

(Convenience translation of financial statements and footnotes
originally issued in Turkish)

Aksigorta Anonim Őirketi

Financial Statements as of September 30, 2021

AKSIGORTA ANONİM ŐİRKETİ

**CONVENIENCE TRANSLATION OF THE COMPANY’S REPRESENTATION ON THE
FINANCIAL STATEMENT PREPARED AS AT 30 SEPTEMBER 2021**

We confirm that the accompanying financial statements and notes to these financial statements as of September 30, 2021 are prepared in accordance with the accounting principles and standards as set out in the insurance legislation and in conformity with the provisions of the Decree on “Financial Reporting of Insurance and Reinsurance Companies and Pension Funds” and our Company’s accounting records.

İstanbul, October 25, 2021

Osman AKKOCA
Chief Financial Officer

Uğur GÜLEN
Chief Executive Officer

Halil KOLBAŐI
Actuary
Licence No: 72

Seza TANINMIŐ ÖZGÜR
Accounting Manager

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEET AS OF SEPTEMBER 30, 2021 AND 2020

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

ASSETS			
I- CURRENT ASSETS	Note	Reviewed	Audited
		Current Period (30/09/2021)	Previous Period (31/12/2020)
A- Cash and Cash Equivalents	14	2.329.469.935	2.270.224.400
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	1.633.063.033	1.600.368.638
4- Cheques Given and Payment Orders (-)		-	-
5- Receivables From Credit Cards with Bank Guarantee Due Less Than Three Months	14	696.406.902	669.855.762
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Investments with Risks on Policy Holders	11.1	2.193.996.534	1.744.245.833
1- Financial Assets Available for Sale	11.1	1.159.033.981	1.473.530.640
2- Financial Assets Held to Maturity	11.1	805.037.774	205.527.370
3- Financial Assets Held for Trading	11.1	228.127.731	63.234.980
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders	11.1	1.797.048	1.952.843
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)		-	-
C- Receivables From Main Operations	12.1	959.203.881	1.119.739.438
1- Receivables From Insurance Operations	12.1	965.897.996	1.125.530.327
2- Provision for Receivables From Insurance Operations (-)	12.1	(32.205.161)	(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	219.813.425	179.509.326
10- Provisions for Doubtful Receivables From Main Operations (-)	12.1	(194.333.333)	(167.471.613)
D- Due from Related Parties		217.138	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		217.138	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		21.023.521	22.669.699
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		1.128.459	979.217
4- Other Receivables	47	19.895.062	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	363.109.063	339.865.524
1- Deferred Commission Expenses	17.20	347.831.128	334.192.509
2- Accrued Interest and Rent Income		-	230.751
3- Income Accruals		11.340.025	468.610
4- Other Prepaid Expenses	47	3.937.910	4.973.654
G- Other Current Assets		2.010.497	2.314.724
1- Inventories		22	22
2- Prepaid Taxes and Funds		1.989.508	2.312.182
3- Deferred Tax Assets		-	-
4- Business Advances		20.967	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		5.869.030.569	5.499.238.353

The accompanying notes form an integral part of these financial statements

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEET AS OF SEPTEMBER 30, 2021 AND 2020

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

ASSETS			
II- NON CURRENT ASSETS	Note	Reviewed	Audited
		Current Period (30/09/2021)	Previous Period (31/12/2020)
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	6 ve 7	36.117.092	43.502.027
1- Investment Properties	7	-	-
2- Diminution in Value for Investment Properties (-)		-	-
3- Owner Occupied Properties	6	1.598.569	1.598.569
4- Machinery and Equipments		-	-
5- Furnitures and Fixtures	6	32.446.382	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	37.972.109	41.129.271
9- Accumulated Depreciation (-)	6 ve 7	(64.394.190)	(54.059.542)
10- Advances Paid for Tangible Fixed Assets (Including Construction In Progresses)		2.889.136	-
F- Intangible Fixed Assets	8	77.990.848	57.223.537
1- Rights	8	191.506.036	161.424.844
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortizations (-)	8	(135.161.223)	(113.365.102)
7- Advances Regarding Intangible Assets	8	21.646.035	9.163.795
G- Prepaid Expenses and Income Accruals		19.878	61.469
1- Deferred Commission Expenses		-	-
2- Accrued Interest and Rent Income		-	-
3- Other Prepaid Expenses	47	19.878	61.469
H- Other Non-current Assets		40.699.050	20.173.371
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	35	40.699.050	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		154.826.868	120.960.404
TOTAL ASSETS (I+II)		6.023.857.437	5.620.198.757

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEET AS OF SEPTEMBER 30, 2021 AND 2020

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

The accompanying notes form an integral part of these financial statements

LIABILITIES			
III- SHORT TERM LIABILITIES	Note	Reviewed	Audited
		Current Period (30/09/2021)	Previous Period (31/12/2020)
A- Borrowings		25.743.299	80.005.619
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables	20	15.766.206	13.524.088
3- Deferred Finance Lease Borrowing Costs (-)	20	(4.598.370)	(6.146.671)
4- Current Portion of Long Term Borrowings		-	-
5- Principal, Installments and Interests on Issued Bills (Bonds)		-	-
6- Other Financial Assets Issued		-	-
7- Value Differences on Issued Financial Assets (-)		-	-
8- Other Financial Borrowings (Liabilities)	14	14.575.463	72.628.202
B- Payables From Main Operations		740.431.854	765.628.607
1- Payables Due to Insurance Operations	19.1	740.431.854	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		25.036	457.900
1- Due to Shareholders		1.142	1.143
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		23.894	456.757
6- Due to Other Related Parties		-	-
D- Other Payables		153.654.295	151.909.107
1- Deposits and Guarantees Received	12.1	11.602.290	8.186.217
2- Due to SSI regarding Treatment Expenses	19.1	44.333.337	45.560.203
3- Other Payables	19.1	97.718.668	98.162.687
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		3.588.992.875	3.067.714.264
1- Unearned Premiums Reserve - Net	20	1.718.725.556	1.627.711.840
2- Unexpired Risk Reserves - Net	20	14.864.657	23.860.001
3- Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net	4.1 ve 20	1.855.398.037	1.416.138.827
5- Provision for Bonus and Discounts - Net	20	4.625	3.596
6- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Relevant Provisions		80.998.635	77.151.855
1- Taxes and Dues Payable		50.715.765	53.293.686
2- Social Security Premiums Payable	23.1	216.382	238.630
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		8.179.107	5.472
5- Corporate Tax Liability Provision on Period Profit	35	86.185.111	117.630.688
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	35	(64.297.730)	(94.016.621)
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks		94.137.779	70.812.935
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	19.1 ve 23.4	94.137.779	70.812.935
H- Deferred Income and Expense Accruals		177.511.880	154.948.180
1- Deferred Commission Income	19.1	177.511.880	149.596.174
2- Expense Accruals	2.11 ve 19.1	-	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		4.861.495.888	4.368.628.702

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

AKSİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEET AS OF SEPTEMBER 30, 2021 AND 2020

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

LIABILITIES			
IV- LONG TERM LIABILITIES	Note	Reviewed	Audited
		Current Period (30/09/2021)	Previous Period (31/12/2020)
A- Borrowings		8.654.454	21.514.606
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables	20	11.370.390	28.360.104
3- Deferred Finance Lease Borrowing Costs (-)	20	(2.715.936)	(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		111.239.205	97.988.544
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Mathematical Reserves - Net	17.2 ve 20	1.354.278	1.418.276
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	20	109.884.927	96.570.268
F- Other Liabilities and Provisions		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks		11.223.792	9.095.078
1- Provision for Employment Termination Benefits	22	11.223.792	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		131.117.451	128.598.228

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

AKSİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE BALANCE SHEET AS OF SEPTEMBER 30, 2021 AND 2020

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

SHAREHOLDERS' EQUITY			
V- SHAREHOLDERS' EQUITY	Note	Reviewed	Audited
		Current Period (30/09/2021)	Previous Period (31/12/2020)
A- Paid in Capital		306.000.000	306.000.000
1- (Nominal) Capital	15	306.000.000	306.000.000
2- Unpaid Capital (-)		-	-
3- Positive Inflation Adjustment on Capital		-	-
4- Negative Inflation Adjustment on Capital (-)		-	-
5- Unregistered Capital		-	-
B- 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		316.969.646	207.289.147
1- Legal Reserves	15	111.936.209	82.866.210
2- Statutory Reserves		62	62
3- Extraordinary Reserves		225.705.416	128.432.529
4- Special Funds (Reserves)	15 ve 22	(6.635.512)	(5.451.203)
5- Revaluation of Financial Assets	16.1	(14.036.529)	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	230.934.658	432.342.886
1- Net Profit of the Period		230.934.658	432.342.886
2- Net Loss of the Period (-)		-	-
3- Net Income not subject to distribution		-	-
Total Shareholders' Equity		1.031.244.098	1.122.971.827
Total Liabilities and Shareholders' Equity (III+IV+V)		6.023.857.437	5.620.198.757

The accompanying notes form an integral part of these financial statements

AKSİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME FOR THE PERIOD JANUARY 1 – SEPTEMBER 30, 2021 AND 2020

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

I-TECHNICAL PART	Note	Unreviewed	Unreviewed
		Current Period	Current Period
		01/01/2021-30/09/2021	01/07/2021-30/09/2021
A- Non-Life Technical Income		2.973.637.179	1.073.910.929
1- Earned Premiums (Net of Reinsurer Share)		2.481.435.003	879.542.834
1.1 - Written Premiums (Net of Reinsurer Share)	24	2.563.453.376	883.159.918
1.1.1 - Gross Written Premiums (+)	24	4.471.373.367	1.471.332.692
1.1.2 - Ceded Premiums to Reinsurers (-)	17.16 ve 24	(1.783.978.649)	(543.831.234)
1.1.3 - Ceded Premiums to SSI (-)	17.16 ve 24	(123.941.342)	(44.341.540)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(91.013.716)	(14.320.256)
1.2.1 - Unearned Premiums Reserve (-)	20	(119.677.077)	61.183.687
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)	17.16 ve 20	23.160.470	(78.711.985)
1.2.3 - SSI of Unearned Premiums Reserve (+)	17.16 ve 20	5.502.891	3.208.042
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		8.995.343	10.703.172
1.3.1 - Unexpired Risks Reserve (-)	20	655.480.503	419.309.289
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)	17.16 ve 20	(646.485.160)	(408.606.117)
2- Investment Income Transferred from Non-Technical Part		460.856.145	166.035.607
3- Other Technical Income (Net of Reinsurer Share)		14.609.815	5.784.096
3.1 - Gross Other Technical Income (+)		14.609.815	5.784.096
3.2 - Reinsurance Share of Other Technical Income (-)		-	-
4- Accrued Subrogation and Salvage Income (+)		16.736.216	22.548.392
B- Non-Life Technical Expense (-)		(2.606.187.825)	(970.988.897)
1- Total Claims (Net of Reinsurer Share)		(1.966.138.245)	(749.723.665)
1.1- Claims Paid (Net of Reinsurer Share)		(1.526.878.682)	(618.711.153)
1.1.1 - Gross Claims Paid (-)		(2.216.171.918)	(826.934.632)
1.1.2 - Reinsurance Share of Claims Paid (+)	17.16	689.293.236	208.223.479
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(439.259.563)	(131.012.512)
1.2.1 - Outstanding Claims Reserve (-)		(1.287.895.782)	(524.185.561)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	17.16	848.636.219	393.173.049
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	20	(1.031)	(109)
2.1 - Bonus and Discount Reserve (-)	20	(9.355)	(74.254)
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)	17.16 ve 20	8.324	74.145
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	20	(13.314.658)	(4.443.822)
4- Operating Expenses (-)	32	(518.255.371)	(179.240.763)
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	(108.478.520)	(37.580.538)
6.1.- Gross Other Technical Expenses (-)	47	(108.478.520)	(37.580.538)
6.2.- Reinsurance Share of Other Technical Expenses (+)		-	-
C- Non Life Technical Net Profit (A-B)		367.449.354	102.922.032

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

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME FOR THE PERIOD JANUARY 1 – SEPTEMBER 30, 2021 AND 2020

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

D- Life Technical Income		93.928	30.676
1- Earned Premiums (Net of Reinsurer Share)		-	-
1.1 - Written Premiums (Net of Reinsurer Share)		-	-
1.1.1 - Gross Written Premiums (+)		-	-
1.1.2 - Ceded Premiums to Reinsurers (-)		-	-
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		-	-
1.2.1- Unearned Premium Reserves (-)		-	-
1.2.2- Unearned Premium Reserves Reinsurer Share (+)		-	-
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		-	-
1.3.1- Unexpired Risks Reserves (-)		-	-
1.3.2- Unexpired Risks Reserves Reinsurer Share (+)		-	-
2- Life Branch Investment Income		93.928	30.676
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		(89.267)	(34.888)
1- Total Claims (Net of Reinsurer Share)		(153.264)	(49.307)
1.1- Claims Paid (Net of Reinsurer Share)		(153.616)	(49.307)
1.1.1- Gross Claims Paid (-)		(153.616)	(49.307)
1.1.2- Claims Paid Reinsurer Share (+)		-	-
1.2- Changes in Outstanding Claims Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	352	-
1.2.1 - Outstanding Claims Reserve (-)		352	-
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) (+/-)		63.997	14.419
3.1- Mathematical Reserves (-)		63.997	14.419
3.1.1- Actuarial Mathematical Reserve (-)		57.597	12.977
3.1.2- Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		6.400	1.442
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)		4.661	(4.212)
G- Individual Retirement Technical Income			
1- Fund Management Fee		-	-
2- Management Fee Deduction		-	-
3- Initial Contribution Fee		-	-
4- Management Fee In Case Of Temporary Suspension		-	-
5- Withholding tax		-	-
6- Increase in Market Value of Capital Commitment Advances		-	-
7-Other Technical Income		-	-
H- Individual Retirement Technical Expense			
1- Fund Management Expenses (-)		-	-
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Expense (-)		-	-
I- Individual Retirement Technical Profit (G-H)			

