

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND  
FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**AKSIGORTA A.Ş.**

**FINANCIAL STATEMENTS AS OF MARCH 31, 2022**

**AKSIGORTA A.Ş.**

**THE FINANCIAL STATEMENTS FOR THE PERIOD  
JANUARY 1 - MARCH 31, 2022**

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# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF MARCH 31, 2022, AND 2021

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

ASSETS			
I- CURRENT ASSETS	Note	Reviewed	Audited
		Current Period (31/03/2022)	Previous Period (31/12/2021)
<b>A- Cash and Cash Equivalents</b>	14	<b>1.805.358.410</b>	<b>2.194.391.593</b>
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	865.104.468	1.182.736.630
4- Cheques Given and Payment Orders (-)		-	-
5- Receivables From Credit Cards with Bank Guarantee Due Less Than Three Months	14	940.253.942	1.011.654.963
6- Other Cash and Cash Equivalents		-	-
<b>B- Financial Assets and Investments with Risks on Policy Holders</b>	11.1	<b>3.480.000.913</b>	<b>2.962.029.646</b>
1- Financial Assets Available for Sale	11.1	1.613.313.038	1.216.091.948
2- Financial Assets Held to Maturity	11.1	1.606.370.911	1.737.608.467
3- Financial Assets Held for Trading	11.1	258.437.627	6.454.765
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders	11.1	1.879.337	1.874.466
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)		-	-
<b>C- Receivables From Main Operations</b>	12.1	<b>1.756.050.072</b>	<b>1.548.287.773</b>
1- Receivables From Insurance Operations	12.1	1.763.543.472	1.555.532.867
2- Provision for Receivables From Insurance Operations (-)	12.1	(32.509.499)	(19.642.726)
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	271.176.058	241.838.830
10- Provisions for Doubtful Receivables From Main Operations (-)	12.1	(246.190.913)	(229.472.152)
<b>D- Due from Related Parties</b>		<b>17.384</b>	<b>216.109</b>
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		17.384	216.109
7- Rediscount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
<b>E- Other Receivables</b>		<b>12.506.887</b>	<b>29.521.449</b>
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		1.219.112	1.217.576
4- Other Receivables	47	11.287.775	28.303.873
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
<b>F- Prepaid Expenses and Income Accruals</b>	4.2.2	<b>560.902.541</b>	<b>450.435.963</b>
1- Deferred Commission Expenses	17.20	520.965.907	442.876.267
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		16.920.066	-
4- Other Prepaid Expenses	47	23.016.568	7.559.696
<b>G- Other Current Assets</b>		<b>2.040.497</b>	<b>2.975.608</b>
1- Inventories		22	22
2- Prepaid Taxes and Funds		1.969.627	2.968.911
3- Deferred Tax Assets		-	-
4- Business Advances		70.848	6.675
5- Advances Given to Personnel		-	-
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
<b>I- Total Current Assets</b>		<b>7.616.876.704</b>	<b>7.187.858.141</b>

(\*) The effects of the restatement are explained in Note 2.

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

# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF MARCH 31, 2022, AND 2021

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

ASSETS			
II- NON CURRENT ASSETS	Note	Reviewed	Audited
		Current Period (31/03/2022)	Previous Period (31/12/2021)
<b>A- Receivables From Main Operations</b>		-	-
1- Receivables From Insurance Operations		-	-
2- Provision for Receivables From Insurance Operations (-)		-	-
3- Receivables From Reinsurance Operations		-	-
4- Provision for Receivables From Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables From Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
<b>B- Due from Related Parties</b>		-	-
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
<b>C- Other Receivables</b>		-	-
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Receivables		-	-
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
<b>D- Financial Assets</b>		-	-
1- Investments In Associates		-	-
2- Affiliates		-	-
3- Capital Commitments to Affiliates (-)		-	-
4- Subsidiaries		-	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Joint Ventures		-	-
7- Capital Commitments to Joint Ventures (-)		-	-
8- Financial Assets and Investments with Risks on Policy Holders		-	-
9- Other Financial Assets		-	-
10- Diminution in Value of Financial Assets (-)		-	-
<b>E- Tangible Fixed Assets</b>	6 and 7	<b>40.358.469</b>	<b>39.925.319</b>
1- Investment Properties	7	-	-
2- Diminution in Value for Investment Properties (-)		-	-
3- Owner Occupied Properties	6	5.329	1.598.569
4- Machinery and Equipments		-	-
5- Furnitures and Fixtures	6	34.747.151	31.263.486
6- Vehicles	6	1.878.421	1.878.421
7- Other Tangible Assets (Including Leasehold Improvements)	6	23.621.962	23.807.488
8- Leased Tangible Fixed Assets	6	45.750.024	43.374.169
9- Accumulated Depreciation (-)	6 and 7	(65.644.418)	(61.996.814)
10- Advances Paid for Tangible Fixed Assets (Including Construction In Progresses)		-	-
<b>F- Intangible Fixed Assets</b>	8	<b>121.485.113</b>	<b>112.572.496</b>
1- Rights	8	235.551.140	223.788.042
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortizations (-)	8	(150.347.767)	(141.527.231)
7- Advances Regarding Intangible Assets	8	36.281.740	30.311.685
<b>G- Prepaid Expenses and Income Accruals</b>		<b>118.522</b>	<b>138.005</b>
1- Deferred Commission Expenses		-	-
2- Accrued Interest and Rent Income		-	-
3- Other Prepaid Expenses	47	118.522	138.005
<b>H- Other Non-current Assets</b>		<b>108.655.424</b>	<b>47.368.754</b>
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	35	108.655.424	47.368.754
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
<b>II- Total Non-current Assets</b>		<b>270.617.528</b>	<b>200.004.574</b>
<b>TOTAL ASSETS (I+II)</b>		<b>7.887.494.232</b>	<b>7.387.862.715</b>

(\*) The effects of the restatement are explained in Note 2.

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

# AKSİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF MARCH 31, 2022, AND 2021

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

<b>LIABILITIES</b>			
<b>III- SHORT TERM LIABILITIES</b>	<b>Note</b>	<b>Reviewed</b>	<b>Audited</b>
		<b>Current Period (31/03/2022)</b>	<b>Previous Period (31/12/2021)</b>
<b>A- Borrowings</b>		<b>124.303.182</b>	<b>132.802.013</b>
1- Loans to Financial Institutions		85.910.417	-
2- Finance Lease Payables	20	23.664.189	21.532.058
3- Deferred Finance Lease Borrowing Costs (-)	20	(6.949.324)	(6.563.640)
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	21.677.900	117.833.595
<b>B- Payables From Main Operations</b>		<b>1.461.336.373</b>	<b>1.243.900.854</b>
1- Payables Due to Insurance Operations	19.1	1.461.336.373	1.243.900.854
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Rediscount on Other Payables From Main Operations (-)		-	-
<b>C- Due to Related Parties</b>		<b>7.613</b>	<b>54.225</b>
1- Due to Shareholders		1.143	1.143
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		6.470	53.082
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>		<b>232.809.217</b>	<b>268.375.699</b>
1- Deposits and Guarantees Received	12.1	21.107.375	19.120.708
2- Due to SSI regarding Treatment Expenses	19.1	53.609.938	60.198.675
3- Other Payables	19.1	158.091.904	189.056.316
4- Discount on Other Payables (-)		-	-
<b>E- Insurance Technical Reserves</b>		<b>4.650.868.073</b>	<b>4.073.613.556</b>
1- Unearned Premiums Reserve - Net	20	2.231.846.778	2.012.331.492
2- Unexpired Risk Reserves - Net	20	291.595.209	93.325.083
3- Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net	4.1 and 20	2.127.424.597	1.967.951.413
5- Provision for Bonus and Discounts - Net	20	1.489	5.568
6- Other Technical Reserves - Net		-	-
<b>F- Taxes and Other Liabilities and Relevant Provisions</b>		<b>82.027.740</b>	<b>124.706.305</b>
1- Taxes and Dues Payable		76.266.383	99.431.502
2- Social Security Premiums Payable	23.1	413.168	235.747
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		5.472	5.472
5- Corporate Tax Liability Provision on Period Profit	35	105.330.567	105.330.567
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	35	(99.987.850)	(80.296.983)
7- Provisions for Other Taxes and Liabilities		-	-
<b>G- Provisions for Other Risks</b>		<b>63.927.009</b>	<b>62.941.823</b>
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	19.1 and 23.4	63.927.009	62.941.823
<b>H- Deferred Income and Expense Accruals</b>	19.1	<b>325.117.288</b>	<b>286.416.187</b>
1- Deferred Commission Income	17.16	325.117.288	236.564.242
2- Expense Accruals	2.11 ve 19.1	-	49.851.945
3- Other Deferred Income		-	-
<b>I- Other Short Term Liabilities</b>		<b>235</b>	<b>235</b>
1- Deferred Tax Liability	35	-	-
2- Inventory Count Differences		-	-
3- Other Short Term Liabilities		235	235
<b>III - Total Short Term Liabilities</b>		<b>6.940.396.730</b>	<b>6.192.810.897</b>

(\*) The effects of the restatement are explained in Note 2.

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

# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF MARCH 31, 2022, AND 2021

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

<b>LIABILITIES</b>			
<b>IV- LONG TERM LIABILITIES</b>	<b>Note</b>	<b>Reviewed</b>	<b>Audited</b>
		<b>Current Period (31/03/2022)</b>	<b>Previous Period (31/12/2021)</b>
<b>A- Borrowings</b>		<b>10.737.192</b>	<b>12.595.616</b>
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables	20	12.906.150	15.802.373
3- Deferred Finance Lease Borrowing Costs (-)	20	(2.168.958)	(3.206.757)
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Value Differences on Issued Financial Assets (-)		-	-
7- Other Financial Borrowings (Liabilities)		-	-
<b>B- Payables From Main Operations</b>		-	-
1- Payables Due to Insurance Operations		-	-
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Discount on Other Payables From Main Operations (-)		-	-
<b>C- Due to Related Parties</b>		-	-
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>		-	-
1- Deposits and Guarantees Received		-	-
2- Due to SSI regarding Treatment Expenses		-	-
3- Other Payables		-	-
4- Discount on Other Payables (-)		-	-
<b>E- Insurance Technical Reserves</b>		<b>126.136.638</b>	<b>119.053.554</b>
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Mathematical Reserves - Net	17.2 and 20	1.330.677	1.343.509
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	20	124.805.961	117.710.045
<b>F- Other Liabilities and Provisions</b>		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
<b>G- Provisions for Other Risks</b>		<b>14.980.679</b>	<b>14.112.606</b>
1- Provision for Employment Termination Benefits	22	14.980.679	14.112.606
2- Provisions for Employee Pension Fund Deficits		-	-
<b>H- Deferred Income and Expense Accruals</b>		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
<b>I- Other Long Term Liabilities</b>		-	-
1- Deferred Tax Liability	35	-	-
2- Other Long Term Liabilities		-	-
<b>IV- Total Long Term Liabilities</b>		<b>151.854.509</b>	<b>145.761.776</b>

(\*) The effects of the restatement are explained in Note 2.

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

# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF MARCH 31, 2022, AND 2021

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

<b>SHAREHOLDERS' EQUITY</b>			
<b>V- SHAREHOLDERS' EQUITY</b>	Note	Reviewed	Audited
		Current Period	Previous Period
		(31/03/2022)	(31/12/2021)
<b>A- Paid in Capital</b>		<b>612.000.000</b>	<b>306.000.000</b>
1- (Nominal) Capital	15	612.000.000	306.000.000
2- Unpaid Capital (-)		-	-
3- Positive Inflation Adjustment on Capital		-	-
4- Negative Inflation Adjustment on Capital (-)		-	-
5- Unregistered Capital		-	-
<b>B- Capital Reserves</b>		<b>-</b>	<b>90.989.327</b>
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital	15	-	90.989.327
4- Translation Reserves		-	-
5- Other Capital Reserves		-	-
<b>C- Profit Reserves</b>		<b>273.654.989</b>	<b>298.983.608</b>
1- Legal Reserves	15	111.936.210	111.936.210
2- Statutory Reserves		62	62
3- Extraordinary Reserves		200.091.506	225.705.415
4- Special Funds (Reserves)	15	(9.128.513)	(8.518.554)
5- Revaluation of Financial Assets	16.1	(29.244.276)	(30.139.525)
6- Other Profit Reserves		-	-
<b>D- Previous Years' Profits</b>		<b>163.920.341</b>	<b>163.920.341</b>
1- Previous Years' Profits		163.920.341	163.920.341
<b>E- Previous Years' Losses (-)</b>		<b>-</b>	<b>-</b>
1- Previous Years' Losses		-	-
<b>F- Net Profit of the Period</b>	37	<b>(254.332.337)</b>	<b>189.396.766</b>
1- Net Profit of the Period		-	189.396.766
2- Net Loss of the Period (-)		(254.332.337)	-
3- Net Income not subject to distribution		-	-
<b>Total Shareholders' Equity</b>		<b>795.242.993</b>	<b>1.049.290.042</b>
<b>Total Liabilities and Shareholders' Equity (III+IV+V)</b>		<b>7.887.494.233</b>	<b>7.387.862.715</b>

(\*) The effects of the restatement are explained in Note 2.

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

**CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME  
FOR THE PERIODS JANUARY 1, - MARCH 31, 2022 AND 2021**

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

I-TECHNICAL PART	Note	Unreviewed	Restated (*) Unreviewed
		Current Period	Previous Period
		01/01/2022-31/03/2022	01/01/2021-31/03/2021
<b>A- Non-Life Technical Income</b>		<b>1.049.055.893</b>	<b>937.666.366</b>
1- Earned Premiums (Net of Reinsurer Share)		749.634.508	771.780.292
1.1 - Written Premiums (Net of Reinsurer Share)	24	1.167.419.921	917.299.870
1.1.1 - Gross Written Premiums (+)	24	2.481.678.826	1.577.955.625
1.1.2 - Ceded Premiums to Reinsurers (-)	17.16 and 24	(1.260.640.685)	(617.878.687)
1.1.3 - Ceded Premiums to SSI (-)	17.16 and 24	(53.618.220)	(42.777.068)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(219.515.287)	(143.876.073)
1.2.1 - Unearned Premiums Reserve (-)	20	(635.441.445)	(224.447.487)
1.2.2 - Reinsurance Share of Unearned Premiums Reserve (+)	17.16 and 20	408.706.834	75.188.377
1.2.3 - SSI of Unearned Premiums Reserve (+)	17.16 and 20	7.219.324	5.383.037
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)(+/-)		(198.270.126)	(1.643.505)
1.3.1 - Unexpired Risks Reserve (-)	20	(153.515.428)	81.583.215
1.3.2 - Reinsurance Share of Unexpired Risks Reserve (+)	17.16 and 20	(44.754.698)	(83.226.720)
2- Investment Income Transferred from Non-Technical Part		284.789.414	154.833.145
3- Other Technical Income (Net of Reinsurer Share)		7.217.743	4.058.465
3.1 - Gross Other Technical Income (+)		7.217.743	4.058.465
3.2 - Reinsurance Share of Other Technical Income (-)		-	-
4- Accrued Subrogation and Salvage Income (+)		7.414.228	6.994.464
<b>B- Non-Life Technical Expense (-)</b>		<b>(1.342.268.614)</b>	<b>(783.622.195)</b>
1- Total Claims (Net of Reinsurer Share)		(1.083.896.610)	(577.261.141)
1.1- Claims Paid (Net of Reinsurer Share)		(924.420.823)	(447.689.534)
1.1.1 - Gross Claims Paid (-)		(1.290.925.290)	(683.811.028)
1.1.2 - Reinsurance Share of Claims Paid (+)	17.16	366.504.467	236.121.494
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(159.475.787)	(129.571.607)
1.2.1 - Outstanding Claims Reserve (-)		(386.916.748)	(384.569.005)
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)	17.16	227.440.961	254.997.399
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	20	4.079	2
2.1 - Bonus and Discount Reserve (-)	20	420.712	23.714
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)	17.16 and 20	(416.633)	(23.712)
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	20	(7.095.916)	(3.730.484)
4- Operating Expenses (-)	32	(210.237.218)	(167.654.671)
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	(41.042.949)	(34.975.901)
6.1.- Gross Other Technical Expenses (-)	47	(41.042.949)	(34.975.901)
6.2.- Reinsurance Share of Other Technical Expenses (+)		-	-
<b>C- Non-Life Technical Net Profit (A-B)</b>		<b>(293.212.721)</b>	<b>154.044.171</b>

(\*) The effects of the restatement are explained in Note 2.

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



# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME FOR THE PERIODS JANUARY 1, - MARCH 31, 2022, AND 2021

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

<b>D- Life Technical Income</b>		<b>30.121</b>	<b>31.817</b>
1- Earned Premiums (Net of Reinsurer Share)		-	-
1.1 - Written Premiums (Net of Reinsurer Share)		-	-
1.1.1 - Gross Written Premiums (+)		-	-
1.1.2 - Ceded Premiums to Reinsurers (-)		-	-
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		-	-
1.2.1- Unearned Premium Reserves (-)		-	-
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		30.121	31.817
3- Unrealized Income from Investments		-	-
4-Other Technical Income (Net of Reinsurer Share) (+/-)		-	-
4.1- Gross Other Technical Income (+/-)		-	-
4.2- Reinsurance Share of Other Technical Income (+/-)		-	-
5- Accrued Subrogation and Salvage Income (+)		-	-
<b>E- Life Technical Expense</b>		<b>(22.821)</b>	<b>(28.541)</b>
1- Total Claims (Net of Reinsurer Share)		(35.653)	(33.227)
1.1- Claims Paid (Net of Reinsurer Share)		(38.257)	(33.227)
1.1.1- Gross Claims Paid (-)		(38.257)	(33.227)
1.1.2- Claims Paid Reinsurer Share (+)		-	-
1.2- Changes in Outstanding Claims Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	2.604	-
1.2.1 - Outstanding Claims Reserve (-)		2.604	-
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) (+/-)		12.832	4.686
3.1- Mathematical Reserves (-)		12.832	4.686
3.1.1- Actuarial Mathematical Reserve (-)		11.549	4.217
3.1.2- Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		1.283	469
3.2- Reinsurer Share of Mathematical Reserves (+)		-	-
3.2.1- Reinsurance Share of Actuarial Mathematical Reserve (+)		-	-
3.2.2- Reinsurance Share of Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		-	-
4- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
5- Operating Expenses (-)		-	-
6- Investment Expenses (-)		-	-
7- Unrealized Losses from Investments (-)		-	-
8- Investment Income Transferred to Non- Technical Part (-)		-	-
<b>F- Life Technical Profit (D-E)</b>		<b>7.300</b>	<b>3.276</b>
<b>G- Individual Retirement Technical Income</b>		-	-
1- Fund Management Fee		-	-
2- Management Fee Deduction		-	-
3- Initial Contribution Fee		-	-
4- Management Fee In Case Of Temporary Suspension		-	-
5- Withholding tax		-	-
6- Increase in Market Value of Capital Commitment Advances		-	-
7-Other Technical Income		-	-
<b>H- Individual Retirement Technical Expense</b>		-	-
1- Fund Management Expenses (-)		-	-
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Expense (-)		-	-
<b>I- Individual Retirement Technical Profit (G-H)</b>		-	-

(\*) The effects of the restatement are explained in Note 2.

