

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

AKSIGORTA A.Ş.

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



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

To the General Assembly of Aksigorta A.Ş.,

Introduction

1. We have reviewed the accompanying balance sheet of Aksigorta A.Ş. (the “Company”) as of 30 June 2022 and the related statement of income, changes in shareholders’ equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Company’s Management is responsible for the preparation and fair presentation of the interim financial statements in accordance with accounting and financial reporting regulations enforced by the insurance legislation of Turkey and Turkish Accounting Standard 34, “Interim Financial Reporting” for the matters not regulated by such insurance legislation, the so-called “Regulation on Insurance Accounting and Financial Reporting Principles” (“the insurance legislation”). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of the Review

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



Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true view of the financial position of Aksigorta A.Ş. at 30 June 2022, and of the results of its operations and its cash flows for the six-month period then ended in all aspects in accordance with the accounting principles and standards as set out in the insurance legislation.

Additional Paragraph for Convenience Translation into English

4. As discussed in Note 2.27 to the accompanying financial statements, the effects of differences between the accounting principles as set out by the related insurance laws and accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying interim financial statements. Accordingly, the accompanying interim financial statements are not intended to present the financial position and results of operations and changes in financial position and cash flows in accordance with accounting principles generally accepted in such countries and IFRS.

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

ORIGINALLY ISSUED IN TURKISH

Talar Gül, SMMM
Partner

Istanbul, 9 August 2022

**THE MANAGEMENT’S REPRESENTATION ON THE FINANCIAL STATEMENTS
PREPARED AS OF 30 JUNE 2022**

The accompanying financial statements and the related disclosures and notes as of 30 June 2022 (the ‘financial report’) are prepared in accordance with the requirements set out by Republic of Turkey of the Treasury and Finance Ministry Undersecretariat Treasury and accordance with the accounting principles and standarts in force in insurance legislation and are in compliance with our Company’s accounting records.

İstanbul, 09 August 2022

Osman AKKOCA
Chief Financial Officer

Uğur GÜLEN
Chief Executive Officer

Halil KOLBAŐI
Actuary
Licence No: 72

Seza TANINMIŐ ÖZGÜR
Accounting Manager

AKSIGORTA A.Ş.

**FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30,
2021 AND INDEPENDENT AUDITOR'S REVIEW REPORT**

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AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF
JUNE 30, 2022 AND DECEMBER 31, 2021**

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

ASSETS			
		Reviewed	Audited
	Notes	Current Period June 30, 2022	Prior Period December 31, 2021
I- CURRENT ASSETS			
A- Cash and Cash Equivalents			
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	694,515,752	1,182,736,630
4- Cheques Given and Payment Orders (-)		-	-
5- Receivables from Credit Cards with Bank Guarantee Due Less Than Three Months	14	1,056,194,352	1,011,654,963
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Investments with Risks on Policy Holders			
1- Financial Assets Available for Sale	11.1	1,978,000,751	1,216,091,948
2- Financial Assets Held to Maturity	11.1	1,578,977,468	1,737,608,467
3- Financial Assets Held for Trading	11.1	447,430,184	6,454,765
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders	11.1	1,959,999	1,874,466
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)		-	-
C- Receivables from Main Operations			
1- Receivables from Insurance Operations	12.1	2,189,613,821	1,548,287,773
2- Provision for Receivables from Insurance Operations (-)	12.1	(42,587,139)	(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	304,821,894	241,838,830
10- Provisions for Doubtful Receivables from Main Operations (-)	12.1	(270,922,747)	(229,472,152)
D- Due from Related Parties			
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		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 (-)		-	-
E- Other Receivables			
1- Leasing Receivables		25,446,525	29,521,449
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		1,219,112	1,217,576
4- Other Receivables	47	24,227,413	28,303,873
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals			
1- Deferred Commission Expenses	17.20	614,321,134	442,876,267
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	47	11,719,148	7,559,696
G- Other Current Assets			
1- Inventories		22	22
2- Prepaid Taxes and Funds	35	2,234,241	2,968,911
3- Deferred Tax Assets		-	-
4- Business Advances		148,979	6,675
5- Advances Given to Personnel		-	-
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		8,600,579,760	7,187,858,141

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

AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF
JUNE 30, 2022 AND DECEMBER 31, 2021**

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

ASSETS			
	Notes	Reviewed	Audited
		Current Period June 30, 2022	Prior Period December 31, 2021
II- NON-CURRENT ASSET			
A- Receivables from Main Operations			
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations (-)		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties			
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
C- Other Receivables			
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Receivables		-	-
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
D- Financial Assets			
1- Investments in Associates		-	-
2- Affiliates		-	-
3- Capital Commitments to Affiliates (-)		-	-
4- Subsidiaries		-	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Joint Ventures		-	-
7- Capital Commitments to Joint Ventures (-)		-	-
8- Financial Assets and Investments with Risks on Policy Holders		-	-
9- Other Financial Assets		-	-
10- Diminution in Value of Financial Assets (-)		-	-
E- Tangible Fixed Assets			
	6 and 7	51,224,540	39,925,319
1- Investment Properties	7	-	-
2- Diminution in Value for Investment Properties (-)		-	-
3- Owner Occupied Properties	6	5,329	1,598,569
4- Machinery and Equipment		-	-
5- Furnitures and Fixtures	6	38,990,059	31,263,486
6- Vehicles	6	1,878,421	1,878,421
7- Other Tangible Assets (Including Leasehold Improvements)	6	24,082,789	23,807,488
8- Leased Tangible Fixed Assets	6	57,082,741	43,374,169
9- Accumulated Depreciation (-)	6 and 7	(70,814,799)	(61,996,814)
10- Advances Paid for Tangible Fixed Assets (Including Construction in Progresses)	6	-	-
F- Intangible Fixed Assets			
	8	129,401,645	112,572,496
1- Rights	8	243,944,537	223,788,042
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortizations (-)	8	(158,939,046)	(141,527,231)
7- Advances Regarding Intangible Assets	8	44,396,154	30,311,685
G- Prepaid Expenses and Income Accruals			
		110,304	138,005
1- Deferred Commission Expenses		-	-
2- Accrued Interest and Rent Income		-	-
3- Other Prepaid Expenses	47	110,304	138,005
H- Other Non-current Assets			
		221,290,643	47,368,754
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	35	221,290,643	47,368,754
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non-current Assets		402,027,132	200,004,574
TOTAL ASSETS (I+II)		9,002,606,892	7,387,862,715

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

AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF
JUNE 30, 2022 AND DECEMBER 31, 2021**

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

LIABILITIES			
		Reviewed Current Period June 30, 2022	Audited Prior Period December 31, 2021
III- SHORT-TERM LIABILITIES	Notes		
A- Borrowings		224,299,307	132,802,013
1- Loans to Financial Institutions	14	179,917,708	-
2- Finance Lease Payables	20	29,332,814	21,532,058
3- Deferred Finance Lease Borrowing Costs (-)	20	(8,599,439)	(6,563,640)
4- Current Portion of Long-term Borrowings		-	-
5- Principal, Instalments and Interests on Issued Bills (Bonds)		-	-
6- Other Financial Assets Issued		-	-
7- Value Differences on Issued Financial Assets (-)		-	-
8- Other Financial Borrowings (Liabilities)	14	23,648,224	117,833,595
B- Payables from Main Operations		1,711,946,517	1,243,900,854
1- Payables Due to Insurance Operations	19.1	1,711,946,517	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 (-)		-	-
C- Due to Related Parties		218,991	54,225
1- Due to Shareholders	12.2	1,143	1,143
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		217,848	53,082
6- Due to Other Related Parties		-	-
D- Other Payables		261,247,884	268,375,699
1- Deposits and Guarantees Received	12.1	23,885,167	19,120,708
2- Due to SSI regarding Treatment Expenses	19.1	74,109,917	60,198,675
3- Other Payables	19.1	163,252,800	189,056,316
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		5,550,193,939	4,073,613,556
1- Unearned Premiums Reserve - Net	20	2,759,818,857	2,012,331,492
2- Unexpired Risk Reserves - Net	20	561,457,154	93,325,083
3- Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net	4.1 and 20	2,228,914,994	1,967,951,413
5- Provision for Bonus and Discounts - Net	20	2,934	5,568
6- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Relevant Provisions		107,401,043	124,706,305
1- Taxes and Dues Payable		107,076,753	99,431,502
2- Social Security Premiums Payable	23.1	318,818	235,747
3- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		5,472	5,472
5- Corporate Tax Liability Provision on Period Profit	35	-	105,330,567
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	35	-	(80,296,983)
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks		85,232,832	62,941,823
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	19.1 and 23.4	85,232,832	62,941,823
H- Deferred Income and Expense Accruals		19.1	367,718,822
1- Deferred Commission Income	17.16	354,086,602	236,564,242
2- Expense Accruals	2.11 and 19.1	13,632,220	49,851,945
3- Other Deferred Income		-	-
I- Other Short-term Liabilities		235	235
1- Deferred Tax Liability	35	-	-
2- Inventory Count Differences		-	-
3- Other Short-term Liabilities		235	235
III - Total Short-term Liabilities		8,308,259,570	6,192,810,897

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

AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF
JUNE 30, 2022 AND DECEMBER 31, 2021**

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

LIABILITIES			
	Note	Reviewed	Audited
		Current Period June 30, 2022	Prior Period December 31, 2021
IV- LONG-TERM LIABILITIES			
A- Borrowings		15,096,676	12,595,616
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables	20	17,801,730	15,802,373
3- Deferred Finance Lease Borrowing Costs (-)	20	(2,705,054)	(3,206,757)
4- Bonds Issued		-	-
5- Other Issued Financial Assets		-	-
6- Value Differences on Issued Financial Assets (-)		-	-
7- Other Financial Borrowings (Liabilities)		-	-
B- Payables from Main Operations		-	-
1- Payables Due to Insurance Operations		-	-
2- Payables Due to Reinsurance Operations		-	-
3- Cash Deposited by Insurance & Reinsurance Companies		-	-
4- Payables Due to Pension Operations		-	-
5- Payables from Other Operations		-	-
6- Discount on Other Payables from Main Operations (-)		-	-
C- Due to Related Parties		-	-
1- Due to Shareholders		-	-
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		-	-
1- Deposits and Guarantees Received		-	-
2- Due to SSI regarding Treatment Expenses		-	-
3- Other Payables		-	-
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves		133,927,875	119,053,554
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Mathematical Reserves - Net	17.2 and 20	1,329,077	1,343,509
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	20	132,598,798	117,710,045
F- Other Liabilities and Provisions		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Instalment Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks		20,059,788	14,112,606
1- Provision for Employment Termination Benefits	22	20,059,788	14,112,606
2- Provisions for Employee Pension Fund Deficits		-	-
H- Deferred Income and Expense Accruals		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long-term Liabilities		-	-
1- Deferred Tax Liability		-	-
2- Other Long-term Liabilities		-	-
IV- Total Long-term Liabilities		169,084,339	145,761,776

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

AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE BALANCE SHEETS AS OF
JUNE 30, 2022 AND DECEMBER 31, 2021**

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

SHAREHOLDERS' EQUITY			
V- SHAREHOLDERS' EQUITY	Notes	Reviewed	Audited
		Current Period June 30, 2022	Prior Period December 31, 2021
A- Paid in Capital		612,000,000	306,000,000
1- (Nominal) Capital	2.14	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- Capital Reserves		-	90,989,327
1- Equity Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital	15	-	90,989,327
4- Translation Reserves		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		195,242,043	298,983,608
1- Legal Reserves	15	111,936,210	111,936,210
2- Statutory Reserves		62	62
3- Extraordinary Reserves	15	200,091,508	225,705,415
4- Special Funds (Reserves)	15	(12,503,936)	(8,518,554)
5- Revaluation of Financial Assets	16	(104,281,801)	(30,139,525)
6- Other Profit Reserves		-	-
D- Previous Years' Profits		163,920,341	163,920,341
1- Previous Years' Profits		163,920,341	163,920,341
E- Previous Years' Losses (-)		-	-
1- Previous Years' Losses		-	-
F- Net Profit of the Period		(445,899,401)	189,396,766
1- Net Profit of the Period		-	189,396,766
2- Net Loss of the Period (-)		(445,899,401)	-
3- Net Income not Subject to Distribution		-	-
V- Total Shareholders' Equity		525,262,983	1,049,290,042
Total Liabilities and Shareholders' Equity (III+IV+V)		9,002,606,892	7,387,862,715

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

AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE STATEMENT OF INCOME
FOR THE INTERIM PERIODS JANUARY 1 - JUNE 30, 2022 AND 2021**

