

**(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, 2021
TOGETHER WITH
THE INDEPENDENT AUDITOR'S REPORT**



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

INDEPENDENT AUDITOR’S REPORT

To the General Assembly of Aksigorta A.Ş.

A. Audit of the Financial Statements

1. Opinion

We have audited the accompanying interim financial statements of Aksigorta A.Ş. (the “Company”) which comprise the balance sheet as at June 30, 2021 and the statement of income, statement of changes in shareholders’ equity and statement of cash flows for the six-month period then ended and the notes to the financial statements and a summary of significant accounting policies and financial statement notes.

In our opinion, the interim financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting and financial reporting regulations enforced by insurance legislation and Turkish Financial Reporting Standards (“TFRS”) for the matters not regulated by insurance legislation “Regulation on Insurance Accounting and Financial Reporting Principles”.

2. Basis for Opinion

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



3. Key Audit Matters

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

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<p data-bbox="272 747 792 821">Estimation of claims incurred but not reported</p> <p data-bbox="272 867 846 1014">As explained in Notes 2 and 4, the Company has accounted for the net incurred but not reported claims provision amounting to TRY 947,785,901 as of June 30, 2021.</p> <p data-bbox="272 1060 873 1514">Abovementioned provision is calculated according to the best estimation methods determined within the opinion of the Company's actuary in accordance with "Circular on Outstanding Claim Provisions" dated December 5, 2014 and numbered 2014/16 published by the Under secretariat of the Treasury. The reason we focus on this area during our audit is the significance of the incurred but not reported claims provision for the interim financial statements and the significant actuarial judgments and estimates required by the nature of provision in the financial statements.</p>	<p data-bbox="894 747 1495 936">We tested the design and operational effectiveness of the key controls implemented by the Company's management in relation to the ultimate claims used in the calculation of incurred but not reported claims provision.</p> <p data-bbox="894 982 1495 1436">We performed reconciliation of the data used in the calculation of incurred but not reported claims for selected branches with the interim financial statements. Our actuaries have assessed the estimated loss ratios and expected damage developments trends together with the selected actuarial techniques considering past damage experiences and sector developments. In addition, for selected branches, we made an estimation of the reasonable ranges for the incurred but not reported claims provision and compared them with the Company's records.</p> <p data-bbox="894 1482 1446 1585">We checked the adequacy and accuracy of the disclosures in the interim financial statements related to such provisions.</p>



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

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

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

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

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

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

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



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

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from January 1 to June 30, 2021 interim period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on August 6, 2021.

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

ORIGINALLY ISSUED IN TURKISH

Adnan Akan, SMMM
Partner

Istanbul, August 6, 2021

**THE MANAGEMENT'S REPRESENTATION ON THE FINANCIAL STATEMENTS
PREPARED AS OF 30 JUNE 2021**

The accompanying financial statements and the related disclosures and notes as of 30 June 2021 (the 'financial report') are prepared in accordance with the requirements set out by Republic of Turkey of the Treasury and Finance Ministry Undersecretariat Treasury and accordance with the accounting principles and standards in force in insurance legislation and are in compliance with our Company's accounting records.

İstanbul, 06 August 2021

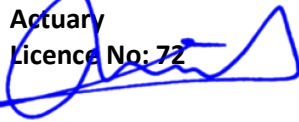


Osman AKKOCA
Chief Financial Officer



Uğur GÜLEN
Chief Executive Officer

Halil KOLBAŞI
Actuary
Licence No: 72



Seza TANINMIŞ ÖZGÜR
Accounting Manager



AKSIGORTA A.Ş.

**FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
JANUARY 1 - JUNE 30, 2021**

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AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF JUNE 30, 2021 AND DECEMBER 31, 2020

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

ASSETS			
	Notes	Audited	Audited
		Current Period June 30, 2021	Prior Period December 31, 2020
I- CURRENT ASSETS			
A- Cash and Cash Equivalents	14	2,510,972,632	2,270,224,400
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	1,767,594,860	1,600,368,638
4- Cheques Given and Payment Orders (-)		-	-
5- Receivables from Credit Cards with Bank Guarantee Due Less Than Three Months	14	743,377,772	669,855,762
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Investments with Risks on Policy Holders	11.1	1,985,178,866	1,744,245,833
1- Financial Assets Available for Sale	11.1	1,171,107,803	1,473,530,640
2- Financial Assets Held to Maturity	11.1	626,164,208	205,527,370
3- Financial Assets Held for Trading	11.1	186,102,625	63,234,980
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders	11.1	1,804,230	1,952,843
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)		-	-
C- Receivables from Main Operations	12.1	1,001,895,430	1,119,739,438
1- Receivables from Insurance Operations	12.1	1,007,991,495	1,125,530,327
2- Provision for Receivables from Insurance Operations (-)	12.1	(26,749,434)	(17,859,556)
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	207,287,170	179,509,326
10- Provisions for Doubtful Receivables from Main Operations (-)	12.1	(186,664,755)	(167,471,613)
D- Due from Related Parties		215,900	178,735
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		215,900	178,735
7- Rediscount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
E- Other Receivables		19,372,493	22,669,699
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		1,042,145	979,217
4- Other Receivables	47	18,330,348	21,690,482
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals	4.2.2	372,274,696	339,865,524
1- Deferred Commission Expenses	17.20	362,239,861	334,192,509
2- Accrued Interest and Rent Income		-	230,751
3- Income Accruals		-	468,610
4- Other Prepaid Expenses	47	10,034,835	4,973,654
G- Other Current Assets		2,190,947	2,314,724
1- Inventories		22	22
2- Prepaid Taxes and Funds		2,172,559	2,312,182
3- Deferred Tax Assets		-	-
4- Business Advances		18,366	2,520
5- Advances Given to Personnel		-	-
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		5,892,100,964	5,499,238,353

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

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF JUNE 30, 2021 AND DECEMBER 31, 2020

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

ASSETS			
		Audited	Audited
	Notes	Current Period June 30, 2021	Prior Period December 31, 2020
II- NON-CURRENT ASSET			
A- Receivables from Main Operations			
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations (-)		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties			
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
C- Other Receivables			
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Receivables		-	-
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
D- Financial Assets			
1- Investments in Associates		-	-
2- Affiliates		-	-
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 (-)		-	-
E- Tangible Fixed Assets			
1- Investment Properties	6 and 7	37,339,868	43,502,027
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	32,116,667	30,431,171
6- Vehicles	6	3,683,244	2,720,001
7- Other Tangible Assets (Including Leasehold Improvements)	6	21,921,842	21,682,557
8- Leased Tangible Fixed Assets	6	39,545,750	41,129,271
9- Accumulated Depreciation (-)	6 and 7	(61,632,659)	(54,059,542)
10- Advances Paid for Tangible Fixed Assets (Including Construction in Progresses)	6	106,455	-
F- Intangible Fixed Assets			
1- Rights	8	186,798,807	161,424,844
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortizations (-)	8	(127,438,056)	(113,365,102)
7- Advances Regarding Intangible Assets	8	16,402,951	9,163,795
G- Prepaid Expenses and Income Accruals			
1- Deferred Commission Expenses		52,487	61,469
2- Accrued Interest and Rent Income		-	-
3- Other Prepaid Expenses	47	52,487	61,469
H- Other Non-current Assets			
1- Effective Foreign Currency Accounts		43,660,054	20,173,371
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	35	43,660,054	20,173,371
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non-current Assets			
		156,816,111	120,960,404
TOTAL ASSETS (I+II)		6,048,917,075	5,620,198,757

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

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF JUNE 30, 2021 AND DECEMBER 31, 2020

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

LIABILITIES			
	Notes	Audited	Audited
		Current Period June 30, 2021	Prior period December 31, 2020
III- SHORT-TERM LIABILITIES			
A- Borrowings		96,467,712	80,005,619
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables	20	12,011,756	13,524,088
3- Deferred Finance Lease Borrowing Costs (-)	20	(4,978,629)	(6,146,671)
4- Current Portion of Long-term Borrowings		-	-
5- Principal, Instalments and Interests on Issued Bills (Bonds)		-	-
6- Other Financial Assets Issued		-	-
7- Value Differences on Issued Financial Assets (-)		-	-
8- Other Financial Borrowings (Liabilities)	14	89,434,585	72,628,202
B- Payables from Main Operations		783,669,304	765,628,607
1- Payables Due to Insurance Operations	19.1	783,669,304	765,628,607
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Rediscount on Other Payables from Main Operations (-)		-	-
C- Due to Related Parties		104,212,834	457,900
1- Due to Shareholders	12.2	104,041,143	1,143
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		171,691	456,757
6- Due to Other Related Parties		-	-
D- Other Payables		143,042,837	151,909,107
1- Deposits and Guarantees Received	12.1	10,852,616	8,186,217
2- Due to SSI regarding Treatment Expenses	19.1	36,809,934	45,560,203
3- Other Payables	19.1	95,380,287	98,162,687
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		3,454,363,174	3,067,714,264
1- Unearned Premiums Reserve - Net	20	1,704,405,300	1,627,711,840
2- Unexpired Risk Reserves - Net	20	25,567,830	23,860,001
3- Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net	4.1 and 20	1,724,385,526	1,416,138,827
5- Provision for Bonus and Discounts - Net	20	4,518	3,596
6- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Relevant Provisions		99,060,126	77,151,855
1- Taxes and Dues Payable		47,770,157	53,293,686
2- Social Security Premiums Payable	23.1	216,437	238,630
3- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		5,472	5,472
5- Corporate Tax Liability Provision on Period Profit	35	68,204,212	117,630,688
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	35	(17,136,152)	(94,016,621)
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks		73,337,938	70,812,935
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	19.1 and 23.4	73,337,938	70,812,935
H- Deferred Income and Expense Accruals	19.1	192,968,737	154,948,180
1- Deferred Commission Income	17.16	187,702,896	149,596,174
2- Expense Accruals	2.11 and 19.1	5,265,841	5,352,006
3- Other Deferred Income		-	-
I- Other Short-term Liabilities		235	235
1- Deferred Tax Liability		-	-
2- Inventory Count Differences		-	-
3- Other Short-term Liabilities		235	235
III - Total Short-term Liabilities		4,947,122,897	4,368,628,702

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

AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF
JUNE 30, 2021 AND DECEMBER 31, 2020**

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

LIABILITIES			
	Notes	Audited	Audited
		Current Period June 30, 2021	Prior Period December 31, 2020
IV- LONG-TERM LIABILITIES			
A- Borrowings			
		16,223,915	21,514,606
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables	20	20,475,702	28,360,104
3- Deferred Finance Lease Borrowing Costs (-)	20	(4,251,787)	(6,845,498)
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Value Differences on Issued Financial Assets (-)		-	-
7- Other Financial Borrowings (Liabilities)		-	-
B- Payables from Main Operations			
1- Payables Due to Insurance Operations		-	-
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Discount on Other Payables from Main Operations (-)		-	-
C- Due to Related Parties			
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables			
1- Deposits and Guarantees Received		-	-
2- Due to SSI regarding Treatment Expenses		-	-
3- Other Payables		-	-
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves			
		106,809,802	97,988,544
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Mathematical Reserves - Net	17.2 and 20	1,368,698	1,418,276
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	20	105,441,104	96,570,268
F- Other Liabilities and Provisions			
1- Other Liabilities		-	-
2- Overdue, Deferred or By Instalment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks			
		11,230,424	9,095,078
1- Provision for Employment Termination Benefits	22	11,230,424	9,095,078
2- Provisions for Employee Pension Fund Deficits		-	-
H- Deferred Income and Expense Accruals			
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long-term Liabilities			
1- Deferred Tax Liability		-	-
2- Other Long-term Liabilities		-	-
IV- Total Long-term Liabilities		134,264,141	128,598,228

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

AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF
JUNE 30, 2021 AND DECEMBER 31, 2020**

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

SHAREHOLDERS' EQUITY			
	Notes	Audited	Audited
		Current Period June 30, 2021	Prior Period December 31, 2020
V- SHAREHOLDERS' EQUITY			
A- Paid in Capital		306,000,000	306,000,000
1- (Nominal) Capital	2.14	306,000,000	306,000,000
2- Unpaid Capital (-)		-	-
3- Positive Inflation Adjustment on Capital		-	-
4- Negative Inflation Adjustment on Capital (-)		-	-
5- Unregistered Capital		-	-
B- Capital Reserves		90,989,327	90,989,327
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		-	-
C- Profit Reserves		315,056,819	207,289,147
1- Legal Reserves	15	111,936,209	82,866,210
2- Statutory Reserves		62	62
3- Extraordinary Reserves	15	225,705,416	128,432,529
4- Special Funds (Reserves)	15 and 22	(6,578,451)	(5,451,203)
5- Revaluation of Financial Assets	16.1	(16,006,417)	1,441,549
6- Other Profit Reserves		-	-
D- Previous Years' Profits		86,350,467	86,350,467
1- Previous Years' Profits		86,350,467	86,350,467
E- Previous Years' Losses (-)		-	-
1- Previous Years' Losses		-	-
F- Net Profit of the Period	37	169,133,424	432,342,886
1- Net Profit of the Period		169,133,424	432,342,886
2- Net Loss of the Period (-)		-	-
3- Net Income not Subject to Distribution		-	-
V- Total Shareholders' Equity		967,530,037	1,122,971,827
Total Liabilities and Shareholders' Equity (III+IV+V)		6,048,917,075	5,620,198,757

