	-	227,497,832	-	-	-	-	227,497,832
Total Assets	2,829,693,450	2,494,817,598	908,018,094	647,065,996	68,271,782	241,192,937	7,189,059,857
Obligations under repurchase agreements	47,970,865	-	-	-	-	-	47,970,865
Financial liabilities	-	12,806,818	3,806,567	-	-	-	16,613,385
Taxes and other liabilities	-	-	52,831,979	-	-	-	52,831,979
Insurance liabilities	2,151,565,258	1,907,803,325	1,211,135,551	313,295,091	20,494,615	-	5,604,293,840
Due to reinsurers	283,517,463	182,770,356	117,966,682	12,188,792	-	-	596,443,293
Provisions for other liabilities and charges	-	-	56,664,751	1,230,851	-	2,051,784	59,947,386
Trade and other payables	21,696,551	138,326,863	67,982,526	-	-	-	228,005,940
Total liabilities	2,504,750,137	2,241,707,362	1,510,388,056	326,714,734	20,494,615	2,051,784	6,606,106,688
Liquidity surplus/(deficit)	324,943,313	253,110,236	(602,369,962)	320,351,262	47,777,167	239,141,153	582,953,169

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

8. Financial assets

Available for sale debt securities:

	September 30, 2020		
	Cost Value	Fair Value	Book Value
Private bonds	703,872,858	713,763,403	713,763,403
Eurobonds	748,627,623	746,009,470	746,009,470
Equities	181,117,704	164,795,643	164,795,643
Government bonds	312,557,748	303,575,169	303,575,169
Total	1,946,175,933	1,928,143,685	1,928,143,685
Impairment (-)			(625,787)
Total	1,946,175,933	1,928,143,685	1,927,517,898
	December 31, 2019		
	Cost Value	Fair Value	Book Value
Private bonds	326,266,711	333,690,554	333,690,554
Eurobonds	152,806,509	152,749,578	152,749,578
Equities	70,267,685	77,976,955	77,976,955
Government bonds	133,150,541	137,902,513	137,902,513
Total	682,491,446	702,319,600	702,319,600

Held for trading at company’s risk:

	September 30, 2020		
	Cost Value	Fair Value	Book Value
Investment Funds	58,982,215	74,837,757	74,837,757
Reverse Repo	21,999,882	22,007,114	22,007,114
Total	80,982,097	96,844,871	96,844,871
	December 31, 2019		
	Cost Value	Fair Value	Book Value
Investment Funds	116,663,610	142,613,230	142,613,230
Reverse Repo	447,999,882	448,138,096	448,138,096
Total	564,663,492	590,751,326	590,751,326

Financial assets at insurees’ risk:

	September 30, 2020		
	Cost Value	Fair Value	Book Value
Government bonds	1,647,665	1,862,598	1,862,598
Total	1,647,665	1,862,598	1,862,598
	December 31, 2019		
	Cost Value	Fair Value	Book Value
Government bonds	1,647,665	1,806,587	1,806,587
Total	1,647,665	1,806,587	1,806,587

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8. Financial assets (Continued)

Held to maturity:

September 30, 2020			
	Cost Value	Fair Value	Book Value
Eurobond	126.660.022	145.800.345	126.531.202
Government bonds	38.198.561	43.390.995	40.704.675
Total	164.858.583	189.191.340	167.235.877

December 31, 2019			
	Cost Value	Fair Value	Book Value
Eurobond	23.431.170	24.095.114	24.027.260
Government bonds	9.194.956	12.411.600	10.854.462
Total	32.626.126	36.506.714	34.881.722

List of the investments and fair values is as below:

September 30, 2020			
	Cost Value	Fair Value	Book Value
<i>Equity investments</i>			
Tarsim	594,094	-	594,094
Total	594,094	-	594,094

December 31, 2019			
	Cost Value	Fair Value	Book Value
<i>Equity investments</i>			
Tarsim	430,032	-	430,032
Total	430,032	-	430,032

Fair Value Hierarchy

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. Fair value measurements are performed in accordance with the following fair value measurement hierarchy.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