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

	Notes	Reviewed	Not Reviewed	Restated (*)	Restated (*)
		Current Period January 1 - June 30, 2022	Current Period April 1 - June 30, 2022	Audited Prior Period January 1 - June 30, 2021	Not Reviewed Prior Period April 1 - June 30, 2021
I-TECHNICAL PART					
A- Non-Life Technical Income					
1- Earned Premiums (Net of Reinsurer Share)		1,576,991,778	827,357,270	1,601,892,169	830,111,877
1.1- Written Premiums (Net of Reinsurer Share)	24	2,792,611,214	1,625,191,293	1,680,293,458	762,993,588
1.1.1- Gross Written Premiums (+)	24	5,508,647,674	3,026,968,848	3,000,040,675	1,422,085,050
1.1.2- Ceded Premiums to Reinsurers (-)	17.16 and 24	(2,588,388,080)	(1,327,717,395)	(1,240,147,415)	(622,368,728)
1.1.3- Ceded Premiums to SSI (-)	17.16 and 24	(127,678,380)	(74,000,160)	(79,599,802)	(36,822,734)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(747,487,365)	(527,972,078)	(76,693,460)	67,182,613
1.2.1- Unearned Premiums Reserve (-)	20	(1,441,584,596)	(806,543,151)	(1,800,860,764)	43,586,723
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)	17.16 and 20	666,326,880	257,620,046	101,872,455	26,684,078
1.2.3- SSI of Unearned Premiums Reserve (+)	17.16 and 20	28,170,351	20,951,027	2,294,849	(3,088,188)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(468,132,071)	(269,861,945)	(1,707,829)	(64,324)
1.3.1- Unexpired Risks Reserve (-)	20	(491,742,688)	(338,227,260)	236,171,214	154,587,999
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)	17.16 and 20	23,610,617	68,365,315	(237,879,043)	(154,652,323)
2- Investment Income Transferred from Non-Technical Part		634,743,394	339,952,980	294,830,538	139,987,395
3- Other Technical Income (Net of Reinsurer Share)		14,098,384	6,880,641	8,825,719	4,767,254
3.1- Gross Other Technical Income (+)		14,098,384	6,880,641	8,825,719	4,767,254
3.2- Reinsurance Share of Other Technical Income (-)		-	-	-	-
4- Accrued Subrogation and Salvage Income (+)		1,323,785	(6,090,443)	(5,812,176)	(532,784)
B- Non-Life Technical Expense (-)		(2,758,257,788)	(1,415,989,174)	(1,612,072,812)	(828,450,618)
1- Total Claims (Net of Reinsurer Share)		(2,203,364,116)	(1,119,467,506)	(1,193,288,464)	(616,027,524)
1.1- Claims Paid (Net of Reinsurer Share)		(1,592,397,931)	(1,017,977,108)	(998,167,529)	(460,477,995)
1.1.1- Gross Claims Paid (-)		(2,803,247,515)	(1,512,322,225)	(1,389,237,286)	(705,426,258)
1.1.2- Reinsurance Share of Claims Paid (+)	17.16	860,849,584	494,345,117	481,069,757	244,948,263
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(60,966,185)	(101,490,398)	(285,120,935)	(155,549,329)
1.2.1- Outstanding Claims Reserve (-)	29	(774,870,490)	(587,953,742)	(571,996,563)	(367,427,558)
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)	17.16	513,904,305	286,463,344	466,875,628	211,878,229
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		2,634	(1,445)	(922)	(924)
2.1- Bonus and Discount Reserve (-)	20	419,504	(1,208)	64,899	41,185
2.2- Reinsurance Share of Bonus and Discount Reserve (+)	17.16 and 20	(416,870)	(237)	(65,821)	(42,109)
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(14,888,753)	(7,792,837)	(8,870,836)	(5,140,352)
4- Operating Expenses (-)	32	(446,097,817)	(235,800,599)	(339,014,608)	(171,359,937)
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	(93,909,736)	(52,866,787)	(70,897,982)	(35,922,081)
6.1- Gross Other Technical Expenses (-)	47	(93,909,736)	(52,866,787)	(70,897,982)	(35,922,081)
6.2- Reinsurance Share of Other Technical Expenses (+)		-	-	-	-
C- Non-Life Technical Net Profit (A-B)		(541,101,447)	(247,888,726)	287,653,348	145,883,122
D- Life Technical Income					
1- Earned Premiums (Net of Reinsurer Share)		6,0037	29,916	63,252	31,435
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		6,0037	29,916	63,252	31,435
3- Unrealized Income from Investments		-	-	-	-
4- Other Technical Income (Net of Reinsurer Share) (+/-)		-	-	-	-
4.1- Gross Other Technical Income (+/-)		-	-	-	-
4.2- Reinsurance Share of Other Technical Income (+/-)		-	-	-	-
5- Accrued Subrogation and Salvage Income (+)		-	-	-	-
E- Life Technical Expense		(58,146)	(35,325)	(54,379)	(25,838)
1- Total Claims (Net of Reinsurer Share)		(72,578)	(36,925)	(103,957)	(70,730)
1.1- Claims Paid (Net of Reinsurer Share)		(75,182)	(36,925)	(104,309)	(71,082)
1.1.1- Gross Claims Paid (-)		(75,182)	(36,925)	(104,309)	(71,082)
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	-	352	352
1.2.1- Outstanding Claims Reserve (-)		2,604	-	352	352
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)		-	-	-	-
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-	-	-
2.1- Bonus and Discount Reserve (-)		-	-	-	-
2.2- Reinsurance Share of Bonus and Discount Reserve (+)		-	-	-	-
3- Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		14,432	1,600	49,578	44,892
3.1- Mathematical Reserves (+)		14,432	1,600	49,578	44,892
3.1.1- Actuarial Mathematical Reserve (-)		12,989	1,440	44,620	40,403
3.1.2- Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		1,443	160	4,958	4,489
3.2- Reinsurer Share of Mathematical Reserves (+)		-	-	-	-
3.2.1- Reinsurance Share of Actuarial Mathematical Reserve (+)		-	-	-	-
3.2.2- Reinsurance Share of Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		-	-	-	-
4- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-	-	-
5- Operating Expenses (-)		-	-	-	-
6- Investment Expenses (-)		-	-	-	-
7- Unrealized Losses from Investments (-)		-	-	-	-
8- Investment Income Transferred to Non-Technical Part (-)		-	-	-	-
F- Life Technical Profit (D-E)		1,891	(5,409)	8,873	5,597
G- Individual Retirement Technical Income					
1- Fund Management Fee		-	-	-	-
2- Management Fee Deduction		-	-	-	-
3- Initial Contribution Fee		-	-	-	-
4- Management Fee in Case of Temporary Suspension		-	-	-	-
5- Withholding tax		-	-	-	-
6- Increase in Market Value of Capital Commitment Advances		-	-	-	-
7- Other Technical Income		-	-	-	-
H- Individual Retirement Technical Expense					
1- Fund Management Expenses (-)		-	-	-	-
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-	-	-
3- Operating Expenses (-)		-	-	-	-
4- Other Technical Expense (-)		-	-	-	-
I- Individual Retirement Technical Profit (G-H)					

(*) The 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 INTERIM PERIODS JANUARY 1 - JUNE 30, 2022 AND 2021

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

	Notes	Reviewed	Not Reviewed	Restated (*)	Restated (*)
		Current Period	Current Period	Audited	Not Reviewed
		January 1 - June 30, 2022	April 1 - June 30, 2022	Prior Period January 1 - June 30, 2021	Prior Period April 1 - June 30, 2021
I- TECHNICAL PART					
C- Non-Life Technical Profit (A-B)					
F- Life Technical Profit (D-E)		1,891	(5,409)	8,873	5,597
I - Individual Retirement Technical Profit (G-H)		-	-	-	-
J- Total Technical Profit (C+F+I)		(541,099,556)	(247,894,135)	287,662,311	145,888,719
K- Investment Income		1,097,063,255	589,074,384	457,538,802	175,908,480
1- Income from Financial Investment	26	230,378,739	126,587,286	173,641,934	81,923,563
2- Income from Sales of Financial Investments	26	57,272,614	36,198,473	37,662,376	7,940,006
3- Revaluation of Financial Investments	26	115,639,211	44,341,633	29,098,159	13,512,037
4- Foreign Exchange Gains	36	645,333,136	399,513,278	185,581,006	58,419,753
5- Income from Affiliates		-	-	-	-
6- Income from Subsidiaries and Joint Ventures		-	-	-	-
7- Income Received from Land and Building		-	-	-	-
8- Income from Derivatives	13 and 26	48,439,555	(17,566,286)	31,555,327	14,113,121
9- Other Investments		-	-	-	-
10- Investment Income transferred from Life Technical Part		-	-	-	-
L- Investment Expenses (-)		(1,139,767,958)	(613,662,434)	(482,848,826)	(187,610,711)
1- Investment Management Expenses (including interest) (-)	20	(15,240,991)	(10,479,407)	(3,351,968)	(1,654,275)
2- Valuation Allowance of Investments (-)	26	(5,424,999)	(2,189,905)	(2,868,440)	(6,972,474)
3- Losses on Sales of Investments (-)	26	(11,765,828)	(8,610,943)	(10,885,905)	(2,653,165)
4- Investment Income Transferred to Life Technical Part (-)		(624,742,393)	(339,952,979)	(294,820,539)	(139,987,394)
5- Losses from Derivatives (-)		-	-	-	-
6- Foreign Exchange Losses (-)	36	(455,130,035)	(238,320,555)	(148,969,707)	(38,936,365)
7- Depreciation Expenses (-)	6, 7 and 8	(27,463,712)	(14,108,645)	(21,952,267)	(11,351,986)
8- Other Investment Expenses (-)		-	-	-	-
M- Other Income and Expenses (+/-)	47	137,904,858	80,915,121	(7,670,064)	15,000,611
1- Provisions Account (+/-)	47	(11,836,602)	(4,277,910)	(16,005,370)	(4,969,797)
2- Discount account (+/-)		-	-	-	-
3- Mandatory Earthquake Insurance Account (+/-)	47	6,113,629	1,918,636	3,285,385	947,771
4- Inflation Adjustment Account (+/-)		-	-	-	-
5- Deferred Tax Asset Accounts (+/-)	35 and 47	146,125,664	83,299,837	12,281,817	22,866,043
6- Deferred Tax Expense Accounts (-)	35 and 47	-	-	-	-
7- Other Income and Revenues	47	9,024,829	6,269,344	348,047	107,776
8- Other Expense and Losses (-)	47	(11,522,662)	(6,294,786)	(7,579,943)	(3,951,182)
9- Prior Period Income		-	-	-	-
10- Prior Period Losses (-)		-	-	-	-
N- Net Profit/(Loss)	37	(445,899,401)	(191,567,064)	186,478,011	94,535,619
1- Profit/(Loss) Before Tax		(445,899,401)	(191,567,064)	254,682,223	149,187,099
2- Corporate Tax Liability Provision (-)	35	-	-	(68,204,212)	(54,651,480)
3- Net Profit/(Loss)		(445,899,401)	(191,567,064)	186,478,011	94,535,619
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.

AKSIGORTA A.Ş.

**CONVENIENCE TRANSLATION OF THE STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIODS JANUARY 1 - JUNE 30, 2022 AND 2021**

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

	Notes	Reviewed	Restated (*)
		Current Period June 30, 2022	Audited Prior Period June 30, 2021
A. CASH FLOWS FROM THE OPERATING ACTIVITIES			
1. Cash inflows from the insurance operations		7,693,956,540	3,853,088,207
2. Cash inflows from the reinsurance operations		-	-
3. Cash inflows from the pension operations		-	-
4. Cash outflows due to the insurance operations (-)		(7,343,886,786)	(3,539,913,571)
5. Cash outflows due to the reinsurance operations (-)		-	-
6. Cash outflows due to the pension operations (-)		-	-
7. Cash generated from the operating activities (A1+A2+A3-A4-A5-A6)		350,069,754	313,174,636
8. Interest payments (-)		-	-
9. Income tax payments (-)	35	(24,298,914)	(23,474,444)
10. Other cash inflows		19,594,164	30,416,646
11. Other cash outflows (-)		(60,340,035)	-
12. Net cash generated from the operating activities		285,024,969	320,116,838
B. CASH FLOWS FROM THE INVESTING ACTIVITIES			
1. Sale of tangible assets	6	2,234,293	314,879
2. Purchase of tangible assets (-)	6, 7 and 8	(42,883,891)	(35,922,477)
3. Acquisition of financial assets (-)		(2,123,445,284)	(1,674,894,409)
4. Sale of financial assets		1,252,933,030	1,501,094,690
5. Interest received		324,177,293	241,137,930
6. Dividends received		-	-
7. Other cash inflows		-	16,806,383
8. Other cash outflows (-)		-	-
9. Net cash generated from the investing activities		(586,984,559)	48,536,996
C. CASH FLOWS FROM THE FINANCING ACTIVITIES			
1. Issue of equity shares		-	-
2. Cash inflows from the loans to policyholders	20	168,500,000	-
3. Payments of financial leases (-)	20	(8,712,423)	(7,403,428)
4. Dividend paid (-)	38	-	(201,960,000)
5. Other cash inflows	20	-	-
6. Other cash outflows (-)		(94,185,371)	-
7. Cash generated from the financing activities		65,602,206	(209,363,428)
D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS			
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		(223,042,085)	177,902,428
F. Cash and cash equivalents at the beginning of the period	14	1,777,272,887	1,994,609,067
G. Cash and cash equivalents at the end of the period (E+F)	14	1,554,230,802	2,172,511,495

(*) 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 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIODS JANUARY 1 - JUNE 30, 2022 AND 2021**

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

Reviewed Statement of Changes in Shareholders' Equity - January 1 - June 30, 2022 (*)											
CURRENT PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
I - Closing Balance of Prior Period (31 December 2021)	306,000,000	-	(30,139,525)	-	-	111,936,210	62	308,176,188	189,396,766	163,920,341	1,049,290,042
II - Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-	-
III - New Balance (I + II) (31 December 2021)	306,000,000	-	(30,139,525)	-	-	111,936,210	62	308,176,188	189,396,766	163,920,341	1,049,290,042
A- Capital increase (A1+A2)	306,000,000	-	-	-	-	-	-	(306,000,000)	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal sources	306,000,000	-	-	-	-	-	-	(306,000,000)	-	-	-
B- Equity shares purchased by the company	-	-	-	-	-	-	-	-	-	-	-
C- Income/(expense) recognized directly in the equity	-	-	-	-	-	-	-	-	-	-	-
D- Revaluation of financial assets (Note 16.5)	-	-	(74,142,276)	-	-	-	-	-	-	-	(74,142,276)
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income/(expenses)	-	-	-	-	-	-	-	(3,985,382)	-	-	(3,985,382)
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	(445,899,401)	-	(445,899,401)
I- Dividend distributed	-	-	-	-	-	-	-	-	-	-	-
J- Transfer	-	-	-	-	-	-	-	189,396,766	(189,396,766)	-	-
IV - Closing Balance (30 June 2022)	612,000,000	-	(104,281,801)	-	-	111,936,210	62	187,587,572	(445,899,401)	163,920,341	525,262,983
(III+A+B+C+D+E+F+G+H+I+J)	612,000,000	-	(104,281,801)	-	-	111,936,210	62	187,587,572	(445,899,401)	163,920,341	525,262,983

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

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 INTERIM PERIODS JANUARY 1 - JUNE 30, 2022 AND 2021

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

Audited Statement of Changes in Shareholders' Equity - January 1 - June 30, 2021 (*)Reviewed (**)											
CURRENT PERIOD	Capital	Equity Shares Owned by the Company (-)	Revaluation of Financial Assets	Inflation Adjustment on Capital	Translation Reserves	Legal Reserves	Statutory Reserves	Other Reserves and Retained Earnings	Net Profit/(Loss) for the Period	Previous Years' Profit/(Loss)	Total
I - Closing Balance of Prior Period (31 December 2021)	306,000,000	-	1,441,549	-	-	82,866,210	62	213,970,653	432,342,886	86,350,467	1,122,971,827
II - Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	77,569,874	77,569,874
III - New Balance (I + II) (31 December 2021)	306,000,000	-	1,441,549	-	-	82,866,210	62	213,970,653	432,342,886	163,920,341	1,200,541,701
A- Capital increase (A1+A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal sources	-	-	-	-	-	-	-	-	-	-	-
B- Equity shares purchased by the company	-	-	-	-	-	-	-	-	-	-	-
C- Income/(expense) recognized directly in the equity	-	-	-	-	-	-	-	-	-	-	-
D- Revaluation of financial assets (Note 16.5)	-	-	(17,447,966)	-	-	-	-	-	-	-	(17,447,966)
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income/(expenses)	-	-	-	-	-	-	-	(1,127,248)	-	-	(1,127,248)
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	186,478,011	-	186,478,011
I- Dividend distributed	-	-	-	-	-	-	-	-	(306,000,000)	-	(306,000,000)
J- Transfer	-	-	-	-	-	29,069,999	-	97,272,887	(126,342,886)	-	-
IV- Closing Balance (30 June 2021) (III+A+B+C+D+E+F+G+H+I+J)	306,000,000	-	(16,006,417)	-	-	111,936,209	62	310,116,292	186,478,011	163,920,341	1,062,444,498

(*) 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 NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022

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

1. General Information

1.1 Name of the Parent Company and the ultimate owner

Aksigorta Anonim Şirketi (“the Company”) is a subsidiary of Hacı Ömer Sabancı Holding A.Ş. and Ageas Insurance International N.V.in Belgium as of June 30, 2022. 38.02% e, 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 ‘Poligon Cad. Buyaka 2 Site, No. 8, Kule 1, Kat: 0-6 Ümraniye - İstanbul’.