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

# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME FOR THE PERIODS JANUARY 1, - MARCH 31, 2022, AND 2021

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

II-NON-TECHNICAL PART	Note	Unreviewed	Restated (*) Unreviewed
		Current Period	Previous Period
		01/01/2022- 31/03/2022	01/01/2021-31/03/2021
<b>C- Non Life Technical Profit (A-B)</b>		<b>(293.212.721)</b>	<b>154.044.171</b>
<b>F- Life Technical Profit (D-E)</b>		<b>7.300</b>	<b>3.276</b>
<b>I - Individual Retirement Technical Profit (G-H)</b>		-	-
<b>J- Total Technical Profit (C+F+I)</b>		<b>(293.205.421)</b>	<b>154.047.447</b>
<b>K- Investment Income</b>		<b>507.988.871</b>	<b>281.630.322</b>
1- Income From Financial Investment	26	103.791.453	91.718.371
2- Income from Sales of Financial Investments	26	21.074.141	29.722.370
3- Revaluation of Financial Investments	26	71.297.578	15.586.122
4- Foreign Exchange Gains	36	245.819.858	127.161.253
5- Income from Affiliates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income Received from Land and Building		-	-
8- Income from Derivatives	13	66.005.841	17.442.206
9- Other Investments		-	-
10- Investment Income transferred from Life Technical Part		-	-
<b>L- Investment Expenses (-)</b>		<b>(526.105.524)</b>	<b>(295.238.115)</b>
1- Investment Management Expenses (including interest) (-)		(4.761.584)	(1.697.693)
2- Valuation Allowance of Investments (-)	26	(3.235.094)	(9.840.914)
3- Losses On Sales of Investments (-)	26	(3.154.885)	(8.232.740)
4- Investment Income Transferred to Life Technical Part (-)		(284.789.414)	(154.833.145)
5- Losses from Derivatives (-)		-	-
6- Foreign Exchange Losses (-)	36	(216.809.480)	(110.033.342)
7- Depreciation Expenses (-)	6,7 and 8	(13.355.067)	(10.600.281)
8- Other Investment Expenses (-)		-	-
<b>M- Other Income and Expenses (+/-)</b>	<b>47</b>	<b>56.989.737</b>	<b>(34.944.531)</b>
1- Provisions Account (+/-)	47	(7.558.692)	(23.309.429)
2- Discount account (+/-)		-	-
3- Mandatory Earthquake Insurance Account (+/-)	47	4.194.993	2.337.614
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Asset Accounts(+/-)	35 and 47	62.825.827	(10.584.226)
6- Deferred Tax Expense Accounts (-)	35 and 47	-	-
7- Other Income and Revenues	47	2.755.485	240.271
8- Other Expense and Losses (-)	47	(5.227.876)	(3.628.761)
9- Prior Period Income		-	-
10- Prior Period Losses (-)		-	-
<b>N- Net Profit / (Loss)</b>	<b>37</b>	<b>(254.332.337)</b>	<b>91.942.392</b>
1- Profit /(Loss) Before Tax		(254.332.337)	105.495.124
2- Corporate Tax Liability Provision (-)	35	-	(13.552.732)
3- Net Profit (Loss)		(254.332.337)	91.942.392
4- Inflation Adjustment Account		-	-

(\*) The effects of the restatement are explained in Note 2.

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

**CONVENIENCE TRANSLATION OF THE STATEMENT OF CASH FLOWS  
FOR THE PERIODS JANUARY 1 - MARCH 31, 2022 AND 2021**

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

CASH FLOW STATEMENT			
A. CASH FLOWS FROM THE OPERATING ACTIVITIES	Note	Unreviewed	Restated (*)
		Current Period	Unreviewed
		01/01/2022-31/03/2022	Previous Period
		01/01/2021-31/03/2021	01/01/2021-31/03/2021
1. Cash inflows from the insurance operations		3.283.324.052	1.987.443.950
2. Cash inflows from the reinsurance operations		-	
3. Cash inflows from the pension operations		-	
4. Cash outflows due to the insurance operations (-)		(3.207.912.768)	(1.811.194.974)
5. Cash outflows due to the reinsurance operations (-)		-	
6. Cash outflows due to the pension operations (-)		-	
<b>7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)</b>		<b>75.411.284</b>	<b>176.248.976</b>
8. Interest payments (-)		-	-
9. Income tax payments (-)	35	(19.690.867)	(18.176.934)
10. Other cash inflows		5.546.052	3.204.916
11. Other cash outflows (-)		(177.177.371)	(163.528.996)
<b>12. Net cash generated from the operating activities</b>		<b>(115.910.902)</b>	<b>(2.252.038)</b>
<b>B. CASH FLOWS FROM THE INVESTING ACTIVITIES</b>			
1. Sale of tangible assets		1.906.728	302.484
2. Purchase of tangible assets (-)	6,7,8	(21.344.777)	(7.991.102)
3. Acquisition of financial assets (-)		(1.060.112.637)	(1.234.366.801)
4. Sale of financial assets		642.139.792	1.064.694.860
5. Interest received		189.902.272	92.220.770
6. Dividends received		-	-
7. Other cash inflows		(96.155.695)	-
8. Other cash outflows (-)			(54.463.132)
<b>9. Net cash generated from the investing activities</b>		<b>(343.664.317)</b>	<b>(139.602.921)</b>
<b>C. CASH FLOWS FROM THE FINANCING ACTIVITIES</b>			
1. Issue of equity shares		-	
2. Cash inflows from the loans to policyholders		85.910.417	
3. Payments of financial leases (-)	20	(5.823.882)	(3.710.103)
4. Dividend paid (-)	38	-	(201.960.000)
5. Other cash inflows		-	
6. Other cash outflows (-)	20	(3.044.444)	
<b>7. Cash generated from the financing activities</b>		<b>77.042.091</b>	<b>(205.670.103)</b>
<b>D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>		3.848.413	(11.937.944)
<b>E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)</b>		<b>(378.684.715)</b>	<b>(359.463.006)</b>
<b>F. Cash and cash equivalents at the beginning of the period</b>	14	<b>1.777.272.887</b>	<b>1.994.609.067</b>
<b>G. Cash and cash equivalents at the end of the period (E+F)</b>	14	<b>1.398.588.172</b>	<b>1.635.146.061</b>

(\*) The effects of the restatement are explained in Note 2.

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

**AKSIGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE PERIODS JANUARY 1 - MARCH 31, 2022, AND 2021**

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

Statement of Changes in Shareholders' Equity - January 1 - December.31 2021 Restated(**) Audited											
CURRENT PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
<b>I - Closing Balance of Prior Period (31 December 2020)</b>	<b>306,000,000</b>	-	<b>1,441,549</b>	-	-	<b>82,866,210</b>	<b>62</b>	<b>213,970,653</b>	<b>432,342,886</b>	<b>86,350,467</b>	<b>1,122,971,827</b>
II - Changes in Accounting Policy (Note 2.1.1)	-	-	-	-	-	-	-	-	11,622,885	65,946,989	77,569,874
<b>III - New Balance (I + II) (31 December 2020)</b>	<b>306,000,000</b>	-	<b>1,441,549</b>	-	-	<b>82,866,210</b>	<b>62</b>	<b>213,970,653</b>	<b>443,965,771</b>	<b>152,297,456</b>	<b>1,200,541,701</b>
A- Capital increase (A1+A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal sources	-	-	-	-	-	-	-	-	-	-	-
B- Equity shares purchased by the company	-	-	-	-	-	-	-	-	-	-	-
C- Income/(expense) recognized directly in the equity	-	-	-	-	-	-	-	-	-	-	-
D- Revaluation of financial assets (Note 16.5)	-	-	(31,581,074)	-	-	-	-	-	-	-	(31,581,074)
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income/(expenses)	-	-	-	-	-	-	-	(3,067,351)	-	-	(3,067,351)
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	189,396,766	-	<b>189,396,766</b>
I- Dividend distributed	-	-	-	-	-	-	-	-	(306,000,000)	-	<b>(306,000,000)</b>
J- Transfer	-	-	-	-	-	29,070,000	-	97,272,886	(137,965,771)	11,622,885	-
<b>IV- Closing Balance (31 December 2021) (III+A+B+C+D+E+F+G+H+I+J)</b>	<b>306,000,000</b>	-	<b>(30,139,525)</b>	-	-	<b>111,936,210</b>	<b>62</b>	<b>308,176,188</b>	<b>189,396,766</b>	<b>163,920,341</b>	<b>1,049,290,042</b>

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

(\*\*) The effects of the restatement are explained in Note 2.

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

**AKSİGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE PERIODS JANUARY 1 - MARCH 31, 2022, AND 2021**

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

Statement of Changes in Shareholders' Equity - January 1 - December.31 2020 (*) Restated(**) Audited											
CURRENT PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
<b>I - Closing Balance of Prior Period (31 December 2020)</b>	<b>306,000,000</b>	-	<b>6,588,634</b>	-	-	<b>45,882,288</b>	<b>62</b>	<b>87,489,129</b>	<b>366,358,436</b>	<b>86,350,467</b>	<b>898,669,016</b>
II - Changes in Accounting Policy (Note 2.1.1)	-	-	-	-	-	-	-	-	-	65,946,989	65,946,989
<b>III - New Balance (I + II) (31 December 2020)</b>	<b>306,000,000</b>	-	<b>6,588,634</b>	-	-	<b>45,882,288</b>	<b>62</b>	<b>87,489,129</b>	<b>366,358,436</b>	<b>152,297,456</b>	<b>964,616,005</b>
A- Capital increase (A1+A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal sources	-	-	-	-	-	-	-	-	-	-	-
B- Equity shares purchased by the company	-	-	-	-	-	-	-	-	-	-	-
C- Income/(expense) recognized directly in the equity	-	-	-	-	-	-	-	-	-	-	-
D- Revaluation of financial assets (Note 16.5)	-	-	(5,147,085)	-	-	-	-	-	-	-	(5,147,085)
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income/(expenses)	-	-	-	-	-	-	-	(932,990)	-	-	(932,990)
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	443,965,771	-	<b>443,965,771</b>
I- Dividend distributed	-	-	-	-	-	-	-	-	(201,960,000)	-	<b>(201,960,000)</b>
J- Transfer	-	-	-	-	-	36,983,922	-	127,414,514	(164,398,436)	-	-
<b>IV- Closing Balance (31 December 2020) (III+A+B+C+D+E+F+G+H+I+J)</b>	<b>306,000,000</b>	-	<b>1,441,549</b>	-	-	<b>82,866,210</b>	<b>62</b>	<b>213,970,653</b>	<b>443,965,771</b>	<b>152,297,456</b>	<b>1,200,541,701</b>

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

(\*\*) The effects of the restatement are explained in Note 2.

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

# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE STATEMENTS OF PROFIT DISTRIBUTION AS OF JANUARY 1 - MARCH 31, 2022 AND 2021

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

	Current Period March 31, 2022,	Previous Period December 31, 2021
<b>I. DISTRIBUTION OF PROFIT FOR THE PERIOD</b>		
1.1. Profit for The Period		294.727.333
1.2. Taxes Payable and Legal Liabilities		(105.330.567)
1.2.1. Corporation Tax (Income Tax)		(105.330.567)
1.2.2. Income Tax Deduction		-
1.2.3. Other Taxes and Legal Liabilities		-
<b>A NET PROFIT FOR THE PERIOD (1.1 - 1.2)</b>		189.396.766
1.3. Previous Years' Losses (-)		-
1.4. First Legal Reserve		-
1.5. Legal Reserves Kept in The Company (-)		-
<b>B NET DISTRIBUTABLE PROFIT FOR THE PERIOD [ (A - (1.3 + 1.4 + 1.5)) ]</b>		189.396.766
1.6. First Dividend to Shareholders (-) (-)		-
1.6.1. To Common Shareholders		-
1.6.2. To Preferred Shareholders		-
1.6.3. To Owners of Participating Redeemed Shares		-
1.6.4. To Owners of Profit-Sharing Securities		-
1.6.5. To Owners of Profit and Loss Sharing Securities		-
1.7. Dividends to Personnel (-)		-
1.8. Dividends to Founders (-)		-
1.9. Dividends to Board of Directors (-)		-
1.10. Second Dividends to Shareholders (-)		-
1.10.1. To Common Shareholders		-
1.10.2. To Preferred Shareholders		-
1.10.3. To Owners of Participating Redeemed Shares		-
1.10.4. To Owners of Profit-Sharing Securities		-
1.10.5. To Owners of Profit and Loss Sharing Securities		-
1.11. Second Legal Reserve (-)		-
1.12. Statutory Reserves (-)		-
1.13. Extraordinary Reserves		189.396.766
1.14. Other Reserves		-
1.15. Special Funds		-
<b>II. DISTRIBUTION FROM RESERVES</b>		
2.1. Distributed Reserves		-
2.2. Second Legal Reserve (-)		-
2.3. Dividends to Shareholders (-)		-
2.3.1. To Common Shareholders		-
2.3.2. To Preferred Shareholders		-
2.3.3. To Owners of Participating Redeemed Shares		-
2.3.4. To Owners of Profit-Sharing Securities		-
2.3.5. To Owners of Profit and Loss Sharing Securities		-
2.4. Dividends to Employees (-)		-
2.5. Dividends to Board of Directors (-)		-
<b>III. PROFIT PER SHARE</b>		
3.1. To Common Shareholders		-
3.2. To Common Shareholders (%)		-
3.3. To Preferred Shareholders		-
3.4. To Preferred Shareholders (%)		-
<b>IV. DIVIDENDS PER SHARE</b>		
4.1. To Common Shareholders		-
4.2. To Common Shareholders (%)		-
4.3. To Preferred Shareholders		-
4.4. To Preferred Shareholders (%)		-

# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2022

(Amounts expressed in Turkish Lira ('TRY') 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 March 31, 2022. 38.02% (December 31, 2021: 38.02%) of the Company is issued in Borsa İstanbul ('BİST') (Note 2.14).

#### 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, "Fatih Sultan Mehmet Mahallesi, Poligon Caddesi, Buyaka 2 Sitesi, 1 Blok No:8A İç Kapı No:2 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 March 31, 2022, the Company has 3,718 authorized agencies (December 31, 2021: 3,592).

#### 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

	January 1 - March 31, 2021	January 1 - December 31, 2021
Top executive	10	9
Manager assistant manager	100	101
Specialist/Executives	561	562
<b>Total</b>	<b>671</b>	<b>672</b>

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

For the year ended March 31, 2022, wages and similar benefits provided to the senior management including chairman, members of the board of the directors, general manager, general coordinator, and deputy general managers amounted to TRY 3.560.757 (December 31, 2021: TRY 2.733.355)

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - MARCH 31, 2022**

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

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**1. General Information (Continued)**

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

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

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

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

The accompanying financial statements comprise the stand-alone financial statements for Aksigorta A.Ş. as of March 31, 2022

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

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

**1.10 Subsequent Events**

The financial statements as of March 31, 2022, have been approved by the Company's Board of Directors on April 29, 2022. The financial statements, according to Decree on 'Financial Reporting of Insurance and Reinsurance Companies and Pensions Funds', were signed by the Chief Executive Officer Uğur Gülen, Chief Financial Officer Osman Akkoca, Accounting Manager Seza Tanınmış Özgür and Actuary Halil Kolbaşı on behalf of the Board of Directors. Detailed information about this subsequent event is disclosed in Note 46.

**2. Summary of the Accounting Policies**

**2.1 Basis of Preparation**

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

*Accounting Standards*

Capital Market Law VII. Pursuant to paragraph (a) of section 50 article, insurance companies are subject to the provisions of their special legislation on establishment, audit, surveillance, accounting, financial statement, and reporting standards. In this context, the Company prepares its financial statements in accordance with the Insurance Law No,5684 published in the Official Gazette dated June 14, 2007, and numbered 26522 and the regulations published by the Insurance and Private Pension Regulation and Supervision Agency ('SEDDK') established by the Presidential Decree dated October 18, 2019. The insurance legislation before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was published by the Ministry of Treasury and Finance ('Ministry of Treasury and Finance').



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

**2.1 Basis of Preparation (Continued)**

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

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

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

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

The Company accounts and recognizes its insurance technical provisions in its not consolidated financial statements as of December 31, 2021 in accordance with the 'Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested,' ('Regulation on Technical Reserves') dated July 28, 2010 and published in official gazette numbered 27655 and published in Official Gazette dated July 17, 2012 numbered 28356 effective and the regulations issued for insurance and reinsurance companies by the Treasury and Finance Ministry

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

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

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
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**2. Summary of the Accounting Policies (Continued)**

**2.1 Basis of Preparation (Continued)**

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

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

On January 20, 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies.

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

The company's 31 March 2022 balance sheet is presented with the restated balance sheets as of 31 December 2021 and the 1 January- 31 March 2022 income statement, statement of changes in shareholders' equity and cash flow statement are presented in comparison with the restated income statement, statement of changes in shareholders' equity and cash flow statement for the 1 January - 31 March 2021. As of March 31, 2022, the Company started to apply discounting methodology for all its outstanding claim branches within the framework of Insurance Technical Reserves Regulation and at the same time, the amount of outstanding claim provisions has been reduced by taking into account the results of lawsuits in the last five years on a sub-branch basis. In this context, income statement for the accounting period 1 January - 31 March 2021 have been restated. The effects of the relevant accounting policy changes are presented in the tables below:

	<b>Reported Previous Period 31 March 2021</b>	<b>Restatement Effects</b>	<b>Revised Previous Period 31 March 2021</b>
<b>Non-Life Technical Expense</b>	<b>(151.062.789)</b>	<b>21.491.182</b>	<b>(129.571.607)</b>
Claims provision - Net	(151.062.789)	21.491.182	(129.571.607)
<b>Other and Extraordinary Activities</b>			
<b>Other Income and Expenses</b>	<b>(5,282,333)</b>	<b>(3,874,295)</b>	<b>(9,156,628)</b>
Deferred Tax Assets	(5,282,333)	(3,874,295)	(9,156,628)
<b>Net Profit/(Loss)</b>	<b>(326,221,754)</b>	<b>11,622,885</b>	<b>(314,598,869)</b>

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
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**2. Summary of the Accounting Policies (Continued)**

**2.1 Basis of Preparation (Continued)**

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

**c. Technical Reserves**

***Unearned Premium Reserve***

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

***Deferred Commission Expense and Income***

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

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

**2.1 Basis of Preparation (Continued)**

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

*Unexpired Risks Reserve*

Within the framework of Regulation on Technical Reserves, from January 1, 2008, 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 the Circular on Provision for Unexpired Risk Reserve 2019/5, it is stated that the amount of Unexpired Risks Reserve can be calculated on the basis of the accounting year, or the year of accident as explained in the first paragraph. If the calculation is based on the accident year, separate calculations will be made for the works transferred to the pool. As a result of the related circular, the Company makes Unexpired Risks Reserve accounts on the basis of accounting year.

In addition, in accordance with the "Circular on the Unexpired Risk Reserve in Motor Crafts Liability Branch" dated 30 December 2021 and numbered 2021/31, calculations that will affect the financial statements for the accounting period of 1 January - 31 December 2021 are made. The Technical Provisions of Insurance, Reinsurance and Pension Companies and if the ratio used for the Unexpired Risk Reserve calculation method in the third paragraph of the 6th article of the Regulation on Assets to be Invested Provisions is used as 100% instead of 95% and in case of the Unexpired Risk Reserve calculation method specified in the Circular on the Unexpired Risk Reserve No. 2019/5 is used, in the 4th article of the same Circular gross loss premium rates; It was allowed to use that 105% instead of 100%, where all of the direct production was transferred to the pools established in Turkey, and 90% instead of 85% used for other works. It has been stated that the differences between the periods due to the mentioned rate changes should be accepted as a change in the estimation method and the effect of this change on the financial statements should be explained comparatively in the notes.