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

CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME FOR THE INTERIM PERIODS JANUARY 1 - JUNE 30, 2021 AND 2020

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

	Notes	Audited	Not Reviewed	Reviewed	Not Reviewed
		Current Period January 1 - June 30, 2021	Current Period April 1 - June 30, 2021	Prior Period January 1 - June 30, 2020	Prior Period April 1 - June 30, 2020
I-TECHNICAL PART					
A- Non-Life Technical Income					
1- Earned Premiums (Net of Reinsurer Share)		1,899,726,250	974,333,739	1,526,409,697	772,190,570
1.1- Written Premiums (Net of Reinsurer Share)		1,601,892,169	830,111,877	1,324,638,408	670,568,896
1.1.1- Gross Written Premiums (+)	24	1,680,293,458	762,993,588	1,258,652,172	582,386,725
1.1.1- Ceded Premiums to Reinsurers (-)	24	3,000,040,675	1,422,085,050	2,265,938,945	1,032,347,564
1.1.2- Ceded Premiums to Reinsurers (-)	17.16 and 24	(1,240,147,415)	(622,268,728)	(945,453,450)	(421,206,520)
1.1.3- Ceded Premiums to Reinsurers (-)	17.16 and 24	(79,599,802)	(36,822,734)	(61,833,323)	(28,754,519)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	20	(76,693,460)	67,182,613	69,377,766	89,520,820
1.2.1- Unearned Premiums Reserve (-)	20	(180,860,764)	43,586,723	(13,736,880)	119,848,110
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)	17.16 and 20	101,872,455	26,684,078	89,706,212	(24,727,923)
1.2.3- SSI of Unearned Premiums Reserve (+)	17.16 and 20	2,294,849	(3,088,188)	(6,591,566)	(5,599,367)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	20	(1,707,829)	(64,324)	(3,391,530)	(1,338,649)
1.3.1- Unexpired Risks Reserve (-)	20	236,171,214	154,587,999	97,889,148	(57,792,314)
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)	17.16 and 20	(237,879,043)	(154,652,323)	94,497,618	56,453,665
2- Investment Income Transferred from Non-Technical Part		294,820,538	139,987,393	187,833,249	100,783,760
3- Other Technical Income (Net of Reinsurer Share)		8,825,719	4,767,254	2,555,818	966,568
3.1- Gross Other Technical Income (+)		8,825,719	4,767,254	2,555,818	966,568
3.2- Reinsurance Share of Other Technical Income (-)		-	-	-	-
4- Accrued Subrogation and Salvage Income (+)		(5,812,176)	(532,785)	11,382,222	(128,654)
B- Non-Life Technical Expense (-)		(1,635,198,928)	(830,085,551)	(1,114,781,406)	(509,134,460)
1- Total Claims (Net of Reinsurer Share)		(1,216,414,580)	(617,662,257)	(778,914,902)	(343,719,281)
1.1- Claims Paid (Net of Reinsurer Share)		(908,167,529)	(460,477,995)	(591,979,596)	(244,010,570)
1.1.1- Gross Claims Paid (-)		(1,389,237,286)	(705,426,258)	(861,832,442)	(340,231,530)
1.1.2- Reinsurance Share of Claims Paid (+)	17.16	481,069,757	(244,948,263)	269,852,846	96,220,960
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(308,247,051)	(157,184,262)	(186,935,306)	(99,708,711)
1.2.1- Outstanding Claims Reserve (-)		(763,710,221)	(275,822,613)	(381,169,486)	(252,914,381)
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)	17.16	455,463,170	118,638,351	194,234,180	153,205,670
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	20	(922)	(924)	2,493	2,503
2.1- Bonus and Discount Reserve (-)	20	64,899	41,185	(44,908)	(32,353)
2.2- Reinsurance Share of Bonus and Discount Reserve (+)	17.16 and 20	(65,821)	(42,109)	47,401	34,856
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	20	(8,870,836)	(5,140,352)	3,548,238	723,776
4- Operating Expenses (-)	32	(339,014,608)	(171,359,937)	(290,016,951)	(142,976,455)
5- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-	-	-
5.1- Mathematical Reserves (-)		-	-	-	-
5.2- Reinsurance Share of Mathematical Reserves (+)		-	-	-	-
6- Other Technical Expenses (-)	47	(70,897,982)	(35,922,081)	(49,400,284)	(23,165,003)
6.1- Gross Other Technical Expenses (-)	47	(70,897,982)	(35,922,081)	(49,400,284)	(23,165,003)
6.2- Reinsurance Share of Other Technical Expenses (+)		-	-	-	-
C- Non-Life Technical Net Profit (A-B)		264,527,322	144,248,188	411,628,291	263,056,110
D- Life Technical Income					
1- Earned Premiums (Net of Reinsurer Share)		63,252	31,435	64,895	32,376
1.1- Written Premiums (Net of Reinsurer Share)		-	-	-	-
1.1.1- Gross Written Premiums (+)		-	-	-	-
1.1.2- Ceded Premiums to Reinsurers (-)		-	-	-	-
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		-	-	-	-
1.2.1- Unearned Premium Reserves (-)		-	-	-	-
1.2.2- Unearned Premium Reserves Reinsurer Share (+)		-	-	-	-
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-	-	-
1.3.1- Unexpired Risks Reserves (-)		-	-	-	-
1.3.2- Unexpired Risks Reserves Reinsurer Share (+)		-	-	-	-
2- Life Branch Investment Income		63,252	31,435	64,895	32,376
3- Unrealized Income from Investments		-	-	-	-
4- Other Technical Income (Net of Reinsurer Share) (+/-)		-	-	-	-
4.1- Gross Other Technical Income (+/-)		-	-	-	-
4.2- Reinsurance Share of Other Technical Income (+/-)		-	-	-	-
5- Accrued Subrogation and Salvage Income (+)		-	-	-	-
E- Life Technical Expense		(54,379)	(25,838)	(65,904)	(38,100)
1- Total Claims (Net of Reinsurer Share)		(103,957)	(70,730)	(76,344)	(46,140)
1.1- Claims Paid (Net of Reinsurer Share)		(104,309)	(71,082)	(71,741)	(42,507)
1.1.1- Gross Claims Paid (-)		(104,309)	(71,082)	(71,741)	(42,507)
1.1.2- Claims Paid Reinsurer Share (+)		-	-	-	-
1.2- Changes in Outstanding Claims Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	352	352	(4,603)	(3,633)
1.2.1- Outstanding Claims Reserve (-)		352	352	(4,603)	(3,633)
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) (+/-)		49,578	44,892	10,440	8,040
3.1- Mathematical Reserves (-)		49,578	44,892	10,440	8,040
3.1.1- Actuarial Mathematical Reserve (-)		44,620	40,403	9,396	7,236
3.1.2- Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		4,958	4,489	1,044	804
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 (-)		-	-	-	-
F- Life Technical Profit (D-E)		8,873	5,597	(1,009)	(5,724)
G- Individual Retirement Technical Income					
1- Fund Management Fee		-	-	-	-
2- Management Fee Deduction		-	-	-	-
3- Initial Contribution Fee		-	-	-	-
4- Management Fee in Case of Temporary Suspension		-	-	-	-
5- Withholding tax		-	-	-	-
6- Increase in Market Value of Capital Commitment Advances		-	-	-	-
7- Other Technical Income		-	-	-	-
H- Individual Retirement Technical Expense					
1- Fund Management Expenses (-)		-	-	-	-
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-	-	-
3- Operating Expenses (-)		-	-	-	-
4- Other Technical Expense (-)		-	-	-	-
I- Individual Retirement Technical Profit (G-H)		-	-	-	-

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

AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME
FOR THE INTERIM PERIODS JANUARY 1 - JUNE 30, 2021 AND 2020**

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

	Notes	Audited	Not Reviewed	Reviewed	Not Reviewed
		Current Period January 1 - June 30, 2021	Current Period April 1 - June 30, 2021	Prior Period January 1 - June 30 2020	Prior Period April 1 - June 30, 2020
I- TECHNICAL PART					
C- Non-Life Technical Profit (A-B)		264,527,322	144,248,188	411,628,291	263,056,110
F- Life Technical Profit (D-E)		8,873	5,597	(1,009)	(5,724)
I- Individual Retirement Technical Profit (G-H)		-	-	-	-
J- Total Technical Profit (C+F+I)		264,536,195	144,253,785	411,627,282	263,050,386
K- Investment Income		457,538,802	175,908,480	279,499,734	149,253,222
1- Income from Financial Investment	26	173,641,934	81,923,563	82,742,471	46,742,898
2- Income from Sales of Financial Investments	26	37,662,376	7,940,006	35,490,361	18,956,429
3- Revaluation of Financial Investments	26	29,098,159	13,512,037	12,870,357	10,313,039
4- Foreign Exchange Gains	36	185,581,006	58,419,753	80,639,558	58,300,935
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	31,555,327	14,113,121	67,756,987	14,939,921
9- Other Investments		-	-	-	-
10- Investment Income transferred from Life Technical Part		-	-	-	-
L- Investment Expenses (-)		(482,848,826)	(187,610,711)	(307,312,642)	(164,333,407)
1- Investment Management Expenses (including interest) (-)	20 and 34.1	(3,351,968)	(1,654,275)	(4,004,052)	(1,914,823)
2- Valuation Allowance of Investments (-)	26	(2,868,440)	6,972,474	(2,104,317)	917,469
3- Losses on Sales of Investments (-)	26	(10,885,905)	(2,653,165)	(6,908,508)	(6,230,894)
4- Investment Income Transferred to Life Technical Part (-)		(294,820,539)	(139,987,394)	(187,833,249)	(100,783,760)
5- Losses from Derivatives (-)		-	-	-	-
6- Foreign Exchange Losses (-)	36	(148,969,707)	(38,936,365)	(83,349,816)	(43,120,885)
7- Depreciation Expenses (-)	6, 7 and 8	(21,952,267)	(11,351,986)	(23,112,700)	(13,200,514)
8- Other Investment Expenses (-)		-	-	-	-
M- Other Income and Expenses (+/-)	47	(1,888,535)	15,409,345	(51,500,314)	(26,087,260)
1- Provisions Account (+/-)	47	(16,005,370)	(4,969,796)	(44,269,841)	(26,522,010)
2- Discount account (+/-)		-	-	-	-
3- Mandatory Earthquake Insurance Account (+/-)	47	3,285,385	947,771	1,903,067	618,970
4- Inflation Adjustment Account (+/-)		-	-	-	-
5- Deferred Tax Asset Accounts (+/-)	35 and 47	18,063,346	23,274,776	(3,587,581)	2,466,966
6- Deferred Tax Expense Accounts (-)		-	-	-	-
7- Other Income and Revenues	47	348,047	107,776	465,487	201,541
8- Other Expense and Losses (-)	47	(7,579,943)	(3,951,182)	(6,011,446)	(2,852,727)
9- Prior Period Income		-	-	-	-
10- Prior Period Losses (-)		-	-	-	-
N- Net Profit/(Loss)	37	169,133,424	93,309,419	258,543,608	169,132,546
1- Profit/(Loss) Before Tax		237,337,636	147,960,899	332,314,060	221,882,941
2- Corporate Tax Liability Provision (-)	35	(68,204,212)	(54,651,480)	(73,770,452)	(52,750,395)
3- Net Profit/(Loss)		169,133,424	93,309,419	258,543,608	169,132,546
4- Inflation Adjustment Account		-	-	-	-

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

AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIODS JANUARY 1 - JUNE 30, 2021 AND 2020**

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

	Notes	Audited	Reviewed
		Current Period June 30, 2021	Prior Period June 30, 2020
A. CASH FLOWS FROM THE OPERATING ACTIVITIES			
1. Cash inflows from the insurance operations		3,700,210,253	2,749,410,611
2. Cash inflows from the reinsurance operations		-	-
3. Cash inflows from the pension operations		-	-
4. Cash outflows due to the insurance operations (-)		(3,158,313,055)	(2,423,485,714)
5. Cash outflows due to the reinsurance operations (-)		-	-
6. Cash outflows due to the pension operations (-)		-	-
7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)		541,897,198	325,924,897
8. Interest payments (-)		-	-
9. Income tax payments (-)	35	(40,750,219)	(71,352,599)
10. Other cash inflows		5,133,946	4,235,952
11. Other cash outflows (-)		(186,164,087)	(175,998,673)
12. Net cash generated from the operating activities		320,116,838	82,809,577
B. CASH FLOWS FROM THE INVESTING ACTIVITIES			
1. Sale of tangible assets	6	314,879	541,830
2. Purchase of tangible assets (-)	6, 7 and 8	(35,922,477)	(14,132,025)
3. Acquisition of financial assets (-)		(1,674,894,409)	(2,256,500,736)
4. Sale of financial assets		1,501,094,690	1,560,837,092
5. Interest received		241,137,930	146,750,008
6. Dividends received		-	-
7. Other cash inflows		16,806,383	-
8. Other cash outflows (-)		-	(48,791,820)
9. Net cash generated from the investing activities		48,536,996	(611,295,651)
C. CASH FLOWS FROM THE FINANCING ACTIVITIES			
1. Issue of equity shares		-	-
2. Cash inflows from the loans to policyholders		-	-
3. Payments of financial leases (-)	20	(7,403,428)	(7,775,170)
4. Dividend paid (-)	38	(201,960,000)	(201,960,000)
5. Other cash inflows		-	-
6. Other cash outflows (-)		-	-
7. Cash generated from the financing activities		(209,363,428)	(209,735,170)
D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS			
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		177,902,428	(734,858,267)
F. Cash and cash equivalents at the beginning of the period	14	1,994,609,067	1,831,766,957
G. Cash and cash equivalents at the end of the period (E+F)	14	2,172,511,495	1,096,908,690

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

AKSİGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIODS JANUARY 1 - JUNE 30, 2021 AND 2020**

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

Statement of Changes in Shareholders' Equity - January 1 - June 30, 2021 (*)											
CURRENT PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
I - Closing Balance of Prior Period (December 31, 2020)	306,000,000	-	1,441,549	-	-	82,866,210	62	213,970,653	432,342,886	86,350,467	1,122,971,827
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)	-	-	(17,447,966)	-	-	-	-	-	-	-	(17,447,966)
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income/(expenses)	-	-	-	-	-	-	-	(1,127,248)	-	-	(1,127,248)
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	169,133,424	-	169,133,424
I- Dividend distributed	-	-	-	-	-	-	-	-	(306,000,000)	-	(306,000,000)
J- Transfer	-	-	-	-	-	29,069,999	-	97,272,887	(126,342,886)	-	-
II- Closing Balance (June 30, 2021) (I+ A+B+C+D+E+F+G+H+I+J)	306,000,000	-	(16,006,417)	-	-	111,936,209	62	310,116,292	169,133,424	86,350,467	967,530,037

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

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

AKSİGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIODS JANUARY 1 - JUNE 30, 2021 AND 2020**

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

Statement of Changes in Shareholders' Equity - January 1 - June 30, 2020 (*)											
PREVIOUS PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
I - Closing Balance of Prior Period (December 31, 2019)	306,000,000	-	6,588,634	-	-	45,882,288	62	87,489,129	366,358,436	86,350,467	898,669,016
A- Capital increase (A1 + A2)	-	-	-	-	-	-	-	-	-	-	-
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)	-	-
II- Closing Balance (June 30, 2020) (I+ A+B+C+D+E+F+G+H+I+J)	306,000,000	-	(6,447,794)	-	-	82,866,210	62	214,254,619	258,543,608	86,350,467	941,567,172

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

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021**

(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. in Belgium as of June 30, 2021. 38.02% (December 31, 2020: 38.02%) of the Company is issued in Borsa İstanbul ("BİST") (Note 2.14).

1.2 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 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 Istanbul. The Company has 10 district offices of which three of them are in Istanbul (Istanbul Anatolian Region, Istanbul European Region and Istanbul Thracian Region), and one in each White Sea and South Aegean Region, Ankara Region, Cukurova and Central Anatolia Region, Eastern Anatolia and Eastern Black Sea Region, Southeast Region, Izmir and North Aegean Region, Marmara and West Black sea Region. As of June 30, 2021, the Company has 3,343 authorized agencies (December 31, 2020: 3,231).

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

	1 January - 30 June 2021	1 January - 31 December 2020
Senior Executive	9	9
Manager & Assistant Manager	146	135
Specialist/Executive	518	524
Total	673	668

1.6 Remuneration and fringe benefits provided to top management

January 1 - June 30, 2021, wages and similar benefits provided to the senior management including chairman, members of the board of the directors, general manager, general coordinator, and deputy general managers amounted to TRY 5,467,110 and April 1 - June 30 amounted to TRY 2,733,755 (January 1 - June 30, 2020: TRY 4,173,680, April 1 - June 30, 2020: TRY 1,928,540).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(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, 2021.

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, 2021 have been approved by the Company's Board of Directors on August 6, 2021. The financial statements, according to Decree on "Financial Reporting of Insurance and Reinsurance Companies and Pensions Funds", were signed by the Chief Executive Officer Uğur Gülen, Chief Financial Officer Osman Akkoca, Accounting Manager Seza Tanınmış Özgür and Actuary Halil Kolbaşı on behalf of the Board of Directors. Detailed information about 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

a. Accounting Standards

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(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.

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

With reference to the notice of Treasury No. 9 dated February 18, 2008, "TAS 1- Financial Statements and Presentation", "TAS 27- Consolidated and Non-consolidated Financial Statements", "TFRS 1 - Transition to TFRS" and "TFRS 4- Insurance Contracts" were not included in the scope of this application for the year 2008.