1.3 Main operations of the Company

The Company’s main operations include insurance activities based on non-life insurance branches, including primarily motor vehicle, motor third party liability, fire, marine, accident, personal accident, engineering, agriculture, and health. The headquarters of the Company is in Istanbul. The Company has 10 district offices of which three of them are in Istanbul (Istanbul Anatolian Region, Istanbul European Region and Istanbul Thracian Region), and one in each White Sea and South Aegean Region, Ankara Region, Cukurova and Central Anatolia Region, Eastern Anatolia and Eastern Black Sea Region, Southeast Region, Izmir and North Aegean Region, Marmara and West Black sea Region. As of June 30, 2022, the Company has 3,638 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

	1 January - 30 June 2022	1 January - 31 December 2021
Senior Executive	9	9
Manager & Assistant Manager	101	101
Specialist/Executive	559	562
Total	669	672

1.6 Remuneration and fringe benefits provided to top management

January 1 - June 30, 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 6,307,516 and April 1 - June 30 amounted to TRY 2,746,759 (January 1 - June 30, 2021: TRY 5,467,110, April 1 - June 30, 2021: TRY 2,733,755).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

1. General Information (Continued)

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

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

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

1.8 Stand-alone or consolidated financial statements

The accompanying financial statements comprise the stand-alone financial statements for Aksigorta A.Ş. as of June 30, 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 June 30, 2022 have been approved by the Company's Board of Directors on August 9, 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 these subsequent events is disclosed in Note 46.

2. Summary of the Accounting Policies

2.1 Basis of Preparation

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

a. Accounting Standards

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

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

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

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

The Company accounts and recognizes its insurance technical provisions in its not consolidated financial statements as of June 30, 2022 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
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

b. 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 2022 within the scope of TAS 29 Financial Reporting in High Inflation Economies.

c. Comparative Information and Restatement of Prior Period Financial Statements

The company's 30 June 2022 balance sheet is presented with the restated balance sheets as of 31 December, 1 January- 30 June 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 - 3 June 2021. As of December 31, 2021, 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, balance sheets dated 30 June 2021 income statement for the accounting have been restated. The effects of the relevant accounting policy changes are presented in the tables below:

	Reported Previous Period 30 June 2021	Restatement Effects	Revised Previous Period 30 June 2021
Non-Life Technical Expense	(308,247,051)	23,126,116	(285,120,935)
Change in claims provision	(308,247,051)	23,126,116	(285,120,935)
Other Income and Expenses	18,063,346	(5,781,529)	12,281,817
Deferred Tax Assets	18,063,346	(5,781,529)	12,281,817
Net Profit/(Loss)	(290,183,705)	17,344,587	(272,839,118)

d. Technical Reserves

Unearned Premium Reserve

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

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

Deferred Commission Expense and Income

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

Unexpired Risks Reserve

Within the framework of Regulation on Technical Reserves, 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 more than 95% with net unearned premium reserve for the related branch; and gross unexpired risk reserve for that branch is calculated by multiplying the ratio more than 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 based on the accounting year, or the year of accident as explained in the first paragraph. If the calculation is based on the accident year, separate calculations will be made for the works transferred to the pool. As a result of the related circular, the Company makes Unexpired Risks Reserve accounts based on accounting year.

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

	30 June 2022		31 December 2021	
	Claim/Premium (%)	Net URR (TRY)	Claim/Premium (%)	Net URR (TRY)
Motor Liability	130%	437,123,544	109%	91,401,242
Motor Own Damage	106%	124,050,552	0%	-
Indemnity	132%	248,083	115%	109,119
Watercrafts	95%	30,639	142%	1,810,063
Air Crafts Liability	365%	4,336	469%	4,381
Air Crafts	-	-	150%	278
		561,457,154		93,325,083

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

Bonuses and rebates reserve

The bonus and rebates provisions are the amount that must 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 354,471 and TRY 2,934 net on June 30, 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.

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

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

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

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

Branch	Applied Method	30 June 2022		31 December 2021	
		Gross Additional Reserve	Net Additional Reserve	Gross Additional Reserve	Net Additional Reserve
Motor Liability	Frequency/Severity/Standard Chain/Damage	1,975,738,959	1,975,738,959	Frequency/Severity/Standard Chain/Damage	1,533,556,783
General Liability	Premium	690,948,016	153,633,773	Premium	511,117,327
Fire and Natural	Standard Chain	30,724,923	4,635,690	Standard Chain	11,791,017
General Losses	Standard Chain	3,079,641	334,209	Bornhuetter-Ferguson	3,116,580
Financial losses	Standard Chain	2,965,695	(584,159)	Standard Chain	6,529,439
Watercrafts	Standard Chain	2,109,456	712,415	Standard Chain	1,865,242
Health	Standard Chain	1,835,415	27,856	Standard Chain	924,840
Accident	Standard Chain	1,754,576	1,070,155	Standard Chain	1,739,646
Indemnity	Standard Chain	1,090,296	309,355	Standard Chain	878,003
Air Crafts	Standard Chain			Standard Chain	
Liability		856,384	11		2,355,864
Air Crafts	Standard Chain	248,744	9	Standard Chain	113,304
Legal Protection	Standard Chain	173,842	173,842	Standard Chain	247,452
Credit	Standard Chain	15,399	764	Standard Chain	9,940
Logistic	Standard Chain	(1,786,128)	(690,613)	Bornhuetter-Ferguson	(3,257,122)
Motor own damage	Standard Chain	(75,135,245)	(75,135,245)	Standard Chain	(83,476,239)
Total		2,634,619,973	2,060,227,021		1,987,512,076
					1,527,820,927

With the resolution of Ministry of Treasury and Finance dated July 5, 2017 and numbered 18145, ‘Risky Insurance Pool’ is founded as of April 12, 2017. Within this framework, On Motor Third Party Liability branch, premium and claim amounts that are transferred to Pool will be deducted from data used for IBNR calculation. For the damages that the company will take over from the pool; The loss premium rate of 153% for 2017, 154% for 2018 and 143 % for 2019 and 128% for 2020 , 159% for 2021 and 162% for 30 June 2022 was taken into consideration, IBNR was calculated with the earned premium estimate and the provision amounting to TRY 437,862,894 was reflected in the financial statements. Related loss ratio is the expected loss ratio for the pool said pool by Turkey manages Bureau of Motor Vehicles is described in the report published on 20 June, 2022. Since the loss premium rates in the IBNR calculation of the company correspond to 76 bases, the expected loss premium rate used in the calculation is specified by considering the same base in the report.

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

“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 considered 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 30 June 2022, net outstanding claims discount of TRY 1,290,835,823 (31 December 2021: TRY 788,540,915) was calculated. In accordance with the “Circular No. 2022/13 Amending the Circular No. 2016/22 on Discounting of Net Cash Flows Arising from Outstanding Claims Provisions” dated April 27, 2021, and numbered 2022/313, the discount calculation as of 31 December 2021 has been made by considering the annual rate of 22%. (31 December 2021:14% per annum). In accordance with the Circular No. 2016/22 Amending the Circular No. 2016/22 on Discounting of Net Cash Flows Arising from Compensation Provisions, 22% is used to be considered in the calculation of discount. With the circular, the increasing effect is 284,561,954 TRY that discount rate is increased from 14% to 22%.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

The mentioned discount rate change had a reducing effect on the net outstanding claims provision as of 30 June 2022 by TRY 282,561,954. As of 30 June 2022, 31 December of 2021 and 2020, the Company's net outstanding claims provisions on a branch basis, before and after discounting, are given below.

30 June 2022

Branch	Net Outstanding Claim Provision Before Discount	Discount Amount	Net Discounted Outstanding Claim Provision
Motor Liability	2,714,793,449	1,021,691,654	1,693,101,795
General Liability	351,822,755	198,715,922	153,106,833
Motor own damage	249,765,051	33,772,626	215,992,425
Fire and Natural	113,777,205	27,741,045	86,036,160
General Losses	38,052,079	3,700,968	34,351,111
Logistic	24,559,182	-	24,559,182
Health	8,326,882	1,283,127	7,043,755
Accident	5,081,766	1,850,333	3,231,433
Indemnity	4,998,638	-	4,998,638
Financial losses	4,097,959	830,644	3,267,315
Watercrafts	3,663,991	1,073,033	2,590,958
Legal Protection	576,731	160,527	416,204
Air Crafts Liability	17,564	898	16,666
Credit	75,866	15,045	60,821
Air Crafts	10	1	9
Total	3,519,609,128	1,290,835,823	2,228,773,305

31 December 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
Total	2,756,348,035	788,540,915	1,967,807,120

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, to work with a more homogenous dataset. Files exceeding the threshold value determined by this method are considered as major damage. Since the damage progress of these files is separate from the other files, IBNR amounts have been determined and added to the provisions by a separate calculation for these files. Threshold values determined by December 31, 2020, and 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.

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

BRANCH	30 June 2022				31 December 2021			
	Threshold	# of Major Claim Files	Total Number of Claim Files	% of Elimination	Threshold	# of Major Claim Files	Total Number of Claim Files	% of Elimination
General Liability	1,650,000	347	44,398	0.78%	1,650,000	276	43,023	0.64%
Employer's Financial Liability	650,000	111	15,882	0.70%	650,000	76	14,386	0.53%
Financial Liability to Third Parties	600,000	154	19,763	0.78%	600,000	139	19,096	0.73%
General Liability Other	400,000	82	8,753	0.94%	400,000	61	9,541	0.64%
General Losses	999,999	173	207,271	0.08%	999,999	129	199,959	0.06%
Fire and Natural Disaster	999,999	375	322,639	0.12%	999,999	320	309,278	0.10%
Transportation	499,999	195	66,685	0.29%	499,999	146	65,433	0.22%
Accident	299,999	47	8,334	0.56%	299,999	45	8,083	0.56%
Suretyship	199,999	155	11,862	1.31%	199,999	108	10,925	0.99%
Financial Losses	50,000	75	39,331	0.19%	50,000	60	38,567	0.16%

(*) As of June 30, 2022, the Company has determined the General Liability major claim limits based on 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	113,339,312	5,034,722
Fire and Natural Disaster	24,830,613	2,094,228
Suretyship	3,779,378	3,779,378
Financial Losses	3,708,102	146,654
General Losses	2,086,105	35,059
Accident	863,031	91,691

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

As explained in Note 2.1.1, in accordance with the Circular No. 2011/23, a winning rate is calculated over the amounts of the lawsuits filed against the Company in terms of sub-branches based on the last five years' realizations, considering the conclusion dates of the lawsuits, and for the files in the litigation process according to the calculated winning rate. It is possible to make a deduction from the outstanding claims provision amounts accrued. As of December 31, 2021, the Company calculated the winning rates by sub-branches by proportioning the total amount of the claims files, which were concluded in favour of the Company, out of the claims files, of which all judicial stages were completed in the last five years, to the total amount of the files. In the calculation of the win rate, only the principal amounts related to the compensation are included in the calculation, interest and other expenses are not considered. Pursuant to the Circular No. 2011/23, for branches with a winning rate of more than 25%, 25% for those with sufficient past files, and 15% for other branches, deductions were made from the amount of outstanding claims provision. The company made the said calculations over the gross amounts and the reinsurance shares of the discount amount were determined by considering the reinsurance share of the relevant files. As of 30 June 2022, the Company's earnings rates calculated based on sub-branches and the net deduction for outstanding claims accrued are TRY 139,079,269 (31 December 2021: TRY 126,937,394) As of 31 December 2021, 2020, and 2019, the winning rates used on a branch basis are as follows:

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

Branch	<u>30 June 2022</u>	<u>31 December 2021</u>
	Win Rate Used	Win Rate Used
Fire	25,0%	25,0%
Profit loss	25,0%	25,0%
Compulsory Earthquake	25,0%	25,0%
Miner Personal Accident	0,0%	0,0%
Commodity	25,0%	25,0%
Hull	25,0%	25,0%
Compulsory Financial Liability Insurance of Highways		
Motor Vehicles	6,1%	15,0%
Compulsory Traffic (Except GreenCard)	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%
Glass Breakage	21,1%	18,0%
Burglary	25,0%	25,0%
Cylinder Gas Compulsory Liability	0,0%	0,0%
Dangerous Goods Compulsory Liability	5,7%	5,7%
Airplane-Boat	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%
Fidelity	0,0%	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%

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 132,598,798 (December 31, 2021: TRY 117,710,045) of equalization reserve as of December 31, 2021 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
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(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

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 June 30, 2022 are TRY 82,684,905 (December 31, 2021: TRY 81,361,121) and TRY 33,938,410 (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:

	30 June 2022					
	Collection		Accrual			
	Gross	Reinsurance Share	Gross	Reinsurance Share	Gross	Reinsurance Share
Motor Own Damage	242,104,899	(850)	242,104,049	59,098,832	-	59,098,832
Motor Crafts Liability	23,968,202	(1,121,649)	22,846,553	18,938,459	(1,498,696)	17,439,763
Transportation	7,191,750	(4,987,561)	2,204,189	624,298	(258,883)	365,415
Fire and Natural Disaster	3,941,825	(1,808,238)	2,133,587	8,788,467	(3,167,497)	5,620,970
General Losses	1,372,654	(1,101,936)	270,718	714,955	(627,285)	87,670
Watercraft	351,985	(192,188)	159,797	116,144	(71,065)	45,079
General Liability	81,736	(64,413)	17,323	955,496	(948,390)	7,106
Legal Protection	43,000	-	43,000	-	-	-
Suretyship	12,503	(1,838)	10,665	40,656	(20,586)	20,070
Accident	11,938	-	11,938	-	-	-
Financial Losses	-	-	-	-	-	-
Total	279,080,492	(9,278,673)	269,801,819	89,277,307	(6,592,402)	82,684,905

	31 December 2021					
	Collection		Accrual			
	Gross	Reinsurance Share	Gross	Reinsurance Share	Gross	Reinsurance Share
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
Transportation	5,804,992	(2,907,445)	2,897,547	542,649	(404,299)	138,350
Fire and Natural Disaster	8,850,693	(3,838,261)	5,012,432	9,984,753	(3,664,628)	6,320,125
General Losses	899,406	(794,631)	104,775	595,480	(524,812)	70,668
Watercraft	205,707	(101,764)	103,943	2,500	(1,000)	1,500
General Liability	134,564	(90,085)	44,479	28,058	(20,657)	7,401
Suretyship	37,374	(15,682)	21,692	63,443	(43,027)	20,416
Financial Losses	522,142	(512,298)	9,844	-	-	-
Legal Protection	5,695	-	5,695	-	-	-
Accident	(16,028)	-	(16,028)	-	-	-
Total	379,510,941	(10,323,044)	369,187,897	86,751,197	(5,390,076)	81,361,121

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

f. 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.

g. Receivables from Insurance Operations

In the financial statements prepared as of June 30, 2022, pursuant to the "Circular on Recourse and Salvage Incomes" dated February 10, 2015 and numbered 2015/6 published by the Ministry of Treasury and Finance, the Company has made the compensation payment and the insured has received a certificate of release or payment and the counter insurance company or third parties are notified, recourse receivables up to the coverage limit of the debtor insurance company are accrued. In case the said amount cannot be collected from the insurance company within six months following the compensation payment or from third parties within four months, a provision for these receivables is set aside and shown in the Provision for Receivables from Insurance Activities account in the balance sheet.

Company provided provision for doubtful receivables by taking the nature and the value of the receivable into account. As of June 30, 2022, 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 24,477,702 (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 42,587,139 (December 31, 2021: TRY 19,642,726). Furthermore, provision is accounted for the retention of claim recovery transactions under legal follow up amounting to TRY 246,445,045 (December 31, 2021: TRY 205,201,746) and it has been accounted in 'Provision for doubtful receivables from main operations' account (Note 12).

h. Earning 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

i. 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).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

i. Provisions, Contingent Liabilities and Assets

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

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, considering the risks and uncertainties surrounding the obligation. If provision is measured using the cash flows estimated to settle the present obligation, its carrying amount will be equal to the present value of such cash flows.