In the calculation of the Unexpired Risk Reserve made according to the Circular No. 2019/5 for the Motor Vehicles Liability branch, the use of the loss premium rate as 100% instead of 95% in accordance with the Circular No. 2021/31 has a decreasing effect amounting TRY 50,367,356 over the net reserve for the ongoing risks recorded as of 31 December 2021. Since the relevant circular does not cover the year 2022, a 95% damage premium rate was used for the period of March 31, 2022

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

##### 2.1 Basis of Preparation (Continued)

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

The loss ratio (after discounting) calculated by branches and the net provision amounts are presented below:

	31 March 2022		31 December 2021	
	Claim/Premium (%)	Net URR (TRY)	Claim/Premium (%)	Net URR (TRY)
Motor Vehicles Liability	115%	210.023.887	109%	91.401.242
Motor Vehicles	105%	80.340.733	-	-
Watercrafts	121%	1.223.353	142%	1.810.063
Air Crafts Liability	376%	7.237	469%	4.381
Suretyship	-	-	115%	109.119
Air Crafts	-	-	150%	278
		<b>291.595.209</b>		<b>93.325.083</b>

##### *Bonuses and rebates reserve*

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

The Company has calculated and accounted for gross bonuses and rebates reserve amounting to TRY 353,263 and TRY 1,489 net at March 31, 2022 (as of December 31, 2021 company has calculated and accounted gross bonus and rebates reserve amounting to TRY 773,975 and TRY 5,568 net) (Note 20).

##### *Claims provision*

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

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

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

**2.1 Basis of Preparation (Continued)**

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

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

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

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

Branch	Applied Method	31 March 2021		31 December 2021		
		Gross Additional Reserve	Net Additional Reserve	Gross Additional Reserve	Net Additional Reserve	
Motor Crafts Liability	Frequency/Severity/Standard	1.707.854.378	1.707.854.378	Frequency/Severity/Standard	1.533.556.783	1.533.556.783
General Liability	Standard Chain/Loss Ratio	560.333.740	75.542.653	Standard Chain/Loss Ratio	511.117.327	74.896.550
General Losses	Standard Chain	2.349.682	587.045	Standard Chain	3.116.580	727.068
Fire and Natural Disaster	Standard Chain	25.891.126	5.494.091	Standard Chain	11.791.017	1.526.309
Transportation	Standard Chain	(998.740)	(507.654)	Standard Chain	(3.257.122)	(1.121.915)
Motor Own Damage	Standard Chain	1.600.441	1.049.452	Standard Chain	1.739.646	1.040.826
Health	Standard Chain	988.109	16.096	Standard Chain	924.840	33.604
Credit	Standard Chain	17.306	860	Standard Chain	9.940	488
Air Crafts Liability	Standard Chain	1.595.115	19	Standard Chain	2.355.864	27
Financial Losses	Standard Chain	5.565.171	(538.764)	Standard Chain	6.529.439	(462.026)
Water Crafts	Standard Chain	1.909.919	698.204	Standard Chain	1.865.242	648.854
Suretyship	Standard Chain	1.095.654	304.146	Standard Chain	878.003	203.124
Air Crafts	Standard Chain	74.785	14	Standard Chain	113.304	22
Legal Protection	Standard Chain	174.342	174.342	Standard Chain	247.452	247.452
Accident	Standard Chain	(74.929.129)	(74.929.128)	Standard Chain	(83.476.239)	(83.476.239)
<b>Total</b>		<b>2.233.521.899</b>	<b>1.715.745.754</b>		<b>1.987.512.076</b>	<b>1.527.820.927</b>

July April 12, 2017, with the regulation No. 18145 published by the Ministry of Treasury and Finance on July 5, 2017, the "Pool of Risky Insurance" has been established with effect from April 12, 2017. Accordingly, the amounts of premiums and damages that the company will transfer to the pool in the Compulsory Traffic branch were subtracted from the data used when calculating the IBNR. For damages that the Company will inherit from the aforementioned pool, Damage Premium rates based on the Accident period published by the Turkish Motor Vehicles Bureau have been taken into account. As of the accident periods, these rates are 150% for 2017, 151% for 2018, 142% damage for 2019 and 124% for 2020, and 132% for 2021, and no rate has been published for 2022. Therefore, the year 2022 is 1. The damage /premium ratio for the quarter was taken into account based on the damage premium ratio for the most recent period, 2021. The provision amounting to TL 364,530,030 in total calculated using these ratios was reflected in the financial statements. The related damage premium rate is the expected damage premium rate for the pool and was announced in the report dated April 05, 2022, by the Turkish Motor Vehicle Bureau, which manages the pool in question.

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

**2.1 Basis of Preparation (Continued)**

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

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

“Circular on the Discounting of Net Cash Flows Arising from Unpaid Compensation Provisions”, dated 10 June 2016 and numbered 2016/22, published by the Ministry of Treasury and Finance and dated 30 December 2021 and numbered 2021/30, published by the Insurance and Private Pension Regulation and Supervision Agency. In accordance with the Circular No. 2016/22 Amending the Circular No. 2016/22 on Discounting of Net Cash Flows Arising from Compensation Provisions, 14% is allowed to be taken into account in the calculation of discount. It has been stated that the differences between the periods due to the mentioned rate change should be accepted as a change in the estimation method and the effect of this change on the financial statements should be explained comparatively in the notes. As explained in Note 2.1.1, unlike previous periods, the company started to calculate discounts for all branches and as of 31 March 2022, net outstanding claims discount of 955,485,959 TL (31 December 2021: 788,540,915 TL) was calculated. In accordance with the “Circular No. 2016/22 Amending the Circular No. 2016/22 on Discounting of Net Cash Flows Arising from Outstanding Claims Provisions” dated April 27, 2022, and numbered 2021/30, the discount calculation as of 31 March 2022 has been made by considering the annual rate of 17%. (31 December 2021: 14% per annum).

The mentioned discount rate change had a reducing effect on the net outstanding claims provision as of 31 March 2022 by TRY 114,975,962. As of 31 March 2022, and 31 December 2021, the Company's net outstanding claims provisions on a branch basis, before and after discounting, are given below.

<b>March 31, 2022</b>			
<b>Branch</b>	<b>Net Outstanding Claim Provision Before Discount</b>	<b>Discount Amount</b>	<b>Net Discounted Outstanding Claim Provision</b>
Motor Liability	2.511.072.806	786.878.574	1.724.194.232
General Liability	281.076.807	120.769.561	160.307.246
Motor own damage	240.764.682	22.143.820	218.620.862
Fire and Natural	113.542.777	20.219.824	93.322.953
General Losses	26.519.800	2.601.515	23.918.285
Logistic	20.872.328		20.872.328
Health	7.868.225	248.434	7.619.791
Accident	5.175.527	1.107.582	4.067.945
Watercrafts	3.913.628	788.109	3.125.519
Suretyship	3.887.216		3.887.216
Financial losses	3.846.630	624.279	3.222.351
Legal Protection	663.013	89.851	573.162
Credit	100.289	13.187	87.102
Air Crafts Liability	15.477	1.175	14.302
Air Crafts	367	48	319
<b>Total</b>	<b>3.219.319.572</b>	<b>955.485.959</b>	<b>2.263.833.613</b>

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### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2022

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

##### 2.1 Basis of Preparation (Continued)

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

December 31, 2021			
Branch	Net Outstanding Claim Provision Before Discount	Discount Amount	Net Discounted Outstanding Claim Provision
Motor Liability	2,174,359,189	627,171,371	1,547,187,818
Motor own damage	197,575,696	16,747,124	180,828,572
General Liability	238,750,874	125,675,384	113,075,490
Fire and Natural	90,225,347	14,180,543	76,044,804
General Losses	17,619,934	1,783,093	15,836,841
Logistic	15,347,855	887,706	14,460,149
Health	7,721,779	223,141	7,498,638
Indemnity	3,389,235	32,761	3,356,474
Watercrafts	3,995,699	684,516	3,311,183
Accident	3,754,629	746,787	3,007,842
Financial losses	2,928,063	219,270	2,708,793
Legal Protection	664,631	187,890	476,741
Air Crafts Liability	14,094	1,289	12,805
Credit	488	-	488
Air Crafts	522	40	482
<b>Total</b>	<b>2,756,348,035</b>	<b>788,540,915</b>	<b>1,967,807,120</b>

While determining the amount of IBNR, the company actuary has determined the threshold values for major damages with plot analysis starting from 2015, whereas it was calculated by Box-Plot method, which is permitted only by the Treasury and Finance Ministry in the Compulsory Traffic branch before 2014/16 Circle, in order to work with a more homogenous dataset. Files exceeding the threshold value determined by this method are considered as major damage. Since the damage progress of these files is separate from the other files, IBNR amounts have been determined and added to the provisions by a separate calculation for these files. Threshold values determined by March 31, 2022, and 31 December 2021 are total number of files subject to calculation, number of files determined as major damage and their shares in total files are as follows.



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

#### 2.1 Basis of Preparation (Continued)

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

Branch	31 March 2022				31 December 2021			
	Limit	Big Claim Files Number	Total Number of Files	Elimination (%)	Limit	Big Claim Files Number	Total Number of Files	Elimination (%)
General Liability	1.650.000	310	44.643	0,69%	1.650.000	276	43.023	0,64%
Employer Third Party Liability	650.000	89	15.232	0,58%	650.000	76	14.386	0,53%
General Third Party Liability	600.000	146	19.419	0,75%	600.000	139	19.096	0,73%
Other	400.000	75	9.992	0,75%	400.000	61	9.541	0,64%
General Losses	999.999	146	203.678	0,07%	999.999	129	199.959	0,06%
Transportation	499.999	165	66.098	0,20%	499.999	146	65.433	0,22%
Fire and Natural Disaster	999.999	356	315.966	0,10%	999.999	320	309.278	0,10%
Accident	299.999	46	8.212	0,60%	299.999	45	8.083	0,56%
Facultative Public Liability	199.999	128	11.396	1,10%	199.999	108	10.925	0,99%
Financial Losses	50.000	71	39.001	0,20%	50.000	60	38.567	0,16%

(\*) As of March 31, 2022, the Company has determined the General Liability major claim limits on the basis of the main branch.

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

Branch	Gross Additional Amount	Net IBNR
General Liability	96.253.620	5.062.480
Facultative Public Liability	2.466.029	2.466.029
Fire and Natural Disaster	17.532.786	1.625.060
Financial Losses	6.271.575	160.338
Accident	661.219	70.176

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

T.C. 26 November 2011 the Ministry of Treasury and finance of compensation occurred but for 2011/23 date and unreported provision (IBNR) a description of the calculation of the circular abuts backwards companies considering the date for the conclusion of the litigation in accordance with the realization of the last five years, according to sub-branches lodged against a company with the reputation of a win rate over the amount of the outstanding accrued files for files that are in the process of a lawsuit by calculating 25% of the not to exceed (initiated new activities and five-year data is not available branches 15%) in proportion to the rate of they can give a discount. In accordance with the relevant regulation, taking into account the Company's win rates calculated using the last five-year litigation file data set, a net of TRY 136,061,825 was deducted from the provision for outstanding compensation. (31 December 2021: 126.937.394 TRY):

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## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2022

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

#### 2.1 Basis of Preparation (Continued)

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

Branch	31 March 2022	31 December 2021
	Win Rate Used	Win Rate Used
Fire	25,0%	25,0%
Profit loss	25,0%	25,0%
Compulsory Earthquake	25,0%	25,0%
Miner Employees Personal Accident	0,0%	0,0%
Commodity	25,0%	25,0%
Hull	25,0%	25,0%
Compulsory Financial Liability Insurance of Highways Motor Vehicles	15,0%	15,0%
Compulsory Traffic (Except Green Card)	15,0%	15,0%
Motor Vehicles Facultative Financial Liability	25,0%	25,0%
Motor Own Damage	25,0%	25,0%
Road Passenger Transport Compulsory Seat P. A.	25,0%	25,0%
Employer's Financial Liability	25,0%	25,0%
Financial Liability to Third Parties	25,0%	25,0%
Elevator Accident	25,0%	25,0%
Plate Glass	18,0%	18,0%
Burglary	25,0%	25,0%
Cylinder Gas Compulsory Liability	0,0%	0,0%
Dangerous Goods Compulsory Liability	5,7%	5,7%
Aircraft	25,0%	25,0%
Aircraft Liability	25,0%	25,0%
Medical Malpractice	25,0%	25,0%
Private security Liability	25,0%	25,0%
Professional Liability	25,0%	25,0%
Suretyship	11,4%	11,4%
Employment	25,0%	25,0%
Facultative Earthquake	0,0%	0,0%
Flood	0,0%	0,0%
Landslide	0,0%	0,0%
Personal Accident	25,0%	25,0%
Loss of Rent and Income	0,0%	0,0%
Credit	25,0%	25,0%
Legal Protection	25,0%	25,0%
Machinery Breakdown	25,0%	25,0%
Erection All Risks	25,0%	25,0%
Construction	25,0%	25,0%
Electronic Equipment	25,0%	25,0%
Health	0,0%	0,0%
Travel Health	0,0%	0,0%

#### ***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 TRY 124,805,961 (December 31, 2021: TRY 117,710,045) of equalization reserve as of March 31, 2022, and presented in the long-term liabilities in the accompanying financial statements under 'Other Technical Reserves' (Note 20).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - MARCH 31, 2022**

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

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

**2.1 Basis of Preparation (Continued)**

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

*Life mathematical reserves*

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

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

**d. Subrogation and salvage income**

Within the framework of the Treasury and Finance Ministry's Office of Republic of Turkey. Circular relating to Subrogation and salvage income No. 2015/6, dated February 10, 2015; as of December 31, 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 March 31, 2022 are TRY 88,775,349 (December 31, 2021: TRY 81,361,121) and TRY 24,967,847 (December 31, 2021: TRY 12,256,993) 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:

	<b>31 March 2021</b>					
	Collection			Accrual		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Motor Own Damage	121.940.087	-	121.940.087	66.361.031	-	66.361.031
Motor Crafts Liability	10.136.665	(519.972)	9.616.693	17.575.355	(1.153.622)	16.421.733
Fire and Natural Disaster	2.465.420	(1.213.979)	1.251.441	12.684.117	(7.306.711)	5.377.406
Transportation	2.255.249	(1.396.468)	858.781	3.995.300	(3.732.681)	262.619
General Losses	1.190.698	(1.075.506)	115.192	902.255	(685.759)	216.496
Legal Protection	43.000	-	43.000	-	-	-
Water Crafts	54.316	(11.898)	42.418	76.345	(53.442)	22.903
Accident	11.938	-	11.938	-	-	-
General Liability	27.631	(21.129)	6.502	157.888	(126.310)	31.578
Suretyship	7.543	(1.393)	6.150	184.743	(103.160)	81.583
<b>Total</b>	<b>138.132.547</b>	<b>(4.240.345)</b>	<b>133.892.202</b>	<b>101.937.034</b>	<b>(13.161.685)</b>	<b>88.775.349</b>

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2022

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

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

### 2.1 Basis of Preparation (Continued)

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

	31 December 2021					
	Collection			Accrual		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Motor Own Damage	336.626.079	(1.083)	336.624.996	62.612.250	-	62.612.250
Motor Crafts Liability	26.440.317	(2.061.795)	24.378.522	12.922.064	(731.653)	12.190.411
Fire and Natural Disaster	8.850.693	(3.838.261)	5.012.432	9.984.753	(3.666.725)	6.318.028
Transportation	5.804.992	(2.907.445)	2.897.547	542.649	(403.234)	139.415
General Liability	118.536	(90.082)	28.454	28.058	(20.657)	7.401
General Losses	899.406	(794.634)	104.772	595.480	(524.297)	71.183
Water Crafts	205.707	(101.764)	103.943	2.500	(1.000)	1.500
Suretyship	37.374	(15.682)	21.692	63.443	(42.510)	20.933
Legal Protection	5.695	-	5.695	-	-	-
Financial Losses	522.142	(512.298)	9.844	-	-	-
<b>Total</b>	<b>379.510.941</b>	<b>(10.323.044)</b>	<b>369.187.897</b>	<b>86.751.197</b>	<b>(5.390.076)</b>	<b>81.361.121</b>

#### e. Premium Income and Claims

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

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

#### f. Receivables from Insurance Operations

Company provided provision for doubtful receivables by taking the nature and the value of the receivable into account. As of December 31, 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 TRY 24,506,891 (December 31, 2021: TRY 24,270,406) 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 TRY 32,509,499 (December 31, 2020: TRY 19,642,726). Furthermore, provision is accounted for the retention of claim recovery transactions under legal follow up amounting to TRY 221,684,022 (December 31, 2021: TRY 205,201,746) 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.

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

**2.1 Basis of Preparation (Continued)**

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

**h. Subsequent Events**

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

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

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

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

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

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

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

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

**k. Corporate Taxation and Deferred Tax**

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - MARCH 31, 2022**

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

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

**2.1 Basis of Preparation (Continued)**

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

***Corporate Tax***

In Turkey, the corporate tax rate is 23% for 2022 (December 31, 2021: 25%). 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. No further tax is payable unless the profit is distributed.

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

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

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

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

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

The law on amending the Tax Procedure Law and the Corporate Tax Law was resolved on January 20, 2022, Law No. It has been resolved with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. In line with the Law No. 7352, inflation adjustment will be applied to the financial statements dated 31 December 2023, and the profit/loss difference arising from the inflation adjustment will be shown in the previous years' profit/loss account and will not be taxed.

***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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
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**2. Summary of the Accounting Policies (Continued)**

**2.1 Basis of Preparation (Continued)**

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

Regarding the tax regulations of the Law No. 7316 and with the regulation numbered 31462, that published in the Official Gazette dated April 22, 2021, the corporate tax rate has been determined to be applied as 25% for 2021 corporate earnings and 23% for 2022 corporate earnings. Within the scope of the mentioned law, dated 31 March 2022 in the financial statements deferred tax assets through future taxable income and deductible temporary differences, deferred tax assets and liabilities of these differences by considering the time intervals of occurrence of future decades, a rate of 20% was calculated. (31 December 2021: April 22, 2021, date and 31462 published in the official gazette No. 7316 Law, tax legislation, the corporate income tax rate; corporate earnings 2021 25% for 2022 corporate earnings for 23%, implementation has been identified.

December March 31, 2022, the Company reported a net deferred tax asset of TL 108,655,424 (December 31, 2021: TL47,368,754) in its financial statements at the end of the period. The portion of the deferred tax asset in question amounting to TL 44.684.037 has been allocated at the expense of financial loss for the current period. Within the framework of business plans and projections prepared by the company's management; the taxable profit in future periods is used for all temporary differences carried on in accordance with the assumption that the date of 31 March 2022 damages, including deferred tax asset has been recorded.

***Income tax withholding***

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

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

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

**2.1.3 Functional currency**

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

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

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

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - MARCH 31, 2022

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

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

**2.1 Basis of Preparation (Continued)**

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

**New and revised standards and comments**

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

**a) Standards, amendments and interpretations that are issued but not effective as at 31 March 2022:**

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2 (effective 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. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective 1 January 2021);** These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.
- **Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. 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.

**b) Standards, amendments and interpretations that are issued but not effective as at 31 March 2022:**

- **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



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

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

**2.1 Basis of Preparation (Continued)**

**2.1.5 New and Revised International Financial Reporting Standards (Continued)**

- 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'.

- **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. 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.
- **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.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **IFRS 17, 'Insurance Contracts', as amended in December 2021;** 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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
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**2.2 Consolidation**

The Company has no subsidiaries or joint ventures that fall within the scope of consolidation as per 'IFRS 10 - Consolidated and Separate Financial Statements' as of March 31, 2022 (December 31, 2021: None).