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

AKSİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME FOR THE PERIOD JANUARY 1 – SEPTEMBER 30, 2021 AND 2020

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

II-NON TECHNICAL PART	Note	Unreviewed	Unreviewed
		Current Period	Current Period
		01/01/2021-30/09/2021	01/07/2021-30/09/2021
C- Non Life Technical Profit (A-B)		367.449.354	102.922.032
F- Life Technical Profit (D-E)		4.661	(4.212)
I- Individual Retirement Technical Profit (G-H)		-	-
J- Total Technical Profit (C+F+I)		367.454.015	102.917.820
K- Investment Income		703.271.296	245.732.494
1- Income From Financial Investment	26	256.324.626	82.682.692
2- Income from Sales of Financial Investments	26	51.687.494	14.025.118
3- Revaluation of Financial Investments	26	55.959.629	26.861.470
4- Foreign Exchange Gains	36	261.488.284	75.907.278
5- Income from Affiliates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income Received from Land and Building		-	-
8- Income from Derivatives	13	77.811.263	46.255.936
9- Other Investments		-	-
10- Investment Income transferred from Life Technical Part		-	-
L- Investment Expenses (-)		(741.599.143)	(258.750.317)
1- Investment Management Expenses (including interest) (-)	20	(4.792.403)	(1.440.435)
2- Valuation Allowance of Investments (-)	26	(1.068.947)	1.799.493
3- Losses On Sales of Investments (-)	26	(18.409.702)	(7.523.797)
4- Investment Income Transferred to Life Technical Part (-)		(460.856.145)	(166.035.606)
5- Losses from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	36	(223.123.255)	(74.153.548)
7- Depreciation Expenses (-)	6,7 ve 8	(33.348.691)	(11.396.424)
8- Other Investment Expenses (-)		-	-
M- Other Income and Expenses (+/-)	47	(12.006.399)	(10.117.864)
1- Provisions Account (+/-)	47	(20.380.463)	(4.375.093)
2- Discount account (+/-)		-	-
3- Mandatory Earthquake Insurance Account (+/-)	47	3.191.069	(94.316)
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Asset Accounts(+/-)	35 ve 47	15.676.486	(2.386.860)
6- Deferred Tax Expense Accounts (-)		-	-
7- Other Income and Revenues	47	842.642	494.595
8- Other Expense and Losses (-)	47	(11.336.133)	(3.756.190)
9- Prior Period Income		-	-
10- Prior Period Losses (-)		-	-
N- Net Profit / (Loss)	37	230.934.658	61.801.234
1- Profit/(Loss) Before Tax		317.119.769	79.782.133
2- Corporate Tax Liability Provision (-)	35	(86.185.111)	(17.980.899)
3- Net Profit (Loss)		230.934.658	61.801.234
4- Inflation Adjustment Account		-	-

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

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD JANUARY 1 – SEPTEMBER 30, 2021 AND 2020

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

CURRENT PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
I - Closing Balance of Prior Period (31/12/2020)	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 16.1)	-	-	15.478.078	-	-	-	-	-	-	-	15.478.078
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)	-	-	-	-	-	-	-	1.184.309	-	-	1.184.309
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	230.934.658	-	230.934.658
I- Dividend distributed	-	-	-	-	-	-	-	-	306.000.000	-	306.000.000
J- Transfer	-	-	-	-	-	29.069.999	-	97.272.887	126.342.886	-	-
II- Closing Balance (30/09/2021) (III+ A+B+C+D+E+F+G+H+I+J)	306.000.000	-	14.036.529	-	-	111.936.209	62	310.059.231	230.934.658	86.350.467	1.031.244.098

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

AKSİGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD JANUARY 1 – SEPTEMBER 30, 2021 AND 2020

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

CURRENT PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
I - Closing Balance of Prior Period (31/12/2019)	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 16.1)	-	-	45.881.878	-	-	-	-	-	-	-	45.881.878
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income / (expenses)	-	-	-	-	-	-	-	625.947	-	-	625.947
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	344.498.750	-	344.498.750
I- Dividend distributed	-	-	-	-	-	-	-	-	201.960.000	-	201.960.000
J- Transfer	-	-	-	-	-	36.983.922	-	127.414.515	-	164.398.437	-
II- Closing Balance (30/09/2020) (III+ A+B+C+D+E+F+G+H+I+J)	306.000.000	-	39.293.244	-	-	82.866.210	62	214.277.697	344.498.750	86.350.467	994.699.942

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

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF THE STATEMENTS OF CASH FLOW FOR THE PERIOD JANUARY 1 – SEPTEMBER 30, 2021 AND 2020

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

CASH FLOW STATEMENT			
A. CASH FLOWS FROM THE OPERATING ACTIVITIES	Note	Unreviewed	Unreviewed
		Reviewed	Reviewed
		01/01/2021- 30/09/2021	01/01/2020- 30/09/2020
1. Cash inflows from the insurance operations		5.446.948.905	4.272.615.455
2. Cash inflows from the reinsurance operations			
3. Cash inflows from the pension operations			
4. Cash outflows due to the insurance operations (-)		(4.845.377.589)	(3.514.162.523)
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)		601.571.316	758.452.932
8. Interest payments (-)		-	-
9. Income tax payments (-)	35	(87.911.798)	(120.560.192)
10. Other cash inflows		6.368.982	6.784.350
11. Other cash outflows (-)		(262.087.928)	(225.370.949)
12. Net cash generated from the operating activities		257.940.572	419.306.141
B. CASH FLOWS FROM THE INVESTING ACTIVITIES			
1. Sale of tangible assets		1.304.540	(578.448)
2. Purchase of tangible assets (-)	6,7,8	(49.974.847)	(21.897.831)
3. Acquisition of financial assets (-)		(2.385.021.670)	(2.867.953.095)
4. Sale of financial assets		2.044.378.330	2.067.099.262
5. Interest received		390.602.864	187.122.623
6. Dividends received		-	-
7. Other cash inflows		-	-
8. Other cash outflows (-)		(58.052.739)	(48.094.936)
9. Net cash generated from the investing activities		(56.763.522)	(684.302.425)
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	(10.704.974)	(11.628.883)
4. Dividend paid (-)	38	(306.000.000)	(201.960.000)
5. Other cash inflows			
6. Other cash outflows (-)	20		
7. Cash generated from the financing activities		(316.704.974)	(213.588.883)
D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH			
		36.568.056	1.283.337
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		(78.959.868)	(477.301.830)
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	1.915.649.199	1.354.465.127

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

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS AS OF SEPTEMBER 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. as of September 30, 2021. 38,02% (December 31, 2020: %38,02) of the Company is issued in Borsa İstanbul (“BİST”) (Note 2.14).

Agreement about the sale of %50 of 18.965.880.200 units of Aksigorta A.Ş. shares with TL 189.658.802 nominal value that belongs to H.Ö. Sabancı Holding (“Holding”) portfolio was signed with Ageas Insurance International N.V. at February 18, 2011. At the date of July 29, 2011, 9.482.940.100 units of Aksigorta A.Ş. shares that correspond to %50 of the Holding’s portfolio have been transferred to Ageas Insurance International N.V. with the sale price (excluding the corrections) of USD 220.029.000.

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

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

1.3 Main operations of the Company

The Company’s main operations include insurance activities based on non-life insurance branches, including primarily motor vehicle, motor third party liability, fire, marine, accident, personal accident, engineering, agriculture and health. The headquarters of the Company is in İstanbul. The Company has 10 district offices of which three of them are in İstanbul (İstanbul Anatolian Region, İstanbul European Region and İstanbul Thracian Region), and one in each White Sea and South Aegean Region, Ankara Region, Çukurova and Central Anatolia Region, Eastern Anatolia and Eastern Black Sea Region, Southeast Region, İzmir and North Aegean Region, Marmara and West Black sea Region. As of September 30, 2021, the Company has 3.368 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 September 2021	1 January- 31 December 2020
Top executive	9	9
Manager and assistant manager	102	99
Specialist/Executives	561	560
Total	672	668

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2021**

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

1. General Information (Continued)

1.6 Remuneration and fringe benefits provided to top management

Remuneration and fringe benefits provided to top management such as; chairman and members of the board of directors, managing director and assistant managing directors amount to TL 8.200.665 in total for the period January 1 – September 30, 2021 (September 30, 2020: TL 6.735.420).

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 Undersecretariat for the Treasury of the Prime Minister’s Office of Republic of Turkey (“Undersecretariat for the Treasury”) 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, dated January 4, 2008, revenues generated by the Company through investment of assets that provide non-life technical provisions were transferred from the non-technical division to technical division. 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 as of September 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 Company’s financial statements as of September 30, 2021 are approved and authorized for issuance as of October 25, 2021 by the Board of Directors and signed by Chief Executive Officer Uğur Gülen, Chief Financial Officer Osman Akkoca, Accounting Manager Seza Tanınmış Özgür and Actuary Halil Kolbaşı. Detailed information about this subsequent event is disclosed in Note 46.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2021**

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

2. Summary of the Accounting Policies

2.1 Basis of Preparation

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

Accounting Standards

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

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). 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.

The Company accounts and recognizes its insurance technical provisions in its not consolidated financial statements as of September 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 Undersecretariat of Treasury (“Treasury”).

As of January 1, 2008, the Company accounts for its operations in accordance with the “Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies” issued on July 14, 2007 and effective from January 1, 2008 within the framework of this regulation a, Turkish Accounting Standards (“TAS”) and Turkish Financial Reporting Standards (“TFRS”) issued by Turkish Accounting Standards Board (“TASB”) and other regulations, communiqués and explanations issued by Treasury on accounting and financial reporting. With reference to the notice of Treasury No. 9 dated February 18, 2008, “TAS 1- Financial Statements and Presentation”, “TAS 27- Consolidated and Non-consolidated Financial Statements”, “TFRS 1 - Transition to TFRS” and “TFRS 4- Insurance Contracts” were not included in the scope of this application for the year 2008. In addition, as of March 31, 2009, the companies are obliged to apply the Communiqué on the Preparation of the Consolidated Financial Statement of Insurance and Reinsurance Companies and Pension Companies” (“Consolidation Communiqué”) dated December 31, 2009 and published in the Official Gazette numbered 27097. According to the temporary Article 2 of the above-mentioned Communiqué, associations except insurance, reinsurance and pension companies are out of scope until March 31, 2010.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2021**

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

2. Summary of the Accounting Policies (Continued)

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

The Public Oversight, Accounting and Auditing Standards Agency (POA), established in accordance with the Statutory Decree published in the Official Gazette dated November 2, 2011, among its other powers and duties, for the purpose of ensuring that the financial statements of those obliged to keep accounts in accordance with the laws they are subject to meet the needs, are transparent, reliable, comprehensible, comparable and consistent; is authorized to create and publish Turkish Accounting Standards (TASs) which are compliant with international standards; to make secondary regulations regarding the implementation of the Turkish Accounting Standards, to make necessary decisions and to grant approval on the regulations made by the institutions and organizations authorized to make regulations within their domain.

Pursuant to the Decree of the Assembly Regarding the Determination of the Scope of Implementation of Turkish Accounting Standards” dated January 13, 2011 and numbered 6102; institutions concerning public interest stated in the Public Service Commission numbered 660 shall be subject to independent audit within the framework of Article 397 of the Code 6102, based on the decree of Board of Directors and entities mentioned in Paragraph 2 of Article 1534 of the same Code shall apply TAS in the preparation of their separate and consolidated financial statements.

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”.

a. Preparation of Financial Statements in Hyperinflationary Periods

In accordance with the Undersecretariat of the Treasury’s statement no: 19387 issued on April 4, 2005, the Company’s financial statements as of December 31, 2004 are adjusted and its 2005 openings are prepared based on the requirements set out in “the preparation of financial statements in hyperinflationary periods” specified in the Capital Market Board’s (CMB) Decree Volume: XI, No: 25 “Accounting Standards in Capital Markets” which was published in the Official Gazette No: 25290 on November 15, 2003. In addition, the preparation of financial statements in hyperinflationary periods has not been applied in accordance with the statement of the Undersecretariat of the Treasury. Therefore, as of March 31, 2019, non-monetary balance sheet assets and liabilities and equity items, including capital share, are calculated by indexing of inputs as of December 31, 2004 (for inputs prior to December 31, 2004) and carrying inputs subsequent to December 31, 2004 at nominal value.

b. Comparative Information and Restatement of Prior Period Financial Statements

The Company’s balance sheet as of September 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 interim period between January 1 – September 30, 2021 are presented in comparison with its income statement, statement of changes in equity and cash flow statement for the interim period between January 1 – September 30, 2020.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2021**

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

2. Summary of the Accounting Policies (Continued)

c. Technical Reserves

Unearned Premium Reserve

Unearned premium reserve is calculated on a daily basis for all policies in force as of balance sheet date for unearned portions of premiums written except for marine premiums. During the calculation of unearned portion of premiums written on a daily basis, it is supposed that the policies start at 12.00 noon and finish at 12.00 noon again. Within the framework of 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”) issued in Official Gazette No: 26606 dated August 7, 2007, unearned premium reserve and the reinsurers’ share of the unearned premium reserve of the policies, are calculated as the unearned portion of the premiums and ceded premiums to reinsurers without deducting commissions or any other deductions, on an accrual and gross basis. For marine policies with an uncertain end date, unearned premium reserve is calculated as 50% of the premiums written in the last three months (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.

Unexpired Risks Reserve

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

In accordance with the Undersecretariat of the Treasury’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 are calculated the prior period claims provision with new method to calculate unexpired risk reserve. Turkish Treasury allows insurance companies with the circular 2016/37 to calculate their unexpired risks reserve on Motor Own Damage, Motor Third Party Liability (Compulsory and Facultative separately) and General Liability by considering only the last 4 accident quarters’ loss ratios. According to this new method, loss ratios exceeding 95% in 2016, 90% in 2017 and 85% in 2018 and later years, will be multiplied by unearned premiums reserve.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2021**

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

2. Summary of the Accounting Policies (Continued)

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

The company has calculated its Unexpired Risks Reserve in Compulsory Motor Third Party Liability and General Liability lines using the method in Circular 2016/37. The Company has been calculated TL 11.871.352 in the General Liability Branch (December 31,2020: TL 23.246.531), and TL 2.988.270 in the Water Vehicle Branch (December 31, 2020: TL 610.828) , TL 5.035 in the Air Vehicle Branch (December 31, 2020: TL 2.642) a net provision has been calculated TL 14.864.657. (December 31, 2020: TL 23.860.001)

Bonuses and rebates reserve

The bonus 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 465.117 and net TL 4.625 as of 30 September 2021 (as of 31 December 2020 company has calculated and accounted gross bonus and rebates reserve amounting to TL 455.763 and net TL 3.596) (Note 20).

Claims provision

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

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 Undersecretariat or other calculation methods to be determined by the Undersecretariat.

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,

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Frequency/Severity, Munich Chain or Bornhuett-Ferguson. The method’s using by the actuary are as follows:

2. Summary of the Accounting Policies (Continued)

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

In accordance with the circular of the Undersecretariat of Treasury “Circular on Explanations Related Calculation of Incurred But Not Reported Claims Provision (IBNR)” (the “Circular numbered 2011/23”), the companies may apply a discount at the related rate not to exceed 25% (15% for branches which have started operating recently and which do not have five-year data) over the outstanding files for their files in the lawsuit process in accordance with the accruals in the last five years retrospectively taking into consideration the conclusion date of lawsuits) by sub-branches, calculating a winning rate over the amounts of lawsuits filed against the company. Since the above-mentioned actuarial chain ladder method involve the mentioned lawsuit winning discount in calculations, the Company decided to terminate this practice as of 2015 in accordance with the opinion of the company actuary.