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8. Financial assets (Continued)

	September 30, 2020	Level 1	Level2	Level 3
Available for sale at company’s risk	1,928,143,685	1,928,143,685	-	-
Available for sale at insurees' risk	1,862,598	1,862,598	-	-
Held to maturity at company’s risk	167,235,877	167,235,877	-	-
Held for trading at company's risk	96,844,871	96,844,871	-	-
Equity securities, net	594,094	-	-	594,094
Total	2,194,681,125	2,194,087,031	-	594,094

	December 31, 2019	Level 1	Level2	Level 3
Available for sale at company’s risk	702,319,600	702,319,600	-	-
Available for sale at insurees' risk	590,751,326	590,751,326	-	-
Held to maturity at company’s risk	34,881,722	34,881,722	-	-
Held for trading at company's risk	1,806,587	1,806,587	-	-
Equity securities, net	430,032	-	-	430,032
Total	1,330,189,267	1,329,759,235	-	430,032

9. Cash and cash equivalents

The details of cash and cash equivalents of the Company are as follows:

	September 30, 2020	December 31, 2019
Cash at banks	866,489,221	1,356,583,321
-time deposits	694,873,288	1,336,043,689
-demand deposits	171,615,933	20,539,632
Bank guaranteed credit card receivables with maturity less than 3 months	753,767,387	706,459,191
Total cash and cash equivalents	1,620,256,608	2,063,042,512

The maturities of the Company’s time deposits as of September 30, 2020 are less than six months (December 31, 2019: Less than six months).

Cash and cash equivalents that are included in the statements of cash flows for the periods January 1 - September 30,2020 and 2019 are as follows:

	September 30, 2020	December 31, 2019
Total cash and cash equivalents	1,620,256,608	2,063,042,512
Interest accrual on cash at banks (-)	(6,530,263)	(2,557,348)
Blocked time deposits	(209,261,218)	(178,718,207)
Blocked credit card receivables	(50,000,000)	(50,000,000)
Cash and cash equivalents per statement of cash flow	1,354,465,127	1,831,766,957

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9. Cash and cash equivalents (Continued)

Weighted average interest rates of time deposits:

	September 30, 2020	December 31, 2019
TL	8,25 - 13,00	10,65 - 18,00
USD	0,10 - 1,50	1,25
EUR	0,01 - 0,05	0,20 - 0,35

10. Equity

As of September 30, 2020, the Company’s total amount of nominal shares is 30,600,000,000 (December 31, 2019: 30,600,000,000) which has all been paid. The face value of the Company’s common stocks is TL 0,01 each and the total nominal amount is TL 306,000,000 (December 31, 2019: TL 306,000,000).

Movement of common stocks at opening balance and closing balance is as follows:

	January 1, 2020		Issued Capital		Amortised		September 30, 2020	
	Unit	Nominal TL	Unit	Nominal TL	Unit	Nominal TL	Unit	Nominal TL
Paid	30,600,000,000	306,000,000	-	-	-	-	30,600,000,000	306,000,000
Paid								
Total	30,600,000,000	306,000,000	-	-	-	-	30,600,000,000	306,000,000

	January 1, 2019		Issued Capital		Amortised		September 30, 2019	
	Unit	Nominal TL	Unit	Nominal TL	Unit	Nominal TL	Unit	Nominal TL
Paid	30,600,000,000	306,000,000	-	-	-	-	30,600,000,000	306,000,000
Paid								
Total	30,600,000,000	306,000,000	-	-	-	-	30,600,000,000	306,000,000

Movement of legal and other reserves is as follows:

Legal and Other Reserves	2020	2019
Opening balance, January 1	137,889,692	112,230,612
Addition related to profit for the period	164,398,437	25,659,080
Closing balance, September 30	302,288,129	137,889,692

Actuarial gain / (loss)

In accordance with changes regarding “IAS 19 - Employee Benefits” effective as of January 1, 2013, actuarial loss amounting to TL 5,647,766(net-off deferred tax: TL 6,430,200) resulting from retirement pay liability calculation has been accounted to extraordinary reserves under equity.