**2.3 Segment Reporting**

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

**2.4 Discontinued Operations**

The Company does not have any discontinued or disposed operations as of March 31, 2022, and December 31, 2021.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - MARCH 31, 2022**

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

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

**2.5 Foreign Currency Translation**

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

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

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

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

**2.6 Tangible assets**

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

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

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

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

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

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

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

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

**2.6 Tangible assets (Continued)**

*Right of Use Asset*

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

*Lease Liability*

Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of March 31, 2022. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on March 31, 2022, was 20% for local currency liabilities (December 31, 2021: 20%).

**2.7 Investment Properties**

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

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

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

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

**2.9 Financial Assets**

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

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

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

***Effective interest method***

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

***Held for trading financial assets***

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

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

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

***Available-for-sale financial assets***

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

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

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

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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 March 31,2022, the Company has TRY 1.606.370.911 of financial assets under held-to-maturity investment account (December 31, 2020: TRY 1,737,608,467).

*Financial Assets at Insured's Risk*

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

*Loans and receivables*

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

**2.10 Investment Properties**

*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 Investment Properties (Continued)**

*Impairment of financial assets (Continued)*

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 March 31, 2022, there is a registered financial asset amounting to TRY 122.951.171 which costed to TRY 106.031.105 (December 31, 2021: cost total TRY 106.043.552, TRY 56.191.607 registered swaps)

As of March 31, 2022, the Company has accounted for 'Expense Accruals' amounting TRY 16.920.066 arising from the valuation of derivative instruments held by the Company in 'Income Accruals' account. (December 31, 2021: TRY 49.851.945 'Expense Accruals').

**2.12 Offsetting Financial Instruments**

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

## AKSIGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2022

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

### 2.13 Cash and Cash Equivalents

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

### 2.14 Share Capital

As of March 31, 2021, the Company's nominal capital is TRY 612,000,000 (December 31, 2021: TRY 306,000,000). Share capital is represented by 61,200,000,000 of equity shares having a nominal amount of TRY 0.01 each. The share capital structure of the Company is as follows:

	31 March 2022		31 December 2021	
	Rate	Amount	Rate	Amount
	%	TL	%	TL
Hacı Ömer Sabancı Holding A.Ş.	36.00	220,320,000	36.00	110,160,000
Ageas Insurance International NV	36.00	220,320,000	36.00	110,160,000
Other	28.00	171,360,000	28.00	85,680,000
	<b>100.00</b>	<b>612,000,000</b>	<b>100.00</b>	<b>306,000,000</b>

Agreement about the sale of 50% of 18,965,880,200 units of Aksigorta A.Ş. shares with TRY 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.

The company, the insurance and private pension regulation and supervision board date 09 March 2022, and e-97354901-901-1018031 March 18, 2022, and numbered and E of the capital market board-29833736-105.01.01.01-18823 750.000.000 in TL registered capital ceiling Permit No. writings and in the attachments of the issued capital of TL 215.010.673 from the extraordinary reserves, profits from real estate sales to be added to the capital 90.989.327 TL TL 612.000.000 with financing has increased.

As of 31 December 2021, the Company, as stated in the Capital Markets Board's letter dated 10 February 2021 and numbered E-29833736-110.03.03-1635 and the Ministry of Commerce General Directorate of Domestic Trade dated 5 March 2021 and numbered 62064027 and its annexes, With the Ordinary General Assembly decision dated March 16, 2021, has increased the registered capital ceiling to TRY 750.000.000.

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



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

**2.15 Insurance and Investment Contracts - Classification**

*Insurance Contracts*

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

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

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

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

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

**2.15 Insurance and Investment Contracts - Classification (Continued)**

***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.

***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.

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

**2.15 Insurance and Investment Contracts - Classification (Continued)**

***Premiums Transferred to Social Security Institution (Continued)***

The liability of the insurance companies with respect to the service costs to be incurred in the context of abovementioned articles has been determined in accordance with the provisions of 'The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated August 27, 2011 ('The Regulation'), 'The Communiqué on the Principles of the Implementation of the Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated September 15, 2011 and numbered 2011/17 (the 'Communiqué numbered 2011/17') and 'The Communiqué on the Accounting of Payments to Social Security Institution ('SSI') with respect to Treatment Expenses and Introduction of New Account Codes to Insurance Account Chart' dated. October 17, 2011 (the 'Communiqué numbered 2011/18'), the regulation (the 'Communique numbered 2012/3') making changes in 'The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated March 16, 2012 and numbered 2012/3 and the communique about changes related 'the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated April 30, 2012 and numbered 2012/6 (Note 2.24) (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 - March 31, 2022 accounting period as TRY 53.618.220 (January 1 - March 31, 2021: TRY 42.778.068) and unearned premium reserve amounting to TRY 7.219.324, (January 1 - March 31, 2021: TRY 5.383.037) for the period ended as of January 1 - March 31, 2022; classified under the accounts of 'Premiums ceded to SSI' and 'Change in SSI share of Unearned Premiums Reserve', respectively (Note 20).

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

***Premium ceded to Turkish Motor Insurers' Bureau***

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

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

**2.15 Insurance and Investment Contracts - Classification (Continued)**

*Premium ceded to Turkish Motor Insurers' Bureau (Continued)*

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

With the amendment made in the Regulation on the Principles of Tariff Application in Compulsory Liability of Highways Motor Vehicles Insurances published in the Official Gazette dated 6 June 2021, the premium to be transferred to the pool for the policies to be transferred to the pool will be transferred to the pool at the rate of 74% after deducting the deductions made from the insured from the premiums determined in the Regulation.

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 March 31, 2022. As at March 31, 2022, the Company accounted TRY 110.886.319 premium ceded to the Pool and TRY 54.823.348 paid claim; and TRY 519.972 subrogation income TRY 44.861.670 premium which is reported as Company share from the pool, TRY 38.463.254 claims paid, TRY, 516.329 recourse and TRY 966,035 salvage are accounted in accordance with the related legislation.

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

None (December 31, 2021: None).

**2.17 Investment Contracts without Discretionary Participation Features**

None (December 31, 2021: None).

**2.18 Borrowings**

As of March 31, 2022, the Company has used a one-year term on January 27, 2022, it has a principal of TRY 68.500.000 and total total interest-bearing loan of TL 17,410,416 and is entitled "To Credit Institutions Liabilities are classified in the "account". TRY 21,677,900 borrowings with one day maturity without interest rate and classified as 'Other Financial Liabilities. (December 31, 2021: TRY 16,177,847).

**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).

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

**2.20 Provisions (Non-technical)**

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

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

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

**2.21 Revenue Recognition**

***Written Premium Commission***

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

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

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

***Interest income and expense***

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

***Dividend income***

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

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

**2.22 Profit Share Distribution**

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

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

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

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

**2.23 Related parties**

Parties are considered related to the Company if.

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

If the reporting Company or a parent company of the reporting Company is a member of the key management personnel.

**2.24 Foreign currency transactions**

Transactions are recorded in TRY, 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 TRY 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.

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

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### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2022

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

### 2.24 Foreign currency transactions (Continued)

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

	31 March 2022		31 December 2021	
	USD / TL	EUR / TL	USD / TL	EUR / TL
Buying rate	14,6371	16,2855	13,3290	15,0867
Selling rate	14,6635	16,3148	13,3731	15,1365

## 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.

##### 4.1.1.1 Sensitivity to insurance risk

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

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

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## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2022

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

#### 4.1 Insurance Risk (Continued)

##### 4.1.1 Objective of managing risks arising from insurance contracts and policies used to minimize such risks (Continued)

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

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

#### *Reinsurance Company Notification*

2022		2021	
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	NR
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	A+
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 Insurance Risk (Continued)

##### 4.1.1 Objective of managing risks arising from insurance contracts and policies used to minimize such risks (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, watercrafts, 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 (*)	31 March 2021			31 December 2021		
	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	1.690.371.497	(53.638.054)	1.636.733.443	1.596.367.049	(49.179.229)	1.547.187.820
Fire and Natural Disaster	947.319.797	(862.107.610)	85.212.187	865.446.648	(789.401.844)	76.044.804
General Liability	941.287.409	(804.508.606)	136.778.803	910.796.681	(797.721.191)	113.075.490
<b>General Losses</b>	<b>461.388.453</b>	<b>(438.681.928)</b>	<b>22.706.525</b>	<b>405.862.622</b>	<b>(390.025.781)</b>	<b>15.836.841</b>
Motor Own Damage	208.534.550	(1.616.090)	206.918.460	182.444.654	(1.616.082)	180.828.572
Financial Losses	95.908.482	(92.869.884)	3.038.598	90.659.220	(87.950.427)	2.708.793
Fidelity Guarantee	201.042.054	(197.204.803)	3.837.251	179.501.252	(176.144.778)	3.356.474
Transportation	157.547.002	(140.009.637)	17.537.365	122.543.844	(108.083.695)	14.460.149
Air Crafts	2.289.175	(2.288.856)	319	3.113.694	(3.113.212)	482
Health	51.919.261	(44.299.470)	7.619.791	41.832.399	(34.333.763)	7.498.636
Air Crafts Liability	214.702.245	(214.687.959)	14.286	187.900.366	(187.887.561)	12.805
Water Crafts	22.998.655	(20.200.435)	2.798.220	23.407.823	(20.096.640)	3.311.183
Accident	6.703.478	(3.168.424)	3.535.054	6.942.632	(3.934.790)	3.007.842
Credit	1.719.855	(1.657.649)	62.206	9.940	(9.452)	488
Legal Protection	490.400	-	490.400	476.741	-	476.741
Life	141.689	-	141.689	144.293	-	144.293
<b>Total</b>	<b>5.004.364.002</b>	<b>(2.876.939.405)</b>	<b>2.127.424.597</b>	<b>4.617.449.858</b>	<b>(2.649.498.445)</b>	<b>1.967.951.413</b>

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

# AKSİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2022

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

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

#### 4.1 Insurance Risk (Continued)

#### 4.1.1 Objective of managing risks arising from insurance contracts and policies used to minimize such risks (Continued)

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

	31 March 2022				31 December 2021			
	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	(147.564.996)	5.053.976.517	(3.550.947.019)	1.503.029.498	4.514.870.786	(3.159.406.284)	1.355.464.502	
Discount Effect of Reported Claims	166.945.045	(1.977.215.879)	1.021.729.919	(955.485.960)	(1.609.512.032)	820.971.117	(788.540.915)	
Claim Provisions (*)	(187.924.826)	2.233.521.899	(517.776.146)	1.715.745.753	1.987.512.076	(459.691.149)	1.527.820.927	
Non-life Total	(159.475.787)	5.004.222.313	(2.876.939.405)	2.127.282.908	4.617.305.565	(2.649.498.445)	1.967.807.120	
Life	2.604	141.689	-	141.689	144.293	-	144.293	
Grand Total	<b>(159.473.183)</b>	<b>5.004.364.002</b>	<b>(2.876.939.405)</b>	<b>2.127.424.597</b>	<b>4.617.449.858</b>	<b>(2.649.498.445)</b>	<b>1.967.951.413</b>	

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

#### Outstanding Claim Reserve:

	31 March 2021			31 December 2021		
	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	4.514.870.786	(3.159.406.284)	1.355.464.502	2.857.447.297	(2.020.542.066)	836.905.231
Opened in the Period	1.830.069.278	(758.045.202)	1.072.024.076	5.114.424.557	(2.200.789.201)	2.913.635.356
Paid from Current Period (-)	(774.578.128)	219.902.680	(554.675.448)	(2.074.200.641)	637.154.990	(1.437.045.651)
Paid from Previous Period (-)	(516.385.419)	146.601.787	(369.783.632)	(1.382.800.427)	424.769.993	(958.030.434)
Period End Reported Claims	5.053.976.517	(3.550.947.019)	1.503.029.498	4.514.870.786	(3.159.406.284)	1.355.464.502
Life	141.689	-	141.689	144.293	-	144.293
Discount Effect of Reported Claims	(1.977.215.879)	1.021.729.919	(955.485.960)	(1.609.512.032)	820.971.119	(788.540.915)
Discount to be applied to litigation files	(306.060.225)	170.053.841	(136.006.384)	(275.565.265)	148.627.869	(126.937.394)
IBNR	2.233.521.899	(517.776.146)	1.715.745.753	1.987.512.076	(459.691.149)	1.527.820.927
<b>Total</b>	<b>5.004.364.002</b>	<b>(2.876.939.405)</b>	<b>2.127.424.597</b>	<b>4.617.449.858</b>	<b>(2.649.498.445)</b>	<b>1.967.951.413</b>

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - MARCH 31, 2022

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

4. Insurance and Financial Risk Management (Continued)

4.1 Insurance Risk (Continued)

4.1.1 Objective of managing risks arising from insurance contracts and policies used to minimize such risks (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, 2022

	1.04.2015 31.03.2016	1.04.2016 31.03.2017	1.04.2017 31.03.2018	1.04.2018 31.03.2019	1.04.2019 31.03.2020	1.04.2020 31.03.2021	1.04.2021 31.03.2022	Gross Claim
Claim realized in the accident period	819.639.189	1.009.480.611	1.350.380.960	1.701.054.045	2.262.316.776	2.254.216.492	4.313.359.935	13.710.448.007
1 year later	215.332.098	571.617.509	688.266.904	678.044.080	1.066.220.758	1.120.691.678	-	4.340.173.029
2 years later	153.118.571	532.563.816	541.280.788	650.455.952	1.020.424.001	-	-	2.897.843.129
3 years later	119.681.523	534.486.977	484.781.054	756.140.985	-	-	-	1.895.090.539
4 years later	120.803.519	560.808.260	426.139.723	-	-	-	-	1.107.751.502
5 years later	125.744.362	459.381.622	-	-	-	-	-	585.125.984
6 years later	125.497.826	-	-	-	-	-	-	125.497.826
<b>Total</b>	<b>1.679.817.087</b>	<b>3.668.338.796</b>	<b>3.490.849.430</b>	<b>3.785.695.062</b>	<b>4.348.961.535</b>	<b>3.374.908.170</b>	<b>4.313.359.935</b>	<b>24.661.930.015</b>

Gross claim development table prepared on the principles of incurred claims by December 31, 2021:

	1.01.2015 31.12.2015	1.01.2016 31.12.2016	1.01.2017 31.12.2017	1.01.2018 31.12.2018	1.01.2019 31.12.2019	1.01.2020 31.12.2020	1.01.2021 31.12.2021	Gross Claim
Claim realized in the accident period	841.913.192	930.621.837	1.366.238.878	1.564.047.984	2.299.878.599	2.069.675.811	3.650.161.929	12.722.538.230
1 year later	216.699.946	420.934.178	793.577.616	606.370.322	939.075.198	1.228.917.800	-	4.205.575.060
2 years later	126.303.760	345.579.004	633.208.482	352.446.585	717.625.507	-	-	2.175.163.338
3 years later	110.917.361	344.631.786	602.343.699	671.792.643	-	-	-	1.729.685.489
4 years later	113.024.946	398.378.186	438.319.539	-	-	-	-	949.722.671
5 years later	120.467.564	342.136.413	-	-	-	-	-	462.603.977
6 years later	129.489.007	-	-	-	-	-	-	129.489.007
<b>Total</b>	<b>1.658.815.776</b>	<b>2.782.281.404</b>	<b>3.833.688.214</b>	<b>3.194.657.534</b>	<b>3.956.579.304</b>	<b>3.298.593.611</b>	<b>3.650.161.929</b>	<b>22.374.777.772</b>

4.2 Financial Risk

4.2.1 Capital risk management and capital requirement

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

The company's capital adequacy, 19 January 2008 which came into force after being published in the Official Gazette numbered date and 26761 insurance, reinsurance and pension companies of measurement and assessment of capital adequacy within the framework of this period are made within two months of twice a year June and December period. As of the reporting period, the Company's minimum required equity has been determined as TL 1,426,118,936 in the calculation made on December 31, 2021, at the latest. The amount of the Company's equity adopted as of December 31, 2021, in accordance with the provisions of the relevant regulation is TL 259,118,850 less than the required amount of equity calculated as of the same period. The Company submitted its plan for the completion of the capital shortfall caused by the current equity not meeting the required equity to the Insurance and Private Pension Regulation and Supervision Agency on April 7, 2022.

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

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

**4.2 Financial Risk (Continued)**

**4.2.2 Financial risk factors**

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

***Market risk***

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

***Exchange rate risk***

The Company's foreign currency denominated assets and liabilities expose the Company to exchange rate risks. These risks are monitored by analysing exchange rate position. The details of the Company's foreign currency denominated assets and liabilities as of March 31, 2022 and March 31, 2021 are presented in detail in Note 12.4.

***Sensitivity to exchange rate risk***

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

	31 March 2022		31 December 2021	
	USD Effect	EUR Effect	USD Effect	EUR Effect
Profit / Loss Increase	82.083.808	9.291.800	77.402.719	14.712.825
Profit / Loss (Decrease)	(82.083.808)	(9.291.800)	(77.402.719)	(14.712.825)

***Interest rate risk***

The Company is required to manage its interest rate risks due to price fluctuations in its financial instruments arising from changes in interest rates. The main risk that the available-for-sale financial assets in the Company's portfolio are exposed to is the losses that will occur as a result of changes in market interest rates and the decrease in the fair values of financial assets.

Interest rate sensitivity is the effect of changes in interest rates at the rates assumed below on the fair values of fixed income or discounted available-for-sale financial assets in the portfolio as of 31 March 2022 and 31 December 2021. During this analysis, other variables are assumed to be constant. The tax effects of these changes in the calculations are not taken into account.

# AKSİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2022

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

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

#### 4.2 Financial Risk (Continued)

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

	31 March 2022	31 December 2021
Total	Effect on profit and profit reserves	
Market interest rate increase / (decrease)	TL	
+% 1	(18.282.764)	(20.883.394)
-% 1	10.307.002	24.600.613
Financial assets available for sale	Effect on profit and profit reserves	
Market interest rate increase / (decrease)	TL	
+% 1	(18.282.764)	(20.883.394)
-% 1	10.307.002	24.600.613

##### *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, 2022, and 31 December 2021.

	31 March 2021	31 December 2020
Total	Available For Sale	
Price increase / (decrease)	TL	
+% 10	163.366.546	122.187.949
-% 10	(163.366.546)	(122.187.949)

##### *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 March 31, 2022, the Company has presented its receivables from insurance operations and guarantees received and provision for doubtful receivables in Note 12.1.