Branch	Applied Method	30 September 2021		31 December 2020	
		Gross Additional Reserve	Net Additional Reserve	Gross Additional Reserve	Net Additional Reserve
Motor Crafts Liability	Frequency/Severity/Standard	957.799.986	957.799.986	892.470.020	892.470.020
General Liability	Standard Chain/Loss Ratio	372.699.535	33.497.289	323.240.038	41.736.151
General Losses	Standard Chain	8.325.393	639.943	12.739.115	990.478
Fire and Natural Disaster	Standard Chain	30.527.224	1.629.283	22.845.897	3.394.607
Transportation	Standard Chain	4.554.212	346.825	(767.587)	(474.757)
Motor Own Damage	Standard Chain	698.646	563.881	1.475.179	762.933
Health	Standard Chain	1.237.408	31.475	813.472	127.099
Credit	Standard Chain	13.298	642	5.589	279
Air Crafts Liability	Standard Chain	1.806.158	21	843.662	28
Financial Losses	Standard Chain	6.637.419	(54.895)	3.766.684	(102.528)
Water Crafts	Standard Chain	1.615.524	660.610	1.470.266	505.788
Suretyship	Standard Chain	471.307	210.159	194.308	95.624
Air Crafts	Standard Chain	117.289	33	333.022	34
Legal Protection	Standard Chain	217.141	217.141	104.477	104.477
Motor Crafts	Standard Chain	(111.518.909)	(111.518.909)	(28.150.777)	(28.150.777)
Total		1.275.201.631	884.023.484	1.231.383.365	911.459.456

While the Company actuary determined the threshold values regarding the peak claims considered as significant claims using the Box-Plot method allowed by the Undersecretariat of Treasury only for the Mandatory Traffic branch in order to make calculations using a more homogeneous data set in determining the IBNR before the Circular 2014/16, the threshold values have been determined using the plot analysis starting from 2015. With this method the files, exceeds the determined limits considered as significant claims. The claim process of these files is different from other files. For these files, additional provision calculations were performed and added to the provisions. As of March 2021 limits, the total number of files that are subject to calculation, significant claims file number, significant claims file percentages are as follows;

Branch	30 September 2021				31 December 2020			
	Limit	Big Claim Files	Total Number of Files	Elimination (%)	Limit	Big Claim Files	Total Number of Files	Elimination (%)
General Liability	1.650.000	240	41.229	0,6%		176	37.285	0,5%
Employer Third Party Liability	650.000	64	13.481	0,5%	650.000	44	11.997	0,4%
General Third Party Liability	600.000	125	18.667	0,7%	600.000	97	17.501	0,6%
Other	400.000	51	9.081	0,6%	400.000	35	7.787	0,4%
General Losses	999.999	115	195.807	0,1%	999.999	87	184.807	0,0%
Transportation	499.999	125	64.675	0,2%	499.999	111	62.421	0,2%
Fire and Natural Disaster	999.999	302	302.979	0,1%	999.999	240	284.944	0,1%
Accident	299.999	41	7.931	0,5%	299.999	36	7.602	0,5%
Facultative Public Liability	149.999	179	10.533	1,7%	149.999	126	9.762	1,3%
Financial Losses	50.000	60	38.159	0,2%	50.000	55	37.065	0,1%

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2. Summary of the Accounting Policies (Continued)

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

In branches where significant claim determination is performed, additional provision calculations were performed for these files added to the Outstanding Claims Provisions. Additional gross amounts, as the branches are as follows.

Branch	Gross Additional Amount	Net IBNR
General Liability	49.234.180	3.160.671
General Losses	6.324.475	91.086
Accident	123.452	13.084
Fire and Natural Disaster	31.673.255	2.775.705
Facultative Public Liability	2.009.927	2.009.927
Financial Losses	6.861.170	163.026
Transportation	5.713.703	844.827

The circular numbered 2015/7 published by the Undersecretariat of Treasury has made it possible to recognize gradually the increases to occur in the IBNR amount to be calculated as of January 1, 2015 in accordance with the circular numbered 2014/6 when compared to the IBNR amount calculated as of prior year as of quarterly periods from 2015 to 2017. In compliance with the circular, the company has not used gradual transition rate for the 1th quarter of 2017 in the Compulsory Traffic and General Liability branches.

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 (clean-cut or run-off) 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 109.884.927 (December 31, 2020: TL 96.570.268) of equalization reserve as of September 30, 2021 (Note 20).

2. Summary of the Accounting Policies (Continued)

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

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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 Undersecretariat for the Treasury of the Prime Minister’s Office of Republic of Turkey (“Undersecretariat for the Treasury”) Circular relating to Subrogation and salvage income No. 2015/6, dated February 10, 2015; as of September 30, 2021, 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 September 30, 2021 are TL 63.001.291 (December 31, 2020: TL 46.265.076) and 25.309.127 (December 31, 2020: TL 11.804.440 TL) respectively (Note 12.1).

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

	30 September 2021					
	Collection			Accrual		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Motor Own Damage	215.199.555	(98)	215.199.457	53.207.030	-	53.207.030
Motor Crafts Liability	16.858.954	(1.550.152)	15.308.802	8.564.401	(543.840)	8.020.561
Fire and Natural Disaster	6.474.156	(2.489.340)	3.984.816	1.936.775	(605.203)	1.331.572
Transportation	2.902.510	(1.474.619)	1.427.891	1.693.940	(1.336.869)	357.071
General Liability	77.513	(65.580)	11.933	13.695	(9.062)	4.633
General Losses	227.800	(170.660)	57.140	77.163	(66.595)	10.568
Water Crafts	164.406	(98.644)	65.762	33.801	-	33.801
Suretyship	3.211	-	3.211	100.000	(71.555)	28.445
Legal Protection	254	-	254	5.441	-	5.441
Financial Losses	511.268	(503.599)	7.669	10.841	(8.672)	2.169
Total	242.419.627	(6.352.692)	236.066.935	65.643.087	(2.641.796)	63.001.291

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CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2021

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2. Summary of the Accounting Policies (Continued)

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

	31 December 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
Fire and Natural Disaster	7.712.930	(4.481.667)	3.231.263	4.565.328	(1.595.787)	2.969.541
Transportation	1.915.055	(1.197.296)	717.759	717.994	(296.036)	421.958
General Liability	24.812	(27.838)	(3.026)	3.143	(2.200)	943
General Losses	483.767	(371.211)	112.556	140.586	(78.729)	61.857
Water Crafts	125.432	(8.147)	117.285	-	-	-
Suretyship	6.013	(3.163)	2.850	73.972	(37.244)	36.728
Accident	24.454	-	24.454	13.174	-	13.174
Financial Losses	3.256	(1.628)	1.628	-	-	-
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 article No: 323, the Company provided provision for doubtful receivables by taking the nature and the value of the receivable into account. As of September 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 24.221.172. (December 31, 2020: 24.482.790 TL), provision for the overdue receivables which are not under legal follow up in the account of “Provision for doubtful receivables from main operations” amounting to TL 32.205.161 TL (31 December 2020: 17.859.556 TL). Furthermore, provision is accounted for the retention of claim recovery transactions under legal follow up amounting to TL 170.123.273 (December 31, 2020: TL 142.988.823 and it has been accounted in “Provision for doubtful receivables from main operations” account (Note 12).

g. Earnings per Share

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

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

h. Subsequent Events

Subsequent events cover the events between the balance sheet date and the issuance of the financial statements, even if they are occurred subsequent to the disclosures made on profit or other selected financial information. The Company adjusts its financial statements in the occurrence of any subsequent events (Note 46).

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2. Summary of the Accounting Policies (Continued)

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

i. Provisions, Contingent Liabilities and Assets

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

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

If provision is measured using the cash flows estimated to settle the present obligation, its carrying amount will be equal to the present value of such cash flows.

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

j. Changes in Accounting Policies, Accounting Estimates and Errors

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

k. Corporate Taxation and Deferred Tax

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

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AS OF SEPTEMBER 30, 2021**

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

2. Summary of the Accounting Policies (Continued)

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

Corporate Tax

In Turkey, the corporate tax rate is 25% for 2021 (December 31, 2020: 22%). Business corporate tax rate of discount to be added As per the income tax laws unacceptable costs of the institutions, the exception in the tax law (such as earnings exemption) that will be found as a result of the reduction of the tax base and the discount is applied. If the profit is not distributed, no other taxes are paid.

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 pre stated 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 can not 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.

In accordance with Tax Law No.5024 “Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law” published in the Official Gazette on March 31, 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004 income and corporate taxpayers are required to prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the Law in question, the cumulative inflation rate for the last 36 months and the inflation rate for the last 12 months must exceed 100% and 10% respectively (Wholesale Price Index increase rate). Since these conditions in question were not fulfilled in 2019 and 2018, no inflation adjustments were performed (Note 35).

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2. Summary of the Accounting Policies (Continued)

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

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are determined using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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.

As of September 30, 2021, the Company has booked the deferred tax assets in amounting to TL 40.699.050 (December 31, 2020: TL: 20.173.371) is calculated over the statutory tax losses carried forward. The Company management is in the opinion that the Company is able to make sufficient taxable income based on the business plans and projections therefore the Company foresees no indicator of any concern regarding its recoverability of deferred tax assets.

Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% 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).

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

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

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2. Summary of the Accounting Policies (Continued)

2.1.6 The new standards, amendments and interpretations

a) Standards, amendments and interpretations applicable as at 30 September 2021:

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs:
 - i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
 - ii) clarify the explanation of the definition of material; and
 - iii) incorporate some of the guidance in IAS 1 about immaterial information.
- **Amendments to IFRS 3- definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- **Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

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

- **Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions;** 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 IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **IFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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2. Summary of the Accounting Policies (Continued)

2.1.6 New and Revised International Financial Reporting Standards (Continued)

- **Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
 - **Amendments to IFRS 3,** ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. .
 - **Amendments to IAS 16,** ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - **Amendments to IAS 37,** ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.

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

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 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.
- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 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 to IFRS 17 and IFRS 4, ‘Insurance contracts’, deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2021. These amendments change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

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2. Summary of the Accounting Policies (Continued)

2.1.6 New and Revised International Financial Reporting Standards (Continued)

Explanations about Covid-19

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

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

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

As of June 1, 2020, the company has gradually implemented the return to the office of a small number of employees working in the titles of director and above and who are required to be present in the headquarters building.

Published on 29 April 2020, the Ministry of Treasury and Finance General Directorate of insurance of motor third party liability insurance pursuant to the notice highways in tariff application of the principles of the "regulation on principles for the determination of insurance premiums titled" the sixth paragraph of the 4th article, "the Undersecretariat between the insured in respect of damage to high risk premiums and the sharing of special rules for insurance companies can bring. The premium of these insured persons is determined by the Undersecretariat." based on the provision; for application to policies covered by the Pool of Risky Insured Persons; dec May April 30, 2020 to May 31, 2020, the expiration date of the policies has been decided to extend the validity period of the policies for 1 month without additional premiums.

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 September 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.

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2. Summary of the Accounting Policies (Continued)

2.4 Discontinued Operations

The Company does not have any discontinued or disposed operations as of September 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.

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

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

2.6 Tangible assets

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

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

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

Assets acquired under finance lease are depreciated as the same basis as tangible assets or, where shorter, the term of the relevant lease.

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

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2.6 Tangible assets (Continued)

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

2.7 Investment Properties

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

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

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

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

2.8 Intangible Assets

Intangible assets acquired

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

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred from the date of acquisition to the date to bring the specific software in use. These costs are capitalized under intangible advances account and amortized over their estimated useful lives (1 to 10 years).

Costs associated with developing or maintaining computer software programmes are recognized as expense as incurred. Costs that are directly associated with the development of identifiable and unique software products that are controlled by the Company and will probably provide more economic benefits than costs in one year are recognized as intangible assets. Costs include software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets from the date that the assets become to provide economical benefit are amortized over their estimated useful lives (September 30, 2021: 5 years – December 31, 2020:5 years).

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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 financial assets at fair value through profit or loss”, “held-to-maturity financial assets”, “available-for-sale financial assets” and “loans and receivables” are classified as.

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

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

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

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

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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 September 30, 2021, the Company has TL 805.037.774 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 insureds 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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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.

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

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

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

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

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

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 September 30, 2021, there is a registered financial asset amounting to TL 484.129.107 which costed to TL 495.775.814. (December 31, 2020: cost total TL 126,660,021, TL 121,308,014 registered swaps)

As of September 30, 2021, the Company has accounted for ‘Expense Accruals’ amounting TRY 11.646.707 arising from the valuation of derivative instruments held by the Company in ‘Income Accruals’ account. (December 31, 2020: TRY 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 recognised 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.

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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 (Note14).

2.14 Share Capital

As of September 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 TL 0,01 each. The share capital structure of the Company is as follows:

	30 September 2021		31 December 2020	
	Rate %	Amount TL	Rate %	Amount TL
H.Ömer Sabancı Holding A.Ş.	36,00	110.160.000	36,00	110.160.000
Ageas Insurance International NV	36,00	110.160.000	36,00	110.160.000
Other	28,00	85.680.000	28,00	85.680.000
	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 September 30, 2021, Company has TL 750.000.000 registered share capital ceiling. (December 31, 2020: TL 500.000.000). More extensive details related to the company capital are disclosed in the Note 15.

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2. Summary of the Accounting Policies (Continued)

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 (insuree) when any uncertain case affects the insuree. The Company makes reinsurance agreements in which the Company (ceding company) is compensated by the insurer (reinsurer company) for one or more claims. Insurance contracts entered into by the Company under which the contract holder is another insurer (reinsurance) are included with insurance contracts.

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

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

Investment Contracts:

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

Reinsurance agreements

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

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

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

In addition, the Company has facultative reinsurance agreements signed separately for certain risks based on certain policies.

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2. Summary of the Accounting Policies (Continued)

2.15 Insurance and Investment Contracts (Continued)

Premiums Transferred to Social Security Institution

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

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

Based on the aforementioned regulations, the Company has calculated the amount of the premiums to be ceded to SSI in January 1 – September 30, 2021 accounting period as TL 123.941.342 (January 1 – September 30, 2020: TL 99.055.721) and an unearned premium reserve amounting to TL 5.502.891 (January 1 – September 30, 2020: TL 4.501.877) for the period ended as of January 1 – September 30, 2021; classified under the accounts of “Premiums ceded to SSI” and “Change in SSI share of of Unearned Premiums Reserve”, respectively (Note 19).

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.