The Company accounts and recognizes its insurance technical provisions in its not consolidated financial statements as of June 30, 2021 in accordance with the "Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested," ("Regulation on Technical Reserves") dated July 28, 2010 and published in official gazette numbered 27655 and published in Official Gazette dated July 17, 2012 numbered 28356 effective and the regulations issued for insurance and reinsurance companies by the Treasury and Finance Ministry.

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

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(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)

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

b. Comparative Information and Restatement of Prior Period Financial Statements

The Company's balance sheet as of June 30, 2021 is presented in comparison with its balance sheet as of December 31, 2020; income statement, statement of changes in equity and cash flow statement for the period between January 1 - June 30, 2021 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, 2020.

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).

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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(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)

Unexpired Risk 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, 2021, the Company provided a net reserve of TL 25,567,830 (December 31, 2020: TL 23,860,001), TL 23,318,730 in general liability branch (December 31, 2020: TL 23,246,531), TL 2,068,610 in water craft branch (December 31, 2020: TL 610,828), 10,717 in aircraft liability branch (December 31, 2020: TL 2,642) and suretyship branch TL 169,773 (December 31, 2020: None) (Note 20).

Bonuses and rebates reserve

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

The Company has calculated and accounted for gross bonuses and rebates reserve amounting to TL 390,864 and TL 4,518 net at June 30, 2021 (as of December 31, 2020 company has calculated and accounted gross bonus and rebates reserve amounting to TL 455,763 and TL 3,596 net). The company reflected the reserve for bonus and rebate in its records (Note 20).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021**

(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

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:

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(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)

Branch	Applied Method	June 30, 2021		December 31, 2020		
		Gross Additional Reserve	Net Additional Reserve	Applied Method	Gross Additional Reserve	Net Additional Reserve
Motor Liability	Frequency/Severity / Standard	969,009,672	969,009,672	Frequency/Severity / Standard	892,470,020	892,470,020
General Liability	Chain/Frequency/Severity	355,744,371	33,630,780	Chain/Frequency/Severity	323,240,038	41,736,151
Fire and Natural Disaster	Standard Chain	25,286,770	1,624,774	Bornhuetter-Ferguson	22,845,897	3,394,607
Suretyship	Standard Chain	2,304,063	1,140,586	Standard Chain	194,308	95,624
Water Crafts	Standard Chain	1,898,056	698,681	Standard Chain	1,470,266	505,788
Transportation	Standard Chain	5,430,390	705,353	Bornhuetter-Ferguson	(767,587)	(474,757)
General Losses	Standard Chain	8,447,071	651,451	Bornhuetter-Ferguson	12,739,115	990,478
Accident	Standard Chain	952,012	563,854	Bornhuetter-Ferguson	1,475,179	762,933
Legal Protection	Standard Chain	249,813	249,813	Standard Chain	104,477	104,477
Disease/Health	Standard Chain	1,028,093	14,735	Standard Chain	813,472	127,099
Credit	Standard Chain	4,546	227	Standard Chain	5,589	279
Air Crafts	Standard Chain	164,107	50	Standard Chain	333,022	34
Air Crafts Liability	Standard Chain	2,315,743	39	Standard Chain	843,662	28
Financial Losses	Standard Chain	5,033,140	6,560	Standard Chain	3,766,684	(102,528)
Motor own damage	Standard Chain	(60,510,674)	(60,510,674)	Standard Chain	(28,150,777)	(28,150,777)
Total		1,317,357,173	947,785,901		1,231,383,365	911,459,456

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 claims that the company will take over from the pool; The loss premium rate of 134% for 2017, 136% for 2018, 129% for 2019 and 111% for 2020 and 115% for 2021 was taken into consideration, IBNR was calculated with the earned premium estimate and the provision amounting to TL 247,641,983 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, 2021. 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

As of June 30, 2021, Outstanding Claim Provision discount is calculated as TL 367,345,302 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, 2020: TL 332,370,505). 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, 2021, 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.

AKSİGORTA A.Ş.

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021

(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)

June 30, 2021

Branch	Net Outstanding Claim Provision Before Discount	Discount Amount	Net Discounted Outstanding Claim Provision
Motor Third Party Liability	1,510,803,394	294,342,467	1,216,460,927
General Liability	277,153,126	73,002,835	204,150,291
Total	1,787,956,520	367,345,302	1,420,611,218

December 31, 2020

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

While determining the amount of IBNR, the company actuary has determined the threshold values for major claims 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 claims. Since the claim 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, 2020 and June 30, 2021 are total number of files subject to calculation, number of files determined as major claim and their shares in total files are as follows;

BRANCH	June 30, 2021				December 31, 2020			
	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	225	38,596	0.59%	1,650,000	176	37,285	0.47%
Employer's Financial Liability	650,000	60	12,997	0.47%	650,000	44	11,997	0.37%
Financial Liability to Third Parties	600,000	121	18,254	0.66%	600,000	97	17,501	0.55%
Other General Liability	400,000	44	7,345	0.60%	400,000	35	7,787	0.45%
General Losses	999,999	103	191,939	0.05%	999,999	87	184,807	0.05%
Fire and Natural Disaster	999,999	275	297,763	0.09%	999,999	240	284,944	0.08%
Transportation	499,999	124	64,184	0.19%	499,999	111	62,421	0.18%
Accident	299,999	39	7,822	0.50%	299,999	36	7,602	0.47%
Suretyship	149,999	160	10,290	1.55%	149,999	126	9,762	1.29%
Financial Losses	50,000	60	37,496	0.16%	50,000	55	37,065	0.15%

(*) As of December 31, 2021, the Company has determined the General Liability major claim limits on the basis of the main branch.

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

Branch	Gross Additional Amount	NET IBNR
General Liability	53,224,995	3,611,322
Facultative Public Liability	3,263,042	3,263,042
Fire and Natural Disaster	25,706,937	2,319,315
Transportation	2,481,129	367,909
Financial Losses	5,168,909	136,908
General Losses	6,170,964	78,612
Accident	581,213	44,701

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(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)

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

Equalization Reserve

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

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

The Company has calculated TL 105,441,104 (December 31, 2020: TL 96,570,268) of equalization reserve as of June 30, 2021 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).

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, 2021 are TL 40,452,899 (December 31, 2020: TL 46,265,076) and TL 20,456,415 (December 31, 2020: TL 11,804,440) respectively (Note 12.1).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(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 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, 2021					
	Collection			Accrual		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Motor Own Damage	134,197,954	-	134,197,954	29,951,186	-	29,951,186
Motor Crafts Liability	11,913,018	(1,081,016)	10,832,002	8,104,161	(558,579)	7,545,582
Fire and Natural Disaster	4,433,602	(1,493,324)	2,940,278	2,578,948	(1,118,651)	1,460,297
Transportation	2,200,708	(1,107,767)	1,092,941	5,184,938	(4,812,253)	372,685
Water Crafts	164,406	(98,644)	65,762	236,959	(128,979)	107,980
General Losses	164,421	(115,790)	48,631	503,978	(474,788)	29,190
Financial Losses	511,268	(503,599)	7,669	-	-	-
General Liability	62,658	(55,080)	7,578	28,246	(19,772)	8,474
Suretyship	-	-	-	1,925,895	(948,390)	977,505
Total	153,648,035	(4,455,220)	149,192,815	48,514,311	(8,061,412)	40,452,899

	December 31, 2020					
	Collection			Accrual		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Motor Own Damage	209,845,013	(1,908)	209,843,105	34,682,263	-	34,682,263
Motor Crafts Liability	13,394,366	(712,985)	12,681,381	8,693,394	(614,782)	8,078,612
Transportation	7,712,930	(4,481,667)	3,231,263	4,565,328	(1,595,787)	2,969,541
Fire and Natural Disaster	1,915,055	(1,197,296)	717,759	717,994	(296,036)	421,958
General Losses	483,767	(371,211)	112,556	140,586	(78,729)	61,857
General Liability	125,432	(8,147)	117,285	-	-	-
Water Crafts	24,454	-	24,454	13,174	-	13,174
Suretyship	6,013	(3,163)	2,850	73,972	(37,244)	36,728
Legal Protection	3,256	(1,628)	1,628	-	-	-
Financial Losses	24,812	(27,838)	(3,026)	3,143	(2,200)	943
Total	233,535,098	(6,805,843)	226,729,255	48,889,854	(2,624,778)	46,265,076

e. Premium Income and Claims

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

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

f. Receivables from Insurance Operations

In accordance with the Turkish Tax Code the Company provided provision for doubtful receivables by taking the nature and the value of the receivable into account. As of June 30, 2021, 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 24,176,063 (December 31, 2020: TL 24,482,790) 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 26,749,434 (December 31, 2020: TL 17,859,556). Furthermore, provision is accounted for the retention of claim recovery transactions under legal follow up amounting to TL 162,488,692 (December 31, 2020: TL 142,988,823) and it has been accounted in "Provision for doubtful receivables from main operations" account (Note 12).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021**

(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)

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).

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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021**

(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)

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 25% on the total income of the Company and its Subsidiaries registered in Turkey in 2021 (2020: 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 25% on their corporate income. Advance Tax is declared by 17th 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.

Deferred 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).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021**

(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)

Deferred tax (Continued)

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.

Regarding the tax regulations of the Law No. 7316 and with the regulation numbered 31462, that published in the Official Gazette dated April 22, 2021 the corporate tax rate has been determined to be applied as 25% for 2021 corporate earnings and 23% for 2022 corporate earnings. Within the scope of the mentioned law, deferred tax assets and liabilities in the financial statements dated 30 June 2021 are calculated with the rate of 25%, 23% for what realizable in 2022, 20% for the following years for the deferred tax assets consisting of deductible temporary differences, taking into account the time intervals in which the mentioned differences will be realized by generating taxable profit in the future. (December 31, 2020: 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%. Within the scope of the mentioned law, deferred tax assets and liabilities as of December 31, 2020 are calculated with 20% tax rate).

As of June 30, 2021, the Company has booked the deferred tax assets in amounting to TL 43,660,054 (December 31, 2020: TL 20,173,371). Within the framework of the business plans and projections prepared by the company management; As of 30 June 2021, deferred tax assets are recorded on all temporary differences.

Income tax withholding

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

2.1.2 Other related accounting policies for the understanding of financial statements

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

2.1.3 Functional currency

The Company's financial statements are expressed in 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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021**

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

New and revised standards and comments

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

a. Standards, amendments and interpretations applicable as at June 30, 2021:

Amendment to TFRS 16, 'Leases' - Covid-19 related rent concessions Extension of the Practical expedient; As of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. 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 TFRS 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.

Amendments to TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

Amendments TFRS 4, 'Insurance contracts', deferral of TFRS 9; effective from annual periods beginning on or after 1 January 2021. These amendments change the fixed date of the temporary exemption in TFRS 4 from applying TFRS 9, Financial Instrument until 1 January 2023.

b. Standards, amendments and interpretations that are issued but not effective as at 30 June 2021:

TFRS 17, 'Insurance contracts'; effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features

Amendments to TAS 1, 'Presentation of financial statements' on classification of liabilities; effective from 1 January 2022. These narrow-scope amendments to TAS 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 TAS 1 means when it refers to the 'settlement' of a liability.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021**

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16; effective from Annual periods beginning on or after 1 January 2022.

- i) **Amendments to TFRS 3**, 'Business combinations' update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- ii) **Amendments to TAS 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.
- iii) **Amendments to TAS 37**, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'.

Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to TAS 12 - Deferred tax related to assets and liabilities arising from a single transaction; from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021**

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

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

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

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

2.2 Consolidation

The Company has no subsidiaries or joint ventures that fall within the scope of consolidation as per "TFRS 10 - Consolidated and Separate Financial Statements" as of June 30, 2021 (December 31, 2020: 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, 2021 and December 31, 2020.

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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021**

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

2.5 Foreign Currency Translation (Continued)

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.

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:

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

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

2. Summary of the Accounting Policies (Continued)

2.6 Tangible assets (Continued)

Right of Use Asset

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

Lease Liability

On adaption of TFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principle of TAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of June 20, 2021. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on June 30, 2021 was 21% for local currency liabilities (December 31, 2020: 25%).

2.7 Investment Properties

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

Real estate’s held under 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 (5 years).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021**

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

2. Summary of the Accounting Policies (Continued)

2.9 Financial Assets

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

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

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

Effective interest method

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

Held for trading financial assets

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

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

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

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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ('TL') unless otherwise indicated.)

2. Summary of the Accounting Policies (Continued)

2.9 Financial Assets (Continued)

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 30,2021, the Company has TL 626,164,208 of financial assets under held-to-maturity investment account (December 31, 2020: TL 205,527,370).

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.

2.10 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.

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

2. Summary of the Accounting Policies (Continued)

2.10 Impairment of Assets (Continued)

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.

An impairment loss occurs when one or more events occur after the initial recognition of the financial asset and there is an objective indication that the financial asset is impaired as a result of the adverse effect of the event on the future cash flows of the financial asset or group of assets that can be reliably estimated.

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

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

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

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

2.11 Derivative Financial Instruments

The Company uses foreign currency swap and option contracts, the Company uses end of period market exchange rates and interest rates to calculate market value of foreign exchange swap contracts. As of June 30, 2021, the Company has a derivative financial instrument with a total cost of TL 750,344,066, and their registered value is TL 745,078,225 (December 31, 2020: cost total TL 126,660,021, TL 121,308,014 registered).

As of June 30, 2021, the Company has accounted for "Expense Accruals" amounting to TL 5,265,841 arising from the valuation of derivative instruments held by the Company (December 31, 2020: TL 5,352,006 "Expense Accruals").

2.12 Offsetting Financial Instruments

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

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021

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

2. Summary of the Accounting Policies (Continued)

2.13 Cash and Cash Equivalents

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

2.14 Share Capital

As of June 30, 2021, the Company's nominal capital is TL 306,000,000 (December 31, 2020: TL 306,000,000). Share capital is represented by 30,600,000,000 of equity shares having a nominal amount of TL0.01 each. The share capital structure of the Company is as follows:

	June 30, 2021		December 31, 2020	
	Rate %	Amount TL	Rate %	Amount TL
Hacı Ömer Sabancı Holding A.Ş.	36.00	110,160,000	36.00	110,160,000
Ageas Insurance International NV	36.00	110,160,000	36.00	110,160,000
Other	28.00	85,680,000	28.00	85,680,000
	100.00	306,000,000	100.00	306,000,000

Agreement about the sale of 50% of 18,965,880,200 units of Aksigorta A.Ş. shares with TL 189,658,802 nominal value that belong to H.Ö. Sabancı Holding ('Holding') portfolio was signed with Ageas Insurance International N.V. at February 18, 2011. At the date of July 29, 2011, 9,482,940,100 units of Aksigorta A.Ş. shares that correspond to 50% of the Holding's portfolio have been transferred to Ageas Insurance International N.V. with the sale price (excluding the corrections) of 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, 2021, the Company has been authorized by the Capital Markets Board dated February 10, 2021 and numbered E-29833736-110.03.03-1635 and the registered capital ceiling of the TR Ministry of Commerce, General Directorate of Domestic Trade, dated 5 March 2021 and numbered 62064027 and its annexes, to 750,000,000 TL with the ordinary general assembly decision dated 16 March 2021. (31 December 2020: 500,000,000 TL).