##### *Liquidity risk*

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

# AKSİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2022

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

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

#### 4.2 Financial Risk (Continued)

##### 4.2.2 Financial Risk Factors (Continued)

###### *Liquidity risk table*

31 March 2022

	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	679.516.781	915.757.280	107.743.756	-	-	102.340.593	1.805.358.410
Financial Assets Available for Sale	22.766.678	126.651.432	538.052.689	571.504.279	191.048.104	163.289.856	1.613.313.038
Financial Assets for Trading	-	-	-	-	-	258.437.627	258.437.627
Held-to-maturity financial assets	-	158.315.207	743.430.399	668.174.959	36.450.346	-	1.606.370.911
Investments with Risks on Policy Holders	-	-	-	1.879.337	-	-	1.879.337
Receivables From Main Operations	-	-	-	-	-	-	0
Due from Related Parties	308.658.336,07	453.140.831,00	899.244.299	8.150.025,00	-	86.856.581,00	1.756.050.072
Other Receivables	17.384	-	-	-	-	-	17.384
Prepaid Expenses and Income Accruals	0	-	12.506.887	-	-	-	12.506.887
<b>Total Assets</b>	<b>1.100.999.844</b>	<b>1.778.356.388</b>	<b>2.647.348.268</b>	<b>1.249.708.600</b>	<b>227.498.450</b>	<b>610.924.657</b>	<b>7.614.836.207</b>
Financial Liabilities	21.677.900	-	102.625.281,67	10.737.192,00	-	-	135.040.374
Payables From Main Operations	145.471.384	290.942.768	269.032.407	27.192.267	-	728.697.547	1.461.336.373
Due to Related Parties	6.470	-	1.143	-	-	-	7.613
Other Payables	-	211.701.842	-	-	-	21.107.375,00	232.809.217
Insurance Technical Reserves	1.209.795.923	1.567.322.721	1.637.754.775	224.655.024	11.339.630	-	4.650.868.073
Taxes and Other Liabilities and Provisions	-	82.027.740	-	-	-	-	82.027.740
Prepaid Income and Expense Accruals	48.767.593	97.535.186	178.814.509	-	-	-	325.117.288
Long Term Insurance Technical Reserves	-	-	-	1.330.677	124.805.961	-	126.136.638
Provisions for Other Risks	-	-	-	-	-	14.980.679	14.980.679
<b>Total Liabilities and Shareholders' Equity</b>	<b>1.425.719.270</b>	<b>2.249.530.257</b>	<b>2.188.228.116</b>	<b>263.915.160</b>	<b>136.145.591</b>	<b>764.785.601</b>	<b>7.028.323.996</b>

31 December 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	728.194.125	1.104.163.836	300.750.758	-	-	61.282.874	2.194.391.593
Financial Assets Available for Sale	57.733.639	23.479.492	279.487.989	644.459.750	182.519.569	28.411.508	1.216.091.947
Financial Assets for Trading	-	-	-	-	-	6.454.765	6.454.765
Held-to-maturity financial assets	-	151.295.701	562.197.273	989.196.630	34.918.863	-	1.737.608.467
Investments with Risks on Policy Holders	-	-	-	1.874.466	-	-	1.874.466
Receivables From Main Operations	294.045.139	547.174.652	700.443.300	6.624.682	-	-	1.548.287.773
Due from Related Parties	216.109	-	-	-	-	-	216.109
Other Receivables	-	-	29.521.449	-	-	-	29.521.449
Prepaid Expenses and Income Accruals	62.160.263	105.831.094	282.444.606	-	-	-	450.435.963
<b>Total Assets</b>	<b>1.142.349.275</b>	<b>1.931.944.775</b>	<b>2.154.845.375</b>	<b>1.642.155.528</b>	<b>217.438.432</b>	<b>96.149.147</b>	<b>7.184.882.532</b>
Financial Liabilities	117.833.595	-	14.968.418	12.595.616	-	-	145.397.629
Payables From Main Operations	585.825.485	300.382.123	357.693.245	-	-	-	1.243.900.854
Due to Related Parties	53.082	-	1.143	-	-	-	54.225
Other Payables	-	249.254.991	-	-	-	19.120.708	268.375.699
Insurance Technical Reserves	1.084.815.458	1.381.248.460	1.391.531.526	205.528.509	10.489.604	-	4.073.613.557
Taxes and Other Liabilities and Provisions	-	124.706.305	-	-	-	-	124.706.305
Prepaid Income and Expense Accruals	42.962.428	85.924.856	157.528.903	-	-	-	286.416.187
Long Term Insurance Technical Reserves	-	-	-	1.343.509	117.710.045	-	119.053.554
Provisions for Other Risks	-	-	-	-	-	14.112.606	14.112.606
<b>Total Liabilities and Shareholders' Equity</b>	<b>1.831.490.048</b>	<b>2.141.516.735</b>	<b>1.921.723.235</b>	<b>219.467.634</b>	<b>128.199.649</b>	<b>33.233.314</b>	<b>6.275.630.616</b>

# AKSIGORTA A.Ş.

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2022

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

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

#### 4.2 Financial Risk (Continued)

##### 4.2.2 Financial Risk Factors (Continued)

###### *Categories of Financial Assets*

Current Financial Assets	31 March 2022		31 December 2021	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets Available for Sale	1.613.313.038	1.613.313.038	1.216.091.948	1.216.091.948
Held-to-maturity financial assets	1.585.922.143	1.606.370.911	1.643.916.143	1.737.608.467
Financial Assets for Trading	258.437.627	258.437.627	6.454.765	6.454.765
Financial Investments with Risks on Policy Holders	1.879.337	1.879.337	1.874.466	1.874.466
<b>Total Financial Assets</b>	<b>3.459.552.145</b>	<b>3.480.000.913</b>	<b>2.868.337.322</b>	<b>2.962.029.646</b>

###### *Fair value of financial assets*

Fair value is the amount at which financial instruments could be exchanged in a current transaction between willing parties, other than for a forced sale or liquidation, and is best determined by their quoted price in an organized market, if any.

The fair value classifications of the Company's financial assets and liabilities are as follows:

- Quoted prices (unadjusted) in active markets (Level 1),
- Based on observable data directly (through prices in active markets) or indirectly (derived from prices in active markets) (Level 2),
- Inputs (unobservable inputs) for assets and liabilities that cannot be determined based on observable market data (Level 3).

Available-for-sale financial assets in the balance sheet are those that are valued at their fair values. Classification requires the use of observable market data if available.

In this framework, the fair value classification of financial assets and liabilities measured at their fair values is as follows:

	31 March 2021	Category 1	Category 2	Category 3
<b>Financial Assets Available for Sale</b>				
Private Sector Bonds	308.553.149	-	308.553.149	-
Eurobonds	911.188.947	911.188.947	-	-
Equity share	163.289.857	162.414.437	-	875.420
Government Bonds & Treasury Bills	230.281.085	221.902.844	8.378.241	-
<b>Financial Assets for Trading</b>				
Investment Funds	124.782.970	124.782.970	-	-
Reverse Repo	133.654.657	133.654.657	-	-
<b>Financial Assets Held to Maturity</b>				
Eurobonds	1.056.145.678	1.056.145.678	-	-
Private Sector Bonds	173.137.628	-	173.137.628	-
Government Bonds & Treasury Bills	377.087.605	346.307.149	30.780.456	-
<b>Financial Investments with Risks on Policy Holders</b>				
Government Bonds & Treasury Bills	1.879.337	1.879.337	-	-
<b>Total</b>	<b>3.480.000.913</b>	<b>2.958.276.018</b>	<b>520.849.475</b>	<b>875.420</b>

# AKSİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2022

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

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

#### 4.2 Financial Risk (Continued)

##### 4.2.2 Financial Risk Factors (Continued)

	31 December 2021	Category 1	Category 2	Category 3
<b>Financial Assets Available for Sale</b>				
Eurobonds	585.603.548	-	585.603.548	-
Private Sector Bonds	333.420.756	219.681.670	113.739.086	-
Equity share	268.656.135	268.656.135	-	-
Government Bonds & Treasury Bills	28.411.509	27.536.089	-	875.420
<b>Financial Assets for Trading</b>				
Investment Funds	6.454.765	6.454.765	-	-
Reverse Repo			-	-
<b>Financial Assets Held to Maturity</b>				
Eurobonds	1.085.793.822	1.085.793.822	-	-
Government Bonds & Treasury Bills	419.033.562	419.033.562	-	-
Private Sector Bonds	232.781.083	232.781.083	-	-
<b>Financial Investments with Risks on Policy</b>				
Government Bonds & Treasury Bills	1.874.466	1.874.466	-	-
<b>Total</b>	<b>2.962.029.646</b>	<b>2.261.811.592</b>	<b>699.342.634</b>	<b>875.420</b>

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

#### *Financial assets*

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

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

#### *Financial liabilities*

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

### 5. Segment Information

#### 5.1 Operating segments

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

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

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



**AKSİGORTA A.Ş.**

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

**5. Segment Information (Continued)**

**5.1 Operating segments (Continued)**

**Segment results for the period ended at March 31, 2022:**

	Fire	Transportation	Motor Own Damage	Motor Crafts Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
<b>TECHNICAL INCOME</b>	<b>100.332.585</b>	<b>23.680.404</b>	<b>336.696.817</b>	<b>392.708.115</b>	<b>85.255.342</b>	<b>15.671.211</b>	<b>36.459.399</b>	<b>58.252.020</b>	<b>30.121</b>	-	<b>1.049.086.014</b>
1- Earned Premiums (Net of Reinsurer Share)	57.221.182	12.628.662	246.234.745	335.448.859	49.334.390	7.871.799	12.502.107	28.392.764	-	-	749.634.508
1.1- Premiums (Net of Reinsurer Share)	70.006.220	14.330.893	458.384.695	499.341.714	50.135.747	14.024.058	30.232.986	30.963.608	-	-	1.167.419.921
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(12.785.038)	(1.702.231)	(131.809.219)	(45.270.210)	(1.494.607)	(6.152.259)	(17.730.879)	(2.570.844)	-	-	(219.515.287)
1.3-Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	-	-	(80.340.731)	(118.622.645)	693.250	-	-	-	-	-	(198.270.126)
2- Investment Income transferred from Non-Technical Part	44.048.409	10.928.537	85.263.353	53.027.934	35.793.344	7.675.479	22.712.259	25.340.099	30.121	-	284.819.535
3- Other Technical Income (Net of Reinsurance Share)	3.615	-	1.449.938	-	-	-	1.245.033	4.519.157	-	-	7.217.743
4- Accrued Subrogation and Salvage Income (+)	(940.621)	123.205	3.748.781	4.231.322	127.608	123.933	-	-	-	-	7.414.228
<b>TECHNICAL EXPENSES</b>	<b>(85.028.913)</b>	<b>(7.369.286)</b>	<b>(486.631.587)</b>	<b>(665.531.004)</b>	<b>(53.573.142)</b>	<b>(6.455.857)</b>	<b>(17.817.106)</b>	<b>(19.861.720)</b>	<b>(22.821)</b>	-	<b>(1.342.291.435)</b>
1- Total Claims (Net of Reinsurer Share)	(51.294.527)	(5.029.381)	(387.896.977)	(582.433.889)	(37.748.889)	(7.351.508)	(9.759.347)	(2.382.092)	(35.653)	-	(1.083.932.263)
1.1- Claims Paid (Net of Reinsurer Share)	(42.127.144)	(1.952.165)	(361.807.089)	(492.888.266)	(12.944.625)	(5.330.060)	(5.110.538)	(2.260.936)	(38.257)	-	(924.459.080)
1.2- Changes in Outstanding Claims Reserve Reinsurer Share and Reserves Carried Forward (+/-)	(9.167.383)	(3.077.216)	(26.089.888)	(89.545.623)	(24.804.264)	(2.021.448)	(4.648.809)	(121.156)	2.604	-	(159.473.183)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer) (+/-)	-	-	-	-	3.230	849	-	-	-	-	4.079
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-) and Other Technical Expenses	(5.830.131)	-	(695.937)	-	(192.341)	(377.507)	-	-	-	-	(7.095.916)
4- Operating Expenses	(21.806.854)	(2.074.084)	(79.372.257)	(72.370.682)	(12.716.978)	1.897.713	(7.596.363)	(16.197.714)	-	-	(210.237.218)
4.1- Production Commissions (-)	(49.073.457)	(7.025.580)	(57.318.758)	(53.630.909)	(31.865.467)	(10.637.118)	1.238.320	(31.706.980)	-	-	(240.019.949)
4.2- Reinsurance Commissions (+)	43.882.650	6.234.138	117.888	10.177.980	26.327.955	15.324.994	(8.351.610)	19.357.193	-	-	113.071.188
4.3- General Administrative Expenses	(16.616.047)	(1.282.642)	(22.171.387)	(28.917.753)	(7.179.466)	(2.790.163)	(483.073)	(3.847.927)	-	-	(83.288.458)
4.4- Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
5- Changes in Mathematical Reserves (+/-)	-	-	-	-	-	-	-	-	12.832	-	12.832
6- Other Technical Expenses (Net of Reinsurer Share)	(6.097.401)	(265.821)	(18.666.416)	(10.726.433)	(2.918.164)	(625.404)	(461.396)	(1.281.914)	-	-	(41.042.949)
<b>TECHNICAL PROFIT/(LOSS)</b>	<b>15.303.672</b>	<b>16.311.118</b>	<b>(149.934.770)</b>	<b>(272.822.889)</b>	<b>31.682.200</b>	<b>9.215.354</b>	<b>18.642.293</b>	<b>38.390.300</b>	<b>7.300</b>	-	<b>(293.205.421)</b>
Financial income	-	-	-	-	-	-	-	-	-	507.988.871	507.988.871
Depreciation expense	-	-	-	-	-	-	-	-	-	(13.355.067)	(13.355.067)
Provisions account, net	-	-	-	-	-	-	-	-	-	(7.558.692)	(7.558.692)
Tax expenses	-	-	-	-	-	-	-	-	-	62.825.827	62.825.827
Financial expenses	-	-	-	-	-	-	-	-	-	(512.750.457)	(512.750.457)
Other	-	-	-	-	-	-	-	-	-	1.722.602	1.722.602
<b>NET PROFIT/(LOSS)</b>	<b>15.303.672</b>	<b>16.311.118</b>	<b>(149.934.770)</b>	<b>(272.822.889)</b>	<b>31.682.200</b>	<b>9.215.354</b>	<b>18.642.293</b>	<b>38.390.300</b>	<b>7.300</b>	<b>38.873.084</b>	<b>(254.332.337)</b>

**AKSİGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - MARCH 31, 2022**

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

**5. Segment Information (Continued)**

**5.1 Operating segments (Continued)**

**Segment results for the period ended at March 31, 2021:**

	Fire	Transportation	Motor Own Damage	Motor Crafts Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
<b>TECHNICAL INCOME</b>	<b>60.022.714</b>	<b>10.462.974</b>	<b>317.830.236</b>	<b>436.720.024</b>	<b>54.929.697</b>	<b>7.538.054</b>	<b>12.994.450</b>	<b>37.168.217</b>	<b>31.817</b>	-	<b>937.698.183</b>
1- Earned Premiums (Net of Reinsurer Share)	47.805.687	8.163.396	275.088.736	359.496.526	42.183.411	5.721.535	7.808.398	25.512.603	-	-	771.780.292
1.1- Premiums (Net of Reinsurer Share)	53.920.348	8.299.606	328.788.534	416.813.155	47.491.255	8.823.353	21.032.734	32.130.885	-	-	917.299.870
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(6.114.661)	(136.210)	(53.699.798)	(57.316.629)	(3.664.339)	(3.101.818)	(13.224.336)	(6.618.282)	-	-	(143.876.073)
1.3-Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	-	-	-	-	(1.643.505)	-	-	-	-	-	(1.643.505)
2- Investment Income transferred from Non-Technical Part	11.156.530	1.949.025	42.860.595	70.874.721	12.447.123	1.735.950	5.186.052	8.623.149	31.817	-	154.864.962
3- Other Technical Income (Net of Reinsurance Share)	-	-	1.026.000	-	-	-	-	3.032.465	-	-	4.058.465
4- Accrued Subrogation and Salvage Income (+)	1.060.497	350.553	(1.145.095)	6.348.777	299.163	80.569	-	-	-	-	6.994.464
<b>TECHNICAL EXPENSES</b>	<b>(76.665.235)</b>	<b>(4.560.674)</b>	<b>(291.655.701)</b>	<b>(366.146.598)</b>	<b>(35.742.788)</b>	<b>(4.130.250)</b>	<b>(14.687.522)</b>	<b>(11.524.609)</b>	<b>(28.541)</b>	-	<b>(783.650.735)</b>
1- Total Claims (Net of Reinsurer Share)	(49.365.805)	(2.759.594)	(207.414.866)	(303.532.790)	(18.594.324)	(4.191.783)	(10.037.202)	(2.855.959)	(33.227)	-	(577.294.367)
1.1- Claims Paid (Net of Reinsurer Share)	(31.540.316)	(1.615.900)	(181.808.545)	(216.541.814)	(7.474.223)	(2.900.416)	(3.248.429)	(2.559.891)	(33.227)	-	(447.722.761)
1.2- Changes in Outstanding Claims Reserve Reinsurer Share and Reserves Carried Forward (+/-)	(17.825.489)	(1.143.694)	(25.606.321)	(86.990.976)	(11.120.101)	(1.291.367)	(6.788.773)	(296.068)	-	-	(129.571.606)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer) (+/-)	-	-	-	-	2	-	-	-	-	-	2
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-) and Other Technical Expenses	(2.924.422)	-	(462.110)	-	(110.336)	(233.616)	-	-	-	-	(3.730.484)
4- Operating Expenses	(21.499.648)	(1.721.081)	(63.661.672)	(53.903.142)	(15.014.765)	574.848	(4.389.914)	(8.039.298)	-	-	(167.654.672)
4.1- Production Commissions (-)	(37.150.733)	(4.132.904)	(48.454.885)	(43.895.018)	(21.881.524)	(6.230.070)	906.088	(23.472.875)	-	-	(184.311.921)
4.2- Reinsurance Commissions (+)	26.509.110	3.215.123	66.691	7.540.470	11.659.598	8.422.300	(5.031.827)	18.188.517	-	-	70.569.982
4.3- General Administrative Expenses	(10.858.025)	(803.300)	(15.273.478)	(17.548.594)	(4.792.839)	(1.617.382)	(264.175)	(2.754.940)	-	-	(53.912.733)
4.4- Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
5- Changes in Mathematical Reserves (+/-)	-	-	-	-	-	-	-	-	4.686	-	4.686
6- Other Technical Expenses (Net of Reinsurer Share)	(2.875.360)	(79.999)	(20.117.053)	(8.710.666)	(2.023.366)	(279.699)	(260.406)	(629.352)	-	-	(34.975.901)
<b>TECHNICAL PROFIT/(LOSS)</b>	<b>(16.642.521)</b>	<b>5.902.300</b>	<b>26.174.535</b>	<b>70.573.426</b>	<b>19.186.909</b>	<b>3.407.804</b>	<b>(1.693.072)</b>	<b>25.643.608</b>	<b>3.276</b>	-	<b>154.047.448</b>
Financial income	-	-	-	-	-	-	-	-	-	281.630.322	281.630.322
Depreciation expense	-	-	-	-	-	-	-	-	-	(10.600.281)	(10.600.281)
Provisions account, net	-	-	-	-	-	-	-	-	-	(23.309.429)	(23.309.429)
Tax expenses	-	-	-	-	-	-	-	-	-	(24.136.958)	(24.136.958)
Financial expenses	-	-	-	-	-	-	-	-	-	(284.637.834)	(284.637.834)
Other	-	-	-	-	-	-	-	-	-	(1.050.876)	(6.262.306)
<b>NET PROFIT/(LOSS)</b>	<b>(16.642.521)</b>	<b>5.902.300</b>	<b>26.174.535</b>	<b>70.573.426</b>	<b>19.186.909</b>	<b>3.407.804</b>	<b>(1.693.072)</b>	<b>25.643.608</b>	<b>3.276</b>	<b>(62.105.056)</b>	<b>91.942.392</b>

## AKSİGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2022

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

#### 6. Tangible Assets

March 31, 2022

Cost Value	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Assets	Other Tangible Assets (Including Leasehold Improvements)	Right-of-use assets	Total
1 January	1.598.569	1.878.421	31.263.486	23.807.488	43.374.168	101.922.132
Additions	-	-	3.611.627	-	2.375.856	5.987.483
Disposals	(1.593.240)	-	(127.962)	(185.526)	-	(1.906.728)
<b>31 March</b>	<b>5.329</b>	<b>1.878.421</b>	<b>34.747.151</b>	<b>23.621.962</b>	<b>45.750.024</b>	<b>106.002.887</b>
<b>Accumulated Depreciation</b>						
1 January	(665.162)	(4.022)	(22.362.090)	(12.935.198)	(26.030.345)	(61.996.817)
Charge for the Period	(26)	(180.969)	(1.138.096)	(999.155)	(2.216.285)	(4.534.531)
Disposals	661.073	-	57.028	168.829	-	886.930
<b>31 March</b>	<b>(4.115)</b>	<b>(184.991)</b>	<b>(23.443.158)</b>	<b>(13.765.524)</b>	<b>(28.246.630)</b>	<b>(65.644.418)</b>
<b>Net Book Value as of 31 March</b>	<b>1.214</b>	<b>1.693.430</b>	<b>11.303.993</b>	<b>9.856.438</b>	<b>17.503.394</b>	<b>40.358.469</b>

March 31, 2021

Cost Value	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Assets	Other Tangible Assets (Including Leasehold Improvements)	Right-of-use assets	Total
1 January	1.598.569	2.720.001	30.431.171	21.682.557	41.129.271	97.561.569
Additions	-	963.243	156.052	35.400	-	1.154.695
Disposals	-	-	(302.484)	-	-	(302.484)
<b>31 March</b>	<b>1.598.569</b>	<b>3.683.244</b>	<b>30.284.739</b>	<b>21.717.957</b>	<b>41.129.271</b>	<b>98.413.780</b>
<b>Accumulated Depreciation</b>						
1 January	(633.191)	(1.093.962)	(20.847.952)	(13.841.375)	(17.643.062)	(54.059.542)
Charge for the Period	(7.883)	(168.444)	(1.054.586)	(506.147)	(2.207.846)	(3.944.906)
Disposals	-	-	295.264	-	-	295.264
<b>31 March</b>	<b>(641.074)</b>	<b>(1.262.406)</b>	<b>(21.607.274)</b>	<b>(14.347.522)</b>	<b>(19.850.908)</b>	<b>(57.709.184)</b>
<b>Net Book Value as of 31 March</b>	<b>957.495</b>	<b>2.420.838</b>	<b>8.677.465</b>	<b>7.370.435</b>	<b>21.278.363</b>	<b>40.704.596</b>

The Company has no impairment loss recognized for tangible fixed assets in the current period (December 31, 2021: None).