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2. Summary of the Accounting Policies (Continued)

2.15 Insurance and Investment Contracts (Continued)

Premium ceded to Turkish Motor Insurers’ Bureau

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

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

The Company has recorded the amounts of premiums, claims and commissions paid to the Pool under the regulation and taken over from the Pool within the scope of the Company's share, taking into account the monthly receipts finalized by the TMTB as of September 30, 2021. As at September 30, 2021, the Company accounted TL 151.509.660 premium ceded to the Pool and TL 87.961.201 paid claim, TL 1.550.065 recourse income; TL 164.407.181 premium which is reported as Company share from the pool, TL 73.245.219 claims paid, TL 894.347 recourse and TL 662.021 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 September 30, 2021, the Company has TL 14.575.463 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 Labour 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 Labour Law. The provision for employment termination benefits is calculated over present value of the possible liability in scope with the Labour Law by considering determined actuarial estimates (Note 22).

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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 Accounting for revenues

Written Premium and 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.

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2. Summary of the Accounting Policies (Continued)

2.22 Finance Lease - the Company as lessee

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

2.23 Profit Share Distribution

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

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

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

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

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

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

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2. Summary of the Accounting Policies (Continued)

2.24 Foreign currency transactions (Continued)

	30 September 2021		31 December 2020	
	USD / TL	EUR / TL	USD / TL	EUR / TL
Buying rate	8,8785	10,2933	7,3405	9,0079
Selling rate	8,9078	10,3273	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 past experience, other factors, current conditions and reasonable expectations for future events. Such evaluations and estimates might differ from actual consequences, even though they are based on the best knowledge of the management about current events and transactions.

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

4 . Insurance and Financial Risk Management

4.1 Insurance Risk

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

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

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

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4. Insurance and Financial Risk Management (Continued)

4.1.1.1 Sensitivity to insurance risk

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

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

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

Reinsurance Company

	2021		2020	
Reinsurance Company		Standard & Poors Rating	Reinsurance Company	Standard & Poors Rating
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 IA	
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	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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4. Insurance and Financial Risk Management (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 (*)	30 September 2021			31 December 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	1.346.409.913	(54.497.339)	1.291.912.574	1.055.217.192	(33.233.699)	1.021.983.493
Fire and Natural Disaster	1.092.824.120	(1.007.678.629)	85.145.491	849.958.406	(789.927.564)	60.030.842
General Liability	1.217.723.683	(1.010.813.828)	206.909.855	818.244.642	(640.478.140)	177.766.502
General Losses	400.735.467	(376.534.919)	24.200.548	244.226.568	(232.829.594)	11.396.974
Motor Own Damage	209.409.722	(1.728.244)	207.681.478	113.310.064	(1.561.264)	111.748.800
Financial Losses	68.028.502	(64.202.511)	3.825.991	60.590.284	(56.575.170)	4.015.114
Fidelity Guarantee	126.298.014	(123.258.473)	3.039.541	105.791.672	(102.874.980)	2.916.692
Transportation	107.074.011	(90.721.136)	16.352.875	81.296.748	(68.381.394)	12.915.354
Air Crafts	1.945.411	(1.945.289)	122	84.043.676	(84.042.838)	838
Health	43.775.311	(35.608.379)	8.166.932	30.784.935	(22.726.489)	8.058.446
Air Crafts Liability	149.421.919	(149.412.460)	9.459	45.222.050	(45.215.005)	7.045
Water Crafts	27.553.249	(24.071.377)	3.481.872	15.786.252	(13.459.954)	2.326.298
Accident	7.339.870	(3.541.538)	3.798.332	6.071.639	(3.674.740)	2.396.899
Credit	343.841	(326.675)	17.166	761.838	(723.747)	38.091
Legal Protection	711.508	-	711.508	392.792	-	392.792
Life	144.293	-	144.293	144.645	-	144.645
Total	4.799.738.834	(2.944.340.797)	1.855.398.037	3.511.843.405	(2.095.704.578)	1.416.138.827

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

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4. Insurance and Financial Risk Management (Continued)

4.1.1.3 Comparison of incurred claims with past estimations (claims development process)

Outstanding Claim and Compensation Provision:

	30 September 2021			31 December 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	(518.685.226)	4.286.771.336	(2.931.180.879)	1.355.590.457	2.857.447.297	(2.020.542.066)	836.905.231
Discount Effect of Reported Claims	51.989.692	(762.378.426)	378.018.229	(384.360.197)	(577.131.903)	244.761.398	(332.370.505)
Claim Provisions (*)	27.435.972	1.275.201.631	(391.178.147)	884.023.484	1.231.383.365	(319.923.909)	911.459.456
Non-life Total	(439.259.562)	4.799.594.541	(2.944.340.797)	1.855.253.744	3.511.698.759	(2.095.704.577)	1.415.994.182
Life	352	144.293	-	144.293	144.645	-	144.645
Grand Total	(439.259.210)	4.799.738.834	(2.944.340.797)	1.855.398.037	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.

	30 September 2021			30 September 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 Period - 1 January	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	3.645.649.573	(1.599.932.049)	2.045.717.524	1.871.876.839	(758.737.228)	1.113.139.611
Paid from Current Period (-)	(1.285.468.810)	399.790.077	(885.678.733)	(674.824.975)	215.893.063	(458.931.912)
Paid from Previous Period (-) Period End Reported Claims	(930.856.724)	289.503.159	(641.353.565)	(731.060.389)	233.884.152	(497.176.237)
	3.435.118.523	(2.428.530.766)	1.006.587.757	2.878.569.087	(2.057.017.541)	821.551.546
Life	144.293	-	144.293	144.645	-	144.645
Discount Effect of Reported Claims	(762.378.426)	378.018.229	(384.360.197)	(552.003.723)	222.472.210	(329.531.513)
IBNR	1.275.201.631	(391.178.147)	884.023.484	1.234.065.859	(308.983.599)	925.082.260
Total	3.948.086.021	(2.441.690.684)	1.506.395.337	3.560.775.868	(2.143.528.930)	1.417.246.938

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4.1 Insurance Risk (Continued)

4. Insurance and Financial Risk Management (Continued)

Insurance Risk (Continued)

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 March 31, 2021:

	1.10.2014	1.10.2015	1.10.2016	1.10.2017	1.10.2018	1.10.2019	1.10.2020	
30 September 2021	30.09.2015	30.09.2016	30.09.2017	30.09.2018	30.09.2019	30.09.2020	30.09.2021	Gross Claim
Claim realized in the accident period	897.712.457	774.300.100	1.303.880.772	1.403.265.675	2.195.883.119	1.814.162.537	3.099.444.648	11.488.649.309
1 year later	273.265.891	216.085.036	977.423.065	614.094.232	1.277.599.254	1.184.355.243	-	4.542.822.721
2 years later	154.000.585	323.832.199	624.190.509	302.565.989	880.581.549	-	-	2.285.170.831
3 years later	164.975.143	301.900.318	649.470.099	279.114.059	-	-	-	1.395.459.619
4 years later	159.545.021	380.511.120	687.331.221	-	-	-	-	1.227.387.362
5 years later	184.964.734	342.761.734	-	-	-	-	-	527.726.467
6 years later	197.066.748	-	-	-	-	-	-	197.066.748
Total	2.031.530.578	2.339.390.507	4.242.295.665	2.599.039.955	4.354.063.923	2.998.517.780	3.099.444.648	21.664.283.056

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

	1.01.2014	1.01.2015	1.01.2016	1.01.2017	1.01.2018	1.01.2019	1.01.2020	
31 December 2020	31.12.2014	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020	Gross Claim
Claim realized in the accident period	838.172.102	841.913.192	930.621.837	1.366.238.878	1.564.047.984	2.299.878.599	2.069.675.811	9.910.548.403
1 year later	239.937.131	216.699.946	420.934.178	793.577.616	606.370.322	939.075.198	-	3.216.594.391
2 years later	144.014.862	126.303.760	345.579.004	633.208.482	352.446.585	-	-	1.601.552.692
3 years later	120.606.234	110.917.361	344.631.786	602.343.699	-	-	-	1.178.499.079
4 years later	133.086.346	113.024.946	398.378.186	-	-	-	-	644.489.478
5 years later	151.210.707	120.467.564	-	-	-	-	-	271.678.271
6 years later	174.627.627	-	-	-	-	-	-	174.627.627
Total	1.801.655.009	1.529.326.768	2.440.144.991	3.395.368.675	2.522.864.891	3.238.953.797	2.069.675.811	16.997.989.942

4.2.1 Capital risk management and capital requirement

The Company's main purpose in capital management is to maintain its going concern status as an income yielding company and to protect shareholder and corporate partners' benefits while sustaining the most effective capital structure in order to reduce capital costs.

September 30, 2021, the Company's management believes that the necessary equity adequacy has been achieved, taking into account the equity movements for the period January 1 – September 30, 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.

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4. Insurance and Financial Risk Management (Continued)

4.2.2 Financial risk factors (Continued)

Market risk

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

Exchange rate risk

The Company’s foreign currency denominated assets and liabilities expose the Company to exchange rate risks. These risks are monitored by analyzing exchange rate position. The details of the Company’s foreign currency denominated assets and liabilities as of March 31, 2021 and December 31, 2020 are presented in details in Note 12.4.

Sensitivity to exchange rate risk

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

	30 September 2021		31 December 2020	
	USD Effect	EUR Effect	USD Effect	EUR Effect
Profit / Loss Increase	27.592.617	623.567	17.012.081	6.801.248
Profit / Loss (Decrease)	(27.592.617)	(623.567)	(17.012.081)	(6.801.248)

Interest rate risk

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

	30 September 2021	31 December 2020
Total		Effect on profit and profit reserves
Market interest rate increase / (decrease)		TL
+% 1	(11.316.203)	(2.093.886)
-% 1	13.416.900	2.304.606
Financial assets available for sale		Effect on profit and profit reserves
Market interest rate increase / (decrease)		TL
+% 1	(11.316.203)	(2.093.886)
-% 1	13.416.900	2.304.606

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4. Insurance and Financial Risk Management (Continued)

4.2.2 Financial risk factors (Continued)

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 March 31, 2021.

	30 September 2021	31 December 2020
Total		Available For Sale
Price increase / (decrease)		TL
+% 10	136.045.395	148.079.045
-% 10	(136.045.395)	(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 September 30, 2021, the Company has presented its receivables from insurance operations and guarantees received and provision for doubtful receivables in Note 12.1.

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4. Insurance and Financial Risk Management (Continued)

4.2.2 Financial risk factors (Continued)

Liquidity risk

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

Liquidity risk table

30 September 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	529.750.086	1.377.438.883	351.417.382	-	-	70.863.584	2.329.469.935
Financial Assets Available for Sale	136.899.936	180.851.786	143.302.816	437.652.900	150.542.778	109.783.765	1.159.033.981
Financial Assets for Trading	-	-	-	-	-	228.127.731	228.127.731
Held-to-maturity financial assets	-	36.461.420	464.976.508	276.108.071	27.491.775	-	805.037.774
Investments with Risks on Policy Holders	-	-	-	1.797.048	-	-	1.797.048
Receivables From Main Operations	-	-	-	-	-	-	0
Due from Related Parties	208.371.305,00	358.936.813,00	388.885.447	3.010.315,89	-	-	959.203.881
Other Receivables	217.138	-	-	-	-	-	217.138
Prepaid Expenses and Income Accruals	0	-	21.023.521	-	-	-	21.023.521
Total Assets	935.398.615	2.036.807.713	1.589.435.776	718.568.335	178.034.553	408.775.080	5.867.020.072
Financial Liabilities	14.575.463	-	11.167.836,00	8.654.454,00	-	-	34.397.753
Payables From Main Operations	348.712.559	178.802.428	212.916.867	-	-	-	740.431.854
Due to Related Parties	23.894	-	1.142	-	-	-	25.036
Other Payables	-	142.052.005	-	-	-	11.602.290,00	153.654.295
Insurance Technical Reserves	1.136.678.087	1.262.345.457	1.072.890.999	105.019.560	12.058.772	-	3.588.992.875
Taxes and Other Liabilities and Provisions	-	80.998.635	-	-	-	-	80.998.635
Prepaid Income and Expense Accruals	26.626.782	53.253.564	97.631.534	-	-	-	177.511.880
Long Term Insurance Technical Reserves	-	-	-	1.354.278	109.884.927	-	111.239.205
Provisions for Other Risks	-	-	-	-	-	11.223.792	11.223.792
Total Liabilities and Shareholders' Equity	1.526.616.785	1.717.452.089	1.394.608.378	115.028.292	121.943.699	22.826.082	4.898.475.325

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4. Insurance and Financial Risk Management (Continued)

4.2.2 Financial risk factors (Continued)

Liquidity risk table

31 December 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	1.208.028.027	877.718.703	105.247.617	-	-	79.230.054	2.270.224.401
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 for Trading	-	-	-	-	-	63.234.980	63.234.980
Held-to-maturity financial assets	-	150.513.077	21.937.909	33.076.384	-	-	205.527.370
Investments with Risks on Policy Holders	-	-	-	1.952.843	-	-	1.952.843
Provision for Impairment of Financial Assets	-	-	-	-	-	-	-
Receivables From Main Operations	200.388.408	267.885.401	642.890.347	8.575.282	-	-	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	1.487.238.040	1.488.557.739	1.617.170.483	510.036.878	85.564.805	279.656.770	5.496.923.630
Financial Liabilities	72.628.202	-	7.377.417	21.514.606	-	-	101.520.225
Payables From Main Operations	208.801.052	119.266.423	437.701.578	(140.446)	-	-	765.628.607
Due to Related Parties	456.757	-	1.143	-	-	-	457.900
Other Payables	-	143.722.890	-	-	-	8.186.217	151.909.107
Insurance Technical Reserves	979.634.862	925.812.518	981.963.870	171.679.494	8.623.520	-	3.067.714.264
Taxes and Other Liabilities and Provisions	-	77.151.855	-	-	-	-	77.151.855
Prepaid Income and Expense Accruals	23.242.227	46.484.454	85.221.499	-	-	-	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	1.284.763.100	1.312.438.140	1.512.265.507	194.471.930	105.193.788	17.281.295	4.426.413.760

Categories of Financial Assets:

Current Financial Assets	30 September 2021		31 December 2020	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets Available for Sale	1.159.033.981	1.159.033.981	1.473.530.640	1.473.530.640
Held-to-maturity financial assets	805.037.774	780.654.855	208.004.963	205.527.370
Financial Assets for Trading	228.127.731	228.127.731	63.234.980	63.234.980
Financial Investments with Risks on Policy Holders	1.797.048	1.797.048	1.952.843	1.952.843
Total Financial Assets	2.193.996.534	2.169.613.615	1.746.723.426	1.744.245.833

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4. Insurance and Financial Risk Management (Continued)

4.2.2 Financial risk factors (Continued)

Fair value of financial assets

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction in accordance with market conditions.