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

2.15 Insurance and Investment Contracts

Insurance Contracts

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

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

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ('TL') unless otherwise indicated.)

2. Summary of the Accounting Policies (Continued)

2.15 Insurance and Investment Contracts (Continued)

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.

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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ('TL') unless otherwise indicated.)

2. Summary of the Accounting Policies (Continued)

2.15 Insurance and Investment Contracts (Continued)

Premiums Transferred to Social Security Institution (Continued)

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 2.21) (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.

Based on the aforementioned regulations, the Company has calculated the amount of the premiums to be ceded to SSI in January 1 - June 30, 2021 accounting period as TL79,599,802 (January 1 - June 30, 2020: TL61,833,323) and unearned premium reserve amounting to TL2,294,849, (January 1 - June 30, 2020: TL6,591,566) 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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021**

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

2. Summary of the Accounting Policies (Continued)

2.15 Insurance and Investment Contracts (Continued)

Premium ceded to Turkish Motor Insurers' Bureau (Continued)

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, 2021. As at June 30, 2021, the Company accounted TL 101,006,390 premium ceded to the Pool and TL 54,272,450 paid claim and TL 1,045,946 recourse income; TL 107,905,949 premium which is reported as Company share from the pool, TL 46,123,371 claims paid, TL 573,766 recourse and TL 372,647 salvage are accounted in accordance with the related legislation.

2.16 Insurance and Investment Contracts with Discretionary Participation Features

None (December 31, 2020: None).

2.17 Investment Contracts without Discretionary Participation Features

None (December 31, 2020: None).

2.18 Borrowings

As of June 30, 2021, the Company has TL 13,155,815 borrowings with one day maturity without interest rate and classified as "Other Financial Liabilities. (December 31, 2020: TL 13,065,843).

2.19 Employee Benefits

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

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021**

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

2. Summary of the Accounting Policies (Continued)

2.20 Provisions

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

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

2.21 Revenue Recognition

Written Premium Commission

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

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

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

Interest income and expense

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

Dividend income

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ('TL') unless otherwise indicated.)

2. Summary of the Accounting Policies (Continued)

2.22 Profit Share Distribution

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

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

2.23 Related parties

Parties are considered related to the Company if;

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

2.24 Foreign currency transactions

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira ('TL') unless otherwise indicated.)

2. Summary of the Accounting Policies (Continued)

2.24 Foreign currency transactions (Continued)

As of the balance sheet date, foreign currency receivables are valued at the foreign exchange buying rates of the Central Bank of the Republic of Turkey ("CBRT") and foreign currency debts are valued at the foreign currency selling rates of the Central Bank of the Republic of Turkey ("CBRT"). (December 31, 2020: As of the balance sheet date, foreign currency receivables and payables are valued at the foreign exchange buying rates of the Central Bank of the Republic of Turkey ("CBRT")).

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

	June 30, 2021		December 31, 2020	
	USD/ TL	EUR/ TL	USD/ TL	EUR/ TL
Buying rate	8.6803	10.3249	7.3405	9.0079
Selling rate	8.6959	10.3435	7.3647	9.0376

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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(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

Information on insurance risk (before and after risk reduction through reinsurance);

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

2021	Standard & Poor's Rating	2020	Standard & Poor's Rating
Reinsurance Company		Reinsurance Company	
African Re	A-	African Re	A-
Ageas	A+	Ageas	A
American Agricultural	NR	American Agricultural	NR
Central Re	A	Central Re	A
China Property & Casualty Reinsurance (China Re P&C)	A	China Property & Casualty Reinsurance (China Re P&C)	A
Covea Cooperations	AA-	Covea Cooperations	AA-
Dongbu Re (DB Insurance)	A	Dongbu Re (DB Insurance)	A
EMC	NR	EMC	NR
Everest Re	A+	Everest Re	A+
Hannover Rueck SE	AA-	Hannover Rueck SE	AA-
HCC 4141	A+	HCC 4141	A+
Korean Re	A	Korean Re	A
Labuan Re	NR	Labuan Re	AA-
Lib Synd Paris (4472)	A+	Lib Synd Paris (4472)	A+
Malaysian Re	NR	Malaysian Re	NR
Mapfre Re	A+	Mapfre Re	A+
Milli Re	TR A+	Milli Re	TR A+
MS Amlin AG	A	MS Amlin AG	A
Munich Re	AA-	Munich Re	AA-
New Re	AA-	New Re	AA-
Odyssey Re	A-	Odyssey Re	A-
Partner Re	A+	Partner Re	A+
QBE	A+	QBE	A+
R+V Versicherung AG (R+V Re)	AA-	R+V Versicherung AG (R+V Re)	AA-
Samsung Fire&Marine Re	AA-	Samsung Fire&Marine Re	AA-
Sava Re	A	Sava Re	A
Scor	AA-	Scor	AA-
Shelter Re	NR	Shelter Re	NR
Taiping Re	A	Taiping Re	A
Toa Re	A+	Toa Re	A+
Turk Re	NR	Turk Re	NR
Unipol Re	NR	Unipol Re	NR
VHV Re	NR	VHV Re	NR
VIG Re	A+	VIG Re	A+

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(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, 2021			December 31, 2020		
	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
Motor Crafts Liability	1,265,119,889	(48,658,962)	1,216,460,927	1,055,217,192	(33,233,699)	1,021,983,493
General Liability	1,144,362,406	(940,212,115)	204,150,291	818,244,642	(640,478,140)	177,766,502
Motor Own Damage	175,744,519	(578,244)	175,166,275	113,310,064	(1,561,264)	111,748,800
Fire and Natural Disaster	832,529,888	(764,698,447)	67,831,441	849,958,406	(789,927,564)	60,030,842
General Losses	330,865,535	(307,730,562)	23,134,973	244,226,568	(232,829,594)	11,396,974
Transportation	105,356,177	(90,129,685)	15,226,492	81,296,748	(68,381,394)	12,915,354
Health	40,773,878	(32,618,979)	8,154,899	30,784,935	(22,726,488)	8,058,447
Water Crafts	26,385,354	(22,551,617)	3,833,737	15,786,252	(13,459,954)	2,326,298
Suretyship	126,001,515	(122,179,539)	3,821,976	105,791,672	(102,874,980)	2,916,692
Accident	7,675,668	(4,838,478)	2,837,190	6,071,640	(3,674,740)	2,396,900
Financial Losses	70,031,939	(67,209,589)	2,822,350	60,590,284	(56,575,170)	4,015,114
Legal Protection	773,888	-	773,888	392,792	-	392,792
Life	144,293	-	144,293	144,645	-	144,645
Credit	336,726	(319,890)	16,836	761,838	(723,747)	38,091
Air Crafts Liability	146,642,202	(146,632,935)	9,267	45,222,050	(45,215,005)	7,045
Air Crafts	2,809,396	(2,808,705)	691	84,043,676	(84,042,838)	838
Total	4,275,553,273	(2,551,167,747)	1,724,385,526	3,511,843,404	(2,095,704,577)	1,416,138,827

(*) 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)

	June 30, 2021			December 31, 2020			
	Effect on Current Period (Net)	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability	Gross Total Claims Liability	Reinsurance Share of Total Claims Liability	Net Total Claims Liability
Unpaid Claims	(306,895,403)	3,671,238,415	(2,527,437,781)	1,143,800,634	2,857,447,297	(2,020,542,066)	836,905,231
Discount Effect of Reported Claims	34,974,797	(713,186,608)	345,841,306	(367,345,302)	(577,131,903)	244,761,398	(332,370,505)
Claim Provisions (*)	(36,326,445)	1,317,357,173	(369,571,272)	947,785,901	1,231,383,365	(319,923,909)	911,459,456
Non-life Total	(308,247,051)	4,275,408,980	(2,551,167,747)	1,724,241,233	3,511,698,759	(2,095,704,577)	1,415,994,182
Life	352	144,293	-	144,293	144,645	-	144,645
Grand Total	(308,246,699)	4,275,553,273	(2,551,167,747)	1,724,385,526	3,511,843,404	(2,095,704,577)	1,416,138,827

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

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4. Insurance and Financial Risk Management (Continued)

4.1 Insurance Risk (Continued)

Outstanding Claim Reserve:

	June 30, 2021			June 30, 2020		
	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	2,857,447,297	(2,020,542,066)	836,905,231	2,412,577,612	(1,748,057,528)	664,520,084
Opened in the period	2,203,132,713	(987,965,472)	1,215,167,241	1,040,166,609	(380,917,016)	659,249,593
Paid from current period (-)	(805,818,125)	279,020,459	(526,797,666)	(577,475,803)	180,801,407	(396,674,396)
Paid from previous periods (-)	(583,523,470)	202,049,298	(381,474,172)	(284,428,380)	89,051,439	(195,376,941)
Period end reported claims	3,671,238,415	(2,527,437,781)	1,143,800,634	2,590,840,038	(1,859,121,698)	731,718,340
Life	144,293	-	144,293	140,914	-	140,914
Reported claims discount effect	(713,186,608)	345,841,306	(367,345,302)	(475,004,454)	182,749,619	(292,254,835)
IBNR	1,317,357,173	(369,571,272)	947,785,901	1,062,556,236	(220,029,674)	842,526,562
Total	4,275,553,273	(2,551,167,747)	1,724,385,526	3,178,532,734	(1,896,401,753)	1,282,130,981

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, 2021:**

	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	January 1 - June 30 2021	Gross Claim
<i>Claim realized in the accident period</i>	921,276,704	771,427,801	1,143,101,874	1,339,731,936	1,771,798,732	1,925,624,707	2,576,067,470	10,449,029,224
<i>1 year later</i>	267,970,503	203,985,590	853,337,768	513,978,660	979,401,528	1,156,729,107	-	3,975,403,156
<i>2 years later</i>	153,366,603	130,022,115	790,654,711	278,460,096	682,274,867	-	-	2,034,778,392
<i>3 years later</i>	159,801,362	100,927,480	785,795,693	276,473,932	-	-	-	1,322,998,467
<i>4 years later</i>	170,623,840	107,006,756	841,542,822	-	-	-	-	1,119,173,418
<i>5 years later</i>	183,449,939	118,597,239	-	-	-	-	-	302,047,178
<i>6 years later</i>	211,468,481	-	-	-	-	-	-	211,468,481
TOTAL	2,067,957,432	1,431,966,981	4,414,432,868	2,408,644,624	3,433,475,127	3,082,353,814	2,576,067,470	19,414,898,316

**Gross claim development table prepared on the principles of incurred claims by
December 31, 2020:**

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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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 Ministry of Treasury and Finance has not published the capital adequacy calculation tables dated 30 June 2021 as of the publication date of these financial statements. Therefore, as of 30 June 2021, capital adequacy calculations could not be completed as of the publication date of the financial statements. The finalized capital adequacy result will be notified to SEDDK by 16 August 2021.

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, 2021 and December 31, 2020 are presented in detail 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, 2021		December 31, 2020	
	USD Effect	EUR Effect	USD Effect	EUR Effect
Profit/Loss Increase	21,746,101	277,780	16,886,161	6,801,248
Profit/Loss (Decrease)	(21,746,101)	(277,780)	(16,886,161)	(6,801,248)

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(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

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 main risk that the available-for-sale financial assets in the Company's portfolio are exposed to is the losses that will occur as a result of changes in market interest rates and the decrease in the fair values of financial assets.

Interest rate sensitivity is the effect of changes in interest rates at the rates assumed below on the fair values of fixed income or discounted available-for-sale financial assets in the portfolio as of 30 June 2021 and 31 December 2020. During this analysis, other variables are assumed to be constant. The tax effects of these changes in the calculations are not taken into account.

Total	June 30, 2021	December 31, 2020
	Effect on profit and profit reserves	
Market interest rate increase / (decrease)		TL
+% 1	(6,955,685)	(2,093,886)
-% 1	8,050,450	2,304,606
Financial assets available for sale	Effect on profit and profit reserves	
Market interest rate increase / (decrease)		TL
+% 1	(6,955,685)	(2,093,886)
-% 1	8,050,450	2,304,606

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 and December 31, 2020.

Total	June 30, 2021	December 31, 2020
	Financial Assets	
Price increase / (decrease)		TL
+% 10	125,718,662	148,079,045
-% 10	(125,718,662)	(148,079,045)

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, 2021, 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
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(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)

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.

Liquidity risk table

June 30, 2021	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	741,460,928	1,288,595,826	355,157,060	-	-	125,758,818	2,510,972,632
Financial Assets Available for Sale	128,856,190	85,041,248	409,126,466	348,595,489	97,050,129	102,438,281	1,171,107,803
Financial Assets Held for Trading	-	-	-	-	-	186,102,625	186,102,625
Held-to-Maturity Financial Assets	-	60,938,315	276,400,147	262,531,849	26,293,897	-	626,164,208
Investments with Risks on Policy Holders	-	-	-	1,804,230	-	-	1,804,230
Receivables from Main Operations	256,335,303	370,638,339	367,269,023	7,652,765	-	-	1,001,895,430
Due from Related Parties	215,900	-	-	-	-	-	215,900
Other Receivables	-	-	19,372,493	-	-	-	19,372,493
Prepaid Expenses and Income Accruals	50,842,473	86,561,968	234,870,255	-	-	-	372,274,696
Total Assets	1,177,710,794	1,891,775,696	1,662,195,444	620,584,333	123,344,026	414,299,724	5,889,910,017
Financial Liabilities	89,434,585	-	7,033,127	16,223,915	-	-	112,691,627
Payables from Main Operations	369,075,597	189,243,579	225,350,128	-	-	-	783,669,304
Due to Related Parties	171,691	-	104,041,143	-	-	-	104,212,834
Other Payables	-	132,190,220	-	-	-	10,852,852	143,043,072
Insurance Technical Reserves	1,074,234,690	1,208,847,685	1,061,281,603	98,791,913	11,207,283	-	3,454,363,174
Taxes Payable and Similar Liabilities	-	99,060,126	-	-	-	-	99,060,126
Prepaid Expenses and Income Accruals	28,945,311	57,890,621	106,132,805	-	-	-	192,968,737
Long-term Insurance Technical Reserves	-	-	-	1,368,698	105,441,104	-	106,809,802
Provisions for Other Risks	-	-	-	-	-	11,230,424	11,230,424
Total Liabilities and Shareholders' Equity	1,561,861,874	1,687,232,231	1,503,838,806	116,384,526	116,648,387	22,083,276	5,008,049,100
December 31, 2020							
	Up to 1 month	1 - 3 month	3 months-1 year	1 - 5 years	5 years and over	No maturity	Total
Cash and Cash Equivalents	1,221,480,537	864,266,192	105,247,617	-	-	79,230,054	2,270,224,400
Financial Assets Available for Sale	31,037,645	112,580,873	640,723,212	466,432,369	85,564,805	137,191,736	1,473,530,640
Financial Assets Held for Trading	-	-	-	-	-	63,234,980	63,234,980
Held-to-Maturity Financial Assets	-	150,513,077	21,937,908	33,076,385	-	-	205,527,370
Investments with Risks on Policy Holders	-	-	-	1,952,843	-	-	1,952,843
Receivables from Main Operations	229,586,738	267,710,313	614,191,433	8,250,954	-	-	1,119,739,438
Due from Related Parties	178,735	-	-	-	-	-	178,735
Other Receivables	-	-	22,669,699	-	-	-	22,669,699
Prepaid Expenses and Income Accruals	47,605,225	79,859,685	212,400,614	-	-	-	339,865,524
Total Assets	1,529,888,880	1,474,930,140	1,617,170,483	509,712,551	85,564,805	279,656,770	5,496,923,629
Financial Liabilities	72,628,202	-	7,377,417	21,514,606	-	-	101,520,225
Payables from Main Operations	229,913,557	58,629,635	477,085,415	-	-	-	765,628,607
Due to Related Parties	456,757	-	1,143	-	-	-	457,900
Other Payables	-	143,722,890	-	-	-	8,186,452	151,909,342
Insurance Technical Reserves	979,634,863	925,812,518	981,963,870	171,679,493	8,623,520	-	3,067,714,264
Taxes Payable and Similar Liabilities	-	77,151,855	-	-	-	-	77,151,855
Prepaid Expenses and Income Accruals	22,439,426	44,878,852	87,629,902	-	-	-	154,948,180
Long-term Insurance Technical Reserves	-	-	-	1,418,276	96,570,268	-	97,988,544
Provisions for Other Risks	-	-	-	-	-	9,095,078	9,095,078
Total Liabilities and Shareholders' Equity	1,305,072,805	1,250,195,750	1,554,057,747	194,612,375	105,193,788	17,281,530	4,426,413,995