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

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

j. Accounting Policies, Changes and Misstatements on Accounting Estimates

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

k. Corporate Taxation and Deferred Tax

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

Corporate Tax

Corporation tax is payable at a rate of 25% on the total income of the Company and its Subsidiaries registered in Turkey in 2022 (2021: 25%) after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed.

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

Corporations are required to pay advance corporation tax quarterly at the rate of 25% on their corporate income. Advance Tax is declared by 17th of the second month following and payable by the 17th of the second month following each calendar quarter end. Advance Tax paid by corporations is credited against the annual Corporation Tax liability.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

The 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.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, Law No. It was enacted with the number 7352 and it was decided that the financial statements will not be subject to inflation adjustment, regardless of whether the conditions for the inflation adjustment within the scope of the Repetitive Article 298 are fulfilled in the 2021 and 2022 accounting periods and the 2023 accounting period, including the temporary accounting periods. 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 tax

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

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

Regarding the tax regulations of the Law No. 7394 and with the regulation numbered 7394, that published in the Official Gazette dated April 15, 2022 the corporate tax rate has been determined to be applied as 25% for 2022 corporate earnings and 25% for 2022 corporate earnings. Within the scope of the mentioned law, deferred tax assets and liabilities in the financial statements dated 30 June 2022 are calculated with the rate of 25%, 25% for what realizable in 2022, 20% for the following years for the deferred tax assets consisting of deductible temporary differences, taking into account the time intervals in which the mentioned differences will be realized by generating taxable profit in the future. (December 31, 2021: The Corporate tax rate of the Law No. 7316, published in the Official Gazette dated April 22, 2021 and numbered 31462, has been determined to be 25% for 2021 corporate earnings and 23% for 2022 corporate earnings. , In the financial statements as of 31 December 2021, deferred tax assets and liabilities, deferred tax assets consisting of deductible temporary differences, will be realized in the future by generating taxable profits, taking into account the time intervals in which the said differences will occur, 23% for those that will occur in 2022, and 20% in the following years. calculated with).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

As of June 30, 2022, the Company has booked the deferred tax assets in amounting to TRY 221,290,643 (December 31, 2021: TRY 47,368,754). TRY 22,953,285 of the deferred tax asset has been allocated over the current period financial loss. The Company management is in the opinion that the Company is able to make sufficient taxable income based on the business plans and projections therefore the Company foresees no indicator of any concern regarding its recoverability of deferred tax assets as of 30 June 2022.

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.

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 30 June 2022:

The company has evaluated the effects of the standards and amendments mentioned below on the financial statements and has come to the opinion that the amendments do not have a significant effect on the financial statements for the accounting period of 1 January - 30 June 2022.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

2.1.5 New and Revised International Financial Reporting Standards (Continued)

- **Amendments to TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific TAS 39 and TFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **Amendments to TFRS 4 Insurance Contracts – deferral of TFRS 9 (Effective as of 1 January 2021);** Effective for annual reporting periods beginning on or after 1 January 2021. This Phase 2 amendment addresses issues arising from the implementation of reforms, including replacing a benchmark interest rate with an alternative.
- **Amendment to TFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the Practical expedient;** as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to TFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2021:

The company has evaluated the changes in the standards mentioned below that have been published but not yet effective, and has started working on the TFRS 17 standard and its effects. The company management is of the opinion that the changes made, except for the TFRS 17 standard, will not have a significant impact on the financial statements.

- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
 - i) **Amendments to TFRS 3, ‘Business combinations’** update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - ii) **Amendments to TAS 16, ‘Property, plant and equipment’** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - iii) **Amendments to TAS 37, ‘Provisions, contingent liabilities and contingent assets’** specify which costs a company includes when assessing whether a contract will be loss-making.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

2.1.5 New and Revised International Financial Reporting Standards (Continued)

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

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

- **Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **TFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

2.2 Consolidation

The Company has no subsidiaries or joint ventures that fall within the scope of consolidation as per ‘TFRS 10 - Consolidated and Separate Financial Statements’ as of June 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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

2.4 Discontinued Operations

The Company does not have any discontinued or disposed operations as of June 30, 2022 and December 31, 2021.

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 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.

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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

2.6 Tangible Assets (Continued)

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

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

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 June 30, 2022. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on June 30, 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.

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

2. Summary of the Accounting Policies (Continued)

2.8 Intangible Assets (Continued)

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.

2.9 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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

2.9 Financial Assets(Continued)

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

Available-for-sale financial assets

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

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

Held-to-maturity financial assets

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

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

As of June 30,2022, the Company has TRY 1,578,977,468 of financial assets under held-to-maturity investment account (December 31, 2021: 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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

2.9 Financial Assets(Continued)

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.

Impairment of financial assets

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

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

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

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

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

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

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022

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

2. Summary of the Accounting Policies (Continued)

2.11 Derivative Financial Instruments

The Company uses foreign currency swap and option contracts, the Company uses end of period market exchange rates and interest rates to calculate market value of foreign exchange swap contracts. As of June 30, 2022, there is a registered financial asset amounting to TRY 18,316,486 which costed to TRY 4,684,266. (December 31, 2021: cost total TRY 106,043,552, TRY 56,191,607 registered swaps)

As of June 30, 2022, the Company has accounted for 'Expense Accruals' amounting TRY 13,632,220 arising from the valuation of derivative instruments held by the Company in 'Expense 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.

2.13 Cash and Cash Equivalents

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

2.14 Share Capital

As of June 30, 2022, the Company's nominal capital is TRY 612,000,000 (December 31, 2021: TRY 306,000,000). Share capital is represented by 30,600,000,000 of equity shares having a nominal amount of TRY 0.01 each. The share capital structure of the Company is as follows:

	30 June 2022		31 December 2021	
	Rate %	Amount TRY	Rate %	Amount TRY
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
	100.00	612,000,000	100.00	306,000,000

Agreement about the sale of 50% of 18,965,880,200 units of Aksigorta A.Ş. shares with 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 has increased the capital to 612,000,000 TRY with a nominal value of 306,000,000 TRY and 100% covered by internal resources which is provided that TRY 215,010,673 will be from the Extraordinary Reserves and TRY 90,989,327 will be from Profit on Sale to be Transferred to Capital account within the registered capital ceiling of TRY 750,000,000 associated with the decision of the Capital Markets Board dated March 17, 2022 and numbered 13/426.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

2.14 Share Capital (Continued)

The Company decided to increase its current capital from TRY 612,000,000 to TRY 1,612,000,000 with a nominal value of TRY 1,000,000,000, and to increase the current registered capital ceiling amount from TRY 750,000,000 to TRY 3,000,000,000 by the Board of Directors Decision dated 24 June 2022 and numbered 3 and it was approved at the Extraordinary General Assembly dated 4 August 2022 and an application was made to the Capital Markets Board on 5 August 2022 regarding the related capital increase.

More extensive details related to the company capital are disclosed in the Note 15.and 46

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.

Investment Contracts:

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

Reinsurance Agreements:

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

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

The Company has surplus reinsurance agreement in fire, marine, engineering and other accident branches. Besides, The Company has excess of loss agreements in fire, marine and engineering branches. The Company continues to be exposed to the insurance risk under the insurance contracts whereas the liability of the reinsurer ceases by the end of the agreement period.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

2.15 Insurance and Investment Contracts – Classification (Continued)

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.

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 - June 30, 2022 accounting period as TRY 127,678,380 (January 1 - June 30, 2021: TRY 79,599,802) and unearned premium reserve amounting to TRY 20,755,363, (January 1 - June 30, 2021: TRY 2,294,849) for the period ended as of January 1 - December 31, 2021; classified under the accounts of 'Premiums ceded to SSI' and 'Change in SSI share of Unearned Premiums Reserve', respectively (Note 20).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

2.15 Insurance and Investment Contracts – Classification (Continued)

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

Premium ceded to Turkish Motor Insurers' Bureau

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

In accordance with the Higher Risk Policies Operating Principals issued by TMIB on August 15, 2017; 76% of total premiums net of deductions to be received from the insured, on policies issued after July 11, 2017 which are subject to the Pool, will be ceded to the Pool. 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 June 30, 2022. As at June 30, 2022, the Company accounted TRY 242,884,468 premium ceded to the Pool and TRY 132,456,477 paid claim; and TRY 1,118,506 subrogation income TRY 169,340,660 premium which is reported as Company share from the pool, TRY 118,713,931 claims paid, TRY 1,439,926 recourse and TRY 1,046,507 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).

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

2.18 Borrowings

As of 30 June 2022, the Company's one-year maturity credit amount of TRY 68,500,000 and total interest of 17,410,416 TL used on 27 January 2022 and a one-year maturity credit of TRY 100,000,000 a total interest of TRY 28,466,667 on 10 May 2022. In addition a one-day and interest-free loan amounting to TRY 23,648,224 (December 31, 2021: TRY 16,177,847) and is classified in the "Due to Credit Institutions(Liabilities)" account).

2.19 Employee Benefits

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

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

2.20 Provisions

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

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

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

2.21 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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

2.21 Revenue Recognition (Continued)

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.

2.22 Profit Share Distribution

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

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

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

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

2.23 Related parties

Parties are considered related to the Company if;

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

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

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

2. Summary of the Accounting Policies (Continued)

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 2021: Foreign currency assets and liabilities are converted by using period end exchange rates of Central Bank of the Republic of Turkey’s bid rates. For the conversion of liabilities the exchange rate stated at the contract is used.)

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

	30 June 2022		31 December 2021	
	USD/ TRY	EUR/ TRY	USD/ TRY	EUR/ TRY
Buying rate	16,6614	17,3701	13,329	15,0867
Selling rate	16,6914	17,4014	13,3530	15,1139
Currency effective selling rate	16,7165	17,4275	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.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

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.

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

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

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

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

Reinsurance Company Notification

2022		2021	
Reinsurance Company	Standard & Poor's Rating	Reinsurance Company	Standard & Poor's Rating
African Re	A-	African Re	A-
Ageas	A+	Ageas	A
American Agricultural	NR	American Agricultural	NR
Aspen	A-	Central Re	A
		China Property & Casualty	
		Reinsurance (China Re P&C)	A
AXIS Syndicate 1686	A+	Covea Cooperations	AA-
Best Meridian Insurane Company	NR	Dongbu Re (DB Insurance)	A
Central Re	A	EMC	NR
China (China Re P&C)	A	Everest Re	A+
Coface	NR	Hannover Rueck SE	AA-
Covea Cooperations	AA-	HCC 4141	A+
Dongbu Re (DB Insurance)	A	Korean Re	A
EMC	NR	Labuan Re	AA-
Everest Re	A+	Lib Synd Paris (4472)	A+
GIC	NR	Malaysian Re	NR
Hannover Rueck SE	AA-	Mapfre Re	A+
HCC 4141	A	Milli Re	TR A+
HDI Global	A+	MS Amlin AG	A
IGI	A-	Munich Re	AA-
Korean Re	A	New Re	AA-
Labuan Re	NR	Odyssey Re	A-
Liberty Mutual	A	Partner Re	A+
Lloyd's of London	A+	QBE	A+
Malaysian Re	NR	R+V Versicherung AG (R+V Re)	AA-
Mapfre Re	A+	Samsung Fire&Marine Re	AA-
Milli Re	TR A+	Sava Re	A
MS Amlin AG	A	Scor	AA-
Munich Re	AA-	Shelter Re	NR
Odyssey Re	A-	Taiping Re	A
Partner Re	A+	Toa Re	A+
Polish Re	NR	Turk Re	NR
QBE	A+	Unipol Re	NR
R+V Versicherung AG (R+V Re)	A+	VHV Re	NR
Samsung Fire&Marine Re	AA-	VIG Re	A+
Saudi Re	NR		
Sava Re	A		
Scor	AA-		
Shelter Re	NR		
Taiping Re	NR		
Triglav Re	A		
Turk Re	A		
Unipol Re	NR		
VHV Re	NR		
VIG Re	A+		

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

4. Insurance and Financial Risk Management

4.1 Insurance Risk (Continued)

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

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

Total Claims Liability (*)	30 June 2022			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	1,750,758,084	(57,656,289)	1,693,101,795	1,596,367,048	(49,179,230)	1,547,187,818
Fire and Natural Disasters	1,101,686,787	(1,015,650,627)	86,036,160	865,446,648	(789,401,844)	76,044,804
General Liability	965,483,624	(812,376,791)	153,106,833	910,796,681	(797,721,191)	113,075,490
General Losses	570,261,150	(535,910,039)	34,351,111	405,862,622	(390,025,781)	15,836,841
Air Crafts Liability	247,918,598	(247,901,932)	16,666	187,900,366	(187,887,561)	12,805
Suretyship	233,567,671	(228,569,033)	4,998,638	179,501,252	(176,144,778)	3,356,474
Motor Own Damage	221,982,560	(5,990,135)	215,992,425	182,444,654	(1,616,082)	180,828,572
Transportation	199,997,722	(175,438,540)	24,559,182	122,543,844	(108,083,695)	14,460,149
Health	49,526,369	(42,482,614)	7,043,755	41,832,400	(34,333,762)	7,498,638
Suretyship	22,813,676	(20,222,718)	2,590,958	23,407,823	(20,096,640)	3,311,183
Watercrafts	15,780,317	(12,513,002)	3,267,315	90,659,220	(87,950,427)	2,708,793
Accident	6,015,620	(2,784,187)	3,231,433	6,942,632	(3,934,790)	3,007,842
Air Crafts	4,253,259	(4,253,250)	9	3,113,694	(3,113,212)	482
Credit	1,714,414	(1,653,593)	60,821	9,940	(9,452)	488
Legal Protection	416,204	-	416,204	476,741	-	476,741
Life	141,689	-	141,689	144,293	-	144,293
Total	5,392,317,744	(3,163,402,750)	2,228,914,994	4,617,449,858	(2,649,498,445)	1,967,951,413

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

	30 June 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	(242,996,874)	5,876,095,631	(4,277,634,255)	1,598,461,376	4,514,870,786	(3,159,406,284)	1,355,464,502
Discount Effect of Reported Claims	502,294,908	(2,802,240,017)	1,511,404,194	(1,290,835,823)	(1,609,512,032)	820,971,117	(788,540,915)
Discount to Be Applied to Claim Files in a Lawsuit	12,141,875	(316,299,532)	177,220,263	(139,079,269)	(275,565,265)	148,627,871	(126,937,394)
Claim Provisions (*)	(532,406,094)	2,634,619,973	(574,392,952)	2,060,227,021	1,987,512,076	(459,691,149)	1,527,820,927
Non-life Total	(260,966,185)	5,392,176,055	(3,163,402,750)	2,228,773,305	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	(260,963,581)	5,392,317,744	(3,163,402,750)	2,228,914,994	4,617,449,858	(2,649,498,445)	1,967,951,413

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

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

4. Insurance and Financial Risk Management (Continued)

4.1 Insurance Risk (Continued)

4.1.1 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)

Outstanding Claim Reserve:

	30 June 2022			30 June 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 the period - January 1	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	4,164,547,542	(1,979,077,555)	2,185,469,987	2,203,132,713	(987,965,472)	1,215,167,241
Paid from current period (-)	(1,625,927,164)	499,292,759	(1,126,634,405)	(805,818,125)	279,020,459	(526,797,666)
Paid from previous periods (-)	(1,177,395,533)	361,556,825	(815,838,708)	(583,523,470)	202,049,298	(381,474,172)
Period end reported claims	5,876,095,631	(4,277,634,255)	1,598,461,376	3,671,238,415	(2,527,437,781)	1,143,800,634
Life	141,689	-	141,689	144,293	-	144,293
Reported claims discount effect	(2,802,240,017)	1,511,404,194	(1,290,835,823)	(670,195,128)	301,454,043	(368,741,085)
Discount to Be Applied to Claim Files in Lawsuit	(316,299,532)	177,220,263	(139,079,269)	(54,705,135)	32,974,805	(21,730,330)
Claims incurred but not reported	2,634,619,973	(574,392,952)	2,060,227,021	1,317,357,170	(369,571,271)	947,785,899
Total	5,392,317,744	(3,163,402,750)	2,228,914,994	4,263,839,615	(2,562,580,204)	1,701,259,411

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

Gross claim development table prepared on the principles of incurred claims by June 30, 2022

	1 January - 30 June 2016	1 January - 30 June 2017	1 January - 30 June 2018	1 January - 30 June 2019	1 January - 30 June 2020	1 January - 30 June 2021	1 January - 30 June 2022	Gross Claim
<i>Claim realized in the accident period</i>	771,427,801	1,143,101,874	1,339,731,936	1,771,798,732	1,925,624,707	2,576,067,470	5,071,469,479	14,599,221,999
1 year later	203,985,590	853,337,768	513,978,660	979,401,528	1,156,729,107	1,508,549,855	-	5,215,982,508
2 year later	130,022,115	790,654,711	278,460,096	682,274,867	944,646,943	-	-	2,826,058,732
3 year later	100,927,480	785,795,693	276,473,932	1,031,128,594	-	-	-	2,194,325,699
4 year later	107,006,756	841,542,822	301,949,569	-	-	-	-	1,250,499,147
5 year later	118,597,239	721,517,890	-	-	-	-	-	840,115,129
6 year later	111,135,075	-	-	-	-	-	-	111,135,075
TOTAL	1,543,102,056	5,135,950,758	2,710,594,193	4,464,603,721	4,027,000,757	4,084,617,325	5,071,469,479	27,037,338,289

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

	1 January - 31 December 2015	1 January - 31 December 2016	1 January - 31 December 2017	1 January - 31 December 2018	1 January - 31 December 2019	1 January - 31 December 2020	1 January - 31 December 2021	Gross Claim
<i>Claim realized in the accident period</i>	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 year later	126,303,760	345,579,004	633,208,482	352,446,585	717,625,507	-	-	2,175,163,338
3 year later	110,917,361	344,631,786	602,343,699	671,792,643	-	-	-	1,729,685,489
4 year later	113,024,946	398,378,186	438,319,539	-	-	-	-	949,722,671
5 year later	120,467,564	342,136,413	-	-	-	-	-	462,603,977
6 year later	129,489,007	-	-	-	-	-	-	129,489,007
TOTAL	1,658,815,776	2,782,281,404	3,833,688,214	3,194,657,534	3,956,579,304	3,298,593,611	3,650,161,929	22,374,777,772

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

4. Insurance and Financial Risk Management (Continued)

4.2 Financial Risk

4.2.1 Capital risk management and capital requirement

The Company's main purpose in capital management is to maintain its status as 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.

In the calculations made by the Company in accordance with the "Regulation on the Measurement and Evaluation of Capital Adequacy of Insurance, Reinsurance and Pension Companies" published in the Official Gazette dated 19 January 2008 and numbered 26761 by the Ministry of Treasury and Finance; As of 31 December 2021, the Company's equity is estimated to be lower than the required equity. As of the reporting period, the minimum required equity capital of the Company has been determined as TRY 1,426,118,936 in the calculations made on 31 December 2021, the latest. In accordance with the provisions of the relevant regulation, the Company's equity amount is less than the required equity amount TRY 259,118,850, calculated for the same period as of December 31, 2021. The company submitted its plan to the Insurance and Private Pension Regulation and Supervision Agency on April 7, 2022, regarding the completion of the capital deficit resulting from the existing equity capital not meeting the required equity capital. As a result of the related correspondence, the Company decided to increase its current capital amounting from TRY 612,000,000 to TRY 1,612,000,000 by a total of TRY 1,000,000,000 to be fully paid in cash, pursuant to the resolution of the Board of Directors no. 3 dated 5 July 2022. The Company has applied to the Capital Markets Board for the capital increase on 5 August 2022.

4.2 Financial Risk

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

Market risk

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

Exchange rate risk

The Company's foreign currency denominated assets and liabilities expose the Company to exchange rate risks. These risks are monitored by analysing exchange rate position. The details of the Company's foreign currency denominated assets and liabilities as of June 30, 2022 and December 31, 2021 are presented in detail in Note 12.4.

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

4. Insurance and Financial Risk Management (Continued)

4.2 Financial Risk (Continued)

4.2.2 Financial risk factors

Sensitivity to exchange rate risk

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

	June 30, 2022		December 31, 2021	
	USD Effect	EUR Effect	USD Effect	EUR Effect
Profit/Loss Increase	138,632,484	8,275,755	77,402,719	14,712,825
Profit/Loss (Decrease)	(138,632,484)	(8,275,755)	(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 30 June 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.

Total	June 30 2022	December 31 2021
	Effect on profit and profit reserves	
Market interest rate increase / (decrease)		
+% 1	(28,653,777)	(20,883,394)
-% 1	33,792,605	24,600,613
Financial assets available for sale	Effect on profit and profit reserves	
Market interest rate increase / (decrease)		TL
+% 1	(28,653,777)	(20,883,394)
-% 1	33,792,605	24,600,613

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022**

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

4. Insurance and Financial Risk Management (Continued)

4.2 Financial Risk (Continued)

4.2.2 Financial risk factors (Continued)

Price risk

The Company is exposed to price risk due to its available for sale financial assets. As of the reporting date, if data used in the valuation method is increased/decreased by 10% and all variables remain fixed, the Company’s sensitivity is as follows. The sensitivity of the Company for the price risk is arising from the available for sale financial assets as of June 30, 2022 and December 31, 2021.

Total	June 30, 2022	December 31, 2021
	Financial Assets	
Price increase / (decrease)		TRY
+% 10	198,607,004	122,187,949
-% 10	198,607,004	(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 June 30, 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.

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CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022

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

4. Insurance and Financial Risk Management (Continued)

4.2 Financial Risk (Continued)

4.2.2 Financial risk factors (Continued)

Liquidity risk table

June 30 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	962,877,773	553,101,429	156,906,504	-	-	77,824,398	1,750,710,104
Financial Assets Available for Sale	17,150,720	262,249,930	372,272,073	995,657,001	270,047,274	60,623,753	1,978,000,751
Financial Assets Held for Trading	-	-	-	-	-	447,430,184	447,430,184
Held-to-Maturity Financial Assets	-	312,563,658	559,234,058	669,012,409	38,167,343	-	1,578,977,468
Investments with Risks on Policy Holders	-	-	-	1,959,999	-	-	1,959,999
Receivables from Main Operations	440,882,940	605,970,614	1,035,127,517	6,005,587	-	101,627,163	2,189,613,821
Due from Related Parties	17,384	-	-	-	-	-	17,384
Other Receivables	-	-	25,446,525	-	-	-	25,446,525
Prepaid Expenses and Income Accruals	86,223,548	146,800,095	393,016,639	-	-	-	626,040,282
Total Assets	1,507,152,365	1,880,685,726	2,542,003,316	1,672,634,996	308,214,617	687,505,498	8,598,196,518
Financial Liabilities	23,648,224	-	200,651,083	15,096,676	-	-	239,395,983
Payables from Main Operations	123,995,587	247,991,174	173,897,848	18,200,762	-	1,147,861,146	1,711,946,517
Due to Related Parties	217,848	-	1,143	-	-	-	218,991
Other Payables	-	237,362,717	-	-	-	23,885,167	261,247,884
Insurance Technical Reserves	1,311,992,424	1,815,111,998	2,159,914,044	260,396,805	2,778,668	-	5,550,193,939
Taxes Payable and Similar Liabilities	-	107,401,043	-	-	-	-	107,401,043
Prepaid Expenses and Income Accruals	55,157,823	110,315,647	202,245,352	-	-	-	367,718,822
Long-term Insurance Technical Reserves	-	-	-	1,329,078	132,598,797	-	133,927,875
Provisions for Other Risks	-	-	-	-	-	20,059,788	20,059,788
Total Liabilities and Shareholders' Equity	1,515,011,906	2,518,182,579	2,736,709,470	295,023,321	135,377,465	1,191,806,101	8,392,110,842
December 31 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	28,411,509	1,216,091,948
Financial Assets Held 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
Total Assets	1,142,349,275	1,931,944,775	2,154,845,375	1,642,155,528	217,438,432	96,149,148	7,184,882,533
Financial Liabilities	117,833,595	-	14,968,418	12,595,616	-	-	145,397,629
Payables from Main Operations	585,825,485	300,382,123	357,693,246	-	-	-	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	1,069,066,244	1,410,250,280	1,382,026,524	201,977,830	10,292,678	-	4,073,613,556
Taxes Payable and Similar Liabilities	-	124,706,305	-	-	-	-	124,706,305
Prepaid Expenses and Income 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
Total Liabilities and Shareholders' Equity	1,815,740,834	2,170,518,555	1,912,218,234	215,916,955	128,002,723	33,233,314	6,275,630,615
Categories of Financial Assets	June 30 2022		December 31 2021				
Current Financial Assets	Book Value	Fair Value	Book Value	Fair Value			
Financial Assets Available for Sale	1,978,000,751	1,978,000,751	1,216,091,948	1,216,091,948			
Financial Assets Held to Maturity	1,480,714,191	1,578,977,468	1,643,916,143	1,737,608,467			
Financial Assets Held for Trading	447,430,184	447,430,184	6,454,765	6,454,765			
Financial Investments with Risks on Policy Holders	1,959,999	1,959,999	1,874,466	1,874,466			
Total Financial Assets	3,908,105,125	4,006,368,402	2,868,337,322	2,962,029,646			

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

4. Insurance and Financial Risk Management (Continued)

4.2 Financial Risk (Continued)

4.2.2 Financial risk factors (Continued)

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:

	June 30 2022	Category 1	Category 2	Category 3
Financial Assets Available for Sale				
Eurobond	1,421,464,287	333,067,287	1,088,397,000	-
Corporate Bond	250,139,166	183,925,812	66,213,354	-
Government Bonds	245,773,544	245,773,544	-	-
Stocks	60,623,754	59,349,151	-	1,274,603
Financial Assets Held for Trading				
Investment Funds	5,752,904	5,752,904	-	-
Private Sector Bonds	5,321,505	-	5,321,505	-
Eurobond	33,373,900	-	33,373,900	-
Government Bonds	300,556,991	300,556,991	-	-
Stocks	102,424,884	102,424,884	-	-
Held to Maturity Financial Assets				
Eurobond	1,070,833,092	404,153,587	666,679,505	-
Government Bonds	369,127,701	369,127,701	-	-
Corporate Bond	139,016,675	133,066,543	5,950,132	-
Financial Investments with Risks on Policy Holders				
Government Bonds	1,959,999	1,959,999	-	-
Total	4,006,368,402	2,139,158,403	1,865,935,396	1,274,603
	December 31, 2021	Category 1	Category 2	Category 3
Financial Assets Available for Sale				
Eurobond	585,603,548	-	585,603,548	-
Corporate Bond	333,420,756	219,681,670	113,739,086	-
Government Bonds	268,656,135	268,656,135	-	-
Stocks	28,411,509	27,536,089	-	875,420
Financial Assets Held for Trading				
Investment Funds	6,454,765	6,454,765	-	-
Held to Maturity Financial Assets				
Eurobond	1,085,793,822	1,085,793,822	-	-
Government Bonds	419,033,562	419,033,562	-	-
Corporate Bond	232,781,083	232,781,083	-	-
Financial Investments with Risks on Policy Holders				
Government Bonds	1,874,466	1,874,466	-	-
Total	2,962,029,646	2,261,811,592	699,342,634	875,420

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4. Insurance and Financial Risk Management (Continued)

4.2 Financial Risk (Continued)

4.2.2 Financial risk factors (Continued)

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

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

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

Financial liabilities

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

5. Segment Information

5.1 Operating segments

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

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

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

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CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2022

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

5. Segment Information (Continued)

5.1 Operating segments (Continued)

Segment results for the interim period at January 1 - June 30, 2022

	Fire	Transportation	Motor Own Damage	Motor Crafts Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
TECHNICAL INCOME	182,263,262	43,794,838	878,996,585	761,778,929	150,709,909	25,727,506	59,589,318	114,295,994	60,037	-	2,217,216,378
1- Earned Premiums (Net of Reinsurer Share)	119,126,231	27,746,625	597,821,282	618,745,783	100,725,760	16,900,057	35,646,792	60,279,248	-	-	1,576,991,778
1.1- Premiums (Net of Reinsurer Share)	143,911,865	30,176,313	1,165,760,429	1,199,273,988	103,071,880	26,129,389	46,475,500	77,811,850	-	-	2,792,611,214
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(24,785,634)	(2,429,688)	(443,888,595)	(234,805,903)	(3,986,903)	(9,229,332)	(10,828,708)	(17,532,602)	-	-	(747,487,365)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	-	-	(124,050,552)	(345,722,302)	1,640,783	-	-	-	-	-	(468,132,071)
2- Investment Income transferred from Non-Technical Part	63,819,431	15,821,148	281,221,165	137,783,794	49,934,710	8,816,947	22,697,492	44,647,707	60,037	-	624,802,431
3- Other Technical Income (Net of Reinsurance Share)	16,755	-	3,467,556	-	-	-	1,245,034	9,369,039	-	-	14,098,384
4- Accrued Subrogation and Salvage Income (+)	(699,155)	227,065	(3,513,418)	5,249,352	49,439	10,502	-	-	-	-	1,323,785
TECHNICAL EXPENSES	(163,387,017)	(19,824,772)	(955,950,975)	(1,425,506,259)	(103,338,775)	(13,865,485)	(37,122,273)	(39,262,232)	(58,146)	-	(2,758,315,934)
1- Total Claims (Net of Reinsurer Share)	(91,333,729)	(14,276,848)	(738,800,538)	(1,247,004,516)	(70,254,844)	(14,526,171)	(23,178,968)	(3,988,502)	(72,578)	-	(2,203,436,694)
1.1- Claims Paid (Net of Reinsurer Share)	(81,342,373)	(4,177,815)	(703,636,685)	(1,101,090,541)	(26,525,936)	(11,640,717)	(9,540,481)	(4,443,383)	(75,182)	-	(1,942,473,113)
1.2- Changes in Outstanding Claims Reserve Reinsurer Share and Reserves Carried Forward (+/-)	(9,991,356)	(10,099,033)	(35,163,853)	(145,913,975)	(43,728,908)	(2,885,454)	(13,638,487)	454,881	2,604	-	(260,963,581)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer) (+/-)	-	-	-	-	1,785	849	-	-	-	-	2,634
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-) and Other Technical Expenses	(12,208,551)	-	(1,472,824)	-	(400,281)	(807,097)	-	-	-	-	(14,888,753)
4- Operating Expenses	(44,966,778)	(4,714,120)	(177,560,433)	(151,704,212)	(25,048,863)	2,816,702	(13,158,530)	(31,761,583)	-	-	(446,097,817)
4.1- Production Commissions (-)	(106,335,044)	(17,163,126)	(132,131,437)	(116,048,304)	(66,426,809)	(24,642,357)	(6,258,385)	(66,569,179)	-	-	(535,574,641)
4.2- Reinsurance Commissions (+)	95,345,077	15,149,376	238,026	23,769,331	56,007,801	33,252,892	(5,943,052)	42,566,889	-	-	260,386,340
4.3- General Administrative Expenses	(33,976,811)	(2,700,370)	(45,667,022)	(59,425,239)	(14,629,855)	(5,793,833)	(957,093)	(7,759,293)	-	-	(170,909,516)
4.4- Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
5- Changes in Mathematical Reserves (+/-)	-	-	-	-	-	-	-	-	14,432	-	14,432
6- Other Technical Expenses (Net of Reinsurer Share)	(14,877,959)	(833,804)	(38,117,180)	(26,797,531)	(7,636,572)	(1,349,768)	(784,775)	(3,512,147)	-	-	(93,909,736)
TECHNICAL PROFIT/(LOSS)	18,876,245	23,970,066	(76,954,390)	(663,727,330)	47,371,134	11,862,021	22,467,045	75,033,762	1,891	-	(541,099,556)
Financial income	-	-	-	-	-	-	-	-	-	1,097,063,255	1,097,063,255
Depreciation expense	-	-	-	-	-	-	-	-	-	(27,463,712)	(27,463,712)
Provisions account, net	-	-	-	-	-	-	-	-	-	(11,836,602)	(11,836,602)
Tax expenses	-	-	-	-	-	-	-	-	-	146,125,664	146,125,664
Financial expenses	-	-	-	-	-	-	-	-	-	(1,112,304,246)	(1,112,304,246)
Other	-	-	-	-	-	-	-	-	-	3,615,796	3,615,796
Net Profit / (Loss)	18,876,245	23,970,066	(76,954,390)	(663,727,330)	47,371,134	11,862,021	22,467,045	75,033,762	1,891	95,200,155	(445,899,401)