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

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

	30 September 2021	Category 1	Category 2	Category 3
Financial Assets Available for Sale				
Private Sector Bonds	453.211.236	453.211.236	-	-
Eurobonds	418.228.202	418.228.202	-	-
Equity share	109.783.766	108.867.249	-	916.517
Government Bonds & Treasury Bills	177.810.777	177.810.777	-	-
Financial Assets for Trading				
Investment Funds	203.423.811	203.423.811	-	-
Option Guarantees	24.703.920	24.703.920	-	-
Reverse Repo	-	-	-	-
Financial Assets Held to Maturity				
Eurobonds	403.726.905	403.726.905	-	-
Private Sector Bonds	199.377.977	199.377.977	-	-
Government Bonds & Treasury Bills	177.549.973	177.549.973	-	-
Financial Investments with Risks on Policy Holders				
Government Bonds & Treasury Bills	1.797.048	1.797.048	-	-
Total	2.169.613.615	2.168.697.098	0	916.517
	31 December 2020	Category 1	Category 2	Category 3
Financial Assets Available for Sale				
Private Sector Bonds	476.919.365	476.919.365	-	-
Eurobonds	658.081.546	658.081.546	-	-
Equity share	137.191.738	136.469.582	-	722.156
Government Bonds & Treasury Bills	201.337.991	201.337.991	-	-
Financial Assets for Trading				
Investment Funds	7.207.543	7.207.543	-	-
Reverse Repo	56.027.437	56.027.437	-	-
Financial Assets Held to Maturity				
Eurobonds	138.255.898	138.255.898	-	-
Government Bonds & Treasury Bills	67.271.472	67.271.472	-	-
Financial Investments with Risks on Policy Holders				
Government Bonds & Treasury Bills	1.952.843	1.952.843	-	-
Total	1.744.245.833	1.743.523.677	0	722.156

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

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4. Insurance and Financial Risk Management (Continued)

4.2.2 Financial risk factors (Continued)

Financial assets:

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

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

Financial liabilities:

It is anticipated that fair value of monetary liabilities will approximate 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 the reporting to the chief operating decision-maker in the determination of segments and segments those constitute premium production and net technical income are determined as a separate operating segment.

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

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5. Segment information (Continued)

5.1 Operating segments (Continued)

Segment results for the period ended at September 30, 2021:

30.09.2021	Motor Crafts Liability										
	Fire	Transportation	Motor Own Damage	(Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
TECHNICAL INCOME	192.550.327	30.571.060	972.497.515	1.396.679.778	198.056.919	23.459.701	39.781.819	120.040.060	93.928	-	2.973.731.107
1- Earned Premiums (Net of Reinsurer Share)	152.051.502	23.734.048	867.773.916	1.154.992.393	149.397.313	18.195.016	33.127.227	82.163.588	-	-	2.481.435.003
1.1 - Premiums (Net of Reinsurer Share)	154.647.722	23.201.571	868.820.486	1.230.760.288	147.706.097	23.637.263	33.596.827	81.083.122	-	-	2.563.453.376
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(2.596.220)	532.477	(1.046.570)	(75.767.895)	(7.304.127)	(5.442.247)	(469.600)	1.080.466	-	-	(91.013.716)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	-	-	-	-	8.995.343	-	-	-	-	-	8.995.343
2- Investment Income transferred from Non-Technical Part	39.957.861	6.902.964	83.117.503	241.745.437	48.627.527	5.319.410	6.654.592	28.530.851	93.928	-	460.950.073
3- Other Technical Income (Net of Reinsurance Share)	2.176.836	-	3.081.329	-	6.029	-	-	9.345.621	-	-	14.609.815
4- Accrued Subrogation and Salvage Income (+)	(1.635.872)	(65.952)	18.524.767	(58.052)	26.050	(54.725)	-	-	-	-	16.736.216
TECHNICAL EXPENSES	(195.477.054)	(14.752.065)	(1.006.660.141)	(1.190.518.585)	(109.075.508)	(14.046.473)	(33.812.504)	(41.845.495)	(89.267)	-	(2.606.277.092)
1- Total Claims (Net of Reinsurer Share)	(115.573.571)	(8.545.520)	(746.891.306)	(991.074.311)	(58.991.273)	(15.135.993)	(23.517.759)	(6.408.512)	(153.264)	-	(1.966.291.509)
1.1- Claims Paid (Net of Reinsurer Share)	(90.458.921)	(5.107.999)	(650.958.628)	(721.145.230)	(27.041.131)	(9.694.394)	(16.172.353)	(6.300.026)	(153.616)	-	(1.527.032.298)
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	(25.114.650)	(3.437.521)	(95.932.678)	(269.929.081)	(31.950.142)	(5.441.599)	(7.345.406)	(108.486)	352	-	(439.259.211)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	-	-	-	-	(1.031)	-	-	-	-	-	(1.031)
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward)(+/-) and Other Technical Expenses	(10.411.749)	-	(1.512.358)	-	(813.158)	(577.393)	-	-	-	-	(13.314.658)
4- Operating Expenses	(56.545.501)	(5.819.172)	(201.258.750)	(172.820.025)	(40.974.787)	2.413.718	(9.894.999)	(33.355.855)	-	-	(518.255.371)
4.1- Production Commissions (-)	(113.022.003)	(14.123.888)	(156.453.821)	(139.728.250)	(70.511.362)	(19.611.289)	(8.464.013)	(74.955.879)	-	-	(596.870.505)
4.2- Reinsurance Commissions (+)	89.188.015	10.733.870	200.073	22.860.833	43.963.780	27.047.447	(643.152)	49.396.295	-	-	242.747.161
4.3- General Administrative Expenses	(32.711.513)	(2.429.154)	(45.005.002)	(55.952.608)	(14.427.205)	(5.022.440)	(787.834)	(7.796.271)	-	-	(164.132.027)
4.4- Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
5- Changes in Mathematical Reserves (+/-)	-	-	-	-	-	-	-	-	63.997	-	63.997
6- Other Technical Expenses (Net of Reinsurer Share) (-)	(12.946.233)	(387.373)	(56.997.727)	(26.624.249)	(8.295.259)	(746.805)	(399.746)	(2.081.128)	-	-	(108.478.520)
	(2.926.727)	15.818.995	(34.162.626)	206.161.193	88.981.411	9.413.228	5.969.315	78.194.565	4.661	-	367.454.015
Financial income	-	-	-	-	-	-	-	-	-	703.271.296	703.271.296
Depreciation expense	-	-	-	-	-	-	-	-	-	(33.348.691)	(33.348.691)
Provisions account, net	-	-	-	-	-	-	-	-	-	(20.380.463)	(20.380.463)
Tax expenses	-	-	-	-	-	-	-	-	-	(86.185.111)	(86.185.111)
Financial expenses	-	-	-	-	-	-	-	-	-	(708.250.452)	(708.250.452)
Other	-	-	-	-	-	-	-	-	-	8.374.064	8.374.064
Net Profit / (Loss)	(2.926.727)	15.818.995	(34.162.626)	206.161.193	88.981.411	9.413.228	5.969.315	78.194.565	4.661	(136.519.357)	230.934.658

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5. Segment information (Continued)

5.1 Operating segments (Continued)

Segment results for the period ended at March 31, 2020:

30.09.2020	Fire	Transportation	Motor Own Damage	Land Vehicles Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
TECHNICAL INCOME	153.272.925	24.488.801	772.294.239	1.127.969.611	139.031.958	17.442.260	27.113.510	96.273.452	96.984	-	2.357.983.740
1- Earned Premiums (Net of Reinsurer Share)	127.204.499	19.725.651	677.582.296	962.616.167	109.770.386	15.188.980	23.115.615	80.504.926	-	-	2.015.708.520
1.1 - Premiums (Net of Reinsurer Share)	124.879.744	19.855.815	701.839.980	954.327.842	114.880.979	15.479.892	23.574.999	64.514.474	-	-	2.019.353.725
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	2.324.755	(130.164)	(24.257.684)	8.288.325	5.019.737	(290.912)	(459.384)	15.990.452	-	-	6.485.125
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	-	-	-	-	(10.130.330)	-	-	-	-	-	(10.130.330)
2- Investment Income transferred from Non-Technical Part	22.270.808	4.165.800	84.817.458	147.905.982	28.356.035	2.044.968	3.997.895	15.484.746	96.984	-	309.140.676
3- Other Technical Income (Net of Reinsurance Share)	-	-	3.238.405	-	-	-	-	283.780	-	-	3.522.185
4- Accrued Subrogation and Salvage Income (+)	3.797.618	597.350	6.656.080	17.447.462	905.537	208.312	-	-	-	-	29.612.359
TECHNICAL EXPENSES	(126.044.646)	(12.287.683)	(643.537.989)	(834.601.247)	(113.180.476)	(9.088.466)	(19.723.483)	(45.740.411)	(100.759)	-	(1.804.305.160)
1- Total Claims (Net of Reinsurer Share)	(69.832.971)	(6.397.968)	(433.747.309)	(675.285.313)	(64.872.566)	(8.683.921)	(12.753.206)	(6.462.762)	(127.998)	-	(1.278.164.014)
1.1- Claims Paid (Net of Reinsurer Share)	(50.935.040)	(3.774.202)	(374.411.523)	(482.580.890)	(23.773.180)	(7.587.446)	(8.188.884)	(4.737.319)	(119.665)	-	(956.108.149)
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	(18.897.931)	(2.623.766)	(59.335.786)	(192.704.423)	(41.099.386)	(1.096.475)	(4.564.322)	(1.725.443)	(8.333)	-	(322.055.865)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	3.415	-	-	-	(692)	-	-	-	-	-	2.723
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward)(+/-) and Other Technical Expenses	(2.034.648)	-	(1.123.945)	-	(179.874)	(330.937)	-	-	-	-	(3.669.404)
4- Operating Expenses	(44.709.101)	(5.650.881)	(162.740.839)	(141.075.634)	(44.335.738)	455.628	(6.768.455)	(37.184.568)	-	-	(442.009.588)
4.1- Production Commissions (-)	(88.020.076)	(11.211.184)	(122.968.365)	(119.957.884)	(63.894.171)	(15.240.194)	(5.670.255)	(66.970.562)	-	-	(493.932.691)
4.2- Reinsurance Commissions (+)	70.956.213	7.581.471	176.116	20.824.875	31.846.166	19.616.074	(487.779)	37.070.339	-	-	187.583.475
4.3- General Administrative Expenses	(27.645.238)	(2.021.168)	(39.948.590)	(41.942.625)	(12.287.733)	(3.920.252)	(610.421)	(7.284.345)	-	-	(135.660.372)
4.4- Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
5- Changes in Mathematical Reserves (+/-)	-	-	-	-	-	-	-	-	27.239	-	27.239
6- Other Technical Expenses (Net of Reinsurer Share) (-)	(9.471.341)	(238.834)	(45.925.896)	(18.240.300)	(3.791.606)	(529.236)	(201.822)	(2.093.081)	-	-	(80.492.116)
	27.228.279	12.201.118	128.756.250	293.368.364	25.851.482	8.353.794	7.390.027	50.533.041	(3.775)	-	553.678.580
Financial income	-	-	-	-	-	-	-	-	-	501.791.179	501.791.179
Depreciation expense	-	-	-	-	-	-	-	-	-	(38.537.326)	(38.537.326)
Provisions account, net	-	-	-	-	-	-	-	-	-	(55.627.016)	(55.627.016)
Tax expenses	-	-	-	-	-	-	-	-	-	(101.165.393)	(101.165.393)
Financial expenses	-	-	-	-	-	-	-	-	-	(508.249.720)	(508.249.720)
Other	-	-	-	-	-	-	-	-	-	(7.391.554)	(7.391.554)
Net Profit / (Loss)	27.228.279	12.201.118	128.756.250	293.368.364	25.851.482	8.353.794	7.390.027	50.533.041	(3.775)	(209.179.830)	344.498.750

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6. Property, plant and equipment

30 September 2021

<u>Cost Value</u>	<u>Owner Occupied Properties</u>	<u>Vehicles</u>	<u>Furnitures and Fixtures and Leased Tangible Assets</u>	<u>Other Tangible Assets (Including Leasehold Improvements)</u>	<u>Right-of-use assets</u>	<u>Advances for Tangible Assets</u>	<u>Total</u>
1 January	1.598.569	2.720.001	30.431.171	21.682.557	41.129.272	-	97.561.570
Additions	-	963.244	3.319.751	239.285	4.675.332	2.889.136	12.086.748
Disposals	-	-	(1.304.540)	-	(7.832.495)	-	(9.137.035)
30 September	1.598.569	3.683.244	32.446.382	21.921.842	37.972.109	2.889.136	100.511.283
<u>Accumulated Depreciation</u>							
1 January	(633.191)	(1.093.962)	(20.847.952)	(13.841.375)	(17.643.062)	-	(54.059.541)
Charge for the Period	(23.913)	(537.778)	(3.107.167)	(1.564.555)	(6.319.157)	-	(11.552.570)
Disposals	-	-	1.217.921	-	-	-	1.217.921
30 September	(657.104)	(1.631.740)	(22.737.198)	(15.405.930)	(23.962.219)	-	(64.394.190)
Net Book Value as of 30 September	941.465	2.051.504	9.709.184	6.515.912	14.009.890	2.889.136	36.117.093

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

7. Investment Properties

None (31 March 2021: None).

30 September 2020

<u>Cost Value</u>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
1 January	-	170.958	170.958
Additions	-	-	-
30 September	-	170.958	170.958

Accumulated Depreciation

1 January	-	-	-
Charge for the Period	-	(4.309)	(4.309)
30 September	-	(4.309)	(4.309)
Net Book Value as of 30 September	-	166.649	166.649

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8. Intangible Fixed Assets

30 September 2021

<u>Cost Value</u>	<u>Advances for Intangible</u>		
	<u>Assets (*)</u>	<u>Rights</u>	<u>Total</u>
1 January	9.163.795	161.424.844	170.588.639
Additions	17.006.548	25.556.884	42.563.432
Disposals	-	-	-
Transfers	(4.524.308)	4.524.308	-
30 September	21.646.035	191.506.036	213.152.071
<u>Accumulated Amortization</u>			
1 January	-	(113.365.102)	(113.365.102)
Charge for the Period	-	(21.796.120)	(21.796.120)
Disposals	-	-	-
30 September	-	(135.161.223)	(135.161.223)
Net Book Value as of 30 September	21.646.035	56.344.813	77.990.848

30 September 2020

<u>Cost Value</u>	<u>Advances for Intangible</u>		
	<u>Assets (*)</u>	<u>Rights</u>	<u>Total</u>
1 January	3.489.088	134.184.258	137.673.346
Additions	5.754.650	13.383.328	19.137.978
Disposals	-	(13.980)	(13.980)
Transfers	(3.318.078)	3.318.078	-
30 September	5.925.660	150.871.684	156.797.344
<u>Accumulated Amortization</u>			
1 January	-	(77.104.087)	(77.104.087)
Charge for the Period	-	(26.114.980)	(26.114.980)
Disposals	-	136	136
30 September	-	(103.218.931)	(103.218.931)
Net Book Value as of 30 September	5.925.660	47.652.753	53.578.413

(*) Intangible assets advances include the administrative advances for the projects implemented. Since the related assets do not create economical benefits no amortization calculated over those.