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(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)

Categories of Financial Assets

Current Financial Assets	June 30, 2021		December 31, 2020	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets Available for Sale	1,171,107,803	1,171,107,803	1,473,530,640	1,473,530,640
Financial Assets Held to Maturity	619,833,394	626,164,208	208,004,963	205,527,370
Financial Assets Held for Trading	186,102,625	186,102,625	63,234,980	63,234,980
Financial Investments with Risks on Policy Holders	1,804,230	1,804,230	1,952,843	1,952,843
Total Financial Assets	1,978,848,052	1,985,178,866	1,746,723,426	1,744,245,833

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, 2021	Category 1	Category 2	Category 3
Financial Assets Available for Sale				
Eurobond	489,334,663	489,334,663	-	-
Corporate Bond	464,500,974	464,500,974	-	-
Government Bonds	114,833,885	114,833,885	-	-
Stocks	102,438,281	101,752,203	-	686,078
Financial Assets Held for Trading				
Reverse Repo	100,052,759	100,052,759	-	-
Investment Funds	86,049,866	86,049,866	-	-
Held to Maturity Financial Assets				
Eurobond	273,916,470	273,916,470	-	-
Government Bonds	197,778,965	197,778,965	-	-
Corporate Bond	154,468,773	154,468,773	-	-
Financial Investments with Risks on Policy Holders				
Government Bonds	1,804,230	1,804,230	-	-
Total	1,985,178,866	1,984,492,788	-	686,078
	December 31, 2020	Category 1	Category 2	Category 3
Financial Assets Available for Sale				
Corporate Bond	476,919,365	476,919,365	-	-
Eurobond	658,081,546	658,081,546	-	-
Government Bonds	201,337,991	201,337,991	-	-
Stocks	137,191,738	136,469,582	-	722,156
Financial Assets Held for Trading				
Reverse Repo	56,027,437	56,027,437	-	-
Investment Funds	7,207,543	7,207,543	-	-
Held to Maturity Financial Assets				
Eurobond	138,255,898	138,255,898	-	-
Government Bonds	67,271,472	67,271,472	-	-
Financial Investments with Risks on Policy Holders				
Government Bonds	1,952,843	1,952,843	-	-
Total	1,744,245,833	1,743,523,677	-	722,156

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.

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(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)

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

The fair values of financial assets shown at cost, including cash and cash equivalents and other financial assets, are estimated to approximate their book values, considering that they are short-term and possible losses may be insignificant.

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

Financial liabilities

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

5. Segment Information

5.1 Operating segments

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

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

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

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CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021

(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, 2021:

	Fire	Transportation	Motor Own Damage	Motor Crafts Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
TECHNICAL INCOME	121,800,611	20,348,223	630,371,261	887,431,135	118,339,418	15,260,464	29,296,010	76,879,128	63,252	-	1,899,789,502
1- Earned Premiums (Net of Reinsurer Share)	97,887,953	16,292,993	566,863,369	745,604,623	88,718,205	11,767,409	21,716,121	53,041,496	-	-	1,601,892,169
1.1- Premiums (Net of Reinsurer Share)	103,423,570	16,220,337	570,916,950	787,174,732	96,652,867	16,816,434	29,151,534	59,937,034	-	-	1,680,293,458
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(5,535,617)	72,656	(4,053,581)	(41,570,109)	(6,226,833)	(5,049,025)	(7,435,413)	(6,895,538)	-	-	(76,693,460)
1.3-Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	-	-	-	-	(1,707,829)	-	-	-	-	-	(1,707,829)
2- Investment Income transferred from Non-Technical Part	24,289,787	4,104,503	66,226,390	142,359,542	28,575,470	3,528,350	7,579,889	18,156,607	63,252	-	294,883,790
3- Other Technical Income (Net of Reinsurance Share)	1,132,115	-	2,012,579	-	-	-	-	5,681,025	-	-	8,825,719
4- Accrued Subrogation and Salvage Income (+)	(1,509,244)	(49,273)	(4,731,077)	(533,030)	1,045,743	(35,295)	-	-	-	-	(5,812,176)
TECHNICAL EXPENSES	(128,067,994)	(10,083,163)	(601,692,503)	(759,347,487)	(77,107,443)	(7,596,033)	(24,356,177)	(26,948,128)	(54,379)	-	(1,635,253,307)
1- Total Claims (Net of Reinsurer Share)	(73,830,580)	(6,099,302)	(433,740,623)	(630,045,235)	(43,496,122)	(8,026,410)	(16,137,555)	(5,038,753)	(103,957)	-	(1,216,518,537)
1.1- Claims Paid (Net of Reinsurer Share)	(66,029,981)	(3,788,164)	(370,323,148)	(435,567,801)	(15,194,028)	(6,129,378)	(6,192,729)	(4,942,300)	(104,309)	-	(908,271,838)
1.2- Changes in Outstanding Claims Reserve Reinsurer Share and Reserves Carried Forward (+/-)	(7,800,599)	(2,311,138)	(63,417,475)	(194,477,434)	(28,302,094)	(1,897,032)	(9,944,826)	(96,453)	352	-	(308,246,699)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer) (+/-)	-	-	-	-	(922)	-	-	-	-	-	(922)
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-) and Other Technical Expenses	(6,925,454)	-	(768,426)	-	(749,801)	(427,155)	-	-	-	-	(8,870,836)
4- Operating Expenses	(38,785,087)	(3,671,273)	(130,118,766)	(112,278,074)	(27,667,381)	1,441,808	(7,818,210)	(20,117,625)	-	-	(339,014,608)
4.1- Production Commissions (-)	(73,691,449)	(8,947,840)	(99,613,019)	(90,698,072)	(44,234,965)	(12,668,608)	(3,537,368)	(48,209,195)	-	-	(381,600,516)
4.2- Reinsurance Commissions (+)	57,075,063	6,941,977	133,382	15,169,307	26,328,431	17,463,293	(3,718,350)	33,484,851	-	-	152,877,954
4.3- General Administrative Expenses	(22,168,701)	(1,665,410)	(30,639,129)	(36,749,309)	(9,760,847)	(3,352,877)	(562,492)	(5,393,281)	-	-	(110,292,046)
4.4- Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
5- Changes in Mathematical Reserves (+/-)	-	-	-	-	-	-	-	-	49,578	-	49,578
6- Other Technical Expenses (Net of Reinsurer Share)	(8,526,873)	(312,588)	(37,064,688)	(17,024,178)	(5,193,217)	(584,276)	(400,412)	(1,791,750)	-	-	(70,897,982)
TECHNICAL PROFIT/(LOSS)	(6,267,383)	10,265,060	28,678,758	128,083,648	41,231,975	7,664,431	4,939,833	49,931,000	8,873	-	264,536,195
Financial income	-	-	-	-	-	-	-	-	-	457,538,802	457,538,802
Depreciation expense	-	-	-	-	-	-	-	-	-	(21,952,267)	(21,952,267)
Provisions account, net	-	-	-	-	-	-	-	-	-	(16,005,370)	(16,005,370)
Tax expenses	-	-	-	-	-	-	-	-	-	(50,140,866)	(50,140,866)
Financial expenses	-	-	-	-	-	-	-	-	-	(460,896,559)	(460,896,559)
Other	-	-	-	-	-	-	-	-	-	(3,946,511)	(3,946,511)
Net Profit / (Loss)	(6,267,383)	10,265,060	28,678,758	128,083,648	41,231,975	7,664,431	4,939,833	49,931,000	8,873	(95,402,771)	169,133,424

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(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
TECHNICAL INCOME	100,791,863	17,442,835	490,543,980	728,320,378	93,866,457	11,527,794	19,113,698	64,802,692	64,895	-	1,526,474,592
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
TECHNICAL EXPENSES	(83,267,410)	(7,607,260)	(356,503,822)	(541,750,449)	(73,469,186)	(5,283,464)	(15,463,169)	(31,436,646)	(65,904)	-	(1,114,847,310)
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)
TECHNICAL PROFIT/(LOSS)	17,524,453	9,835,575	134,040,158	186,569,929	20,397,271	6,244,330	3,650,529	33,366,046	(1,009)	-	411,627,282
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)
Net Profit / (Loss)	17,524,453	9,835,575	134,040,158	186,569,929	20,397,271	6,244,330	3,650,529	33,366,046	(1,009)	(153,083,674)	258,543,608

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021

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

6. Tangible Assets

June 30, 2021

Cost Value	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Assets	Other Tangible Assets (Including Leasehold Improvements)	Right of Use Assets	Advances Related to Tangible Assets	Total
January 1,	1,598,569	2,720,001	30,431,171	21,682,557	41,129,271	-	97,561,569
Additions	-	963,243	2,000,375	239,285	4,642,011	106,455	7,951,369
Disposals	-	-	(314,879)	-	(6,225,532)	-	(6,540,411)
June 30	1,598,569	3,683,244	32,116,667	21,921,842	39,545,750	106,455	98,972,527
<u>Accumulated Depreciation</u>							
January 1,	(633,191)	(1,093,962)	(20,847,952)	(13,841,375)	(17,643,062)	-	(54,059,542)
Charge for the Period	(15,854)	(352,101)	(2,074,419)	(1,027,979)	(4,408,960)	-	(7,879,313)
Disposals	-	-	306,196	-	-	-	306,196
June 30	(649,045)	(1,446,063)	(22,616,175)	(14,869,354)	(22,052,022)	-	(61,632,659)
<u>Net Book Value as of</u>							
June 30,	949,524	2,237,181	9,500,492	7,052,488	17,493,728	106,455	37,339,868

The Company has no impairment loss recognized for tangible fixed assets in the current period (January 1 - December 31, 2020: None).

June 30, 2020

Cost Value	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)
June 30	1,598,569	2,720,001	29,552,250	21,682,557	40,645,080	96,198,457
<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
June 30	(617,117)	(820,476)	(18,799,532)	(12,784,292)	(13,057,778)	(46,079,195)
<u>Net Book Value as of</u>						
June 30,	981,452	1,899,525	10,752,718	8,898,265	27,587,302	50,119,262

7. Investment Properties

The Company has no investment properties as of June 30, 2021.

June 30, 2020

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

In the period of January 1 - June 30, 2021, the Company has no obtained rental income from investment properties (January 1 - June 30, 2020: None).

AKSİGORTA A.Ş.

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021

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

8. Intangible Assets

June 30, 2021			
Cost Value	Advances for Intangible Assets (*)	Rights	Total
January 1,	9,163,795	161,424,844	170,588,639
Additions	10,554,681	22,058,438	32,613,119
Disposals	-	-	-
Transfers	(3,315,525)	3,315,525	-
June 30	16,402,951	186,798,807	203,201,758
<u>Accumulated Amortization</u>			
January 1,	-	(113,365,102)	(113,365,102)
Charge for the Period	-	(14,072,954)	(14,072,954)
Disposals	-	-	-
June 30	-	(127,438,056)	(127,438,056)
Net book Value as of June 30	16,402,951	59,360,751	75,763,702

(*) 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, 2020			
Cost Value	Advances for Intangible Assets (*)	Rights	Total
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	-
June 30	5,878,615	143,110,486	148,989,101
<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
June 30	-	(91,959,002)	(91,959,002)
Net book Value as of June 30	5,878,615	51,151,484	57,030,099

(*) 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, 2021, the Company has not recognized any impairment loss for its intangible fixed assets in the current period (June 30, 2020: None).

The Company has no goodwill amount in its financial statements.

9. Investments in Affiliates

As of 30 June 2021, the Company has no investments in subsidiaries (31 December 2020: None).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021**

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

10. Reinsurance Assets

Reinsurance assets are disclosed in Note 17.16.

11. Financial Assets

11.1 Subcategories of Financial Assets

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

	June 30, 2021	December 31, 2020
Financial Assets Available for Sale	1,171,107,803	1,473,530,640
Financial Assets to be Held Until Maturity	626,164,208	205,527,370
Financial Assets Held for Trading	186,102,625	63,234,980
Financial Investments with Risks on Policy Holders	1,804,230	1,952,843
Total	1,985,178,866	1,744,245,833

Financial Assets Available for Sale

	June 30, 2021			December 31, 2020		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Private Sector bonds	447,600,674	464,500,974	464,500,974	466,632,308	476,919,365	476,919,365
Eurobond	475,625,200	489,334,663	489,334,663	651,580,189	658,081,546	658,081,546
Government Bonds	119,483,446	114,833,885	114,833,885	200,278,369	201,337,991	201,337,991
Equity Shares (Listed on the stock exchange)	118,032,878	101,752,203	101,752,203	126,165,411	136,469,582	136,469,582
Equity Shares (Not listed on the stock exchange) Net	686,078	-	686,078	722,156	-	722,156
Total	1,161,428,276	1,170,421,725	1,171,107,803	1,445,378,433	1,472,808,484	1,473,530,640

Held-to-Maturity Financial Assets

	June 30, 2021			December 31, 2020		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Eurobond	266,877,525	273,947,511	273,916,470	136,087,693	139,192,396	138,255,898
Government Bonds	194,076,754	191,827,508	197,778,965	62,670,791	68,812,567	67,271,472
Private Sector bonds	150,815,590	154,058,375	154,468,773	-	-	-
Total	611,769,869	619,833,394	626,164,208	198,758,484	208,004,963	205,527,370

Financial Assets Held for Trading

	June 30, 2021			December 31, 2020		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Reverse Repo	99,999,882	100,052,759	100,052,759	55,999,882	56,027,437	56,027,437
Investment Funds	80,619,371	86,049,866	86,049,866	6,466,902	7,207,543	7,207,543
Total	180,619,253	186,102,625	186,102,625	62,466,784	63,234,980	63,234,980

Financial Investment with Risks on Policy Holders

	June 30, 2021			December 31, 2020		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Government Bonds	1,734,832	1,804,230	1,804,230	1,647,665	1,952,843	1,952,843

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021**

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

11. Financial Assets (Continued)

11.1 Subcategories of Financial Assets (Continued)

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

June 30, 2021

Equity Shares	Participation Rate %	Cost Value TL	Fair Value TL	Book Value TL
Borsa İstanbul Listed		118,032,878	101,752,203	101,752,203
Tarsim Tarım Sigortaları Havuz İşletmesi A.Ş.	4.17	686,078	-	686,078
Unlisted		686,078	-	686,078
Total		118,718,956	101,752,203	102,438,281

December 31, 2020

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

As of June 30, 2021 and December 31, 2020, the blockage on financial assets in favour of SEDDK has been disclosed in Note 17.1.