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

5. Segment Information (Continued)

5.1 Operating segments (Continued)

Segment results for the interim period at January 1 - June 30, 2021

	Fire	Transportation	Motor Own Damage	Motor Crafts Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
TECHNICAL INCOME	121,800,611	20,348,223	630,371,261	887,431,135	118,339,419	15,260,464	29,296,008	76,879,129	63,252	-	1,899,789,502
1- Earned Premiums (Net of Reinsurer Share)	97,887,953	16,292,993	566,863,369	745,604,623	88,718,206	11,767,409	21,716,119	53,041,497	-	-	1,601,892,169
1.1- Premiums (Net of Reinsurer Share)	103,423,570	16,220,337	570,916,950	787,174,732	96,652,867	16,816,434	29,151,533	59,937,035	-	-	1,680,293,458
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(5,535,617)	72,656	(4,053,581)	(41,570,109)	(6,226,832)	(5,049,025)	(7,435,414)	(6,895,538)	-	-	(76,693,460)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	-	-	-	-	(1,707,829)	-	-	-	-	-	(1,707,829)
2- Investment Income transferred from Non-Technical Part	24,289,787	4,104,503	66,226,390	142,359,542	28,575,470	3,528,350	7,579,889	18,156,607	63,252	-	294,883,790
3- Other Technical Income (Net of Reinsurance Share)	1,132,115	-	2,012,579	-	-	-	-	5,681,025	-	-	8,825,719
4- Accrued Subrogation and Salvage Income (+)	(1,509,244)	(49,273)	(4,731,077)	(533,030)	1,045,743	(35,295)	-	-	-	-	(5,812,176)
TECHNICAL EXPENSES	(132,265,754)	(9,550,320)	(595,643,324)	(744,703,828)	(77,002,654)	(3,027,994)	(22,959,867)	(26,919,071)	(54,379)	-	(1,612,127,191)
1- Total Claims (Net of Reinsurer Share)	(78,028,340)	(5,566,459)	(427,691,444)	(615,401,576)	(43,391,331)	(3,458,370)	(14,741,248)	(5,009,696)	(103,957)	-	(1,193,392,421)
1.1- Claims Paid (Net of Reinsurer Share)	(66,029,981)	(3,788,164)	(370,323,148)	(435,567,801)	(15,194,028)	(6,129,378)	(6,192,729)	(4,942,300)	(104,309)	-	(908,271,838)
1.2- Changes in Outstanding Claims Reserve Reinsurer Share and Reserves Carried Forward (+/-)	(11,998,359)	(1,778,295)	(57,368,296)	(179,833,775)	(28,197,303)	2,671,008	(8,548,519)	(67,396)	352	-	(285,120,583)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer) (+/-)	-	-	-	-	(922)	-	-	-	-	-	(922)
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-) and Other Technical Expenses	(6,925,454)	-	(768,426)	-	(749,801)	(427,155)	-	-	-	-	(8,870,836)
4- Operating Expenses	(38,785,087)	(3,671,273)	(130,118,766)	(112,278,074)	(27,667,381)	1,441,808	(7,818,210)	(20,117,625)	-	-	(339,014,608)
4.1- Production Commissions (-)	(73,691,449)	(8,947,840)	(99,613,019)	(90,698,072)	(44,234,965)	(12,668,608)	(3,537,368)	(48,209,195)	-	-	(381,600,516)
4.2- Reinsurance Commissions (+)	57,075,063	6,941,977	133,382	15,169,307	26,328,431	17,463,293	(3,718,350)	33,484,851	-	-	152,877,954
4.3- General Administrative Expenses	(22,168,701)	(1,665,410)	(30,639,129)	(36,749,309)	(9,760,847)	(3,352,877)	(562,492)	(5,393,281)	-	-	(110,292,046)
4.4- Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
5- Changes in Mathematical Reserves (+/-)	-	-	-	-	-	-	-	-	49,578	-	49,578
6- Other Technical Expenses (Net of Reinsurer Share)	(8,526,873)	(312,588)	(37,064,688)	(17,024,178)	(5,193,217)	(584,276)	(400,412)	(1,791,750)	-	-	(70,897,982)
TECHNICAL PROFIT/(LOSS)	(10,465,143)	10,797,903	34,727,937	142,727,307	41,336,765	12,232,470	6,336,141	49,960,058	8,873	-	287,662,311
Financial income	-	-	-	-	-	-	-	-	-	457,538,802	457,538,802
Depreciation expense	-	-	-	-	-	-	-	-	-	(21,952,267)	(21,952,267)
Provisions account, net	-	-	-	-	-	-	-	-	-	(16,005,370)	(16,005,370)
Tax expenses	-	-	-	-	-	-	-	-	-	(55,922,395)	(55,922,395)
Financial expenses	-	-	-	-	-	-	-	-	-	(460,896,559)	(460,896,559)
Other	-	-	-	-	-	-	-	-	-	(3,946,511)	(3,946,511)
Net Profit / (Loss)	(10,465,143)	10,797,903	34,727,937	142,727,307	41,336,765	12,232,470	6,336,141	49,960,058	8,873	(101,184,300)	186,478,011

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

5. Tangible Assets

June 30 2022							
Cost Value	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Assets	Other Tangible Assets (Including Leasehold Improvements)	Right of Use Assets	Advances Related to Tangible Assets	Total
January 1,	1,598,569	1,878,421	31,263,486	23,807,488	43,374,169	-	101,922,133
Additions	-	-	8,182,100	460,827	14,073,316	-	22,716,243
Disposals	(1,593,240)	-	(455,527)	(185,526)	(364,744)	-	(2,599,037)
June 30	5,329	1,878,421	38,990,059	24,082,789	57,082,741	-	122,039,339
<u>Accumulated Depreciation</u>							
January 1,	(665,162)	(4,022)	(22,362,090)	(12,935,198)	(26,030,342)	-	(61,996,814)
Charge for the Period	(53)	(363,948)	(2,541,583)	(2,024,170)	(5,122,143)	-	(10,051,897)
Disposals	661,073	-	313,034	167,987	91,818	-	1,233,912
June 30	(4,142)	(367,970)	(24,590,639)	(14,791,381)	(31,060,667)	-	(70,814,799)
Net Book Value as of June 30,	1,187	1,510,451	14,399,420	9,291,408	26,022,074	-	51,224,540

The Company has no impairment loss recognized for tangible fixed assets in the current period (January 1 – December 31, 2021: None).

June 30 2021							
Cost Value	Owner Occupied Properties	Vehicles	Furnitures and Fixtures and Leased Tangible Assets	Other Tangible Assets (Including Leasehold Improvements)	Right of Use Assets	Advances Related to Tangible Assets	Total
January 1,	1,598,569	2,720,001	30,431,171	21,682,557	41,129,271	-	97,561,569
Additions	-	963,243	2,000,375	239,285	4,642,011	106,455	7,951,369
Disposals	-	-	(314,879)	-	(6,225,532)	-	(6,540,411)
June 30	1,598,569	3,683,244	32,116,667	21,921,842	39,545,750	106,455	98,972,527
<u>Accumulated Depreciation</u>							
January 1,	(633,191)	(1,093,962)	(20,847,952)	(13,841,375)	(17,643,062)	-	(54,059,542)
Charge for the Period	(15,854)	(352,101)	(2,074,419)	(1,027,979)	(4,408,960)	-	(7,879,313)
Disposals	-	-	306,196	-	-	-	306,196
June 30	(649,045)	(1,446,063)	(22,616,175)	(14,869,354)	(22,052,022)	-	(61,632,659)
Net Book Value as of June 30,	949,524	2,237,181	9,500,492	7,052,488	17,493,728	106,455	37,339,868

7. Investment Properties

The Company has no investment properties as of June 30, 2022.(June 30 2021:None).

In the period of January 1 - June 30, 2022, the Company has no obtained rental income from investment properties (January 1 - June 30, 2021: None).

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8. Intangible Assets

June 30 2022	Advances for Intangible Assets (*)	Rights	Total
Cost Value			
January 1,	30,311,685	223,788,042	254,099,727
Additions	20,076,231	14,164,733	34,240,964
Disposals	-	-	-
Transfers	(5,991,762)	5,991,762	-
June 30	44,396,154	243,944,537	288,340,691
Accumulated Amortization			
January 1,	-	(141,527,231)	(141,527,231)
Charge for the Period	-	(17,411,815)	(17,411,815)
Disposals	-	-	-
June 30	-	(158,939,046)	(158,939,046)
Net book Value as of June 30	44,396,154	85,005,491	129,401,645

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

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

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

As of June 30, 2022, the Company has not recognized any impairment loss for its intangible fixed assets in the current period (June 30, 2021: None).

The Company has no goodwill amount in its financial statements.

9. Investments in Affiliates

As of 30 June 2022, the Company has no investments in subsidiaries (31 December 2021: None).

10. Reinsurance Assets

Reinsurance assets are disclosed in Note 17.16.

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11. Financial Assets

11.1 Subcategories of Financial Assets

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

	30 June 2022	31 December 2021
Financial Assets Available for Sale	1,978,000,751	1,216,091,948
Financial Assets to be Held Until Maturity	1,578,977,468	1,737,608,467
Financial Assets Held for Trading	447,430,184	6,454,765
Financial Investments with Risks on Policy Holders	1,959,999	1,874,466
Total	4,006,368,402	2,962,029,646

Financial Assets Available for Sale

	June 30 2022			December 31 2021		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Eurobond	1,512,139,640	1,421,464,287	1,421,464,287	606,944,448	585,603,548	585,603,548
Government Bonds	257,541,641	245,773,544	245,773,544	271,447,183	268,656,135	268,656,135
Private Sector bonds	232,269,606	250,139,166	250,139,166	322,390,745	333,420,756	333,420,756
Equity Shares (Listed on the stock exchange)	63,650,164	59,349,151	59,349,151	30,795,827	27,536,089	27,536,089
Equity Shares (Not listed on the stock exchange) Net	1,274,603	-	1,274,603	875,420	-	875,420
Total	2,066,875,654	1,976,726,148	1,978,000,751	1,232,453,623	1,215,216,528	1,216,091,948

11.2 Subcategories of Financial Assets

Held-to-Maturity Financial Assets

	June 30 2022			December 31 2021		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Eurobond	1,024,316,232	942,696,988	1,070,833,092	1,050,147,372	1,009,690,467	1,085,793,822
Government Bonds	342,424,237	400,783,074	369,127,701	406,665,409	402,301,623	419,033,562
Private Sector bonds	128,836,354	137,234,129	139,016,675	224,489,527	231,924,053	232,781,083
Total	1,495,576,823	1,480,714,191	1,578,977,468	1,681,302,308	1,643,916,143	1,737,608,467

Financial Assets Held for Trading

	June 30 2022			December 31 2021		
	Cost Value	Fair Value	Cost Value	Fair Value	Cost Value	Fair Value
Government Bonds	248,766,973	300,556,991	300,556,991	-	-	-
Mutual Funds	5,699,940	5,752,904	5,752,904	7,170,100	6,454,765	6,454,765
Eurobond	34,267,877	33,373,900	33,373,900	-	-	-
Private Sector bonds	5,000,000	5,321,505	5,321,505	-	-	-
Equity Shares (Listed on the stock exchange)	94,299,993	102,424,884	102,424,884	-	-	-
Total	388,034,783	447,430,184	447,430,184	7,170,100	6,454,765	6,454,765

Financial Investment with Risks on Policy Holders

	June 30 2022			December 31 2021		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Government Bonds	1,943,330	1,959,999	1,959,999	1,734,832	1,874,466	1,874,466

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11. Financial Assets (Continued)

11.2 Subcategories of Financial Assets (Continued)

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

June 30 2022

Equity Shares	Participation Rate %	Cost Value TRY	Fair Value TRY	Book Value TRY
Borsa İstanbul Listed		57,669,447	55,362,477	55,362,477
Foreign Stock Exchange Listed		5,980,717	3,986,674	3,986,674
Tarsim Tarım Sigortaları Havuz İşletmesi A.Ş.	4.17	1,274,603	-	1,274,603
Unlisted		1,274,603	-	1,274,603
Total		64,924,767	59,349,151	60,623,754

December 31, 2021

Equity Shares	Participation Rate %	Cost Value TRY	Fair Value TRY	Book Value TRY
Borsa İstanbul Listed		30,795,827	27,536,089	27,536,089
Tarsim Tarım Sigortaları Havuz İşletmesi A.Ş.	4.17	875,420	-	875,420
Unlisted		875,420	-	875,420
Total		31,671,247	27,536,089	28,411,509

As of June 30, 2022 and December 31, 2021, the blockage on financial assets in favour of SEDDK has been disclosed in Note 17.1.

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

None (December 31, 2021: None).

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

None (December 31, 2021: None).

11.5 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).

11.6 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).

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11. Financial Assets (Continued)

11.7 Increase in value of financial assets in the last three years

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

Type of Financial Asset	June 30 2022	December 31 2021	December 31 2020
Financial Assets Available for Sale	(139,042,401)	(39,142,240)	1,801,936

11.8 Financial Instruments

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.