#### 7. Investment Properties

The Company has no investment properties as of March 31, 2022.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - MARCH 31, 2022**

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

**8. Intangible Assets**

**31 March 2022**

<u>Cost Value</u>	<u>Advances for Intangible</u>		
	<u>Assets (*)</u>	<u>Rights</u>	<u>Total</u>
1 January	30.311.685	223.788.042	254.099.727
Additions	10.241.270	7.491.883	17.733.153
Disposals	-	-	-
Transfers	(4.271.215)	4.271.215	-
31 March	36.281.740	235.551.140	271.832.880
<b><u>Accumulated Amortization</u></b>			
1 January	-	(141.527.231)	(141.527.231)
Charge for the Period	-	(8.820.536)	(8.820.536)
Disposals	-	-	-
31 March	-	(150.347.767)	(150.347.767)
<b>Net Book Value as of 31 March</b>	<b>36.281.740</b>	<b>85.203.373</b>	<b>121.485.113</b>

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

**31 March 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	4.594.252	3.205.397	7.799.650
Disposals	-	-	-
Transfers	(3.131.465)	3.131.465	-
31 March	10.626.582	167.761.707	178.388.289
<b><u>Accumulated Amortization</u></b>			
1 January	-	(113.365.102)	(113.365.102)
Charge for the Period	-	(6.655.375)	(6.655.375)
Disposals	-	-	-
31 March	-	(120.020.477)	(120.020.477)
<b>Net Book Value as of 31 March</b>	<b>10.626.582</b>	<b>47.741.230</b>	<b>58.367.812</b>

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

As of March 31, 2022, the Company has not recognized any impairment loss for its intangible fixed assets in the current period (December 31, 2021: None).

**9. Investments in Affiliates**

As of 31 March 2022, the Company has no investments in subsidiaries (31 December 2021: None).

**10. Reinsurance Assets**

Reinsurance assets are disclosed in Note 17.16.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - MARCH 31, 2022**

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

**11. Financial Assets**

**11.1 Subcategories of Financial Assets**

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

	March 31, 2022	December 31, 2021
Financial Assets Available for Sale	1.613.313.038	1.216.091.948
Held-to-maturity financial assets	1.606.370.911	1.737.608.467
Financial Assets for Trading	258.437.627	6.454.765
Financial Investments with Risks on Policy Holders	1.879.337	1.874.466
<b>Total</b>	<b>3.480.000.913</b>	<b>2.962.029.646</b>

*Financial Assets Available for Sale*

	31 March 2022			31 December 2021		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Eurobond	920.736.858	911.188.947	911.188.947	606.944.448	585.603.548	585.603.548
Private Sector Bond	291.393.102	308.553.149	308.553.149	322.390.745	333.420.756	333.420.756
Government Bonds	242.007.738	230.281.085	230.281.085	271.447.183	268.656.135	268.656.135
Equity Shares (Listed)	153.234.492	162.414.437	162.414.437	30.795.827	27.536.089	27.536.089
Equity Shares (Unlisted)	875.420	0	875.420	875.420	0	875.420
<b>Total</b>	<b>1.608.247.610</b>	<b>1.612.437.618</b>	<b>1.613.313.038</b>	<b>1.232.453.622</b>	<b>1.215.216.528</b>	<b>1.216.091.948</b>

*Held-to-Maturity Financial Assets*

	31 March 2022			31 December 2021		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Eurobond	1.007.956.175	1.016.638.738	1.056.145.678	1.050.147.372	1.009.690.467	1.085.793.822
Government Bonds	359.217.060	396.695.803	377.087.605	406.665.409	402.301.623	419.033.562
Private Sector Bond	163.489.527	172.587.602	173.137.628	224.489.527	231.924.053	232.781.083
<b>Total</b>	<b>1.530.662.762</b>	<b>1.585.922.143</b>	<b>1.606.370.911</b>	<b>1.681.302.308</b>	<b>1.643.916.143</b>	<b>1.737.608.467</b>

*Financial Assets Held for Trading*

	31 March 2022			31 December 2021		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Investment Funds	123.080.752	124.782.970	124.782.970	7.170.100	6.454.764	6.454.764
Government Bonds	102.183.662	133.654.657	133.654.657	0	0	0
<b>Total</b>	<b>225.264.414</b>	<b>258.437.627</b>	<b>258.437.627</b>	<b>7.170.100</b>	<b>6.454.764</b>	<b>6.454.764</b>

*Financial Investment with Risks on Policy Holders*

	31 March 2022			31 December 2021		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Government Bonds	1.800.000	1.879.337	1.879.337	1.734.832	1.874.466	1.874.466

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

**March 31, 2022**

Equity Shares	Participation Rate %	Cost Value	Fair Value	Book Value
		TRY	TRY	TRY
Borsa İstanbul Listed		146.932.310	157.696.853	157.696.853
Listed on overseas stock exchange		6.302.182	4.717.584	4.717.584
Tarsim	4,17	875.420	-	875.420
Unlisted		875.420	-	875.420
<b>Total</b>		<b>154.109.912</b>	<b>162.414.437</b>	<b>163.289.857</b>

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD JANUARY 1 - MARCH 31, 2022**

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

**11. Financial Assets (Continued)**

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

December 31, 2021

Equity Shares	Participation Rate %	Cost Value TRY	Fair Value TRY	Book Value TRY
Listed on Borsa Istanbul		30.795.827	27.536.089	27.536.089
Tarsim Agricultural Insurance Inc.	4.17	875.420	-	875.420
Unlisted		875.420	-	875.420
<b>Total</b>		<b>31.671.247</b>	<b>27.536.089</b>	<b>28.411.509</b>

As of March 31, 2022, and December 31, 2021, the blockage on financial assets in favor of Insurance and Private Pensions Regulation and Supervision Agency ("SEDDK") has been disclosed in Note 17.1.

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

None (December 31, 2021: None).

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

None (December 31, 2021: None).

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

None (December 31, 2021: 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, 2021: None).

**11.6 Increase (Decrease) in value of financial assets in the last three years**

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

Type of Financial Asset	31 March 2022	31 December 2021	31 December 2020
Financial Assets Available for Sale	36.555.345	(39.142.240)	1.801.936

**11.7 Financial Instruments**

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

**11.8. Financial Instruments**

Information related to hedge accounting has been disclosed in Note 34.5

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**11. Financial Assets (Continued)**

**11.9 Effects of Exchange Rate Differences**

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

**12. Receivables and Payables**

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

	<u>31 March 2022</u>	<u>31 December 2021</u>
<b>Receivables from insurance operations</b>		
Receivables from agencies	1.352.426.970	1.151.460.111
Bank guaranteed credit card receivables more than three months	277.641.904	282.358.939
Receivables for salvage and claim recovery - net (Note 2.1.1)	88.775.349	81.361.121
Receivables from reinsurance companies	44.500.407	40.173.468
Other receivables	198.842,00	179.228,00
<b>Receivables from insurance operations</b>	<b>1.763.543.472</b>	<b>1.555.532.867</b>
Cash deposited for insurance and reinsurance companies	30,954	30,954
<b>Receivables from insurance and reinsurance companies</b>	<b>30,954</b>	<b>30,954</b>
Claim recovery receivables under legal follow-up	221.684.022	205.201.746
Doubtful receivables from main operations	49.492.036	36.637.084
<b>Total provision amount for doubtful receivables</b>	<b>271.176.058</b>	<b>241.838.830</b>
<b>Receivables from main operations</b>	<b>1,797,402,651</b>	<b>1,305,070,607</b>
Provision for due from insurance operations (-) (*)	(32.509.499)	(19.642.726)
Provision for doubtful receivables from main operations (-) (**)	(24.506.891)	(24.270.406)
Provision for net claim recovery receivables under legal follow-up (-) (**)	(221.684.022)	(205.201.746)
<b>Total provision amount for doubtful receivables</b>	<b>(278.700.412)</b>	<b>(249.114.878)</b>
<b>Receivables from main operations - net</b>	<b>1.756.050.072</b>	<b>1.548.287.773</b>

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

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

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

	<u>31 March 2022</u>	<u>31 December 2021</u>
0 - 90 days	81.776.063	33.802.786
90+	5.301.576	24.968.746
Not due receivables	1.676.496.787	1.496.792.289
<b>Total</b>	<b>1.763.574.426</b>	<b>1.555.563.821</b>

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
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**12. Receivables and Payables (Continued)**

**12.1 Details of the Company's receivables (Continued)**

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

Type of Guarantees	31 March 2021		31 December 2021	
	Receivables	Doubtful Receivables	Receivables	Doubtful Receivables
Real Estate Pledges	57.062.007	531.200	56.352.007	531.200
Letters of Guarantee	106.467.293	-	103.473.143	-
Cash Guarantees	21.107.375	-	19.120.708	-
Government Bonds and Equity Shares	198.652	7.500	185.996	7.500
Other	-	-	-	-
<b>Total</b>	<b>184.835.326</b>	<b>538.700</b>	<b>179.131.853</b>	<b>538.700</b>

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

Doubtful trade receivable transactions	2022	2021
Opening Balance, 1 January	(229.472.152)	(167.471.613)
Charge for the period	(24.269.200)	(86.355.658)
Collections	7.550.439	24.355.119
<b>Closing Balance, 31 March</b>	<b>(246.190.913)</b>	<b>(229.472.152)</b>

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

Due to/from shareholders, affiliates and subsidiaries in balance sheet includes dividends which have paid in previous years but not yet collected by shareholders. As of March 31, 2022, the Company has liabilities amounting to TRY 1,143 to shareholders (December 31, 2021: TRY 1,143).

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

Total amount of pledges and other guarantees received for receivables amounts to TRY 184.835.326 as of March 31, 2022 (December 31, 2021: TRY 179,131,854)



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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:**

31 March 2022

<b>Banks (Foreign Currency)</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount (TL)</b>
USD	7.101.985	14,6371	103.952.465
EUR	4.553.328	16,2855	74.153.223
GBP	46.901	19,1807	899.594
CHF	5.843	15,7954	92.293
Other			0
<b>Total</b>			<b>179.097.575</b>
<b>Stocks and Bonds</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount (TL)</b>
USD	69.162.038	14,6371	1.012.331.664
EUR	386.981	16,2855	6.302.182
<b>Total</b>			<b>1.018.633.847</b>
<b>Receivables from Insurance Operations</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount (TL)</b>
USD	46.893.586	14,6371	686.386.108
EUR	25.102.121	16,2855	408.800.592
Other			1.169.080
<b>Total</b>			<b>1.096.355.779</b>
<b>Outstanding Claims Reserve</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount (TL)</b>
USD	(6.301.672)	14,6635	(92.404.569)
EUR	(1.125.401)	16,3148	(18.360.695)
Other			(425.079)
<b>Total</b>			<b>(111.190.343)</b>
<b>Payables from Insurance Operations</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount (TL)</b>
USD	(59.442.474)	14,6635	(871.634.718)
EUR	(22.718.825)	16,3148	(370.653.081)
Other			(1.660.752)
<b>Total</b>			<b>(1.243.948.552)</b>
<b>Liabilities to Suppliers</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount (TL)</b>
USD	(1.334.179)	14,6635	(19.563.736)
EUR	(105.657)	16,3148	(1.723.775)
Other			(15.746)
<b>Total</b>			<b>(21.303.257)</b>
<b>Net Foreign Currency Position</b>			<b>917.645.050</b>

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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 2021

<b>Banks (Foreign Currency)</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount (TL)</b>
USD	2.501.057	13,3290	33.336.589
EUR	1.159.808	15,0867	17.497.675
GBP	141.453	17,9667	2.541.444
CHF	43.737	14,5602	636.819
<b>Total</b>			<b>54.012.527</b>
<b>Stocks and Bonds</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount (TL)</b>
USD	75.442.134	13,3290	1.005.568.204
EUR	386.981	15,0867	5.838.266
<b>Total</b>			<b>1.011.406.470</b>
<b>Receivables from Insurance Operations</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount (TL)</b>
USD	50.384.792	13,3290	671.578.893
EUR	20.773.315	15,0867	313.400.771
<b>Total</b>			<b>984.979.664</b>
<b>Outstanding Claims Reserve</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount (TL)</b>
USD	(6.841.276)	13,3530	(91.351.558)
EUR	(968.459)	15,1139	(14.637.192)
<b>Total</b>			<b>(105.988.750)</b>
<b>Payables from Insurance Operations</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount (TL)</b>
USD	(62.872.251)	13,3530	(839.533.168)
EUR	(11.756.518)	15,1139	(177.686.837)
Other			(2.138.051)
<b>Total</b>			<b>(1.019.358.056)</b>
<b>Liabilities to Suppliers</b>	<b>Amount in Foreign Currency</b>	<b>Exchange Rate</b>	<b>Amount (TL)</b>
USD	(1.831.778)	13,3530	(24.459.732)
EUR	(73.694)	15,1139	(1.113.804)
<b>Total</b>			<b>(25.573.536)</b>
<b>Net Foreign Currency Position</b>			<b>899.478.319</b>

**13. Derivative Financial Instruments**

During the period between January 1 - March 31, 2022, total income resulting from short-term swap contracts' market valuation has been accounted under 'Income from derivatives' in the income statement in amounting to TRY 66.005.841 (January 1 - March 31, 2021: TRY 17,442,206).

## AKSİGORTA A.Ş.

### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2022

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#### 14. Cash and Cash Equivalents

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Cash at Banks	865.104.468	1.182.736.630
<i>Time Deposit</i>	762.763.875	1.121.453.756
<i>Demand Deposit</i>	102.340.593	61.282.874
Bank Guaranteed Credit Card Receivables with Maturities less than three months	940.253.942	1.011.654.963
<b>Total</b>	<b>1.805.358.410</b>	<b>2.194.391.593</b>
Interest Accrual on Cash and Cash Equivalents	(21.316.972)	(24.521.945)
Blocked Deposits (*)	(385.453.266)	(392.596.761)
<b>Cash Flow Based Grand Total</b>	<b>1.398.588.172</b>	<b>1.777.272.887</b>

(\*) Details of blocked deposits in the company's treasury in favor of Insurance and Private Pensions Regulation and Supervision Agency ("SEDDK") are given in Note 17.1.

The details of interest rates received from time deposits as of March 31, 2022, and 2021 are as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
	<u>Annual Interest Rate</u>	<u>Annual Interest Rate</u>
	<u>(%)</u>	<u>(%)</u>
TRY	14,25 - 38,25	14,65 - 27
USD	0,15 - 0,31	0,20 - 0,31
EUR	-	-

As of March 31, 2022, the maturities of TRY deposits are between April 1, 2022, and October 27, 2022; The maturity of foreign currency USD deposits varies between 1 April 2022 and 24 May 2022.

As of December 31, 2021, the maturities of TRY deposits vary between January 3, 2022, and October 27, 2022; while the currency of foreign exchange deposits varies between January 3, 2022, and May 24, 2022.

As of 31 March 2022, The Other Financial Liabilities of the Company include the credit used for paying the tax of TL 21,677,900, which is accounted for in the account. (31 December 2021: TRY 101,655,748 repo transaction and TRY 16,177,847 tax payment).

As of March 31, 2022, there is no valuation expense recognized in the valuation account of the Company's repo transactions. (December 31, 2021: TRY 972,460) (Note 26).

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**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 March 31, 2022, and December 31, 2021 are presented in Note 2.14. The details of the transactions between the Company and its shareholders and the related balances as of the end of the period are presented in 'Related Parties' note.

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

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

**Legal Reserve**

According to the Turkish Commercial Code, legal reserves; consists of first and second legal reserves. The first legal reserve is appropriated out of the statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves cannot be distributed unless they exceed 50% of the total capital; however, they can be used to compensate for losses in case of depletion of reserve reserves. As of March 31, 2022, the Company has legal reserves amounting to TRY 111,936,210 (December 31, 2021: TRY 111,936,210).

<b>Special Funds (reserves)</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Actuarial (gain)/loss	9.128.513	8.518.554
<b>Total</b>	<b>9.128.513</b>	<b>8.518.554</b>

**Gains from sale of fixed asset**

As of 31 March 2022, company has no 'sales profits to be added the Capital. (31 December 2021: TRY 90,989,327).

**Extraordinary Reserves**

The Company has been transferred from the TL 189,396,766 period profit to the "extraordinary reserves" account by the decision of the Ordinary General Assembly held on March 29, 2022.31 March 2022, the Company has Extraordinary Reserves amounting to TRY 200.091.506 (31 December 2020: TRY 225,705,415).

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**15. Share Capital (Continued)**

**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 61,200,000,000 shares having a nominal amount of TRY 0.01 each. These shares are presented by Class 10 shares (December 31, 2021: 30,600,000,000 shares with a nominal amount of TRY 0.01 each).

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

None (December 31, 2020: None).

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

Nominal value of equity shares is TRY 0.01 per share (December 31, 2021: TRY 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	
	March 31, 2022	December 31, 2021
<b>Beginning of the Period, 1 January</b>	61,200,000,000	30,600,000,000
Issued in the Current Period	-	-
<b>End of the Period, 31 March</b>	<b>61,200,000,000</b>	<b>30,600,000,000</b>

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

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

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

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

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

None (December 31, 2021: None).

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

None (December 31, 2021: None).

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**15. Share Capital (Continued)**

**15.4 Share based payments**

None (December 31, 2021: 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**

	March 31, 2022	December 31, 2021
Available for sale financial assets valuation difference	(36.555.345)	(39.142.240)
Deferred tax effect	7.311.069	9.002.715
<b>Total</b>	<b>(29.244.276)</b>	<b>(30.139.525)</b>

Actuarial loss amounting to TRY 11,410,641 (Deferred tax effect: TRY 2,282,128), (31 December 2021 TRY 10,698,143, Deferred tax effect: TRY 2,129,639) in the calculation of severance pay provision is accounted in the account of private funds under the 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, 2021: None).