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

None (December 31, 2020: None).

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

None (December 31, 2020: 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, 2020: 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, 2020: 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, 2021	December 31, 2020	December 31, 2019
Financial Assets Available for Sale	20,787,555	1,801,936	(8,235,793)

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021**

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

11. Financial Assets (Continued)

11.7 Financial Instruments

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

11.8 Financial Instruments

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.

12. Receivables and Payables

12.1 Details of the Company’s receivables

	June 30, 2021	December 31, 2020
Receivables from insurance operations		
Receivables from agencies	765,867,106	735,423,012
Bank Guaranteed Credit Card Receivables More than Three Months	156,297,576	314,937,910
Receivables from reinsurance companies	45,137,890	28,370,213
Receivables for salvage and claim recovery - net (Note 2.1.1)	40,452,899	46,265,076
Other receivables	236,024	534,116
Receivables from insurance operations	1,007,991,495	1,125,530,327
Cash deposited for insurance and reinsurance companies	30,954	30,954
Receivables from insurance and reinsurance companies	30,954	30,954
Claim recovery receivables under legal follow-up	162,488,692	142,988,823
Doubtful receivables from main operations	44,798,478	36,520,503
Total provision amount for doubtful receivables	207,287,170	179,509,326
Receivables from main operations	1,215,309,619	1,305,070,607
Provision for due from insurance operations (-) (*)	(26,749,434)	(17,859,556)
Provision for doubtful receivables from main operations (-) (**)	(24,176,063)	(24,482,790)
Provision for net claim recovery receivables under legal follow-up (-) (**)	(162,488,692)	(142,988,823)
Total provision amount for doubtful receivables	(213,414,189)	(185,331,169)
Receivables from main operations - net	1,001,895,430	1,119,739,438

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

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021**

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

12. Receivables and Payables (Continued)

12.1 Details of the Company’s receivables (Continued)

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

	30 June 2021	31 December 2020
0 - 90 days	40,109,595	39,706,076
90+	13,391,032	18,111,489
Not due receivables	954,521,822	1,067,743,716
Total	1,008,022,449	1,125,561,281

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

Type of Guarantees	30 June 2021		31 December 2020	
	Receivables	Doubtful Receivables	Receivables	Doubtful Receivables
Real Estate Pledges	57,710,412	664,600	57,345,412	531,200
Letters of Guarantee	94,903,014	-	91,776,888	55,000
Cash Guarantees	10,852,616	-	8,186,217	-
Government Bonds and Equity	233,811	7,500	2,058,249	7,500
Total	163,699,853	672,100	159,366,766	593,700

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

Doubtful trade receivable transactions	2021	2020
Opening Balance, January 1,	(167,471,613)	(133,368,943)
Charge for the period	(31,045,338)	(10,612,421)
Collections	11,852,196	2,133,027
Closing Balance, June 30,	(186,664,755)	(141,848,337)

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 30 June 2021, the Company has liabilities amounting to TL 104,041,143 to shareholders (31 December 2020: 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 163,699,853 as of 30 June 2021 (31 December 2020: TL 159,366,766).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021**

(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:

30 June 2021			
Banks (Foreign Currency)	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	18,003,411	8.6803	156,275,009
EUR	1,745,886	10.3249	18,026,098
GBP	160,866	12.0008	1,930,521
CHF	119,255	9.3894	1,119,733
Total			177,351,361
Stocks and Bonds			
USD	24,748,867	8.6803	214,827,590
Total			214,827,590
Receivables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	51,583,558	8.6803	447,760,759
EUR	15,684,535	10.3249	161,941,255
GBP	124,410	12.0008	1,493,020
CHF	9,897	9.3894	92,927
Total			611,287,961
Outstanding Claims Reserve	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	(7,711,705)	8.6959	(67,060,216)
EUR	(1,008,581)	10.3435	(10,432,258)
Total			(77,492,474)
Payables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	(62,767,465)	8.6959	(545,819,599)
EUR	(16,463,338)	10.3435	(170,288,537)
Other			(2,138,051)
Total			(718,246,187)
Payables to Suppliers	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	(72,353)	8.6959	(629,174)
EUR	(4,292)	10.3435	(44,394)
Total			(673,568)
Net Foreign Currency Position			207,054,683

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021**

(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):

31 December 2020

Banks (Foreign Currency)	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	20,805,122	7.3405	152,719,998
EUR	1,536,160	9.0079	13,837,576
GBP	100,040	9.9438	994,778
CHF	79,066	8.2841	654,991
Total			168,207,343

Stocks and Bonds	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	24,956,034	7.3405	183,189,768
Total			183,189,768

Receivables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	47,616,088	7.3405	349,525,894
EUR	18,785,729	9.0079	169,219,968
GBP	98,084	9.9438	975,328
CHF	68,286	8.2841	565,688
Total			520,286,878

Outstanding Claims Reserve	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	(9,473,467)	7.3405	(69,539,985)
EUR	(1,134,957)	9.0079	(10,223,579)
Total			(79,763,564)

Payables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	(60,000,422)	7.3405	(440,433,098)
EUR	(11,572,916)	9.0079	(104,247,670)
Other			(1,379,856)
Total			(546,060,624)

Payables to Suppliers	Amount in Foreign Currency	Exchange Rate	Amount TL
USD	(899,254)	7.3405	(6,600,974)
EUR	(63,701)	9.0079	(573,812)
Total			(7,174,786)

Net Foreign Currency Position			238,685,015
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13. Derivative Financial Instruments

During the period between 1 January - 30 June 2021, 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 31,555,327 (1 January - 30 June 2020: TL 67,756,987).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

14. Cash and Cash Equivalents

	30 June 2021	31 December 2020
Cash at Banks	1,767,594,860	1,600,368,638
Time Deposit	1,641,836,041	1,521,138,584
Demand Deposit	125,758,819	79,230,054
Bank Guaranteed Credit Card Receivables with Maturities less than three months	743,377,772	669,855,762
Total	2,510,972,632	2,270,224,400
Interest Accrual on Cash and Cash Equivalents	(22,322,134)	(11,553,673)
Blocked Deposits (*)	(316,139,003)	(264,061,660)
Cash Flow Based Grand Total	2,172,511,495	1,994,609,067

(*) 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 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	31 December 2020
	Annual Interest Rate	Annual Interest Rate
	(%)	(%)
TL	15 - 20.4	13.65 - 22.25
USD	0.17 - 2.00	0.20 - 3.10
EUR	-	0.01 - 0.05

As of 30 June 2021, the maturity of TL deposits varies between 1 July 2021 and 11 May 2022; the maturity of foreign currency deposits varies between 1 July 2021 and 27 October 2021.

As of 31 December 2020, the terms of TL deposits are between 2 January 2020 and 2 October 2020; The maturity of foreign currency deposits varies between 2 January 2020 and 3 March 2020.

As of 30 June 2021, the Company's Other Financial Liabilities account includes TL 76,278,770 and TL 13,155,815 credit used for tax payment (31 December 2020: TL 59,562,359 repo transaction and TL 13,065,843 tax payment.)

As of 30 June 2021, the Company has a valuation expense of TL 246,030 recognized in the valuation account from repo transactions (30 June 2020: TL 77,358 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 30 June 2021 and 31 December 2020 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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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15. Share Capital (Continued)

15.1 Transactions between the Company and its shareholders, showing each distribution made to the shareholders separately (Continued).

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.

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

Legal Reserve

According to the Turkish Commercial Code, legal reserves; consists of first and second legal reserves. The first legal reserve is appropriated out of the statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves cannot be distributed unless they exceed 50% of the total capital; however, they can be used to compensate for losses in case of depletion of reserve reserves. The company transferred TL 29,069,999 from the period profit to legal reserves with the ordinary general assembly decision dated March 16, 2021. As a result of this transfer, as of 30 June 2021, the Company has legal reserves amounting to TL 111,936,209 (31 December 2020: TL 82,866,210).

Special Funds (reserves)	30 June 2021	31 December 2020
Actuarial (gain) / loss	6,578,451	5,451,203
Total	6,578,451	5,451,203

Gains from sale of fixed asset

As of 30 June 2021, company has a Capital Reserve of TL 90,989,327 (31 December 2020: TL 90,989,327).

Extraordinary Reserves

As of 30 June 2021, the Company has Extraordinary Reserves amounting to TL 225,705,416 (31 December 2020: TL 128,432,529).

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 (31 December 2020: 30,600,000,000 shares with a nominal amount of TL 0.01 each).

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15. Share Capital (Continued)

15.3 For each class of share capital (Continued)

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

None (31 December 2020: 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 (31 December 2020: TL 0.01 per share).

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

	Number of Shares	
	30 June 2021	31 December 2020
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,	30,600,000,000	30,600,000,000

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

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

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

Based on the guidelines and principals issued by the Capital Markets Board (the Board) dated 27 January 2010 for the distribution of dividends from the profit generated from operating activities in 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 (31 December 2020: None).

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

None (31 December 2020: None).

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CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021

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15. Share Capital (Continued)

15.4 Share based payments

None (31 December 2020: None).

15.5 Subsequent events

Disclosed in note 46.

16. Other Provisions and Capital Component of Discretionary Participation

16.1 Each income and expense item and their total amounts accrued under shareholders ‘equity in the current period in accordance with other standards and interpretations

	30 June 2021	31 December 2020
Available for sale financial assets valuation difference	(20,787,555)	1,801,936
Deferred tax effect	4,781,138	(360,387)
Total	(16,006,417)	1,441,549

In accordance with changes regarding “TAS 19 - Employee Benefits” effective as of 1 January 2013, actuarial loss amounting to TL 8,223,064 (Deferred tax effect: TL 1,644,613), (31 December 2020: TL 6,814,004, Deferred tax effect: TL 1,362,801) 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 (31 December 2020: None).

16.3 Hedging for forecasted transactions and net investment hedging

None (31 December 2020: 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

	2021 Increase / (Decrease)	2020 Increase / (Decrease)
Beginning of the Period, January 1,	1,441,549	6,588,634
Increase/decrease in value recognized under the shareholders’ equity in the current period	(17,447,966)	(13,036,428)
End of the Period, December 31,	(16,006,417)	(6,447,794)

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

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

None (31 December 2020: None).

16.7 Revaluation increases in tangible fixed assets

None (31 December 2020: None).

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

None (31 December 2020: None).

17. Insurance Liabilities and Reinsurance Assets

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

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

Branch	30 June 2021		31 December 2020	
	Amount to be Provided TL	Current Blockage TL	Amount to be Provided TL	Current Blockage TL
Life	1,562,920	1,804,230	1,577,345	1,952,843
Government Bonds				1,952,843
Non-Life (*)	322,964,845	316,139,003	308,576,202	313,961,660
Credit Card		175,000,000		175,000,000
Time Deposit		141,139,003		89,061,660
Government Bonds		-		49,900,000
Total	324,527,765	317,943,233	310,153,547	315,914,503

(*) As of 30 June 2021, the required guarantee amount has been calculated based on capital requirements in 31 December 2020. The Company has on behalf of Treasury and Finance Ministry, TL 141,139,003 time deposits and TL 175,000,000 credit card blocked.

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

	2021		2020	
	Unit	Mathematical Reserves TL	Unit	Mathematical Reserves TL
Beginning of the Period, January 1,	167	1,418,276	173	1,446,871
Participations in the Current Period	-	-	-	-
Leavings in the Current Period	(7)	(49,578)	(3)	(10,440)
End of Period, June 30	160	1,368,698	170	1,436,431

Mathematical reserves amounting to TL 1,368,698 (31 December 2020: TL 1,418,276) and Reserves for the policies, investment risk of which belongs to life insurance policy holders amounting TL 136,870 (31 December 2020: TL 141,828) and cancelled policy numbers together with their mathematical reserves are included in the table above.

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17. Insurance Liabilities and Reinsurance Assets (Continued)

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

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 30 June 2021, there is no difference in the value accounted in Life Mathematical Reserve account discounted with current value (31 December 2020: None).

17.4 Insurance guarantees given ton on life insurances based on insurance branches

Branch	30 June 2021	31 December 2020
Motor Crafts Liability	63,304,221,947,710	53,797,363,591,986
Health	6,279,762,369,693	6,679,519,586,938
Fire and Natural Disaster	1,365,393,116,179	1,284,858,156,955
General Losses	402,051,567,798	354,206,047,585
Transportation	276,142,230,095	310,748,830,487
Motor Own Damage	263,428,557,628	216,041,601,896
General Liability	160,966,418,063	149,326,884,506
Air-Crafts Liability	106,376,060,825	86,695,373,025
Financial Losses	160,239,291,698	156,308,878,106
Accident	49,084,151,815	45,440,548,020
Air Crafts	21,232,527,566	21,370,330,291
Legal Protection	11,192,826,433	10,648,456,187
Suretyship	2,055,001,615	1,948,512,473
Credit	1,045,104,145	1,115,106,185
Total	72,403,191,171,263	63,115,591,904,640

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

None (31 December 2020: None).

17.5 Number and amount of participation certification in portfolio and circulation

None (31 December 2020: None).

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

None (31 December 2020: None).

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

None (31 December 2020: None).

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

None (31 December 2020: None).

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18. Insurance Liabilities and Reinsurance Assets (Continued)

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

None (31 December 2020: 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 (31 December 2020: 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 (31 December 2020: None).