11.9 Financial Instruments

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

11.10 Effects of Exchange Rate Differences

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

12. Receivables and Payables

12.1 Details of the Company's receivables

	June 30 2022	December 31 2021
Receivables from insurance operations		
Receivables from agencies	1,632,524,895	1,151,460,111
Bank Guaranteed Credit Card Receivables More than Three Months	429,875,330	282,358,939
Receivables from reinsurance companies	52,960,075	40,173,468
Receivables for salvage and claim recovery - net (Note 2.1.1)	82,684,905	81,361,121
Other receivables	225,654	179,228
Receivables from insurance operations	2,198,270,859	1,555,532,867
Cash deposited for insurance and reinsurance companies	30,954	30,954
Receivables from insurance and reinsurance companies	30,954	30,954
Claim recovery receivables under legal follow-up	246,445,045	205,201,746
Doubtful receivables from main operations	58,376,849	36,637,084
Total provision amount for doubtful receivables	304,821,894	241,838,830
Receivables from main operations	2,503,123,707	1,797,402,651
Provision for due from insurance operations (-) (*)	(42,587,139)	(19,642,726)
Provision for doubtful receivables from main operations (-) (**)	(24,477,702)	(24,270,406)
Provision for net claim recovery receivables under legal follow-up (-) (**)	(246,445,045)	(205,201,746)
Total provision amount for doubtful receivables	(313,509,886)	(249,114,878)
Receivables from main operations - net	2,189,613,821	1,548,287,773

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

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

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

12. Receivables and Payables (Continued)

12.1 Details of the Company's receivables (Continued)

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

	June 30 2022	December 31 2021
0-90 days	98,046,436	33,802,786
90 + days	14,863,774	24,968,746
Not due receivables	2,085,391,603	1,496,792,289
Total	2,198,301,813	1,555,563,821

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

Type of Guarantees	30 June 2022		31 December 2021	
	Receivables	Doubtful Receivables	Receivables	Doubtful Receivables
Real Estate Pledges	57,068,507	531,200	56,352,007	531,200
Letters of Guarantee	107,686,793	-	103,473,143	-
Cash Guarantees	23,885,167	-	19,120,708	-
Government Bonds and Equity	198,652	7,500	185,996	7,500
Total	188,839,119	538,700	179,131,854	538,700

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

Doubtful trade receivable transactions	2022	2021
Opening Balance, January 1,	(229,472,152)	(167,471,613)
Charge for the period	(63,489,158)	(31,045,338)
Collections	22,038,563	11,852,196
Closing Balance, June 30	(270,922,747)	(186,664,755)

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

Due to/from shareholders, affiliates and subsidiaries in balance sheet includes dividends which have paid in previous years but not yet collected by shareholders. As of 30 June 2022, the Company has liabilities amounting to TRY 1,143 to shareholders (31 December 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 188,839,119 as of 30 June 2022 (31 December 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:

30 June 2022

Banks (DTH)	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	10,618,154	16,6614	176,913,311
EUR	2,427,281	17,3701	42,162,114
GBP	23,297	20,1752	470,022
CHF	11,036	17,3698	191,693
Other			7,833
Total			219,744,973
Stocks and Bonds			
USD	94,038,374	16,6614	1,566,810,965
EUR	386,981	17,3701	6,721,899
Total			1,573,532,864
Receivables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	53,380,209	16,6614	889,389,014
EUR	24,962,318	17,3701	433,597,960
Other			1,337,468
Total			1,324,324,442
Outstanding Claims Reserve	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	(7,007,240)	16,6914	(116,960,646)
EUR	(1,211,675)	17,4014	(21,084,841)
Other			(121,682)
Total			(138,167,169)
Payables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	(67,749,661)	16,6914	(1,130,836,692)
EUR	(22,175,991)	17,4014	(385,893,290)
Other			(2,040,428)
Total			(1,518,770,410)
Payables to Suppliers	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	(1,446,141)	16,6914	(24,138,118)
EUR	(46,828)	17,4014	(814,873)
Other			(97,346)
Total			(25,050,337)
Net Foreign Currency Position			1,435,614,363

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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

Banks (Foreign Currency)	Amount in Foreign Currency	Exchange Rate	Amount TRY
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
Total			54,012,527
Stocks and Bonds			
USD	75,442,134	13,3290	1,005,568,204
EUR	386,981	15,0867	5,838,266
Total			1,011,406,470
Receivables from Insurance Operations			
	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	50,384,792	13,3290	671,578,893
EUR	20,773,315	15,0867	313,400,771
Total			984,979,664
Outstanding Claims Reserve			
	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	(6,841,276)	13,3530	(91,351,558)
EUR	(968,459)	15,1139	(14,637,192)
Total			(105,988,750)
Payables from Insurance Operations			
	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	(62,872,251)	13,3530	(839,533,168)
EUR	(11,756,518)	15,1139	(177,686,837)
Other			(2,138,051)
Total			(1,019,358,056)
Payables to Suppliers			
	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	(1,831,778)	13,3530	(24,459,732)
EUR	(73,694)	15,1139	(1,113,804)
Total			(25,573,536)
Net Foreign Currency Position			899,478,319

13. Derivative Financial Instruments

During the period between 1 January – 30 June 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 48,439,555 (1 January – 30 June 2021: TRY 31,555,327).

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14. Cash and Cash Equivalents

	30 June 2022	31 December 2021
Cash at Banks	694,515,752	1,182,736,630
Time Deposit	616,691,353	1,121,453,755
Demand Deposit	77,824,399	61,282,875
Bank Guaranteed Credit Card Receivables with Maturities less than three months	1,056,194,352	1,011,654,963
Total	1,750,710,104	2,194,391,593
Interest Accrual on Cash and Cash Equivalents	(21,479,302)	(24,521,945)
Blocked Deposits (*)	(175,000,000)	(392,596,761)
Cash Flow Based Grand Total	1,554,230,802	1,777,272,887

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

The details of interest rates received from time deposits as of 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
	Annual Interest	Annual Interest
	Rate (%)	Rate (%)
TRY	15.45 – 45.75	14.65 - 27.00
USD	0.15 - 0,5	0.20 - 0.31
EUR	0.01	-

As of 30 June 2022, the maturity of TRY deposits varies between 1 July 2022 and 9 May 2023; the maturity of foreign currency deposits varies between 1 July 2022 and 1 August 2022.

As of 31 December 2021, the terms of TRY deposits are between 3 January 2022 and 27 October 2022; The maturity of foreign currency deposits varies between 3 January 2022 and 24 May 2022.

As of 30 June 2022, the Company's Other Financial Liabilities account includes TRY 23,648,223 credit used for tax payment (31 December 2021: TRY 101,655,748 repo transaction and TRY 16,177,847 tax payment.)

As of 30 June 2022, the Company has a valuation expense of TRY 1,005,747 recognized in the valuation account from repo transactions (30 June 2021: TRY 246,030 valuation expense) (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 30 June 2022 and 31 December 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. Company has legal reserves amounting to TRY 111,936,209 (31 December 2021: TRY 111,936,210).

Special Funds (reserves)	30 June 2022	31 December 2021
Actuarial (gain) / loss	12,503,936	8,518,554
Total	12,503,936	8,518,554

Gains from sale of fixed asset

As of 30 June 2022, the Company has no Capital Reserve. (31 December 2021:TRY 90,989,327).

Extraordinary Reserves

The Company has increased the capital to 612,000,000 TRY with a nominal value of 306,000,000 TRY and 100% covered by internal resources which is provided that TRY 215,010,673 will be from the Extraordinary Reserves and TRY 90,989,327 will be from Profit on Sale to be Transferred to Capital account within the registered capital ceiling of TRY 750,000,000 associated with the decision of the Capital Markets Board dated March 17, 2022 and numbered 13/426.

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15. Share Capital (Continued)

15.3 For each class of share capital (Continued)

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 (31 December 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 (31 December 2021: None).

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

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

(*) The Company has increased the capital to 612,000,000 TRY with a nominal value of 306,000,000 TRY and 100% covered by internal resources which is provided that TRY 215,010,673 will be from the Extraordinary Reserves and TRY 90,989,327 will be from Profit on Sale to be Transferred to Capital account within the registered capital ceiling of TRY 750,000,000 associated with the decision of the Capital Markets Board dated March 17, 2022 and numbered 13/426.

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

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

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

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

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

None (31 December 2021: None).

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15. Share Capital (Continued)

15.3 For each class of share capital (Continued)

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

None (31 December 2021: None).

15.4 Share based payments

None (31 December 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

	30 June 2022	31 December 2021
Available for sale financial assets valuation difference	(139,042,401)	(39,142,240)
Deferred tax effect	34,760,600	9,002,715
Total	(104,281,801)	(30,139,525)

In accordance with changes regarding "TAS 19 - Employee Benefits" effective as of 1 January 2013, actuarial loss amounting to TRY 16,671,915 (Deferred tax effect: TRY 4,167,979), (31 December 2021: TRY 10,648,193, Deferred tax effect: TRY 2,129,639) resulting from retirement pay liability calculation has been accounted to "Other Reserves and Retained Earnings" under equity.

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

None (31 December 2021: None).

16.3 Hedging for forecasted transactions and net investment hedging

None (31 December 2021: None).

16.4 Hedging against financial risks

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

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

	2022 Increase / (Decrease)	2021 Increase / (Decrease)
Beginning of the Period, January 1,	(30,139,525)	1,441,549
Increase/decrease in value recognized under the shareholders' equity in the current period	(74,142,276)	(17,447,966)
End of the Period, December 31,	(104,281,801)	(16,006,417)

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

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

None (31 December 2021: None).

16.7 Revaluation increases in tangible fixed assets

None (31 December 2021: None).

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

None (31 December 2021: None).

17. Insurance Liabilities and Reinsurance Assets

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

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

Branch	30 June 2022		31 December 2021	
	Amount to be Provided TRY	Current Blockage TRY	Amount to be Provided TRY	Current Blockage TRY
Life	1,470,766	1,993,620	1,512,991	1,623,773
Government Bonds		1,993,620		1,623,773
Non-Life (*)	671,930,181	672,046,950	377,922,835	392,596,761
Credit Card		175,000,000		175,000,000
Time Deposit		69,200,000		217,596,761
Government Bonds		427,846,950		-
Total	673,400,948	674,040,570	379,435,826	394,220,534

(*) As of 30 June 2022, the required guarantee amount has been calculated based on capital requirements in 31 December 2022. The Company has on behalf of Treasury and Finance Ministry, TRY 427,846,950 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, January 1,	157	1,343,509	167	1,418,276
Participations in the Current Period	-	-	-	-
Leavings in the Current Period	(2)	(14,432)	(7)	(49,578)
End of Period, June 30	155	1,329,077	160	1,368,698

Mathematical reserves amounting to TRY 1,329,077 (31 December 2021:TRY 1,349,077) and Reserves for the policies, investment risk of which belongs to life insurance policy holders amounting TRY 1,329,077 (31 December 2020: 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 30 June 2022, there is no difference in the value accounted in Life Mathematical Reserve account discounted with current value (31 December 2021: None).

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17. Insurance Liabilities and Reinsurance Assets (Continued)

17.3 Insurance guarantees given ton on life insurances based on insurance branches (Continued)

Branch	30 June 2022	31 December 2021
Motor Crafts Liability	73,539,313,437,625	74,293,284,963,065
Health	2,888,261,544,233	4,568,128,584,484
Fire and Natural Disaster	2,685,603,865,011	1,974,950,394,555
Transportation	847,717,109,004	406,304,767,063
General Losses	636,262,500,450	466,065,756,531
Motor Own Damage	379,482,203,803	309,484,973,812
Financial Losses	288,542,677,499	224,836,597,817
General Liability	234,812,815,986	191,221,523,786
Air-Crafts Liability	220,253,885,623	108,637,331,403
Accident	49,079,614,872	48,962,149,390
Air Crafts	12,798,280,371	7,994,644,802
Legal Protection	9,837,919,735	10,642,139,096
Suretyship	2,888,756,452	2,550,972,660
Credit	2,097,511,955	1,497,058,027
Total	81,796,952,122,619	82,614,561,856,491

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

None (31 December 2021: None).

17.5 Number and amount of participation certification in portfolio and circulation

None (31 December 2021: None).

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

None (31 December 2021: None).

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

None (31 December 2021: None).

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

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

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

None (31 December 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:

	30 June 2022 Profit Share Distribution	31 December 2021 Profit Share Distribution
TRY (Life Insurance)	9.00	9.00

17.15 Explanation of information that describes amounts arose from insurance agreements

None (31 December 2021: None).

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

Reinsurance Assets	30 June 2022	31 December 2021
Reinsurance Share of Outstanding Claims Reserve (Note 4.1.2.2)	3,163,402,750	2,649,498,445
Reinsurance Share of Unearned Premiums Reserve (Note 20)	2,620,483,138	1,925,985,907
Ongoing Risks Provision Reinsurer Share (Note 20)	367,836,642	298,108,145
Equalization Provision Reinsurer Share (Note 20)	280,453,685	256,843,068
Cash Deposited for Insurance & Reinsurance Companies (Note 12.1)	52,960,075	40,173,468
Reinsurance Share of Reserves for Bonus and Discounts (Note 20)	351,537	768,407
Deposits of Reinsurance Company (Note 12.1)	30,954	30,954
Total	6,485,518,781	5,171,408,394
Reinsurance Debts	30 June 2022	31 December 2021
Payables to Insurance and Reinsurance Companies (Note 19.1)	1,711,946,517	1,243,900,854
Deferred Commissions Income (Note 19.1)	354,086,602	236,564,242
Total	2,066,033,119	1,480,465,096

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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

	1 January- 30 June 2022	1 April- 30 June 2022	1 January- 30 June 2022	1 April- 30 June 2022
Reinsurance Share of Outstanding Claims Reserve	513,904,305	286,463,344	466,875,628	211,878,229
Reinsurance Share of Claims Paid	860,849,584	494,345,117	481,069,757	244,948,263
Commissions Received (Note 32)	260,386,340	147,315,152	152,877,954	82,307,970
Reinsurance Share of Unearned Premiums Reserve (Note 20)	694,497,231	278,571,073	104,167,304	23,595,890
Reinsurance Share of Reserves for Bonus and Discounts (Note 20)	(416,870)	(237)	(65,821)	(42,109)
Ongoing Risks Provision Reinsurer Share (Note 20)	23,610,617	68,365,315	(237,879,043)	(154,652,323)
Premiums Ceded to Reinsurers (-)	(2,716,036,460)	(1,401,777,555)	(1,319,747,217)	(659,091,462)
Total	(363,205,253)	(126,717,791)	(352,701,438)	(251,055,542)

Branch	30 June 2022			30 June 2021		
	Premiums Ceded (*)	Reinsurance Share of Technical Reserves (**)	Reinsurance Share of Claims Paid	Premiums Ceded	Reinsurance Share of Technical Reserves	Reinsurance Share of Claims Paid
Fire and Natural Disaster	(847,203,294)	400,688,276	287,481,317	(424,647,788)	40,614,007	86,358,164
General Losses Motor Own Damage	(410,642,093)	300,001,185	122,696,683	(185,276,054)	126,630,205	50,583,278
Health	(375,173,930)	243,173,074	131,342,852	(185,688,564)	12,600,873	53,191,505
General Liability	(372,826,158)	118,162,506	232,879,522	(184,860,658)	28,789,720	130,483,655
Financial Losses	(283,084,544)	57,348,750	29,521,849	(159,786,116)	339,857,718	11,411,888
Transportation	(141,880,869)	(35,713,581)	18,620,044	(76,363,827)	31,911,960	44,949,339
Watercrafts	(114,016,972)	77,920,814	24,451,379	(43,707,158)	22,566,540	17,673,954
Air Crafts	(50,877,048)	10,258,496	4,188,000	(20,552,489)	11,823,409	2,135,018
Air Crafts Liability	(49,504,929)	(315,413)	-	(12,222,987)	(202,548,552)	22
Motor Own Damage	(39,688,352)	11,280,480	1,621,676	(14,297,365)	(87,793,338)	77,581,495
Accident	(13,344,796)	(625,823)	3,063,178	(4,877,091)	(962,229)	3,802,115
Credit	(13,152,949)	1,665,745	4,717,846	(4,610,756)	(6,727,305)	1,265,120
Suretyship	(3,097,646)	1,769,951	65,697	(1,324,196)	(1,261,257)	40,628
	(1,542,880)	45,980,823	199,541	(1,532,168)	17,596,317	1,593,576
Total	(2,716,036,460)	1,231,595,283	860,849,584	(1,319,747,217)	333,098,068	481,069,757

(*) As explained in Note 2.15, Transferred Premiums amounted to TRY 127,678,380 (30 June 2021: TRY 79,599,802) transferred to the Social Security Institution as of 30 June 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.