As of September 30, 2021, the Company has not recognized any impairment loss for its intangible fixed assets in the current period (December 31, 2020: None).

The Company has no goodwill amount in its financial statements.

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9. Investments in Affiliates

None

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 Belonging to Insured Persons

	30 September 2021	31 December 2020
Financial Assets Available for Sale	1.159.033.981	1.473.530.640
Financial Assets for Trading	228.127.731	63.234.980
Held-to-maturity financial assets	805.037.774	205.527.370
Financial Investments with Risks on Policy	1.797.048	1.952.843
Total	2.193.996.534	1.744.245.833

Financial Assets Available for Sale

	30 September 2021			31 December 2020		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Private Sector Bond	433.958.008	453.211.236	453.211.236	466.632.308	476.919.365	476.919.365
Eurobond	414.824.745	418.228.202	418.228.202	651.580.189	658.081.546	658.081.546
Government Bonds	179.956.868	177.810.777	177.810.777	200.278.369	201.337.991	201.337.991
Equity Shares (Listed)	117.258.978	108.867.249	108.867.249	126.165.411	136.469.582	136.469.582
Equity Shares (Unlisted)	916.517	-	916.517	722.156	-	722.156
Total	1.146.915.116	1.158.117.464	1.159.033.981	1.445.378.433	1.472.808.484	1.473.530.640

Financial assets to be held until maturity

	30 September 2021			31 December 2020		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Government Bonds	177.502.458	177.549.973	180.450.004	62.670.791	68.812.567	67.271.472
Private Sector Bond	194.126.518	199.377.977	199.902.792	-	-	-
Eurobond	405.490.141	403.726.905	424.684.978	136.087.693	139.192.396	138.255.898
Total	777.119.117	780.654.855	805.037.774	198.758.484	208.004.963	205.527.370

Financial Assets for Trading

	30 September 2021			31 December 2020		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Investment Funds	194.160.957	203.423.811	203.423.811	6.466.902	7.207.543	7.207.543
Option Guarantees	23.719.840	24.703.920	24.703.920	-	-	-
Reverse Repo	-	-	-	55.999.882	56.027.437	56.027.437
Total	217.880.797	228.127.731	228.127.731	62.466.784	63.234.980	63.234.980

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11. Financial Assets (Continued)

11.1 Subcategories of Financial Assets (Continued)

Financial Investments with Risks on Policy Holders

Financial Investments with Risks on Policy Holders	30 September 2021			31 December 2020		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Government Bonds	1.734.832	1.797.048	1.797.048	1.647.665	1.952.843	1.952.843

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

30 September 2021

Equity Shares	Participation Rate %	Cost Value	Fair Value	Book Value
		TL	TL	TL
Borsa İstanbul Listed		117.258.978	108.867.249	108.867.249
Listed on overseas stock exchange		0	0	0
Tarsim	4,17	916.517	-	916.517
Unlisted		916.517	-	916.517
Total		118.175.495	108.867.249	109.783.766

31 December 2020

Equity Shares	Participation Rate %	Cost Value	Fair Value	Book Value
		TL	TL	TL
Borsa İstanbul Listed		120.870.033	132.433.408	132.433.408
Listed on overseas stock exchange		5.295.378	4.036.174	4.036.174
Tarsim	4,17	722.156	-	722.156
Unlisted		722.156	-	722.156
Total		126.887.567	136.469.582	137.191.738

As of September 30, 2021, and December 31, 2020, the blockage on financial assets in favour of Undersecretariat of Treasury 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).

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11. Financial Assets (Continued)

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 Value increases of financial assets in the last three years

Type of Financial Asset

	<u>30 September 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Financial Assets Available for Sale	18.229.258	1.801.936	8.235.792

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.

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.

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12. Receivables and Payables

12.1 Details of the Company's receivables

	<u>30 September 2021</u>	<u>31 December 2020</u>
Receivables from insurance operations		
Receivables from agencies	644.272.620	735.423.012
Bank guaranteed credit card receivables more than three months	211.580.281	314.937.910
Receivables from reinsurance companies	46.896.796	28.370.213
Receivables for salvage and claim recovery - net (Note 2.1.1)	63.001.291	46.265.076
Other receivables	147.008.00	534.116.00
Receivables from insurance operations	965.897.996	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	170.123.273	142.988.823
Doubtful receivables from main operations	49.690.152	36.520.503
Total Doubtful Receivables	219.813.425	179.509.326
Receivables from main operations	1.185.742.375	1.305.070.607
Provision for due from insurance operations (-) (*)	(32.205.161)	(17.859.556)
Provision for doubtful receivables from main operations (-) (**)	(24.210.060)	(24.482.790)
Provision for net claim recovery receivables under legal follow-up (-) (**)	(170.123.273)	(142.988.823)
Total provision amount for doubtful and undue receivables	(226.538.494)	(185.331.169)
Receivables from main operations - net	959.203.881	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.

Aging of receivables from insurance operations is as follows:

	<u>30 September 2021</u>	<u>31 December 2020</u>
0-90 days	41.475.308	39.706.076
90+	12.808.147	18.111.489
Not due receivables	911.645.495	1.067.743.717
Total	965.928.950	1.125.561.282

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12. Receivables and Payables (Continued)

12.2 Details of the Company's receivables (Continued)

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

Type of Guarantee	31 March 2021		31 December 2020	
	Receivables	Doubtful Receivables	Receivables	Doubtful Receivables
Real Estate Pledges	55.504.898	531.200	57.345.412	531.200
Letters of Guarantee	106.728.602	-	91.776.888	55.000
Cash Guarantees	11.602.290	-	8.186.217	-
Government Bonds and Equity Shares	214.188	7.500	2.058.249	7.500
Total	174.049.977	538.700	159.366.767	593.700

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

	2021	2020
Opening Balance, 1 January	(167.471.613)	(133.368.943)
Charge for the Period	(43.611.713)	(19.121.756)
Collections	16.749.993	4.582.602
Closing Balance, 30 September	(194.333.333)	(147.908.097)

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

The item of liabilities to shareholders on the balance sheet consists of dividends that were distributed in previous years and were not received by shareholders. As of September 30, 2021, the Company owes TL 1.142 to its shareholders (December 31, 2020: TL 1.143)

12.3 Total of pledges and other guarantees received for receivables amount

Total amount of pledges and other guarantees received for receivables amounts to TL 174.049.977 as at September 30, 2021 (December 31, 2020: TL 159.366.767).

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

30 September 2021

Banks (Foreign Currency)	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	10.352.194	8,8785	91.911.954
EUR	5.331.378	10,2933	54.877.473
GBP	124.944	11,9175	1.489.020
CHF	43.738	9,4755	414.439
Other			5.067
Total			148.697.954
Stocks and Bonds	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	35.686.836	8,8785	316.845.570
Total			316.845.570
Receivables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	39.499.581	8,8785	350.697.030
EUR	11.502.915	10,2933	118.402.955
GBP	141.092	11,9175	1.681.461
Other			
Total			470.781.446
Outstanding Claims Reserve	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(8.797.665)	8,8945	(78.250.832)
EUR	(1.196.177)	10,3118	(12.334.741)
Other			(697.813)
Total			(91.283.386)
Payables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(45.580.479)	8,8945	(405.415.571)
EUR	(15.023.176)	10,3118	(154.915.985)
Other			(1.900.998)
Total			(562.232.554)
Liabilities to Suppliers	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(82.450)	8,8945	(733.348)
EUR	(9.141)	10,3118	(94.262)
Total			(827.610)
Net Foreign Currency Position			281.981.420

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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
Other	-	0,0709	-
Total			168.207.342
Stocks and Bonds	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	25.127.576	7,3405	184.448.974
Total			184.448.974
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	975.326
CHF	68.286	8,2841	565.687
Other			
Total			520.286.875
Outstanding Claims Reserve	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(9.473.467)	7,3405	(69.539.981)
EUR	(1.134.957)	9,0079	(10.223.578)
Other			
Total			(79.763.560)
Payables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(60.000.422)	7,3405	(440.433.097)
EUR	(11.572.916)	9,0079	(104.247.667)
Other			(1.379.856)
Total			(546.060.620)
Liabilities to Suppliers	Amount in Foreign Currency	Exchange Rate	Amount (TL)
USD	(899.254)	7,3405	(6.600.976)
EUR	(63.701)	9,0079	(573.813)
Total			(7.174.789)
Net Foreign Currency Position			239.944.223

13. Derivative Financial Instruments

During the period between January 1 – September 30, 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 77.811.263 (January 1 – September 30, 2020: TL 66.547.234)

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14. Cash and Cash Equivalents

	<u>30 September 2021</u>	<u>31 December 2020</u>
Cash at Banks	1.633.063.033	1.600.368.639
Time Deposit	1.562.199.449	1.521.138.585
Demand Deposit	70.863.584	79.230.054
Bank Guaranteed Credit Card Receivables with Maturities less than three months	696.406.902	669.855.762
Total	2.329.469.935	2.270.224.401
Interest Accrual on Cash and Cash Equivalents (-)	(34.046.628)	(11.553.673)
Blocked Deposits (*)	(379.774.108)	(264.061.660)
Cash Flow Based Grand Total	1.915.649.199	1.994.609.068

(*)The blockage on cash and cash equivalents has been disclosed in Note 17.1.

As of September 30, 2021 and December 31, 2020, interest rate of time deposits are as follows:

	<u>30 September 2021</u>	<u>31 December 2020</u>
	<u>Annual Interest Rate (%)</u>	<u>Annual Interest Rate (%)</u>
TL	15,51 - 20,5	13,65 - 22,25
USD	0,10 - 2,00	0,20 - 3,10
EUR	-	0,01 - 0,05

As of the date of 30 September 2021, October 2021 and 2022 maturities dates of TL deposits varies between 1 September 29; October 1, 2021 and 2022 maturities of foreign currency deposits varies between 27 May dates.

December March January January 2020, the maturity dates of TL deposits are as of December 31, 2020 and October Dec, 2020; the maturity dates of foreign currency deposits are as of January 2, 2020 and March 3, 2020.

As of the date of September 30, 2021, the company's other financial liabilities include loans that are recognized in the account used for the payment of tax 14.575.463 TL (31 December 2020: 59.562.359 13.065.843 TL TL repo transactions and pay tax).

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 September 30, 2021 and December 31, 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. The account of Profit on Sale to be Transferred to Capital has consisted of the amounts arising from the gain on sale of fixed assets transferred 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

Presented in the statement of changes in equity.

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15.3 For each class of share capital

15.3.1 The explanation about the number of capital shares

The Company’s issued capital share is composed of 30.600.000.000 shares having a nominal amount of TL 0,01 each. These shares are presented by Class 10 shares (December 31, 2020: 30.600.000.000 shares with a nominal amount of TL 0,01each).

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

None (December 31, 20120: None).

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

Nominal value of equity shares is TL 0,01 per share (December 31, 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 September 2021	31 December 2020
Beginning of the Period, 1 January	30.600.000.000	30.600.000.000
Issued in the Current Period	-	-
End of the Period, 30 September	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 January 27, 2010 for the distribution of dividends from the profit generated from operating activities in 2010, concerning public entities, the shares of which are quoted in public equity markets, it has been agreed upon not to set a mandatory minimum dividend payment quota (December 31, 2016: 20%). Furthermore, it has been agreed upon to let public entities perform dividend distributions as staded within the “Communique Concerning Principal Matters on Dividend Advances Distributed by Public Entities Under the Regulation of the Capital Markets Law” (Serial: IV, No: 27), as stated within the principal agreement of the companies and as stated within the policies on dividend distribution that have been shared with the public.

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

None (December 31, 2020: None).

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

None (December 31, 2020: None).

15.4 Share based payments

None (December 31, 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

	<u>30 September 2021</u>	<u>31 December 2020</u>
Valuation difference of financial assets		
available for sale	(18.229.258)	1.801.936
Deferred tax effect	4.192.729	(360.387)
Total	(14.036.529)	1.441.549

In accordance with changes regarding “TAS 19 – Employee Benefits” effective as of January 1, 2013, actuarial loss amounting to TL 8.294.390 (Deferred tax effect: TL 1.658.878) resulting from retirement pay liability calculation has been accounted to “Other Reserves and Retained Earnings” under equity.

As of December 31, 2020, effect of hedge accounting amount of TL 6.814.004 (Deferred tax effect: TL 1.362.801) has been recognized “Special Funds (Reserves)” account item under equity.

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

None (December 31, 2020: None).

16.3 Hedging for forecasted transactions and net investment hedging

None (December 31, 2020: None).

16.4 Hedging against financial risks

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

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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, 1 January	1.441.549	6.588.634
Increase / decrease in value recognized under the shareholders' equity in the current period	(15.478.078)	(5.147.085)
End of the period	<u>(14.036.529)</u>	<u>1.441.549</u>

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

Disclosed in note 34.5

16.7 Revaluation increases in tangible fixed assets

None (December 31, 2020: None).

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

None (December 31, 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 September 2021		31 December 2020	
	Amount to be Provided TL	Current Blockage TL	Amount to be Provided TL	Current Blockage TL
Life	1.512.991	1.548.385	1.577.345	1.952.843
Government Bonds		1.548.385		1.952.843
Non-Life	377.922.835	379.774.108	308.576.202	313.961.660
Time Deposit		204.774.108		89.061.660
Government bonds		-		49.900.000
Credit Card Receivables		175.000.000		175.000.000
Total	379.435.825	381.322.494	310.153.547	315.914.503

* As of September 30, 2021, the required guarantee amount has calculated based on capital requirements in June 30, 2021.

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17. Insurance Liabilities and Reinsurance Assets (Continued)

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

	Unit	2021 Mathematical reserves TL	Unit	2020 Mathematical reserves TL
Beginning of the period, 1 January	167	1.418.276	173	1.446.871
Participations in the current period	-		-	
Leavings in the current period	(9)	(63.997)	(6)	(28.595)
End of period, 30 September	158	1.354.278	167	1.418.276

Mathematical reserves amounting to TL 1.354.278 (December 31, 2020: TL 1.418.276) and Reserves for the policies, investment risk of which belongs to life insurance polich holders amounting to TL 135.428 (December 31, 2020: TL 144.687) and cancelled polich numbers together with their mathematical reserves are included in the table above.

Financial assets classified as Financial Assets Ready For Sale under Financial Investments at Policyholder's Risk are valued with current value as explained in note 11; as of September 30, 2021, there is no difference in the value accounted in Life Mathematical Reserve account discounted with current value (December 31, 2020: None).