Movement of actuarial loss arising from employee benefit is as follows:

Actuarial Loss	2020	2019
Opening balance, January 1	4,518,213	3,602,019
Change for the period	625,947	1,038,810
Closing balance, September 30	5,144,160	4,640,829

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10. Equity (Continued)

Available for sale investments fund (Continued):

Available for sale investments fund	2020	2019
Opening balance, January 1	6,588,634	(10,638,677)
Increase/decrease in value recognized under the shareholders’ equity in the current period	(45,881,878)	14,819,100
Closing balance, September 30	(39,293,244)	4,180,423

Dividend payment - Covid-19

According to the Law No. 7244 published in the Official Gazette dated April 17, 2020, the Law on Reducing the Effects of the New Corona Virus (Covid-19) on economic and social life and with the amendment made in the Turkish Commercial Code, it has been decided that maximum twenty-five percent of the net profit of the year 2019 can be distributed as dividends until September, 30, 2020. If the General Assembly has decided to distribute dividends for the fiscal year of 2019, but the shareholders have not yet been paid or partial payments have been made, payments for the portion exceeding twenty five percent of the net profit for 2019 will be postponed until the end of the specified period. In the Ordinary General Assembly Meeting held on March 11, 2020, the Company, in accordance with the profit distribution proposal of the Board of Directors, distributed its gross profit share of 201,960,000 TL from the net profit of 366,358,436 TL for the 2019 fiscal period in cash on March 13, 2020.

11. Insurance liabilities

	September 30, 2020	December 31, 2019
Outstanding claims provision	4,130,295,120	3,246,299,107
Reserve for unearned premiums	2,454,458,758	2,356,539,449
Life actuarial mathematical reserves	1,425,033	1,302,184
Life profit share provision	(5,400)	144,687
Bonus and rebates provision	5,690	8,413
Total	6,586,179,201	5,604,293,840
Reinsurance Share	September 30, 2020	December 31, 2019
Reinsurers’ share of outstanding claims	2,373,760,572	1,879,234,498
Reinsurers’ share of unearned premiums	1,055,512,827	951,108,393
Total	3,429,273,399	2,830,342,891
Net	September 30, 2020	December 31, 2019
Net outstanding claims	1,756,534,548	1,367,064,609
Net unearned premiums	1,398,945,931	1,405,431,056
Life actuarial mathematical reserves	1,425,033	1,302,184
Life profit share provision	(5,400)	144,687
Bonus and rebates provision	5,690	8,413
Total	3,156,905,802	2,773,950,949

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12. Payables to reinsurers, trade and other payables and lease liabilities

	September 30, 2020	December 31, 2019
Payables to reinsurers	657,280,968	554,050,816
Payables to SSI regarding medical expenses	37,200,485	42,392,477
Payables due to main operations	694,481,453	596,443,293
Payables to contracted institutions	34,657,793	48,821,504
Taxes payable	25,514,755	40,603,094
Payables to suppliers	32,627,519	27,539,894
Payables to Turkish Catastrophe Insurance Pool	9,562,837	23,480,700
Other	10,427,393	5,131,410
Total other short-term payables	112,790,297	145,576,602
Total financial liabilities trade and other payables, deferred income	807,271,750	742,019,895

As at September 30, 2020 and January 1, 2019; lease liabilities are as follows:

	September 30, 2020	January 1, 2019
Short-term lease liabilities (undiscounted)	4,721,617	12,599,956
Long term lease liabilities (undiscounted)	39,863,638	36,383,769
Discount amount with lease’s incremental borrowing rate of interest	(14,358,945)	(19,233,484)
Total lease liabilities	30,226,310	29,750,241

Movement of lease liabilities for the period ended September 30, 2020 and January 1, 2019 are as follows:

	September 30, 2020	December 31, 2019
Opening balance, January 1	29,750,241	-
IFRS 16 impact	(11,628,883)	31,004,961
Lease payments	5,832,757	(9,570,804)
Interest payments	6,272,195	8,316,084
Total	30,226,310	29,750,241