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

None (31 December 2020: 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:

	30 June 2021	31 December 2020
	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 (31 December 2020: None).

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(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	30 June 2021	31 December 2020
Reinsurance Share of Outstanding Claims Reserve (Note 4.1.2.2)	2,551,167,747	2,095,704,577
Reinsurance Share of Unearned Premiums Reserve (Note 20)	1,403,220,978	1,299,053,674
Ongoing Risks Provision Reinsurer Share (Note 20)	668,795,948	906,674,991
Equalization Provision Reinsurer Share (Note 20)	230,840,500	195,058,293
Cash Deposited for Insurance & Reinsurance Companies (Note 12.1)	45,137,890	28,370,213
Reinsurance Share of Reserves for Bonus and Discounts (Note 20)	386,346	452,167
Deposits of Reinsurance Company (Note 12.1)	30,954	30,954
Total	4,899,580,363	4,525,344,869

Reinsurance Debts	30 June 2021	31 December 2020
Payables to Insurance and Reinsurance Companies (Note 19.1)	783,669,304	765,628,607
Deferred Commissions Income (Note 19.1)	187,702,896	149,596,174
Total	971,372,200	915,224,781

Income / Expense on Reinsurance Agreements	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2021	1 April- 30 June 2021
Reinsurance Share of Outstanding Claims Reserve	455,463,170	118,638,351	194,234,180	153,205,670
Reinsurance Share of Claims Paid	481,069,757	244,948,263	269,852,846	96,220,960
Commissions Received (Note 32)	152,877,954	82,307,970	121,742,830	61,910,216
Reinsurance Share of Unearned Premiums Reserve (Note 20)	104,167,304	23,595,890	83,114,646	(30,327,290)
Reinsurance Share of Reserves for Bonus and Discounts (Note 20)	(65,821)	(42,109)	47,401	34,856
Ongoing Risks Provision Reinsurer Share (Note 20)	(237,879,043)	(154,652,323)	94,497,618	56,453,665
Premiums Ceded to Reinsurers (-)	(1,319,747,217)	(659,091,462)	(1,007,286,773)	(449,960,839)
Total	(364,113,896)	(344,295,420)	(243,797,252)	(112,462,762)

Branch	30 June 2021			30 June 2020		
	Premiums Ceded (*)	Technical Reserves (**)	Reinsurance Share of Claims Paid	Premiums Ceded	Technical Reserves	Share of Reinsurance Claims Paid
Fire and Natural Disaster	(424,647,788)	(14,638,900)	86,358,164	(340,392,749)	224,458,645	32,013,600
Health	(184,860,658)	29,142,431	130,483,655	(203,902,164)	55,255,985	89,649,655
Motor Crafts Liability	(185,688,564)	14,809,344	53,191,505	(160,373,872)	(2,960,999)	39,694,594
General Losses	(185,276,054)	133,479,576	50,583,278	(109,449,241)	(35,152,263)	46,109,783
General Liability	(159,786,116)	362,498,755	11,411,888	(86,363,316)	88,133,045	15,880,950
Financial Losses	(76,363,827)	32,526,025	44,949,339	(39,629,040)	5,947,578	19,886,608
Transportation	(43,707,158)	26,538,008	17,673,954	(30,498,706)	5,788,527	12,214,964
Water Crafts	(20,552,489)	15,817,945	2,135,018	(10,140,080)	(27,286,680)	25,400,152
Ait Crafts	(14,297,365)	(94,766,636)	77,581,495	(6,304,068)	50,055,771	509,084
Air Crafts Liability	(12,222,987)	(192,377,851)	22	(10,438,811)	1,810,444	301,690
Motor Own Damage	(4,877,091)	(962,227)	3,802,115	(2,716,910)	148,858	-
Accident	(4,610,756)	(6,404,299)	1,265,120	(4,316,887)	(1,503,397)	1,137,487
Suretyship	(1,532,168)	16,519,818	1,593,576	(1,085,240)	6,301,682	(12,839,499)
Credit	(1,324,196)	(496,379)	40,628	(1,675,689)	896,649	(106,222)
Total	(1,319,747,217)	321,685,610	481,069,757	(1,007,286,773)	371,893,845	269,852,846

(*) As explained in Note 2.15, Transferred Premiums amounted to TL 79,599,802 (30 June 2020: TL 61,833,323) transferred to the Social Security Institution as of 30 June 2021.

(**) 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.

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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

	2021	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, January 1	915,224,781	4,525,344,869
Net change of the year	56,147,419	374,235,494
End of the period - June 30	971,372,200	4,899,580,363

	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
End of the period - June 30	774,112,452	3,369,182,249

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 30 June 2021 amounted to TL 362,239,861 (31 December 2020: TL 334,192,509) and TL 187,702,896 (31 December 2020: TL 149,596,174), respectively, deferred production expenses and deferred tax commission income is included in account items.

18. Investment Contract Liabilities

Disclosed in Note 17.3.

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19. Trade and Other Payables, Deferred Income

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

	30 June 2021	31 December 2020
Payables from Insurance and Reassurance Operations (Note 17.16)	783,669,304	765,628,607
Payables from Insurance Operations	783,669,304	765,628,607
Payables to sellers	47,460,550	26,540,034
Negotiated service and debts to institutions	23,545,421	40,496,161
Current account of natural catastrophe insurance	21,832,026	29,576,727
DASK debts to agencies	1,493,163	1,273,306
Other	1,049,127	276,459
Other Payables	95,380,287	98,162,687
Payables to SSI regarding medical expenses	36,809,934	45,560,203
Deferred commission income (Note 17.16)	187,702,896	149,596,174
Provision for Cost Expenses (Note 23.4)	73,337,938	70,812,935
Expense accruals	5,265,841	5,352,006
Deferred Income and Expense Accruals	266,306,675	225,761,115
Total Short-term Liabilities	1,182,166,200	1,135,112,612
Total Trade and Other Payables, Deferred Income	1,182,166,200	1,135,112,612

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

	30 June 2021	31 December 2020
Insurance Technical Reserves		
Unexpired Risks Reserve - Net (Note 4.1.2.2)	1,724,385,526	1,416,138,827
Unearned Premiums Reserve - Net (*)	1,704,405,300	1,627,711,840
Equalization Provision - Net	105,441,104	96,570,268
Ongoing Risks Provision- Net	25,567,830	23,860,001
Mathematical Reserves - Net	1,368,698	1,418,276
Bonus and Discount Provisions - Net	4,518	3,596
Total	3,561,172,976	3,165,702,808

(*) While calculating the income statement effect of the provisions for unearned premiums, TL 1,333,954 the deferral effect of the premiums transferred to assistance companies, which is included in operating expenses, has been netted off (31 December 2020: TL 7,590,563).

As disclosed in Note 2.15, the reinsurers' share of unearned premiums includes SSI share as of 30 June 2021 which is TL 2,294,849 (31 December 2020: TL 5,548,179).

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20. Payables (Continued)

The movement of technical reserves are as follows:

Unearned Premium Reserve:

	30 June 2021			30 June 2020		
	Gross	Reinsurance Share (*)	Net	Gross	Reinsurance Share (*)	Net
Beginning of the Period, January 1	2,926,765,514	(1,299,053,674)	1,627,711,840	2,356,539,448	(951,108,392)	1,405,431,056
Net change	180,860,764	(104,167,304)	76,693,460	13,736,880	(83,114,646)	(69,377,766)
End of the Period, June 30	3,107,626,278	(1,403,220,978)	1,704,405,300	2,370,276,328	(1,034,223,038)	1,336,053,290

(*) The reinsurance share for unearned premiums also includes the share of SSI amounting to TL 2,294,849 (30 June 2020: TL 6,591,566).

Unexpired Risk Reserve:

	30 June 2021			30 June 2020		
	Gross	Reinsurance Share (*)	Net	Gross	Reinsurance Share (*)	Net
Beginning of the Period, January 1	930,534,992	(906,674,991)	23,860,001	164,282,339	(149,871,549)	14,410,790
Net change	(236,171,214)	237,879,043	1,707,829	97,889,148	(94,497,618)	3,391,530
End of the Period, June 30	694,363,778	(668,795,948)	25,567,830	262,171,487	(244,369,167)	17,802,320

Equalization Reserve:

	30 June 2021			30 June 2020		
	Gross	Reinsurance Share (*)	Net	Gross	Reinsurance Share (*)	Net
Beginning of the Period, January 1	291,628,561	(195,058,293)	96,570,268	255,929,361	(160,236,890)	95,692,471
Used during the period (*)	-	-	-	(34,488,042)	23,539,024	(10,949,018)
Net change	44,653,043	(35,782,207)	8,870,836	33,090,395	(25,689,615)	7,400,780
End of the Period, June 30	336,281,604	(230,840,500)	105,441,104	254,531,714	(162,387,481)	92,144,233

(*) The company has offset TL 8,553,028 and TL 8,270,839 which it has paid for the Elazig Earthquake and İzmir Earthquake claims in 2020, from the balancing provision it has allocated in previous years.

Provision for bonus and discount

	30 June 2021			30 June 2020		
	Gross	Reinsurance Share (*)	Net	Gross	Reinsurance Share (*)	Net
Beginning of the Period, January 1	455,763	(452,167)	3,596	900,431	(892,018)	8,413
Net change	(64,899)	65,821	922	44,908	(47,401)	(2,493)
End of the Period, June 30	390,864	(386,346)	4,518	945,339	(939,419)	5,920

Outstanding claims reserve:

The movement of Outstanding Claims Reserve of 2021 and 2020 are presented in note 4.1.2.3.

Lease Liabilities:

The movement table of the total lease liabilities:

	30 June 2021	31 December 2020
Short-term rent liabilities	12,011,756	13,524,088
Long-term rent liabilities	20,475,702	28,360,104
Alternative borrowing rate and discount amount	(9,230,416)	(12,992,169)
Total rent liabilities	23,257,042	28,892,023

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20. Payables (Continued)

Lease Liabilities (Continued):

	30 June 2021	30 June 2020
January 1,	28,892,023	29,750,241
Lease agreements	(1,583,521)	6,272,195
Rent payments	(7,403,428)	(7,775,170)
Interest payments	3,351,968	4,004,052
June 30, 2021	23,257,042	32,251,318

21. Deferred Income Tax

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

The Company's deferred income tax amounts are given in footnote 35.

22. Retirement and Welfare Liabilities

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

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

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

22. Retirement and Welfare Liabilities (Continued)

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.

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 30 June 2021 and 31 December 2020, 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 30 June 2021, the provisions at the respective balance sheet dates have been calculated resulting in a real interest rate of 4% (31 December 2020: 4%). The anticipated rate of forfeitures is considered and estimated rate of the Company’s retirements pay is also taken into account.

Actuarial loss amounting to TL 8,223,064 (Deferred tax effect: TL 1,644,613) in the calculation of severance pay provision is accounted in the account of private funds under the equity (Note 15.2).

As the maximum liability is updated semi-annually, as of 30 June 2021, the maximum amount of TL 8,285 effective from 1 July 2021 has been taken into consideration in calculation of provision from employment termination benefits (31 December 2020: TL 7,639).

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

	2021	2020
Beginning of the period, January 1	9,095,078	7,052,711
Charge for the period (Note 47)	831,572	831,572
Actuarial Gain/(Loss)	1,409,060	811,280
Retirement Payments (-)	(105,286)	(429,198)
End of the period, June 30,	11,230,424	8,266,365

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021

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

23. Other Liabilities and Expense Accruals

23.1 Provisions related to employee benefits and others

	2021		2020	
	Unused Vacations Provisions	Social Security Premiums Payable	Unused Vacations Provisions	Social Security Premiums Payable
Beginning of the period, January 1	2,158,581	238,630	2,051,784	219,015
Movements in the Current Period	1,746,150	29,423,193	858,402	20,871,094
Payments in the Current Period	(55,213)	(29,445,386)	(44,899)	(20,910,800)
End of the period, June 30	3,849,518	216,437	2,865,287	179,309

23.2 Total Amount of Non-Liability Commitments

Company’s statement of pledges and commitments as of 30 June 2021 and 31 December 2020 are presented below:

Collaterals, Pledges and Mortgages Given by the Company (CPM)	30 June 2021		31 December 2020	
	Amount in Original Currency	Amount TL	Amount in Original Currency	Amount TL
A. Total amount of CPM’s given on behalf of the Company legal entity	-	-	-	-
B. Total amount of CPM’s given in favor of joint ventures included in full consolidation	-	-	-	-
C. Total amount of CPM’s given as the guarantee of the third parties for the maintenance purpose of the ordinary activities	-	11,847,162	-	11,426,306
Turkish Lira	11,847,162	11,847,162	11,426,306	11,426,306
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
Total		12,335,341		11,914,485

Other CPM’s given by the Company is zero in proportion to the Company’s equity (31 December 2020: None).

23.3 Provisions, Contingents Assets and Liabilities

Contingent Liabilities	30 June 2021	31 December 2020
Outstanding Claims under Litigation (*)	1,227,798,450	977,496,405
Unused Vacation allowance	3,849,518	2,158,581
Business Cases Provision	810,398	1,633,654
Total	1,232,458,366	981,288,640
Contingent Assets	30 June 2021	31 December 2020
Subrogation Receivable Litigations, Gross	216,906,171	194,192,120
Trade Receivable Litigations and Executions	9,959,459	8,295,660
Total	226,865,630	202,487,780

(*) Outstanding claims provision consists of net receivables, interest and expenses & agency fees in the amount of TL 724,933,203, TL 230,097,713 and TL 272,767,534 respectively.

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021

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

23. Other Liabilities and Expense Accruals (Continued)

23.4 Provisions, Contingents Assets and Liabilities (Continued)

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

	30 June 2021	31 December 2020
Commission provision (*)	27,342,887	35,959,660
Expense provision	14,031,038	4,353,920
Donation	10,150,000	-
Guarantee fund provision	10,009,169	15,455,363
Performance premium provision	5,292,223	10,544,208
Allowance	3,849,518	2,158,581
Business cases provision	810,398	1,633,654
Other	1,852,705	707,549
Total	73,337,938	70,812,935

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

24. Net Insurance Premium Revenue

	January 1, - June 30, 2021			April 1, - June 30, 2021		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Motor Crafts Liability (*)	972,863,296	(185,688,564)	787,174,732	451,598,677	(81,237,100)	370,361,577
Motor Own Damage	575,794,043	(4,877,093)	570,916,950	244,667,509	(2,539,093)	242,128,416
Fire and Natural Disaster	528,071,358	(424,647,788)	103,423,570	281,894,160	(232,390,938)	49,503,222
General Losses	257,111,406	(185,276,054)	71,835,352	93,555,752	(65,272,141)	28,283,611
Health	244,797,692	(184,860,658)	59,937,034	106,344,455	(78,538,307)	27,806,148
Financial Losses	107,345,929	(76,363,827)	30,982,102	76,263,796	(58,152,135)	18,111,661
Transportation	59,927,494	(43,707,157)	16,220,337	35,351,707	(27,430,976)	7,920,731
Accident	20,786,815	(4,610,756)	16,176,059	9,792,719	(2,533,899)	7,258,820
General Liability	176,640,850	(159,786,116)	16,854,734	80,417,628	(72,842,977)	7,574,651
Water Crafts	24,246,962	(20,552,489)	3,694,473	20,254,927	(17,555,161)	2,699,766
Legal Protection	2,537,368	-	2,537,368	1,116,233	-	1,116,233
Fidelity Guarantee	2,031,058	(1,532,168)	498,890	1,333,040	(1,130,434)	202,606
Credit	1,364,682	(1,324,196)	40,486	718,641	(693,277)	25,364
Air Crafts	14,298,240	(14,297,364)	876	12,452,454	(12,451,847)	607
Air Crafts Liability	12,223,482	(12,222,987)	495	6,323,352	(6,323,177)	175
Total - Non-life branches	3,000,040,675	(1,319,747,217)	1,680,293,458	1,422,085,050	(659,091,462)	762,993,588
Written premium - Life branch	-	-	-	-	-	-
Total	3,000,040,675	(1,319,747,217)	1,680,293,458	1,422,085,050	(659,091,462)	762,993,588

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24. Net Insurance Premium Revenue (Continued)

	1 January - 30 June 2020			1 April - 30 June 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
Total - Non-life branches	2,265,938,945	(1,007,286,773)	1,258,652,172	1,032,347,564	(449,960,839)	582,386,725
Written premium - Life branch	-	-	-	-	-	-
Total	2,265,938,945	(1,007,286,773)	1,258,652,172	1,032,347,564	(449,960,839)	582,386,725

(*) Reinsurance share of land vehicles liability branch amounting to TL 79,599,802 (1 January- 30 June 2020: TL 61,833,323) includes premiums to be ceded to SSI.

25. Fee Income

None (31 December 2020: None).