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

Branch	30 September 2021	31 December 2020
Motor Crafts Liability	73.908.656.945.858	53.797.363.591.986
Health	4.760.278.904.623	6.679.519.586.938
Fire and Natural Disaster	1.449.632.424.089	1.284.858.156.955
General Losses	389.145.042.842	354.206.047.585
Transportation	326.134.637.819	310.748.830.487
General Liability	177.997.894.948	149.326.884.506
Financial Losses	136.217.540.764	156.308.878.106
Motor Own Damage	302.746.179.814	216.041.601.896
Air Crafts Liability	102.908.823.805	86.695.373.025
Accident	49.709.871.984	45.440.548.020
Legal Protection	11.165.472.580	10.648.456.187
Air Crafts	19.856.368.163	21.370.330.291
Suretyship	2.268.412.376	1.948.512.473
Credit	1.044.967.794	1.115.106.185
Total	81.637.763.487.460	63.115.591.904.640

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17. Insurance Liabilities and Reinsurance Assets (Continued)

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

None (December 31, 2020: None).

17.5 Number and amount of participation certificates in portfolio and circulation

None (December 31, 2020: None).

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

None (December 31, 2020: None).

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

None (December 31, 2020: None).

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

None (December 31, 2020: None).

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

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

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

None (December 31, 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.

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17. Insurance Liabilities and Reinsurance Assets (Continued)

17.14 Profit share distribution rate of life insurees in the current period

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

	1 January- 30 September 2021 Profit Share Distribution Rate (%)	1 January- 31 December 2020 Profit Share Distribution Rate (%)
TL (Life Insurance)	9,00	9,00

17.15 Explanation of information that describes amounts arose from insurance agreements

None (December 31, 2020: None).

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

Reinsurance Assets

	30 September 2021	31 December 2020
Reinsurance Share of Outstanding Claims Reserve (Note 4.1.2.2)	2.944.340.797	2.095.704.577
Reinsurance Share of Unearned Premiums Reserve (Note 20)	1.327.717.035	1.299.053.674
Reinsurance Share of Equalization Reserve (Note 20)	245.300.591	195.058.293
Receivables from Reinsurance Companies (Note 12.1)	46.896.796	28.370.213
Reinsurance Share of Unexpired Risks Reserve (Note 20)	260.189.832	906.674.991
Reinsurance Share of Premiums and Discounts	460.492	452.167
Cash Deposited For Insurance & Reinsurance Companies (Note 12.1)	30.954	30.954
Total	4.824.936.497	4.525.344.869

Reinsurance Liabilities

	30 September 2021	31 December 2020
Payables to Insurance and Reinsurance Companies (Note 19.1)	740.431.854	765.628.607
Deferred Commissions Income (Note 19.1)	177.511.880	149.596.174
Total	917.943.734	915.224.781

Income / Expense on Reinsurance Agreements

	1 January- 30 September 2021	1 January- 30 September 2020
Reinsurance Share of Outstanding Claims Reserve	848.636.219	441.361.358
Reinsurance Share of Unearned Premiums Reserve (Note 20)	28.663.361	104.404.435
Reinsurance Share of Claims Paid	689.293.236	449.777.215
Commissions Received (Note 32)	242.747.161	187.583.475
Reinsurance Share of Premiums and Discounts	8.324	(349.687)
Reinsurance Share of Unexpired Risks Reserve (Note 20)	(646.485.160)	102.893.357
Premiums Ceded to Reinsurers (-)	(1.907.919.991)	(1.516.299.873)
Total	(745.056.850)	(230.629.720)

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17. Insurance Liabilities and Reinsurance Assets (Continued)

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

Branch	30 September 2021			30 September 2020		
	Premiums Ceded (*)	Reinsurance Share of Technical Reserves (**)	Reinsurance Share of Claims Paid	Premiums Ceded	Reinsurance Share of Technical Reserves	Reinsurance Share of Claims Paid
Fire and Natural Disaster	(635.617.786)	216.126.864	104.528.148	(561.038.075)	391.435.140	62.092.081
Health	(250.846.381)	5.286.032	196.631.671	(248.545.565)	18.446.898	140.473.895
General Losses	(226.332.906)	174.764.039	89.872.396	(155.513.554)	(15.746.005)	68.265.170
Motor Crafts Liability	(282.755.422)	22.670.183	86.411.828	(245.047.433)	1.491.316	59.038.399
General Liability	(257.946.611)	379.687.749	19.714.480	(146.616.487)	268.399.985	25.620.020
Financial Losses	(115.884.452)	37.242.014	75.563.103	(67.031.906)	6.847.507	19.896.176
Transportation	(56.876.885)	19.219.230	23.242.004	(40.734.320)	23.639.165	17.368.875
Accident	(7.609.360)	(10.283.904)	3.762.075	(7.056.140)	(1.145.570)	2.199.174
Fidelity Guarantee	(1.993.452)	13.749.797	1.684.560	(1.675.362)	17.894.709	(11.665.229)
Air Crafts Liability	(14.992.916)	(662.512.123)	22	(13.367.901)	36.204.901	333.275
Air Crafts	(18.899.175)	3.850.170	78.818.893	(8.425.071)	(75.037.053)	39.549.084
Water Crafts	(28.426.069)	31.464.595	5.159.731	(14.725.506)	(26.898.065)	26.313.443
Credit	(2.152.141)	(526.503)	88.864	(2.315.111)	628.788	294.665
Motor Own Damage	(7.586.435)	84.601	3.815.461	(4.207.442)	2.147.747	(1.813)
Total	(1.907.919.991)	230.822.744	689.293.236	(1.516.299.873)	648.309.463	449.777.215

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

17.17. Comparison of incurred claims with past estimations

Disclosed in Note 4.1.2.3.

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

Disclosed in note 4.1.2.4.

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

	2021	
	Insurance Payables	Reinsurance Assets
Beginning of the period, 1 January	915.224.781	4.525.344.869
Net change for the year	2.718.953	299.591.628
End of the period, 30 September	917.943.734	4.824.936.497
	2020	
	Insurance Payables	Reinsurance Assets
Beginning of the period, 1 January	669.097.130	2.986.645.560
Net change for the year	115.205.096	678.163.999
End of the period, 30 September	784.302.226	3.664.809.559

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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 September 30, 2021 amounted to TL 347.831.128 (December 31, 2020: TL 334,192,509) and TL 177.511.880 (December 31, 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.

19. Trade and Other Payables, Deferred Income

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

	<u>30 September 2021</u>	<u>31 December 2020</u>
Payables to insurance and reinsurance companies (Note 17.16)	740.431.854	765.628.607
Payables from Insurance Operations	740.431.854	765.628.607
Payables to Turkish Catastrophe Insurance Pool	29.206.082	29.576.727
Payables to contracted enterprises	16.240.163	26.540.034
Payables to suppliers	49.697.014	40.496.161
Turkish Catastrophe Insurance Pool Payables to agencies	1.600.657	1.273.306
Other	974.752	276.459
Other Payables	97.718.668	98.162.687
Payables to SSI regarding medical expenses	44.333.337	45.560.203
Deferred commission income (Note 17.16)	177.511.880	149.596.174
Provision for Cost Expenses	94.137.779	70.812.935
Expense accruals	-	5.352.006
Deferred Income and Expense Accruals	271.649.659	225.761.115
Total Short Term Liabilities	1.154.133.518	1.135.112.612
Total Trade and Other Payables, Deferred Income	1.154.133.518	1.135.112.612

19.2 Related Parties

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

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20. Payables

Insurance Technical Reserves	30 September 2021	31 December 2020
Unearned Premiums Reserve - Net (*)	1.718.725.556	1.627.711.840
Outstanding Claims Reserve - Net (Note 4.1.2.2)	1.855.398.037	1.416.138.827
Equalization Reserve - Net	109.884.927	96.570.268
Unexpired Risks Reserve - Net	1.354.278	1.418.276
Mathematical Reserves - Net	14.864.657	23.860.001
Bonuses and rebates reserve - Net	4.625	3.596
Total	3.700.232.080	3.165.702.808

(*) While calculating the income statement effect of the provisions for unearned premiums, TL 1.818.831, the deferral effect of the premiums transferred to assistance companies, which is included in operating expenses, has been netted off (December 31, 2020: TL 7.590.563).

As disclosed in note 2.15, the reinsurers' share of unearned premiums includes SSI share as of September 30, 2021 which is TL 5.502.891 (December 31, 2020: TL 5.548.179).

20. Payables (Continued)

The movement of technical reserves are as follows:

Unearned Premium Reserve:

	30 September 2021			30 September 2020		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Beginning of the period, 1 January	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	119.677.077	(28.663.361)	91.013.716	97.919.310	(104.404.435)	(6.485.125)
End of the period, 31 March	3.046.442.591	(1.327.717.035)	1.718.725.556	2.454.458.758	(1.055.512.827)	1.398.945.931

Unexpired Risk Reserve:

	30 September 2021			30 September 2020		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Beginning of the period, 1 January	930.534.992	(906.674.991)	23.860.001	164.282.339	(149.871.549)	14.410.790
Net change	(655.480.503)	646.485.160	(8.995.343)	113.023.687	(102.893.356)	10.130.331
End of the period, 31 March	275.054.489	(260.189.831)	14.864.658	277.306.026	(252.764.905)	24.541.121

Equalization Reserve:

	30 September 2021			30 September 2020		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Beginning of the period, 1 January	291.628.561	(195.058.293)	96.570.268	255.929.361	(160.236.890)	95.692.471
Net change	63.556.957	(50.242.298)	13.314.659	21.196.633	(17.527.228)	3.669.405
End of the period, 31 March	355.185.518	(245.300.591)	109.884.927	277.125.994	(177.764.118)	99.361.876

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20. Payables (Continued)

Provision for bonus and discount

	30 September 2021			30 September 2020		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Beginning of the period, 1 January	455.763	(452.167)	3.596	900.431	(892.018)	8.413
Net change	9.354	(8.325)	1.029	(352.410)	349.687	(2.723)
End of the period, 31 March	465.117	(460.492)	4.625	548.021	(542.331)	5.690

Outstanding Claims Reserve:

	30 September 2021	31 December 2020
Short-term rent liabilities	15.766.206	13.524.088
Long-term rent liabilities	11.370.390	28.360.104
Alternative borrowing rate and discount amount	(7.314.306)	(12.992.169)
Total rent liabilities	19.822.290	28.892.023

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 amounts of the Company related to deferred income tax are included in the footnote No. 35.

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

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

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

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

Retirement Pay Provisions:

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

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

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22. Retirement and Welfare Liabilities (Continued)

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 September 30, 2021 and December 31, 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 September 30, 2021, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 16,2% (December 31, 2020: %12,1) and a discount rate of 4% (December 31, 2020: 4%), resulting in a real interest rate of 19,5% (December 31, 2020: 14%). The anticipated rate of forfeitures is considered and estimated rate of the Company’s retirements pay is also taken into account.

However, during this estimation, the employee termination benefits mentioned in subparagraph 5 of paragraph 1 of article 14 of the Labor Law numbered 1475 to be made in accordance with other conditions excluding the ages stipulated in clauses (a) and (b) of subparagraph A of paragraph one of article 60 of the Law numbered 506 or due to termination of employees on their own will after having completed the insurance period required for retirement pension (15 years) and the number of premium payment days (3600 days) have been excluded from the payments to be incurred by the Company.

Actuarial loss amounting to TL 8.294.390 (Deferred tax effect: TL 1,658,878) 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 September 30, 2021, the maximum amount of TL 8,285 effective from July 1, 2021 has been taken into consideration in calculation of provision from employment termination benefits (December 31, 2020: TL 7.639).

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

	2021	2020
Beginning of the period, 1 January	9.095.078	7.052.711
Charge for the period	1.247.358	1.663.144
Actuarial gain/loss	1.480.385	1.166.238
Retirement payments (-)	(599.029)	(787.015)
End of the period, 30 September	11.223.792	9.095.078

23. Other Liabilities and Expense Accruals

23.1 Provisions related to employee benefits and others

	2021		2020	
	Unused Vacation Provisions	Social Security Premiums Payable	Unused Vacation Provisions	Social Security Premiums Payable
Beginning of the period, 1 January	2.158.581	238.630	2.051.784	219.015
Movements in the current period	1.238.303	20.960.628	198.850	40.075.400
Payments in the current period	(112.339)	(20.982.876)	(92.053)	(40.055.785)
End of the period, 30 September	3.284.545	216.382	2.158.581	238.630

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23. Other Liabilities and Expense Accruals (Continued)

23.2 Provisions related to employee benefits and others

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

	30 September 2021		31 December 2020	
	Amount in Original Currency	Amount (TL)	Amount in Original Currency	Amount (TL)
Collaterals, Pledges and Mortgages Given by the Company (CPM)				
A. Total amount of CPMs given on behalf of the Company’ legal entity	-	-	-	-
B. Total amount of CPMs given in favor of joint ventures included in full consolidation	-	-	-	-
C. Total amount of CPMs given as the guarantee of the third parties’ debts for the maintenance purpose of the ordinary activities		5.980.691		11.426.306
	TL	5.980.691	11.426.306	11.426.306
	USD	-	-	-
D. Total amount of other CPMs given		488.179		488.179
i. Total amount of CPMs given in favor of the parent company	-	-	-	-
ii. Total amount of CPMs given in favor of other group companies not included in clauses B and C	-	-	-	-
iii. Total amount of CPMs given in favor of third parties not included in clause C		488.179		488.179
	TL	488.179	488.179	488.179
Total		6.468.870		11.914.485

There is no ratio of CPMs given by the Company to the equity (December 31, 2020: None).

23.3 Provisions, Contingents Assets and Liabilities

Contingent Liabilities	30 September 2021	31 December 2020
Outstanding Claims under litigation (*)	1.337.850.693	977.496.405
Business Cases Provision	699.936	1.633.654
Unused vacation provision	3.284.545	2.158.581
Total	1.341.835.174	981.288.640

	30 September 2021	31 December 2020
Subrogation Receivable Litigations, Gross	226.687.646	194.192.120
Trade receivable litigations and executions	8.924.709	8.295.660
Total	235.612.355	202.487.780

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.