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13. Taxes

As at September 30, 2020 and December 31, 2019 prepaid income taxes are netted off with the current income tax payable as stated below:

	September 30, 2020	December 31, 2019
Income taxes payable	101,165,392	125,897,142
Prepaid income taxes	(67,728,212)	(73,065,163)
Tax payable/(asset)	33,437,180	52,831,979

Deferred tax

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

The details of deferred tax are presented in the following statements:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Discounting in outstanding claims	329,531,514	252,705,356	70,220,647	53,318,893
Financial assets valuation effect accounted under equity	49,116,555	(8,235,790)	9,823,311	(1,647,158)
General expense provision	30,238,635	20,409,676	6,652,500	4,490,129
Donation	23,620,000	-	5,196,400	-
Claim handling	21,449,539	21,085,000	4,718,899	4,217,000
Doubtful receivable provisions	14,601,627	34,734,800	3,212,358	7,641,656
Claims reserve	9,665,555	8,525,891	2,126,422	1,875,696
Employment termination benefit	8,406,885	7,052,710	1,681,377	1,410,542
Bonus provision	6,805,095	8,433,527	1,497,121	1,855,376
Leased assets	5,042,941	3,621,336	1,109,447	796,694
Unused vacation provision	1,944,086	2,051,782	427,699	451,392
Bonus and rebate	5,691	8,414	1,253	1,851
Impairment on financial assets	(336,968)	(708,782)	(74,133)	(155,932)
Fiscal loss	(606,877)	(667,567)	(133,513)	(133,513)
Derivative asset valuation	(3,813,368)	30,321,955	(838,941)	6,670,830
Marketable securities foreign currency gain/loss	(4,729,100)	-	(1,040,402)	-
Useful life of tangible and intangible assets	(7,557,373)	(11,328,416)	(1,662,622)	(2,492,252)
IBNR Best estimate	(11,693,442)	-	(2,572,557)	-
Equalization reserve	(99,361,876)	(87,166,582)	(21,859,613)	(19,176,648)
Other	-	(8,525,890)	-	(1,875,696)
Total deferred tax assets / liabilities	372,329,119	272,317,420	78,485,653	57,248,860

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 31 December 2017 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.

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13. Taxes (Continued)

	September 30, 2020	September 30, 2019
Profit before taxes	394,235,123	286,961,929
Tax rate	22.00%	22.00%
Taxes on income per statutory tax rate	(86,731,727)	(63,131,624)
The effect of prior periods' adjustments	(4,969,248)	(4,969,248)
The effect of non-deductible expenses	145,419	(3,449,515)
Tax expense	(91,555,556)	(71,550,387)

14. Net insurance premium income

The distribution of premium income is as follows:

	September 30, 2020			September 30, 2019		
	January 1 - Gross	Reinsurers' share	Net	January 1 - Gross	Reinsurers' share	Net
Written premium	3,535,653,598	(1,564,064,301)	1,971,589,297	3,117,582,477	(1,373,488,479)	1,744,093,998
Change in unearned premium reserve	(97,919,310)	104,404,435	6,485,125	(302,064,711)	133,299,093	(168,765,618)
Total premium revenue	3,437,734,288	(1,459,659,866)	1,978,074,422	2,815,517,766	(1,240,189,386)	1,575,328,380
Fire	685,917,820	(563,758,059)	122,159,761	701,049,699	(548,320,001)	152,729,698
Marine	77,969,777	(55,472,852)	22,496,925	71,706,652	(51,493,004)	20,213,648
Motor Own Damage	706,047,422	(45,380,892)	660,666,530	647,346,067	(34,899,625)	612,446,442
Motor Third Party Liability	1,199,375,274	(246,264,208)	953,111,066	1,017,170,832	(230,557,710)	786,613,122
Other	328,935,355	(250,815,345)	78,120,010	139,082,873	(117,174,046)	21,908,827
General Losses	224,347,911	(152,669,139)	71,678,772	270,668,156	(191,967,095)	78,701,061
Health	313,060,039	(249,703,806)	63,356,233	270,558,198	(199,076,998)	71,481,200
Life	-	-	-	-	-	-
Total	3,535,653,598	(1,564,064,301)	1,971,589,297	3,117,582,477	(1,373,488,479)	1,744,093,998