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

None (December 31, 2021: None).

**16.4 Hedging against financial risks**

Disclosed in note 34.5.

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

	2022 Increase/(Decrease)	2021 Increase/(Decrease)
Beginning of the Period, 1 January	(30.139.525)	1.441.549
Increase/decrease in value recognized under the shareholders' equity in the current period	895.249	(31.581.074)
<b>End of the Period, 31 March</b>	<b>(29.244.276)</b>	<b>(30.139.525)</b>

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

None (December 31, 2021: None).

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

**16.7 Revaluation increases in tangible fixed assets**

None (December 31, 2021: None).

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

None (December 31, 2021: None).

**17. Insurance Liabilities and Reinsurance Assests**

**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	March 31, 2022		December 31, 2021	
	Amount to be Provided TRY	Current Blockage TRY	Amount to be Provided TRY	Current Blockage TRY
Life	1.487.802	1.935.520	1.512.991	1.623.773
Government Bonds		1.935.520		1.623.773
Non-Life (*)	501.718.033	518.456.586	377.922.835	392.596.761
Time Deposit		210.453.266		217.596.761
Government bonds		133.003.320		
Credit Card Receivables		175.000.000		175.000.000
<b>Total</b>	<b>503.205.835</b>	<b>520.392.106</b>	<b>379.435.826</b>	<b>394.220.534</b>

(\*) As of March 31, 2022, the required guaranteed amount has been calculated based on capital requirements on December 31, 2021. The Company has on behalf of Insurance and Private Pensions Regulation and Supervision Agency ("SEDDK"), TRY 210,413,266 in time deposits, and TRY 175,000,000 credit card blocked.

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

	2022		2021	
	Unit	Mathematical Reserves TRY	Unit	Mathematical Reserves TRY
Beginning of the Period, 1 January	157	1.343.509	167	1.418.276
Participations in the Current Period	-	-	-	-
Leavings in the Current Period	(2)	(12.832)	(2)	(4.686)
<b>End of Period, 31 March</b>	<b>155</b>	<b>1.330.677</b>	<b>165</b>	<b>1.413.590</b>

Mathematical reserves amounting to TRY 1,330,677 (31 December 2021: TRY 1,343,509) and Reserves for the policies, investment risk of which belongs to life insurance policy holders amounting TRY 133,068 (31 December 2021: TRY 134,350) and cancelled policy numbers together with their mathematical reserves are included in the table above.

Financial assets classified as Financial Assets Available for Sale under Financial Investments at Policyholder's Risk are valued with current value as explained in note 11; as of March 31, 2022, there is no difference in the value accounted in Life Mathematical Reserve account discounted with current value (December 31, 2021: None).

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

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

<b>Branch</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Motor Crafts Liability	73.188.649.374.986	74.293.284.963.065
Health	3.844.478.247.317	4.568.128.584.484
Fire and Natural Disaster	2.336.764.746.773	1.974.950.394.555
General Losses	571.503.554.885	466.065.756.531
Transportation	563.802.249.894	406.304.767.063
General Liability	215.406.063.004	191.221.523.786
Financial Losses	253.075.145.203	224.836.597.817
Motor Own Damage	325.588.684.961	309.484.973.812
Air Crafts Liability	142.625.034.453	108.637.331.403
Accident	47.955.341.512	48.962.149.390
Legal Protection	10.037.593.392	10.642.139.096
Air Crafts	9.666.358.433	7.994.644.802
Suretyship	2.673.574.901	2.550.972.660.42
Credit	2.096.803.523	1.497.058.027
<b>Total</b>	<b>81.514.322.773.236</b>	<b>82.614.561.856.491</b>

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

None (December 31, 2021: None).

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

None (December 31, 2021: None).

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

None (December 31, 2021: None).

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

None (December 31, 2021: None).

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

None (December 31, 2021: 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, 2021: 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, 2021: None).



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

**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, 2021: None).

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

None (December 31, 2021: None).

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

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

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

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

	March 31, 2022 Profit Share Distribution	December 31, 2021 Profit Share Distribution
TRY (Life Insurance)	9.00	9.00

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

None (December 31, 2021: None).

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

**Reinsurance Assets**

	31 March 2022	31 December 2021
Reinsurance Share of Outstanding Claims Reserve (Note 4.1.2.2)	2.876.939.406	2.649.498.445
Reinsurance Share of Unearned Premiums Reserve (Note 20)	2.341.912.065	1.925.985.907
Reinsurance Share of Equalization Reserve (Note 20)	331.831.575	298.108.145
Receivables from Reinsurance Companies (Note 12.1)	44.500.407	40.173.468
Reinsurance Share of Unexpired Risks Reserve (Note 20)	212.088.370	256.843.068
Reinsurance Share of Premiums and Discounts	351.774	768.407
Cash Deposited For Insurance & Reinsurance Companies (Note 12.1)	30.954	30.954
<b>Total</b>	<b>5.807.654.551</b>	<b>5.171.408.394</b>

**Reinsurance Liabilities**

	31 March 2022	31 December 2021
Payables to Insurance and Reinsurance Companies (Note 19.1)	1.461.336.373	1.243.900.854
Deferred Commissions Income (Note 19.1)	325.117.288	236.564.242
<b>Total</b>	<b>1.786.453.661</b>	<b>1.480.465.096</b>

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

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

**Income / Expense on Reinsurance Agreements**

	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
Reinsurance Share of Outstanding Claims Reserve	227.440.961	254.997.399
Reinsurance Share of Unearned Premiums Reserve (Note 20)	415.926.158	80.571.414
Reinsurance Share of Claims Paid	366.504.467	236.121.494
Commissions Received (Note 32)	113.071.188	70.569.984
Reinsurance Share of Premiums and Discounts	(416.633)	(23.712)
Reinsurance Share of Unexpired Risks Reserve (Note 20)	(44.754.698)	(83.226.720)
Premiums Ceded to Reinsurers (-)	(1.314.258.905)	(660.655.755)
<b>Total</b>	<b>(236.487.462)</b>	<b>(101.645.896)</b>

Branch	31 March 2022			31 March 2021		
	Reinsurance Share of Premiums Ceded (*)	Reinsurance Share of Technical Reserves (**)	Reinsurance Share of Claims Paid	Reinsurance Share of Premiums Ceded	Reinsurance Share of Technical Reserves	Reinsurance Share of Claims Paid
Fire and Natural Disaster	(404.733.110)	169.433.569	104.705.154	(192.256.849)	(4.452.143)	31.582.937
Health	(188.575.088)	79.896.840	108.822.351	(106.322.351)	26.901.736	62.129.167
General Losses	(283.572.769)	203.207.602	45.897.747	(120.592.847)	117.287.752	22.592.164
Motor Crafts Liability	(166.441.232)	97.918.227	54.306.195	(104.451.464)	19.920.195	26.369.600
General Liability	(130.433.928)	51.330.843	14.534.065	(86.355.259)	266.278.698	5.856.617
Financial Losses	(41.505.554)	4.955.688	18.581.497	(18.211.692)	(9.752.505)	2.244.641
Transportation	(49.548.430)	35.052.303	14.584.115	(16.276.181)	14.192.269	5.610.787
Accident	(4.790.518)	(408.962)	1.679.401	(2.075.805)	(4.451.485)	939.576
Fidelity Guarantee	(678.726)	15.574.657	89.255	(401.734)	10.630.808	330.042
Air Crafts Liability	(18.058.860)	(40.983.266)	-	(5.899.810)	(100.877.193)	22
Air Crafts	(9.604.787)	(9.246.829)	910.673	(1.845.516)	(86.189.694)	75.285.051
Water Crafts	(10.663.691)	(8.122.128)	2.358.782	(2.997.328)	381.772	1.465.810
Credit	(1.294.092)	1.375.902	35.232	(630.919)	(447.014)	19.133
Motor Own Damage	(4.358.120)	(1.788.659)	-	(2.338.000)	2.895.186	1.695.947
<b>Total</b>	<b>(1.314.258.905)</b>	<b>598.195.787</b>	<b>366.504.467</b>	<b>(660.655.755)</b>	<b>252.318.381</b>	<b>236.121.494</b>

(\*) 2 As explained in Note 2.15, Transferred Premiums amounted to TRY 53.618.220 (March 31, 2021: TRY 42.777.068) transferred to the Social Security Institution as of March 31, 2022.

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

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

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

Disclosed in Note 4.1.1.3.

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

Disclosed in Note 4.1.1.4.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS  
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**17. Insurance Liabilities and Reinsurance Assets (Continued)**

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

	2022	
	Insurance Payables	Reinsurance Assets
<b>Beginning of the Period, January 1</b>	1.480.465.096	5.171.408.394
Net change of the year	305.988.565	636.246.157
<b>End of the period -March 31</b>	<b>1.786.453.661</b>	<b>5.807.654.551</b>
	2021	
	Insurance Payables	Reinsurance Assets
<b>Beginning of the Period, January 1</b>	915.224.781	4.313.486.264
Net change of the year	64.384.973	857.922.130
<b>End of the period - March 31</b>	<b>979.609.754</b>	<b>5.171.408.394</b>

**17.20. Deferred production commissions and deferred commission income**

The part of the commissions paid to the intermediaries for the premiums written and the commissions received from the reinsurers due to the premiums transferred to the reinsurers are accounted for in the balance sheet under 'Deferred manufacturing expenses' and 'deferred commission income' accounts, respectively, and in the Income Statement under the operating expenses account. Deferred commission expenses and deferred commission income as of March 31, 2021, amounted to TRY 520,965,907 (December 31, 2021: TRY 442,876,267) and TRY 325,117,287 (December 31, 2021: TRY 236,564,242), 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 the Company's operations line with**

	March 31, 2022	December 31, 2021
Payables from Insurance and Reassurance Operations (Note 17.16)	1.461.336.373	1.243.900.854
<b>Payables from Insurance Operations</b>	<b>1.461.336.373</b>	<b>1.243.900.854</b>
Payables to contracted enterprises	86.161.422	78.918.265
Payables to suppliers	37.783.941	72.046.778
Payables to Turkish Catastrophe Insurance Pool	30.509.035	32.695.098
Other	2.432.700	3.871.597
Turkish Catastrophe Insurance Pool Payables to agencies	1.204.807	1.524.578
<b>Other Payables</b>	<b>158.091.905</b>	<b>189.056.316</b>
<b>Payables to SSI regarding medical expenses</b>	<b>53.609.938</b>	<b>60.198.675</b>
Deferred commission income (Not 17.16)	325.117.288	236.564.242
Provision for Cost Expenses (Not 23.4)	63.927.009	62.941.823
Expense accruals	-	49.851.945
<b>Deferred Income and Expense Accruals</b>	<b>389.044.297</b>	<b>349.358.010</b>
<b>Total Short-Term Liabilities</b>	<b>2.062.082.513</b>	<b>1.842.513.855</b>
<b>Total Trade and Other Payables, Deferred Income</b>	<b>2.062.082.513</b>	<b>1.842.513.855</b>

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**19. Trade and Other Payables, Deferred Income (Continued)**

**19.2 Related Party Disclosures**

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

**20. Payables**

<b>Insurance Technical Reserves</b>	<b>March 31,2022</b>	<b>December 31, 2021</b>
Unearned Premiums Reserve - Net (*)	2.231.846.778	2.012.331.492
Outstanding Claims Reserve - Net (Note 4.1.2.2)	2.127.424.597	1.967.951.413
Equalization Reserve - Net	124.805.961	117.710.045
Mathematical Reserves - Net	1.330.677	1.343.509
Unexpired Risks Reserve - Net	291.595.209	93.325.083
Bonuses and rebates reserve - Net	1.489	5.568
<b>Insurance Technical Reserves</b>	<b>4.777.004.711</b>	<b>4.192.667.110</b>

(\*) While calculating the income statement effect of the provisions for unearned premiums, TRY 1,913,481 the deferral effect of the premiums transferred to assistance companies, which is included in operating expenses, has been netted off (December 31, 2021: TRY 4,150,623)

As disclosed in Note 2.15, the reinsurers' share of unearned premiums includes SSI share as of March 31, 2022, which is TRY 7,219,323 (December 31, 2021: TRY 5,383,037 the reinsurers' share of unearned premiums)

**The movement of technical reserves are as follows:**

**Unearned Premium Reserve:**

	<b>March 31, 2022</b>			<b>March 31, 2021</b>		
	<b>Gross</b>	<b>Reinsurance (*)</b>	<b>Net</b>	<b>Gross</b>	<b>Reinsurance (*)</b>	<b>Net</b>
<b>Beginning of the Period, January 1</b>	3.938.317.399	(1.925.985.907)	2.012.331.492	2.926.765.514	(1.299.053.674)	1.627.711.840
<b>Net change</b>	635.441.445	(415.926.159)	219.515.286	224.447.487	(80.571.414)	143.876.073
<b>End of the Period, March 31</b>	<b>4.573.758.844</b>	<b>(2.341.912.066)</b>	<b>2.231.846.778</b>	<b>3.151.213.001</b>	<b>(1.379.625.088)</b>	<b>1.771.587.913</b>

(\*) The reinsurance share for unearned premiums also includes the share of SSI amounting to TRY 7,219,324 (December 31, 2021: TRY 5,383,037 the reinsurers' share of unearned premiums).

**Unexpired Risk Reserve:**

	<b>March 31, 2022</b>			<b>March 31, 2021</b>		
	<b>Gross</b>	<b>Reinsurance (*)</b>	<b>Net</b>	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
<b>Beginning of the Period, January 1</b>	350.168.151	(256.843.068)	93.325.083	930.534.992	(906.674.991)	23.860.001
<b>Net change</b>	153.515.428	44.754.698	198.270.126	(81.583.215)	83.226.720	1.643.505
<b>End of the Period, March 31</b>	<b>503.683.579</b>	<b>(212.088.370)</b>	<b>291.595.209</b>	<b>848.951.777</b>	<b>(823.448.271)</b>	<b>25.503.506</b>

**Equalization Reserve:**

	<b>March 31, 2022</b>			<b>March 31, 2021</b>		
	<b>Gross</b>	<b>Reinsurance (*)</b>	<b>Net</b>	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
<b>Beginning of the Period, January 1</b>	415.818.190	(298.108.145)	117.710.045	291.628.561	(195.058.293)	96.570.268
<b>Net change</b>	40.819.346	(33.723.430)	7.095.917	15.559.508	(11.829.023)	3.730.485
<b>End of the Period, March 31</b>	<b>456.637.536</b>	<b>(331.831.575)</b>	<b>124.805.962</b>	<b>307.188.069</b>	<b>(206.887.316)</b>	<b>100.300.753</b>

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**20. Payables (Continued)**

**Provision for bonus and discount**

	March 31, 2022			March 31, 2021		
	Gross	Reinsurance (*)	Net	Gross	Reinsurance	Net
Beginning of the Period, January 1	773.975	(768.407)	5.568	455.763	(452.167)	3.596
Net change	(420.712)	416.633	(4.079)	(23.714)	23.712	(2)
End of the Period, March 31	<b>353.263</b>	<b>(351.774)</b>	<b>1.489</b>	<b>432.049</b>	<b>(428.455)</b>	<b>3.594</b>

**Outstanding claims reserve:**

The movement of Outstanding Claims Reserve of 2022 and 2021 are presented in note 4.1.1.3.

**Lease Liabilities (Continued):**

The movement table of the total lease obligation and lease obligations that the Company is as follows:

	March 31, 2022	December 31, 2021
Short-term rent liabilities	23.664.189	21.532.058
Long-term rent liabilities	12.906.150	15.802.373
Alternative borrowing rate and discount amount	(10.737.192)	(9.770.397)
<b>Total rent liabilities</b>	<b>25.833.147</b>	<b>27.564.034</b>
	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Total lease obligations as of January 1	27.564.034	28.892.023
New Lease Agreement	(5.823.882)	2.244.898
Rent payments (Real Estates and Motor Vehicles)	1.717.139	(9,841,895)
Interest Payments	2.375.856	6.269.008
	<b>25.833.147</b>	<b>27.564.034</b>

**21. Deferred Income Tax**

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

The Company's deferred income tax amounts are disclosed in Note 35.

**22. Retirement and Welfare Liabilities**

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.

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

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

**Retirement Pay Provisions:**

Under the terms of Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified for such payment.

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at March 31, 2022 and December 31, 2021; 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 March 31, 2022; the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 4% (December 31, 2021: 4%) The anticipated rate of forfeitures is considered, and estimated rate of the Company's retirements pay is also taken into account.

Actuarial loss amounting to TRY 11,410,641 (Deferred tax effect: TRY 2,282,128) in the calculation of severance pay provision is accounted in the account of private funds under the equity (Note 16.1).

As the maximum liability is updated semi-annually, as of March 31, 2022, the maximum amount of TRY 10,597 effective from January 1, 2022, has been taken into consideration in calculation of provision from employment termination benefits (December 31, 2021: TRY 7,639).

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

	<b>2022</b>	<b>2021</b>
<b>Beginning of the period, January 1</b>	14.112.606	9.095.078
Charge for the period (Note 47)	845.471	1.937.344
Actuarial Gain/(Loss)	762.449	3.834.189
Retirement Payments (-)	(739.847)	(754.005)
<b>End of the period, March 31</b>	<b>14.980.679</b>	<b>14.112.606</b>

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**23. Other Liabilities and Expense Accruals**

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

	2022		2021	
	Unused Vacations Provisions	Social Security Premiums Payable	Unused Vacations Provisions	Social Security Premiums Payable
<b>Beginning of the period, January 1</b>	3.690.561	235.747	2.158.581	238.630
Movements in the Current Period	2.730.935	11.852.939	1.726.522	20.960.628
Payments in the Current Period	(111.264)	(11.675.518)	(194.542)	(20.963.511)
<b>End of the period, March 31</b>	<b>6.310.232</b>	<b>413.168</b>	<b>3.690.561</b>	<b>235.747</b>

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

Company's statement of pledges and commitments as of March 31, 2022, and December 31, 2021, are presented below:

Collaterals, Pledges and Mortgages Given by the Company (CPM)	March 31, 2022		December 31, 2021	
	Amount in Original Currency	Amount TRY	Amount in Original Currency	Amount TRY
A. Total amount of CPM's given on behalf of the Company legal entity	-	-	-	-
B. Total amount of CPM's given in favour of joint ventures included in full consolidation	-	-	-	-
C. Total amount of CPM's given as the guarantee of the third parties for the maintenance purpose of the ordinary activities	-	3.475.545	-	3.740.162
Turkish Lira	3.475.545	3.475.545	3.740.162	3.740.162
USD	-	-	-	-
D. Total amount of the other CPM's given	-	488,179	-	488,179
i. Total amount of CPM's given in favor of the parent company	-	-	-	-
ii. Total amount of CPM's given in favor of other group companies not included in clauses B and C	-	-	-	-
iii. Total amount of CPM's given in favor of third parties not included	-	488,179	-	488,179
Turkish Lira	488,179	488,179	488,179	488,179
<b>Total</b>		<b>3.963.724</b>		<b>4.228.341</b>

Other CPM's given by the Company is zero in proportion to the Company's equity (December 31, 2021: None).