26. Investment Income / (Expense)

	1 January- 30 June 2021	1 April - 30 June 2021	1 January- 30 June 2020	1 April - 30 June 2020
Realized Investment Income / Expenses				
Term Deposit Interest Income	75,162,423	30,975,472	28,557,838	19,296,097
Derivative Transactions	31,555,327	14,113,121	66,279,682	14,939,921
Private Sector Bonds	48,502,020	24,831,342	27,243,254	15,133,889
Eurobond	34,730,447	18,492,157	15,435,469	11,588,573
Investment Fund	15,773,570	4,377,841	2,690,062	479,137
Government Bond	12,327,416	3,840,513	18,114,504	5,284,592
Stock	11,557,350	2,835,172	9,863,012	1,981,941
Treasury Bond	2,365,179	1,857,907	9,420,185	5,704,204
Total	231,973,732	101,323,525	177,604,006	74,408,354
Unrealized Investment Income / (Expenses)				
Eurobond	12,358,914	2,378,037	5,849,810	4,963,359
Term Deposit	10,537,710	4,964,974	(1,269,578)	(1,793,667)
Investment Fund	4,643,397	4,915,557	2,686,370	1,728,701
Private Sector Bonds	1,558,139	4,113,343	686,721	1,228,583
Stock	-	-	86,562	404,509
Derivative Transactions	-	-	1,477,305	-
Treasury Bond	(63,252)	(31,435)	(64,895)	(32,374)
Repo	(246,030)	(278,538)	(77,358)	23,081
Government Bond	(2,559,159)	4,422,573	2,868,408	4,708,316
Total	26,229,719	20,484,511	12,243,345	11,230,508
Investment Income / Expense, Net	258,203,451	121,808,036	189,847,351	85,638,862

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

27. Net Accrual Income on Financial Assets

Financial Assets Available for Sale	1 January- 30 June 2021	1 January- 30 June 2020
Valuation differences recognized under shareholders' equity	(16,006,417)	(6,447,794)
Total	(16,006,417)	(6,447,794)

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 6,330,814 as of 30 June 2021 (1 January - 31 December 2020: TL 2,477,593).

29. Insurance Rights and Demands

Outstanding Claims Reserve Expenses	1 January- 30 June 2021	1 April - 30 June 2021	1 January- 30 June 2020	1 April - 30 June 2020
Motor Crafts Liability	(194,477,434)	(107,486,458)	(113,247,536)	(47,304,688)
Motor Own Damage	(63,417,475)	(37,811,154)	(17,859,126)	(23,858,396)
General Liability	(26,383,793)	(16,102,237)	(27,830,632)	(14,673,796)
General Losses	(11,737,998)	(3,393,868)	(6,848,554)	(5,816,166)
Fire and Natural Disaster	(7,800,594)	10,024,895	(20,974,344)	(9,542,686)
Transportation	(2,311,138)	(1,167,444)	(1,565,316)	(991,724)
Water Crafts	(1,507,438)	(1,520,525)	957,154	(162,494)
Suretyship	(905,284)	(228,115)	542,987	256,514
Accident	(440,291)	185,090	891,127	997,059
Legal Protection	(381,097)	(219,686)	98,453	77,762
Health	(96,453)	199,614	(1,845,525)	(383,610)
Air Crafts Liability	(2,222)	(1,086)	(2,133)	(947)
Air Crafts	147	315	-	-
Credit	21,255	262	(24,496)	52,786
Financial Losses	1,192,764	336,135	772,635	1,641,675
Total Non-life	(308,247,051)	(157,184,262)	(186,935,306)	(99,708,711)
Life	352	352	(4,603)	(3,633)
Total (*)	(308,246,699)	(157,183,910)	(186,939,909)	(99,712,344)

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

30. Investment Agreement Types

None (31 December 2020: None).

31. Mandatory Other Expenses

Types of expenses are disclosed in Note 32.

32. Expense Type

	1 January- 30 June 2021	1 April - 30 June 2021	1 January- 30 June 2020	1 April - 30 June 2020
Production Commissions (-)	(381,600,516)	(197,288,595)	(322,235,393)	(161,000,998)
Employee Wages and Expenses (-) (*) (Note 33)	(75,017,834)	(36,407,036)	(62,724,188)	(30,668,143)
Information Technology Expenses (-)	(13,961,008)	(7,151,655)	(11,162,811)	(5,598,635)
Advertisement Expenses (-)	(4,211,222)	(1,859,317)	(2,783,402)	(1,623,682)
Meeting and Training Expenses (-)	(2,320,887)	(1,748,570)	(2,697,989)	(1,043,130)
Social Relief Expenses (-) (Note 33)	(1,775,055)	(1,606,345)	(1,794,833)	(315,414)
Transportation Expenses (-)	(538,032)	(268,499)	(967,277)	(186,977)
Reinsurance Commissions (+)	152,877,954	82,307,970	121,742,830	61,910,216
Other (-)	(12,468,008)	(7,337,890)	(7,393,888)	(4,449,692)
Total	(339,014,608)	(171,359,937)	(290,016,951)	(142,976,455)

(*) 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.

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021

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33. Employee Wages and Expenses

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Salary and Bonus Payments	(56,487,625)	(28,357,516)	(47,727,777)	(23,582,671)
Insurance Payments	(14,879,254)	(6,814,968)	(12,443,348)	(6,314,747)
Other Payments	(5,426,010)	(2,840,897)	(4,347,896)	(1,086,139)
Total (Note 32)	(76,792,889)	(38,013,381)	(64,519,021)	(30,983,557)

34. Financing Cost

34.1 Financial Expenses:

The company has an interest expense of TL 3,351,968 for the lease contracts accounted for under TFRS 16 in the interim period of 1 January - 30 June 2020 (1 January - 30 June 2019: TL 4,004,052).

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

None (31 December 2020: 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 (31 December 2020: None).

Type risk and principle of the cash flow hedge

None (31 December 2020: None).

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

None (31 December 2020: None).

35. Corporate Tax

	30 June 2021	31 December 2020
<u>Current Tax Liability:</u>		
Corporate Tax Liability Provision on Period Profit	68,204,212	117,630,688
Prepaid Taxes and Other Liabilities on Period Profit (-)	(17,136,152)	(94,016,621)
Total	51,068,060	23,614,067

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2021

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35. Corporate Tax (Continued)

Tax (expense) / income consists of the following:

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Current Tax Income / (Expense)	(68,204,212)	(54,651,480)	(73,770,452)	(52,750,395)
Deferred Tax Income / (Expense) due to Temporary Differences	18,063,346	23,274,776	(3,587,581)	2,466,966
Total tax (expense)	(50,140,866)	(31,376,704)	(77,358,033)	(50,283,429)

<u>Deferred Tax</u>	2021	2020
Recognized in the Shareholders' Equity:		
Valuation of Financial Assets Available for Sale	4,781,138	1,611,949
Actuarial Gain/Loss Effect	1,644,613	1,291,809
	6,425,751	2,903,758

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.

In the interim financial statements as of 30 June 2021, deferred tax assets and liabilities are calculated by considering the time intervals in which the deferred tax assets consisting of deductible temporary differences will be realized by generating taxable profit in the future, it is calculated with 25% for realizable in 2021, 23% for realizable in 2022, and 20% for the following years.

Deferred tax items are as follows:

	Temporary differences 30 June 2021	Temporary differences 31 December 2020	Deferred Tax Assets / (Liabilities) 30 June 2021	Deferred Tax Assets / (Liabilities) 31 December 2020
Expense reserves (Note 23.4)	48,798,914	22,348,560	12,199,729	4,469,712
Provision for doubtful receivables	27,234,776	18,369,483	6,808,694	3,673,897
Ongoing Risks	25,567,830	23,860,001	6,391,958	4,772,000
Marketable securities valuation differences	20,787,555	(1,801,936)	4,781,138	(360,387)
Performance premium provision	16,319,810	10,544,208	4,079,953	2,108,842
Donation	10,150,000	-	2,537,500	-
Provision for employment termination benefits (Note 22)	11,230,424	9,095,078	2,246,085	1,819,016
Balancing Equivalent	8,447,673	7,674,976	1,689,535	1,534,995
Investment fund valuation effect	5,265,841	5,352,006	1,316,460	1,070,401
Tangible assets leasing	5,763,315	5,405,814	1,152,663	1,081,163
Tangible and intangible assets economic life differences	5,631,801	1,421,990	1,126,360	284,397
Unused vacation allowance (Note 23.4)	3,849,518	2,158,581	962,380	431,716
Currency valuation differences	2,328,778	-	582,195	-
Bonuses and Discounts	4,518	3,596	1,130	719
Instrument Valuation Effect	(11,078,632)	(3,565,496)	(2,215,726)	(713,100)
	180,302,121	100,866,861	43,660,054	20,173,371

Corporation tax reconciliation is as below:

<u>Confirmation of Tax Provision</u>	30 June 2021	31 December 2020
Profit Before Tax	219,274,290	555,255,907
Tax Calculated: %25 (2020: %22)	(54,818,573)	(122,156,300)
Effect of Additions	(16,034,715)	(30,886,358)
Effect of Discounts, net	2,649,076	35,411,970
Corporate Tax Liability Provision on Period Profit	(68,204,212)	(117,630,688)

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36. Corporate Tax (Continued)

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

	2021	2020
Profit before tax	219,274,290	335,901,641
Calculated tax revenue: %25 (2020: %22)	(54,818,573)	(73,898,361)
Tax rate change effect (Note 2.1.1)	7,601,365	-
Disallowable expenses	(2,923,658)	(3,459,672)
Total Tax Expense	(50,140,866)	(77,358,033)

36. Net Foreign Exchange Gain / (Loss)

	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Recognized in Profit / Loss:				
Foreign Exchange Income	185,581,006	58,419,753	80,639,558	58,300,935
Foreign Exchange Expense	(148,969,707)	(38,936,365)	(83,349,816)	(43,120,885)
	36,611,299	19,483,388	(2,710,258)	15,180,050

37. Earnings per Share

	2021	2020
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)	169,133,424	258,543,608
Earnings / (Loss) per Share (TL)	0.5527	0.8449

38. Dividends per share

At the Ordinary General Assembly Meeting held on March 16, 2021, the Company decided to distribute a gross dividend of 306,000,000 TL from the net profit for the 2020 accounting period of 432,342,886 TL, in line with the profit distribution proposal of the Board of Directors. TL 201,960,000 of this amount was distributed in cash on March 18, 2021. The remaining 104,040,000 TL dividend distribution will be made as of 6 September 2021 (31 December 2020: 201,960,000 TL).

39. Cash Generated from the Operations

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

40. Equity Share Convertible Bonds

None (31 December 2020: None).

41. Cash Convertible Privileged Equity Shares

None (31 December 2020: None).

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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 (31 December 2020: None).

45. Related Parties

Related Party Receivables / (Payables)

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

<u>Bank Deposit</u>	<u>30 June 2021</u>	<u>31 December 2020</u>
Group Companies	308,309,712	409,450,889
Total	308,309,712	409,450,889
<u>Private Sector Bonds</u>	<u>30 June 2021</u>	<u>31 December 2020</u>
Group Companies	25,043,726	28,642,016
Total	25,043,726	28,642,016
<u>Investment Funds</u>	<u>30 June 2021</u>	<u>31 December 2020</u>
Group Companies	103,598,131	95,998,460
Total	103,598,131	95,998,460
<u>Related Party Receivables/(Payables)</u>	<u>30 June 2021</u>	<u>31 December 2020</u>
Group Companies	58,601,361	91,461,912
Shareholders	1,428,735	2,254,915
Total	60,030,096	93,716,827

<u>Premium production</u>	<u>1 January - 30 June 2021</u>	<u>1 April - 30 June 2021</u>	<u>1 January - 30 June 2020</u>	<u>1 April - 30 June 2020</u>
Group Companies	90,194,894	61,348,728	65,577,402	34,308,568
Shareholders	1,191,369	48,206	1,076,136	811,064
Total	91,386,263	61,396,934	66,653,538	35,119,632

<u>Claims Paid</u>	<u>1 January - 30 June 2021</u>	<u>1 April - 30 June 2021</u>	<u>1 January - 30 June 2020</u>	<u>1 April - 30 June 2020</u>
Group Companies	7,860,400	5,390,865	4,294,198	339,326
Total	7,860,400	5,390,865	4,294,198	339,326

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45. Related Parties (Continued)

Related Party Receivables / (Payables) (Continued):

<u>Interest Income Received from Related Part</u>	<u>1 January - 30 June 2021</u>	<u>1 April - 30 June 2021</u>	<u>1 January - 30 June 2020</u>	<u>1 April - 30 June 2020</u>
Group Companies	17,259,051	5,633,253	39,736,728	16,255,495
Total	17,259,051	5,633,253	39,736,728	16,255,495

<u>Commission Expenses</u>	<u>1 January - 30 June 2021</u>	<u>1 April - 30 June 2021</u>	<u>1 January - 30 June 2020</u>	<u>1 April - 30 June 2020</u>
Group Companies	69,862,197	34,527,748	49,944,754	23,862,776
Total	69,862,197	34,527,748	49,944,754	23,862,776

46. Subsequent Events

None.

47. Other

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

Other Receivables	30 June 2021	31 December 2020
Receivables from Tarım Sigortaları A.Ş	10,619,787	11,988,852
Agencies Obligated to Compulsory Earthquake Insurance Premiums	6,704,736	6,069,346
Other Receivables	1,005,825	3,632,284
Total	18,330,348	21,690,482
Other Short-term Payables	30 June 2021	31 December 2020
Payables to suppliers	47,460,550	40,496,161
Payables to contracted enterprises	23,545,421	26,540,034
Payables to Turkish Catastrophe Insurance Pool	21,832,026	29,576,727
Turkish Catastrophe Insurance Pool Payables to agencies	1,493,163	1,273,306
Other	1,049,127	276,459
Total	95,380,287	98,162,687
Other Prepaid Expenses	30 June 2021	31 December 2020
Prepaid Expenses	10,034,835	4,973,654
Total	10,034,835	4,973,654
Other Prepaid Expenses (Long-term)	30 June 2021	31 December 2020
Prepaid Expenses	52,487	61,469
Total	52,487	61,469

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47. Other (Continued)

Assistance services under other technical expenses in the income statement, amounting to TL 70,897,982 (1 January - 30 June 2020: TL 49,400,284), consist of deferral of these amounts and technical expenses of these services.

Income and Profit / Expenses and Losses from Other and Extraordinary Activities	1 January - 30 June 2021	1 April - 30 June 2021	1 January - 30 June 2020	1 April - 30 June 2020
Provisions Account (+/-)	(16,005,370)	(4,969,796)	(44,269,841)	(26,522,010)
<i>Retirement pay provision (Note 22)</i>	(831,572)	(415,786)	(831,572)	(415,786)
<i>Unused vacation provision (Note 23.1)</i>	(1,746,150)	(390,070)	(858,402)	102,747
<i>Portfolio Management</i>	(3,761,819)	(1,159,663)	(1,722,381)	(870,370)
<i>Donation (*)</i>	(10,150,000)	(5,690,000)	(17,600,000)	(11,500,000)
<i>Provisions for doubtful receivable</i>	(198,459)	1,821,782	(22,852,324)	(13,712,518)
<i>Provisions for other expenses</i>	682,630	863,941	(405,162)	(126,083)
Specialized Insurance Account (+/-)	3,285,385	947,771	1,903,067	618,970
Other income and profits	348,047	107,776	465,487	201,541
Deferred tax asset account (+/-) (Note 35)	18,063,346	23,274,776	(3,587,581)	2,466,966
Other expenses and losses (-)	(7,579,943)	(3,951,182)	(6,011,446)	(2,852,727)
<i>Bank expenses</i>	(5,582,742)	(3,075,830)	(4,256,765)	(2,055,013)
<i>Disallowable expenses</i>	(714,138)	(306,088)	(332,610)	(116,918)
<i>Other</i>	(1,283,063)	(569,264)	(1,422,071)	(680,796)
Total	(1,888,535)	15,409,345	(51,500,314)	(26,087,260)

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

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