15. Expenses by nature

	January 1 - September 30, 2020	January 1 - September 30, 2019
Personnel expenses	(91,798,610)	(79,310,406)
Depreciation expenses	(38,537,326)	(24,384,538)
Information technology expenses	(17,055,471)	(13,466,297)
Rent expenses	(2,174,427)	(1,925,690)
Assistance expenses	(22,506,081)	(17,158,358)
Meeting and training expenses	(3,895,218)	(5,568,995)
Transportation expenses	(1,260,740)	(3,166,353)
Advertisement expenses	(5,453,218)	(3,062,901)
Social relief expenses	(2,017,752)	(3,790,864)
Repair and maintenance	(2,785,355)	(3,142,561)
Communication expenses	(1,290,431)	(1,419,100)
Outsourcing service expenses	(2,777,106)	(2,349,511)
Other	(5,152,042)	(7,921,993)
Total	(196,703,777)	(166,667,567)

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16. Insurance claims and claims recovered from reinsurers

September 30, 2020			
	Gross	Reinsurers' Share	Net
Paid Claims	1,366,283,855	(439,788,064)	926,495,791
Change in outstanding claims	879,210,902	(489,740,966)	389,469,936
Change in mathematical reserves	(27,239)	-	(27,239)
Bonus and rebates provision	(352,410)	349,687	(2,723)
Total	2,245,115,108	(929,179,343)	1,315,935,765

September 30, 2019			
	Gross	Reinsurers' Share	Net
Paid Claims	1,245,257,984	(352,125,324)	893,132,660
Change in outstanding claims	972,699,256	(699,282,515)	273,416,741
Change in mathematical reserves	(25,754)	-	(25,754)
Bonus and rebates provision	(59,232,785)	59,156,800	(75,985)
Total	2,158,698,701	(992,251,039)	1,166,447,662

17. Related parties

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

Due from /to related parties	September 30, 2020	December 31, 2019
Shareholder’s subsidiaries	78,292,645	58,379,601
Shareholders	21,651	44,663
Total	78,314,296	58,424,264
Banks		
	September 30, 2020	December 31, 2019
Shareholder’s subsidiaries	175,425,650	484,545,450
Total	175,425,650	484,545,450
Marketable securities		
	September 30, 2020	December 31, 2019
Shareholder’s subsidiaries	347,627,183	27,149,232
Total	347,627,183	27,149,232
Investment funds		
	September 30, 2020	December 31, 2019
Shareholder’s subsidiaries	155,379,570	142,613,289
Total	155,379,570	142,613,289

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17. Related parties (Continued)

Written Premium	September 30, 2020	September 30, 2019
Shareholder’s subsidiaries	107,691,707	127,509,833
Shareholders	1,896,242	1,751,210
Total	109,587,949	129,261,043
Claims Paid	September 30, 2020	September 30, 2019
Shareholder’s subsidiaries	6,975,652	20,184,318
Shareholders	1,848	-
Total	6,977,500	20,184,318
Investment Income	September 30, 2020	September 30, 2019
Shareholder’s subsidiaries	51,206,233	47,365,274
Total	51,206,233	47,365,274
Commission paid	September 30, 2020	September 30, 2019
Shareholder’s subsidiaries	80,206,902	-
Total	80,206,902	-

18. Contingencies

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. There is no accrued interest on this amount as of report date. The Company has not booked any provision in the financial statements since the Company 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. The reconciliation meeting took place on February 15, 2018; however parties could not reach a consensus. As a consequence, the Company sued Large Taxpayers Office on February 27, 2018. Tax courts decided in favor of the Company for the years 2009, 2010, 2011 and 2012.

19. Subsequent events

None.