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

**23.3 Provisions, Contingents Assets and Liabilities**

<b>Contingent Liabilities</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Outstanding Claims under litigation (*)	1.437.663.503	1.129.519.916
Business Cases Provision	1.590.936	1.678.160
Unused vacation provision	6.310.232	3.492.231
<b>Total</b>	<b>1.445.564.671</b>	<b>1.134.690.307</b>

<b>Contingent Assets</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Subrogation Receivable Litigations, Gross	329.429.300	201.754.240
Trade Receivable Litigations and Executions	9.105.040	8.574.656
<b>Total</b>	<b>338.534.340</b>	<b>210.328.896</b>

(\*) Outstanding claims provision consists of net receivables, interest, and expenses & agency fees in the amount of TRY 821,072,596, TRY 265,098,311 and TRY 351,492,597 respectively.

As of June 24, 2014, Tax Inspection Board of T.C. Ministry of Finance has launched a limited tax investigation related to the Banking and Insurance Transaction Tax for the years 2009, 2010, 2011 and 2012 and as a consequence of the tax inspection, tax of TRY1.8 million and tax penalty of TRY2.8 million for the year 2009, tax of TRY2 million and tax penalty of TRY3 million for the year 2010, tax of TRY3 million and tax penalty of TRY4.6 million for the year 2011 and tax of TRY4.3 million and tax penalty of TRY6.4 million for the year 2012 and in total tax and tax penalty of TRY27.9 million related to Banking Insurance Transaction Tax were imposed to the Company. The Company has not booked any provision in the financial statements since it believes that its practice is in compliance with the regulations. On January 16, 2015, the Company filed a reconciliation request for the year 2009 and on February 20, 2015, filed a reconciliation request for the years 2010, 2011 and 2012 to the Large Taxpayers Office Commission of Reconciliation. Large taxpayers were interviewed by the Tax Office on February 15, 2018, and on February 27, 2018, a lawsuit was filed against the Grand Taxpayers Office as no compromise could be reached. In the cases of 2009, 2010, 2011 and 2012, in tax litigation related to BITT, Tax Court has decided in favour of the Company in the cases of 2009 and 2010. The cases of 2011 and 2012 continue before the Tax Court.

**23.4 Provision for Expense Accruals**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Commission provision (*)	26.659.562	17.805.233
Performance premium provision	5.528.927	7.958.998
Guarantee fund provision	6.330.419	25.974.332
Expense provision	13.214.124	4.686.928
Business Cases Provision	1.590.936	813.092
Unused vacation provision	6.310.232	3.690.561
Other	4.292.809	2.012.679
<b>Total</b>	<b>63.927.009</b>	<b>62.941.823</b>

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



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**24. Net Insurance Premium Revenue**

	January 1 - March 31, 2022		
	Gross	Reinsurance share	Net
Motor Crafts Liability (*)	665.782.947	(166.441.233)	499.341.714
Motor Own Damage	462.742.815	(4.358.120)	458.384.695
Fire and Natural Disaster	474.739.331	(404.733.111)	70.006.220
General Losses	314.345.811	(258.469.989)	55.875.822
Health	219.538.696	(188.575.088)	30.963.608
Financial Losses	56.016.186	(41.505.554)	14.510.632
Transportation	63.879.323	(49.548.429)	14.330.894
Accident	15.170.505	(4.797.965)	10.372.540
General Liability	165.042.006	(155.529.260)	9.512.746
Watercraft	13.379.489	(10.663.691)	2.715.798
Legal Protection	1.024.452	-	1.024.452
Fidelity Guarantee	990.987	(678.726)	312.261
Credit	1.359.420	(1.294.092)	65.328
Air Crafts Liability	18.060.997	(18.058.860)	2.137
Air Crafts	9.605.861	(9.604.787)	1.074
<b>Total - Non-life branches</b>	<b>2.481.678.826</b>	<b>(1.314.258.905)</b>	<b>1.167.419.921</b>
<b>Written premium - Life branch</b>	-	-	-
<b>Total</b>	<b>2.481.678.826</b>	<b>(1.314.258.905)</b>	<b>1.167.419.921</b>

	January 1 - December 31, 2021		
	Gross	Reinsurance share	Net
Motor Own Damage	521.264.619	(104.451.464)	416.813.155
Fire and Natural Disaster	246.177.198	(192.256.850)	53.920.348
Motor Crafts Liability	331.126.534	(2.338.000)	328.788.534
Health	138.453.237	(106.322.351)	32.130.886
General Losses	163.555.654	(120.003.913)	43.551.741
General Liability	96.223.222	(86.943.139)	9.280.083
Financial Losses	31.082.133	(18.211.692)	12.870.441
Transportation	24.575.787	(16.276.181)	8.299.606
Accident	10.994.096	(2.076.857)	8.917.239
Watercraft	3.992.035	(2.997.328)	994.707
Air Crafts	1.845.786	(1.845.517)	269
Air Crafts Liability	5.900.130	(5.899.810)	320
Fidelity Guarantee	698.018	(401.734)	296.284
Legal Protection	1.421.135	-	1.421.135
Credit	646.041	(630.919)	15.122
<b>Total - Non-life branches</b>	<b>1.577.955.625</b>	<b>(660.655.755)</b>	<b>917.299.870</b>
<b>Written premium - Life branch</b>	-	-	-
<b>Total</b>	<b>1.577.955.625</b>	<b>(660.655.755)</b>	<b>917.299.870</b>

(\*) Reinsurance share of land vehicles liability branch amounting to TRY 53,618,220 (January 1- December 31, 2021: TRY 42,777,068) includes premiums to be ceded to SSI.

**25. Fee Income**

None (January 1 - December 31, 2021: None.).

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**26. Investment Income/(Expense)**

	<b>January 1 - March 31, 2022</b>	<b>January 1 - March 31, 2021</b>
<b>Realized Investment Income/Expenses</b>		
Time Deposit	41.545.675	44.186.951
Government Bond	28.905.019	8.486.903
Eurobonds	28.118.968	16.238.290
Private Sector Bonds	21.379.492	23.670.678
Equity Share	2.660.273	8.722.178
Investment Fund	203.814	11.395.729
Treasury bond	(1.102.532)	507.272
<b>Total</b>	<b>121.710.709</b>	<b>113.208.001</b>
<b>Unrealized Investment Income/(Expenses)</b>		
Government Bond	37.231.163	(6.981.732)
Eurobonds	21.528.261	9.980.877
Investment Fund	9.395.803	(272.160)
Repo	2.136.603	(2.555.204)
Treasury bond	1.005.748	32.508
Time Deposit	(30.121)	(31.817)
Equity Share	(3.204.973)	5.572.736
Government Bond	37.231.163	(6.981.732)
<b>Total</b>	<b>68.062.484</b>	<b>5.745.208</b>
<b>Investment Income/Expense, Net</b>	<b>189.773.193</b>	<b>118.953.209</b>

**27. Net Accrual Income on Financial Assets**

	<b>January 1 - March 31, 2022</b>	<b>January 1 - March 31, 2021</b>
<b>Financial Assets Available for Sale</b>		
Valuation differences recognized under shareholders' equity	(29.244.276)	(39.811.970)
<b>Total</b>	<b>(29.244.276)</b>	<b>(39.811.970)</b>

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

The net gain which is booked in income statement from the fair value difference reflected to gain or loss of the financial assets, is amounting to TRY 257,286,554 as of March 31, 2022, (January 1 - December 31, 2021, TRY 93,692,324)

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**29. Insurance Rights and Demands**

<b>Outstanding Claims Reserve Expenses</b>	<b>January 1 - March 31, 2022</b>	<b>January 1 - March 31, 2021</b>
Motor Crafts Liability	(89.545.623)	(78.581.496)
Fire and Natural Disaster	(9.167.383)	(10.591.137)
Motor Own Damage	(26.089.888)	(22.810.207)
General Liability	(23.703.311)	(8.008.171)
General Losses	(6.869.683)	(8.242.975)
Transportation	(3.077.218)	(876.782)
Watercraft	512.964	112.389
Suretyship	(480.777)	(711.796)
Financial Losses	(329.804)	1.105.293
Legal Protection	(13.659)	(126.538)
Air Crafts	163	(175)
Air Crafts Liability	(1.481)	(884)
Credit	(61.718)	21.217
Accident	(527.213)	(505.533)
Health	(121.156)	(354.810)
<b>Total Non-life</b>	<b>(159.475.787)</b>	<b>(129.571.606)</b>
Life	<b>2.604</b>	<b>-</b>
<b>Total (*)</b>	<b>(159.473.183)</b>	<b>(129.571.606)</b>

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

**30. Investment Agreement Types**

None. (December 31, 2021: None).

**31. Mandatory Other Expenses**

Types of expenses are disclosed in Note 32.

**32. Expense Type**

	<b>January 1 - March 31, 2022</b>	<b>January 1 - March 31, 2021</b>
Production Commissions (-)	(240.019.949)	(184.311.921)
Employee Wages and Expenses (-) (*) (Note 33)	(58.376.300)	(38.610.798)
Information Technology Expenses (-)	(12.775.323)	(6.809.353)
Meeting and Training Expenses (-)	(2.270.013)	(572.317)
Transportation Expenses (-)	(1.395.273)	(269.533)
Social Relief Expenses (-)	(2.582.023)	(168.710)
Advertisement Expenses (-)	(2.394.016)	(2.351.905)
Reinsurance Commissions (+)	113.071.188	70.569.984
Other (-)	(3.495.509)	(5.130.118)
<b>Total</b>	<b>(210.237.218)</b>	<b>(167.654.671)</b>

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

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### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2022

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#### 33. Employee Wages and Expenses

	January 1 - March 31, 2022	January 1 - March 31, 2021
Salary and Bonus Payments	(41.686.642)	(28.130.109)
Insurance Payments	(11.824.890)	(8.064.286)
Other Payments	(7.446.791)	(2.585.113)
<b>Total (Note 32)</b>	<b>(60.958.323)</b>	<b>(38.779.508)</b>

#### 34. Financing Cost

##### 34.1 Financial Expenses:

The company has an interest expense of TRY 4,761,584 for the lease contracts accounted for under TFRS 16 in the period of 1 January - 31 March 2022 (1 January - 31 December 2021: TRY 6,269,008).

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

None. (December 31, 2021: None).

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

Disclosed in Note 45.

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

Disclosed in Note 45

##### 34.5 Hedge accounting principle

###### Cash Flow hedging principle

None. (December 31, 2021: None).

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

None. (December 31, 2021: None).

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

None. (December 31, 2021: None).

#### 35. Corporate Tax

	March 31, 2022	December 31, 2021
<b><u>Current Tax Liability:</u></b>		
Corporate Tax Liability Provision on Period Profit	-	105.330.567
Prepaid Taxes and Other Liabilities on Period Profit (-)	(99.987.850)	(80.296.983)
<b>Total</b>	<b>(99.987.850)</b>	<b>25.033.584</b>

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**35. Corporate Tax (Continued)**

Tax (Expense)/Income is Formed by the Items Below:

<b>Tax (Expense)/Income is Formed by the Items Below:</b>	<b>January 1- March 31, 2022</b>	<b>January 1 December 31,2021</b>
Current Tax Income/(Expense)	-	(105.330.567)
Deferred Tax Income/(Expense) due to Temporary Differences	62.825.827	42.922.068
<b>Total Tax Income/(Expense)</b>	<b>62.825.827</b>	<b>(62.408.499)</b>
<b>Deferred Tax</b>	<b>2022</b>	<b>2021</b>
<b>Recognized in the Shareholders' Equity:</b>		
Valuation of Financial Assets Available for Sale	7.311.069	9.002.715
Actuarial Gain/Loss Effect	2.282.128	2.129.639
	<b>9.593.197</b>	<b>11.132.354</b>

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

In the financial statements as of 31 March 2022, deferred tax assets and liabilities are calculated by considering the time intervals in which the deferred tax assets consisting of deductible temporary differences will be realized by generating taxable profit in the future, it is calculated with 23% for realizable in 2022, and 20% for the following years (31 December 2021: %20).

Deferred tax items are as follows:

<b>Deferred Tax Assets/(Liabilities)</b>	<b>Temporary Differences March 31,2022</b>	<b>Temporary differences March 31,2021</b>	<b>Deferred Tax Assets/ (Liabilities) March 31, 2022</b>	<b>Deferred Tax Assets/ (Liabilities) March 31, 2021</b>
Expense reserves (Note 23.4)	13.705.541	19.385.780	3.152.274	4.458.729
Performance premium provision (Note 23.4)	5.528.926	7.959.000	1.271.653	1.989.750
Equalization provision	10.521.474	9.823.179	2.104.295	1.964.636
Provision For Receivables from Recourse Activities	24.967.847	12.256.993	4.993.569	2.819.108
Provision for employment termination benefits (Note 22)	14.980.680	14.112.605	2.996.136	2.822.521
Provision for doubtful receivables	8.026.994	7.871.074	1.605.399	1.810.347
Unused vacation allowance (Note 23.4)	6.310.232	3.690.561	1.262.046	848.829
Unexpired Risk Reserve	291.595.209	93.325.082	58.319.042	21.464.769
Bonus and rebates provision	1.489	5.568	342	1.281
Tangible Asset Leases	5.892.347	5.910.208	1.178.469	1.182.042
Marketable securities valuation impact	(92.807.631)	23.404.353	(19.069.128)	6.537.197
Tangible and intangible assets	(4.705.434)	(7.364.606)	(941.087)	(1.472.921)
Additional Commission for the Channel	30.862.504	11.769.864	7.098.377	2.942.466
Financial Loss for the Period	194.278.422	-	44.684.037	-
Expense reserves (Note 23.4)	13.705.541	19.385.780	3.152.274	4.458.729
<b>Deferred Tax Assets/(Liabilities)</b>	<b>509.158.600</b>	<b>202.149.661</b>	<b>108.655.424</b>	<b>47.368.754</b>

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### CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2022

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#### 36. Corporate Tax (Continued)

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

	<b>2022</b>	<b>2021</b>
Income Before Tax	(317.158.164)	251.805.265
Tax Calculated: 20%	72.946.378	(62.951.316)
Effect of Additions	(101.948.419)	(84.183.884)
Effect of Allowances, net	73.686.078	41.804.633
<b>Total Tax Expense</b>	<b>-</b>	<b>(105.330.567)</b>

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

	<b>January 1 - March 31, 2022</b>	<b>January 1 - March 31, 2021</b>
Recognized in Profit/Loss:		
Foreign Exchange Income	245.819.858	127.161.253
Foreign Exchange Expense	(216.809.480)	(110.033.342)
	<b>29.010.378</b>	<b>17.127.911</b>

#### 37. Earnings per Share

	<b>2022</b>	<b>2021</b>
Number of Equity Shares Outstanding <b>Beginning Period, 1 January</b>	30,600,000,000 30,600,000,000	30,600,000,000 30,600,000,000
Number of Equity Shares Issued in Cash	-	-
Number of Equity Shares Outstanding <b>End of Period, 31 March</b>	61,200,000,000 61,200,000,000	30,600,000,000 30,600,000,000
Weighted Average Number of Outstanding Shares (Unit of 1; TRY 0.01)	61,200,000,000	30,600,000,000
Net Profit for the Period/(Loss) (TRY)	(254.332.337)	91.942.392
Earnings/(Loss) per Share (TRY)	(4,156)	0,300

#### 38. Dividends per share

At the Ordinary General Assembly Meeting held on March 29, 2022, the Company in accordance with the decision taken since there is no profit subject to distribution in the financial statements containing the operating results for 2021, there has been no distribution to partners.

#### 39. Cash Generated from the Operations

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

#### 40. Equity Share Convertible Bonds

None (December 31, 2021: None).

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**41. Cash Convertible Privileged Equity Shares**

None (December 31, 2021: None).

**42. Risks**

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

**43. Commitments**

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

**44. Business Combinations**

None (December 31, 2021: None).

**45. Related Parties**

**Related Party Receivables/(Payables)**

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

<b><u>Bank Deposit</u></b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Group Companies	258.054.000	227.250.636
<b>Total</b>	<b>258.054.000</b>	<b>227.250.636</b>
<b><u>Private Sector Bonds</u></b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Group Companies	6.394.313	25.014.940
<b>Total</b>	<b>6.394.313</b>	<b>25.014.940</b>
<b><u>Investment Funds</u></b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Group Companies	228.527.165	340.313.260
<b>Total</b>	<b>228.527.165</b>	<b>340.313.260</b>
<b><u>Related Party Receivables/(Payables)</u></b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Related Parties	240.029.057	145.331.729
Receivables from partners	411.535	655.966
Debts to partners	(39.788.556)	-
<b>Total</b>	<b>200.652.035</b>	<b>145.987.694</b>
<b><u>Premium production</u></b>	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
Group Companies	297.821.861	28.846.165
Shareholders	10.236.951	1.143.163
<b>Total</b>	<b>308.058.812</b>	<b>29.989.328</b>
<b><u>Claims Paid</u></b>	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
Group Companies	5.193.970	2.469.535
Shareholders	6.243	-
<b>Total</b>	<b>5.200.213</b>	<b>2.469.535</b>

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**45. Related Parties (Continued)****Related Party Receivables/(Payables) (Continued)****Interest Income Received from Related Part**

	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
Group Companies	6.962.816	11.625.798
<b>Total</b>	<b>6.962.816</b>	<b>11.625.798</b>

**Commission Expenses**

	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
Group Companies	40.175.451	35.334.450
<b>Total</b>	<b>40.175.451</b>	<b>35.334.450</b>

**46. Subsequent Events**

None.

**47. Other**

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

<b>Other Receivables</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Receivables from Tarım Sigortaları A.Ş.	2.485.592	14.448.552
Other Receivables	2.937.221	6.489.404
Receivables from Agencies due to DASK Premiums	5.864.962	7.365.917
<b>Total</b>	<b>11.287.775</b>	<b>28.303.873</b>

<b>Other Short-Term Payables</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Payables to contracted enterprises	86.161.422	78.918.265
Payables to suppliers	37.783.941	72.046.778
Payables to Turkish Catastrophe Insurance Pool	30.509.035	32.695.098
Other	2.432.700	3.871.597
Turkish Catastrophe Insurance Pool Payables to Agencies	1.204.807	1.524.578
<b>Total</b>	<b>158.091.905</b>	<b>189.056.316</b>

<b>Other Prepaid Expenses</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Prepaid Expenses	23.016.568	7.559.696
<b>Total</b>	<b>23.016.568</b>	<b>7.559.696</b>



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**47. Other (Continued)**

<b>Other Prepaid Expenses (Long Term)</b>	<b>31 March 2022</b>	<b>31 December 2021</b>
Prepaid Expenses	118.522	138.005
<b>Total</b>	<b>118.522</b>	<b>138.005</b>

Assistance services under other technical expenses in the income statement, amounting to TRY 41.042.949 (March 31, 2021: TRY 34.975.901), consist of deferral of these amounts and technical expenses of these services.

<b>Income and Profit/Expenses and Losses from Other and Extraordinary Activities</b>	<b>1 January- 31 March 2022</b>	<b>1 January- 31 March 2021</b>
Provisions Account (+/-)	(7.558.692)	(23.309.429)
Provisions for doubtful receivable (Note 12.1)	(155.920)	(14.294.096)
Donation (*)	-	(4.460.000)
Portfolio Management	(2.772.101)	(2.602.156)
Retirement pay provision	(845.471)	(415.786)
Unused vacation provision	(2.730.935)	(1.356.080)
Provisions for other expenses	(1.054.265)	(181.311)
Specialized Insurance Account (+/-)	4.194.993	2.337.614
Deferred tax asset account (+/-)	62.825.827	(10.584.226)
Other income and profits	2.755.485	240.271
Other expenses and losses (-)	(5.227.876)	(3.628.761)
Bank Expenses	(3.853.796)	(2.506.912)
Disallowable expenses	(480.453)	(408.050)
Other	(893.627)	(713.799)
<b>Total</b>	<b>56.989.737</b>	<b>(34.944.531)</b>

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

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