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23.4 Provision for Expense Accruals

	<u>30 September 2021</u>	<u>31 December 2020</u>
Commission provision (*)	38.742.919	35.959.660
Performance premium provision	7.061.601	10.544.208
Guarantee fund provision	16.184.155	15.455.363
Expense provision	11.542.015	4.353.920
Business Cases Provision	699.936	1.633.654
Unused vacation provision	3.284.545	2.158.581
Donation	14.024.750	-
Other	2.597.858	707.549
Total	94.137.779	70.812.935

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4. Net Insurance Premium Revenue

	1 January - 30 September 2021		
	Gross	Reinsurance Share	Net
Motor Crafts Liability (*)	1.513.515.710	(282.755.422)	1.230.760.288
Fire and Natural Disaster	790.265.507	(635.617.785)	154.647.722
Motor Own Damage	876.406.921	(7.586.435)	868.820.486
Health	331.929.502	(250.846.381)	81.083.121
General Losses	318.667.652	(225.414.032)	93.253.620
General Liability	283.810.755	(258.847.778)	24.962.977
Financial Losses	161.040.578	(115.884.452)	45.156.126
Transportation	80.078.456	(56.876.885)	23.201.571
Accident	39.197.219	(7.627.067)	31.570.152
Water Crafts	33.896.336	(28.426.069)	5.470.267
Air Crafts	18.900.388	(18.899.176)	1.212
Air Crafts Liability	14.993.602	(14.992.916)	686
Fidelity Guarantee	2.702.929	(1.993.452)	709.477
Legal Protection	3.749.093	-	3.749.093
Credit	2.218.719	(2.152.141)	66.578
Total Non-life Branches	4.471.373.367	(1.907.919.991)	2.563.453.376
Life - Gross Written premium	-	-	-
Total	4.471.373.367	(1.907.919.991)	2.563.453.376

	1 January - 30 September 2020		
	Gross	Reinsurance Share	Net
Motor Own Damage	1.199.375.274	(245.047.433)	954.327.841
Fire and Natural Disaster	685.917.820	(561.038.075)	124.879.745
Motor Crafts Liability	706.047.422	(4.207.442)	701.839.980
Health	313.060.039	(248.545.565)	64.514.474
General Losses	224.347.911	(152.490.344)	71.857.567
General Liability	167.040.196	(149.627.248)	17.412.948
Financial Losses	99.515.303	(67.031.906)	32.483.397
Transportation	60.590.135	(40.734.320)	19.855.815
Accident	31.715.517	(7.068.589)	24.646.928
Water Crafts	17.379.642	(14.725.506)	2.654.136
Air Crafts	8.425.505	(8.425.071)	434
Air Crafts Liability	13.368.254	(13.367.901)	353
Fidelity Guarantee	3.063.517	(1.675.362)	1.388.155
Legal Protection	3.407.111	-	3.407.111
Credit	2.399.952	(2.315.111)	84.841
Total Non-life Branches	3.535.653.598	(1.516.299.873)	2.019.353.725
Life - Gross Written Premium	-	-	-
Total	3.535.653.598	(1.516.299.873)	2.019.353.725

25. Fee Income

None (January 1 – December 31, 2020: None).

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26. Investment Income/(Expense)

	1 January- 30 September 2021	1 January- 30 September 2020
Realized Investment Income / Expenses		
Time Deposit	99.713.569	41.865.133
Private Sector Bonds	76.954.151	40.390.527
Derivative Transactions	77.811.263	66.547.234
Investment Fund	17.096.429	16.982.299
Eurobonds	61.581.760	36.798.565
Government Bond	16.060.592	27.990.134
Treasury bond	2.086.077	10.880.584
Equity Share	16.109.840	13.559.109
Total	367.413.681	255.013.585
Unrealized Investment Income / Expenses		
Investment Fund	8.558.387	(8.894.463)
Private Sector Bonds	6.423.719	6.271.469
Time Deposit	22.262.204	3.962.965
Government Bond	(975.019)	(1.573.731)
Treasury bond	(93.928)	(96.984)
Repo	32.508	(94.349)
Eurobonds	18.682.811	11.515.546
Equity Share	-	177.306
Total	54.890.682	11.267.759
Investment Income/Expense, Net	422.304.363	266.281.344

27. Net Accrual Income on Financial Assets

Financial Assets Available for Sale	1 January- 30 September 2021	1 January- 30 September 2020
Valuation differences recognized under shareholders' equity	(14.036.529)	(39.293.244)
Total	(14.036.529)	(39.293.244)

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 24.382.919 TL.as of September 30, 2021 (January 1 - December 31, 2020: TL 2.477.593).

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29. Insurance Rights and Demands

Outstanding Claims Reserve Expenses	1 January- 30 September 2021	1 January- 30 September 2020
Motor Crafts Liability	(269.929.081)	(192.704.422)
Fire and Natural Disaster	(25.114.650)	(18.897.931)
Motor Own Damage	(95.932.678)	(59.335.786)
General Liability	(29.143.354)	(42.848.718)
General Losses	(12.803.573)	(5.268.641)
Transportation	(3.437.521)	(2.623.766)
Water Crafts	(1.155.574)	724.189
Suretyship	(122.849)	14.794
Financial Losses	189.125	469.912
Legal Protection	(318.716)	(838)
Air Crafts	715	(1.487)
Air Crafts Liability	(2.414)	6.602
Credit	20.925	(13.220)
Accident	(1.401.433)	157.225
Health	(108.486)	(1.725.443)
Total Non-life	(439.259.563)	(322.047.532)
Life	352	(8.333)
Total (*)	(439.259.211)	(322.055.865)

(*) For current previous period comparison please refer to note 4.1.2.3.

30. Investment Agreement Rights

None (December 31, 2020: None).

31. Mandatory Other Expenses

Types of expenses are disclosed in Note 32.

32. Expense Types

	1 January- 30 September 2021	1 January- 30 September 2020
Production Commissions (-)	(596.870.505)	(493.932.691)
Employee Wages and Expenses (-) (*) (Note 33)	(109.957.458)	(93.816.362)
Information Technology Expenses (-)	(21.646.073)	(17.055.471)
Meeting and Training Expenses (-)	(3.195.006)	(3.895.218)
Transportation Expenses (-)	(874.071)	(1.260.740)
Social Relief Expenses (-)	(2.923.406)	(2.017.752)
Advertisement Expenses (-)	(7.734.089)	(5.453.218)
Reinsurance Commissions (+)	242.747.161	187.583.475
Other (-)	(17.801.924)	(12.161.611)
Total	(518.255.371)	(442.009.588)

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

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33. Employee Wages and Expenses

	1 January- 30 September 2021	1 July- 30 September 2020
Salary and Bonus Payments	(84.276.879)	(71.517.096)
Insurance Payments	(21.495.354)	(17.788.167)
Other Payments	(7.108.631)	(4.511.099)
Total (Note 32)	(112.880.864)	(93.816.362)

34. Financing Costs

34.1 Financial Expenses:

None (December 31, 2020: None).

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

None (December 31, 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

None (December 31, 2020: None).

Type risk and principle of the cash flow hedge

None (December 31, 2020: None).

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

None (December 31, 2020: None).

35. Corporate Tax

	30 September 2021	31 December 2020
Current Tax Liability:		
Corporate Tax Liability Provision on Period Profit	86.185.111	117.630.688
Prepaid Taxes and Other Liabilities on Period Profit (-)	(64.297.730)	(94.016.621)
Total	21.887.381	23.614.067

	1 January- 30 September 2021	1 July- 30 September 2021
Tax (Expense) / Income is Formed by the Items Below:		
Current Tax Income / (Expense)	(86.185.111)	(17.980.899)
Deferred Tax Income / (Expense) due to Temporary Differences	15.676.486	(2.386.860)
Total Tax Income / (Expense)	(70.508.625)	(20.367.759)

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35 Corporate Tax (Continued)

Deferred Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below. Tax rate is applied as 25% for the calculation of deferred tax asset and liabilities.

<u>Deferred Tax</u>	2021	2020
Recognized in the Shareholders' Equity:		
Valuation of Financial Assets Available for Sale	4.192.729	(360.387)
Hedge Effect		
Actuarial Gain/Loss Effect	1.658.878	1.362.801
Total	5.851.607	1.002.414

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

<u>Deferred Tax Assets / (Liabilities)</u>	30 September 2021	31 December 2020	30 September 2020	31 December 2020
Expense reserves (Note 23.4)	21.546.627	22.348.560	5.386.657	4.469.712
Performance premium provision (Note 23.4)	18.093.232	10.544.208	4.523.308	2.108.842
Equilization provision	9.192.791	7.674.976	1.838.558	1.534.995
Provision For Receivables From Recourse Activities	25.309.127	11.804.440	6.327.282	2.360.888
Provision for employment termination benefits (Note 22)	11.223.790	9.095.080	2.244.758	1.819.016
Provision for doubtful receivables	7.381.376	6.565.043	1.845.344	1.313.009
Unused vacation allowance (Note 23.4)	3.284.545	2.158.581	821.136	431.716
Unexpired Risk Reserve	14.864.657	23.860.001	3.716.164	4.772.000
Bonus and rebates provision	4.625	3.595	1.156	719
Tangible Asset Leases	5.812.400	5.405.814	1.162.480	1.081.163
Marketable securities valuation impact	(350.683)	(15.437)	295.357	(3.087)
Donation	14.024.750	-	3.506.188	-
Tangible and intangible assets	4.835.164	1.421.990	967.033	284.398
Channel commission	32.254.518	-	8.063.629	-
Deferred Tax Assets / (Liabilities)	167.476.919	100.866.851	40.699.050	20.173.371

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

<u>Reconciliation of Tax Provision</u>	2021	2020
Income Before Tax	301.443.283	555.255.907
Tax Calculated: 25% (2020: %22)	(75.360.821)	(122.156.300)
Effect of Additions	(40.004.123)	(30.886.047)
Effect of Allowances, net	29.179.833	35.411.659
Corporate Tax Liability Provision on Current Period Profit	(86.185.111)	(117.630.688)

	2021	2020
Income Before Tax	301.443.283	555.255.907
Calculated tax revenue: %20 (2020: %22)	(75.360.821)	(122.156.300)
Disallowable expenses	4.852.196	(756.721)
Current period tax expense	(70.508.625)	(122.913.021)

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36. Net Foreign Exchange Gain/Loss

	<u>1 January- 30 September 2021</u>	<u>1 January- September 2020</u>
Recognized in Profit / Loss:		
Foreign Exchange Income	261.488.284	210.231.181
Foreign Exchange Expense	(223.123.255)	(168.094.617)
	<u>38.365.029</u>	<u>42.136.564</u>

37. Earnings per Share

	<u>2021</u>	<u>2020</u>
Number of Equity Shares Outstanding Beginning Period, 1 January	<u>30.600.000.000</u>	<u>30.600.000.000</u>
Number of Equity Shares Issued in Cash	-	-
Number of Equity Shares Outstanding End of Period, 31 March	<u>30.600.000.000</u>	<u>30.600.000.000</u>
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)	<u>230.934.658</u>	<u>89.411.062</u>
Earnings / (Loss) per Share (TL)	<u>0,755</u>	<u>0,292</u>

38. Dividends per share

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

39. Cash Generated from the Operations

Cash flow statement has presented with the financial statements of the Company.

40. Equity Share Convertible Bonds

None (December 31, 2020: None).

41. Cash Convertible Privileged Equity Shares

None (December 31, 2020: None).

42. Risks

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

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43. Commitments

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

44. Business Combinations

None (December 31, 2020: None).

45. Related Parties

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

Related Party Receivables / (Payables)

Related party receivable balance is presented under “Other Related Party Receivable” line of financial statements. Rest of the balance is presented under “Receivable from Insurance Operations” line of financial statements.

Bank Deposit

	30 September 2021	31 December 2020
Related Parties	334.494.023	409.450.889
Total	334.494.023	409.450.889

Private Sector Bonds

	30 September 2021	31 December 2020
Related Parties	25.348.870	28.642.016
Total	25.348.870	28.642.016

Investment Funds

	30 September 2021	31 December 2020
Related Parties	206.456.119	95.998.460
Total	206.456.119	95.998.460

Related Party Receivables / (Payables)

	30 September 2021	31 December 2020
Related Parties	67.958.871	91.461.912
Receivables to partners	1.428.735	2.254.915
Debt to partners	(3.097.439)	(5.595.199)
Total	66.290.167	88.121.628

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45. Related Parties (Continued)

Premium production

	1 January- 30 September 2021	1 January- 30 September 2020
Related Parties	113.201.166	107.691.707
Shareholders	1.191.369	1.896.242
Total	114.392.535	109.587.949

Claims Paid

	1 January- 30 September 2021	1 January- 30 September 2020
Related Parties	15.943.678	6.975.652
Shareholders	752	1.848
Total	15.944.430	6.977.500

Interest Income Received from Related Party

	1 January- 30 September 2021	1 January- 30 September 2020
Related Parties	27.984.580	51.206.233
Total	27.984.580	51.206.233

Commission Expense

	1 January- 30 September 2021	1 January- 30 September 2020
Related Parties	101.822.270	80.206.902
Total	101.822.270	80.206.902

46. Subsequent Events

None.

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47. Other

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

Other Receivables	30 September 2021	31 December 2020
Receivables from Tarım Sigortaları A.Ş.	10.472.459	11.988.852
Other Receivables	1.017.935	3.632.284
Receivables from Agencies due to DASK Premiums	8.404.668	6.069.346
Total	19.895.062	21.690.482

Other Short Term Payables	30 September 2021	31 December 2020
Payables to Turkish Catastrophe Insurance Pool	29.206.082	29.576.727
Payables to contracted enterprises	49.697.014	40.496.161
Payables to suppliers	16.240.163	26.540.034
Turkish Catastrophe Insurance Pool Payables to Agencies	1.600.657	1.273.306
Other	974.752	276.459
Total	97.718.668	98.162.687

Other Prepaid Expenses (Short Term)	30 September 2021	31 December 2020
Prepaid Expenses (*)	3.937.910	4.973.654
Total	3.937.910	4.973.654

Other Prepaid Expenses (Long Term)	30 September 2021	31 December 2020
Prepaid Expenses (*)	19.878	61.469
Total	19.878	61.469

Assistance services under other technical expenses in the income statement, amounting to TL 108.478.520 (September 30, 2020: TL 80.492.116), consist of deferral of these amounts and technical expenses of these services.

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47. Other (Continued)

Income and Profit / Expenses and Losses from Other and Extraordinary Activities	1 January- 30 September 2021	1 January- 30 September 2020
Provisions Account (+/-)	(20.380.463)	(55.627.016)
Provisions for doubtful receivable (Note 12.1)	(846.581)	(27.791.641)
Donation(*)	(14.024.750)	(23.620.000)
Portfolio Management	(3.544.506)	(2.358.901)
Retirement pay provision	(1.247.358)	(1.247.358)
Unused vacation provision	(1.238.303)	41.745
Provisions for other expenses	521.035	(650.861)
Specialized Insurance Account (+/-)	3.191.069	1.851.719
Deferred tax asset account (+/-)	15.676.486	(2.185.318)
Other income and profits	842.642	1.061.746
Other expenses and losses (-)	(11.336.133)	(8.119.701)
Bank Expenses	(8.227.248)	(5.944.975)
Disallowable expenses	(1.114.510)	(407.343)
Other	(1.994.375)	(1.767.383)
Total	(12.006.399)	(63.018.570)

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