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

Disclosed in note 4.1.1.4

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

	2022	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, January 1	1,480,465,096	5,171,408,394
Net change of the year	585,568,023	1,314,675,273
End of the period - June 30	2,066,033,119	6,486,083,667

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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

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

17.20 Deferred production commissions and deferred commission income

The part of the commissions paid to the intermediaries for the premiums written and the commissions received from the reinsurers due to the premiums transferred to the reinsurers are accounted for in the balance sheet under "Deferred manufacturing expenses" and "deferred commission income" accounts, respectively, and in the Income Statement under the operating expenses account. Deferred commission expenses and deferred commission income as of 30 June 2022 amounted to TRY 614,321,134 (31 December 2021: TRY 442,876,267) and TRY 354,086,602 (31 December 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

	30 June 2022	31 December 2021
Payables from Insurance and Reassurance Operations (Note 17.16)	1,711,946,517	1,243,900,854
Payables from Insurance Operations	1,711,946,517	1,243,900,854
Negotiated service and debts to institutions	85,847,136	72,046,778
Payables to sellers	42,687,983	78,918,265
Current account of natural catastrophe insurance	29,137,211	32,695,098
DASK debts to agencies	1,278,335	1,524,578
Other	4,302,135	3,871,597
Other Payables	163,252,800	189,056,316
Payables to SSI regarding medical expenses	74,109,917	60,198,675
Deferred commission income (Note 17.16)	354,086,602	236,564,242
Provision for Cost Expenses (Note 23.4)	85,232,832	62,941,823
Expense accruals	13,632,220	49,851,945
Deferred Income and Expense Accruals	452,951,654	349,358,010
Total Short-term Liabilities	2,402,812,620	1,842,513,855
Total Trade and Other Payables, Deferred Income	2,402,812,620	1,842,513,855

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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

Insurance Technical Reserves	30 June 2022	31 December 2021
Unearned Premiums Reserve - Net (*)	2,759,818,857	2,012,331,492
Unexpired Risks Reserve - Net (Note 4.1.2.2)	2,228,914,994	1,967,951,413
Ongoing Risks Provision- Net	561,457,154	93,325,083
Equalization Provision - Net	132,598,798	117,710,045
Mathematical Reserves - Net	1,329,077	1,343,509
Bonus and Discount Provisions - Net	2,934	5,568
Total	5,684,121,814	4,192,667,110

(*) While calculating the income statement effect of the provisions for unearned premiums, TRY 4,679,557 the deferral effect of the premiums transferred to assistance companies, which is included in operating expenses, has been netted off (31 December 2021: TRY 4,150,623).

As disclosed in Note 2.15, the reinsurers' share of unearned premiums includes SSI share as of 30 June 2022 which is TRY 28,170,351 (31 December 2021: TRY 20,755,363).

**The movement of technical reserves are as follows
Unearned Premium Reserve:**

	30 June 2022			30 June 2021		
	Gross	Reinsurance Share (*)	Net	Gross	Reinsurance Share (*)	Net
Beginning of the Period, January 1	3,938,317,399	(1,925,985,907)	2,012,331,492	2,926,765,514	(1,299,053,674)	1,627,711,840
Net change	1,441,984,596	(694,497,231)	747,487,365	180,860,764	(104,167,304)	76,693,460
End of the Period, June 30	5,380,301,995	(2,620,483,138)	2,759,818,857	3,107,626,278	(1,403,220,978)	1,704,405,300

(*) The reinsurance share for unearned premiums also includes the share of SSI amounting to TRY 28,170,351 (30 June 2021: TRY 2,294,849).

Unexpired Risk Reserve:

	30 June 2022			30 June 2021		
	Gross	Reinsurance Share (*)	Net	Gross	Reinsurance Share (*)	Net
Beginning of the Period, January 1	350,168,151	(256,843,068)	93,325,083	930,534,992	(906,674,991)	23,860,001
Net change	491,742,688	(23,610,617)	468,132,071	(236,171,214)	237,879,043	1,707,829
End of the Period, June 30	841,910,839	(280,453,685)	561,457,154	694,363,778	(668,795,948)	25,567,830

Equalization Reserve:

	30 June 2022			30 June 2021		
	Gross	Reinsurance Share (*)	Net	Gross	Reinsurance Share (*)	Net
Beginning of the Period, January 1	415,818,190	(298,108,145)	117,710,045	291,628,561	(195,058,293)	96,570,268
Net change	84,617,250	(69,728,497)	14,888,753	44,653,043	(35,782,207)	8,870,836
End of the Period, June 30	500,435,440	(367,836,642)	132,598,798	336,281,604	(230,840,500)	105,441,104

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20. Payables (Continued)

Provision for bonus and discount

	30 June 2022			30 June 2021		
	Gross	Reinsurance Share (*)	Net	Gross	Reinsurance Share (*)	Net
Beginning of the Period,						
January 1	773,975	(768,407)	5,568	455,763	(452,167)	3,596
Net change	(419,504)	416,870	(2,634)	(64,899)	65,821	922
End of the Period, June 30	354,471	(351,537)	2,934	390,864	(386,346)	4,518

Outstanding claims reserve:

The movement of Outstanding Claims Reserve of 2022 and 2021 are presented in note 4.1.2.3.

Lease Liabilities:

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

	30 June 2022	31 December 2021
Short-term rent liabilities	29,332,814	21,532,058
Long-term rent liabilities	17,801,730	15,802,373
Alternative borrowing rate and discount amount	(11,304,493)	(9,770,397)
Total rent liabilities	35,830,051	27,564,034

Lease Liabilities (Continued):

	30 June 2022	30 June 2021
January 1,	27,564,034	28,892,023
Lease agreements	14,073,316	
Rent payments	(364,744)	(1,583,521)
Interest payments	(8,712,423)	(7,403,428)
June 30, 2021	3,269,868	3,351,968
January 1,	35,830,051	23,257,042

Loans to Credit Institutions

	30 June 2022
Total payables to credit institutions as of January 1	-
Loans received during the period (*)	168,500,000
Accrued loan interest	11,417,708
Total payables to credit institutions as of the balance sheet date	179,917,708

(*) As of 30 June 2022, the Company's one-year maturity credit amount of TRY 68,500,000 and total interest of 17,410,416 TL used on 27 January 2022 and a one-year maturity credit of TRY 100,000,000 a total interest of TRY 28,466,667 on 10 May 2022.

21. Deferred Income Tax

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

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

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22. Retirement and Welfare Liabilities

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

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

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

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

Retirement Pay Provisions:

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

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 30 June 2022 and 31 December 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 30 June 2022, the provisions at the respective balance sheet dates have been calculated resulting in a real interest rate of 4% (31 December 2021: 4%). The anticipated rate of forfeitures is considered, and estimated rate of the Company’s retirements pay is also taken into account.

**CONVENIENCE TRANSLATION OF NOTES TO THE FINANCIAL STATEMENTS
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22. Retirement and Welfare Liabilities (Continued)

Actuarial loss amounting to TRY 6,023,722 (Deferred tax effect: TRY 4,167,979) in the calculation of severance pay provision is accounted in the account of private funds under the equity (Note 15.2).

As the maximum liability is updated semi-annually, as of 30 June 2022, the maximum amount of TRY 15,371 effective from 1 July 2022 has been taken into consideration in calculation of provision from employment termination benefits (31 December 2021: TRY 7,639).

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

	2022	2021
Beginning of the period, January 1	14,112,606	9,095,078
Charge for the period (Note 47)	1,690,943	831,572
Actuarial Gain/(Loss)	6,023,722	1,409,060
Retirement Payments (-)	(1,767,483)	(105,286)
End of the period, June 30,	20,059,788	11,230,424

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
Beginning of the period, January 1	3,690,561	235,747	2,158,581	238,630
Movements in the Current Period	2,982,081	35,728,809	1,746,150	29,423,193
Payments in the Current Period	(337,635)	(35,645,738)	(55,213)	(29,445,386)
End of the period, June 30	6,335,007	318,818	3,849,518	216,437

23.2 Total Amount of Non-Liability Commitments

Company’ s statement of pledges and commitments as of 30 June 2022 and 31 December 2021 are presented below:

	30 June 2022		31 December 2021	
Collaterals, Pledges and Mortgages Given by the Company (CPM)	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	-	3,614,995	-	3,740,162
Turkish Lira	3,614,995	3,614,995	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 favour of the parent company	-	-	-	-
ii. Total amount of CPM’s given in favour of other group companies not included in clauses B and C	-	-	-	-
iii. Total amount of CPM’s given in favour of third parties not included	-	488,179	-	488,179
Turkish Lira	488,179	488,179	488,179	488,179
Total	4,103,174	4,103,174	4,228,341	4,228,341

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

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23. Total Amount of Non-Liability Commitments (Continued)

23.3 Provisions, Contingents Assets and Liabilities

Contingent Liabilities	30 June 2022	31 December 2021
Outstanding Claims under Litigation (*)	1,491,665,432	1,296,943,994
Unused Vacation allowance	6,335,008	3,690,561
Business Cases Provision	1,529,432	813,092
Total	1,499,529,872	1,301,447,647

Contingent Assets	30 June 2022	31 December 2021
Subrogation Receivable Litigations, Gross	366,335,764	306,504,784
Trade Receivable Litigations and Executions	9,198,307	8,625,642
Total	375,534,071	315,130,426

(*) Outstanding claims provision consists of net receivables, interest, and expenses & agency fees in the amount of TRY 850,853,444, TRY 281,997,907, and TRY 358,814,081 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 TRY 1.8 million and tax penalty of TRY 2.8 million for the year 2009, tax of TRY 2 million and tax penalty of TRY 3 million for the year 2010, tax of TRY 3 million and tax penalty of TRY 4.6 million for the year 2011 and tax of TRY 4.3 million and tax penalty of TRY 6.4 million for the year 2012 and in total tax and tax penalty of TRY 27.9 million related to Banking Insurance Transaction Tax were imposed to the Company. The Company has not booked any provision in the financial statements since it believes that its practice is in compliance with the regulations. On January 16, 2015, the Company filed a reconciliation request for the year 2009 and on February 20, 2015, filed a reconciliation request for the years 2010, 2011 and 2012 to the Large Taxpayers Office Commission of Reconciliation. Large taxpayers were interviewed by the Tax Office on February 15, 2018, and on February 27, 2018, a lawsuit was filed against the Grand Taxpayers Office as no compromise could be reached. In the cases of 2009, 2010, 2011 and 2012, in tax litigation related to BITT, Tax Court has decided in favour of the Company in the cases of 2009, 2010, 2011 and 2012.

23.4 Provision for Expense Accruals

	30 June 2022	31 December 2021
Expense provision	27,151,532	4,686,928
Commission provision (*)	20,812,006	17,805,233
Guarantee fund provision	14,884,463	25,974,332
Performance premium provision	9,027,706	7,958,998
Allowance	6,335,007	3,690,561
Business cases provision	1,529,432	813,092
Other	5,492,686	2,012,679
Total	85,232,832	62,941,823

(*) 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, - June 30, 2022			April 1, - June 30, 2022		
	Gross	Reinsurance share	Net	Gross	Reinsurance share	Net
Motor Crafts Liability (*)	1,574,447,918	(375,173,930)	1,199,273,988	908,664,971	(208,732,697)	699,932,274
Motor Own Damage Fire and Natural Disaster	1,179,105,227	(13,344,798)	1,165,760,429	716,362,412	(8,986,678)	707,375,734
General Losses	991,115,159	(847,203,294)	143,911,865	516,375,828	(442,470,183)	73,905,645
Health	505,221,114	(410,642,093)	94,579,021	190,875,303	(152,172,104)	38,703,199
Financial Losses	450,638,009	(372,826,159)	77,811,850	231,099,313	(184,251,071)	46,848,242
Transportation	170,953,072	(141,880,869)	29,072,203	114,936,886	(100,375,315)	14,561,571
Accident	144,193,285	(114,016,972)	30,176,313	80,313,962	(64,468,543)	15,845,419
General Liability	35,572,501	(13,152,949)	22,419,552	20,401,996	(8,354,984)	12,047,012
Watercrafts	301,148,182	(283,084,544)	18,063,638	136,106,176	(127,555,284)	8,550,892
Legal Protection	59,620,294	(50,877,048)	8,743,246	46,240,805	(40,213,357)	6,027,448
Fidelity Guarantee	2,009,253	-	2,009,253	984,801	-	984,801
Credit	2,228,242	(1,542,880)	685,362	1,237,255	(864,154)	373,101
Air Crafts	3,199,122	(3,097,646)	101,476	1,839,702	(1,803,554)	36,148
Air Crafts Liability	39,689,387	(39,688,349)	1,038	30,083,526	(30,083,562)	(36)
	49,506,909	(49,504,929)	1,980	31,445,912	(31,446,069)	(157)
Total - Non-life branches	5,508,647,674	(2,716,036,460)	2,792,611,214	3,026,968,848	(1,401,777,555)	1,625,191,293
Written premium - Life branch	-	-	-	-	-	-
Total	5,508,647,674	(2,716,036,460)	2,792,611,214	3,026,968,848	(1,401,777,555)	1,625,191,293

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

(*) Reinsurance share of land vehicles liability branch amounting to TRY 127,678,380 (1 January- 30 June 2021: TRY 79,599,802) includes premiums to be ceded to SSI.

25. Fee Income

None (31 December 2021: None).

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26. Investment Income / (Expense)

	1 January- 30 June 2022	1 April - 30 June 2022	1 January- 30 June 2021	1 April - 30 June 2021
Realized Investment Income / Expenses				
Eurobond	86,053,209	57,934,241	34,730,447	18,492,157
Term Deposit Interest Income	72,255,636	30,709,961	75,162,423	30,975,472
Government Bond	48,984,149	20,079,130	12,327,416	3,840,513
Private Sector Bonds	45,935,538	24,556,046	48,502,020	24,831,342
Stock	16,182,609	13,522,336	11,557,350	2,835,172
Investment Fund	7,576,911	7,373,097	15,773,570	4,377,841
Derivative Transactions	48,439,555	(17,566,286)	31,555,327	14,113,121
Treasury Bond	(1,102,527)	5	2,365,179	1,857,907
Total	324,325,080	136,608,530	231,973,732	101,323,525
Unrealized Investment Income / (Expenses)				
Government Bond	66,008,854	28,777,691	(2,559,159)	4,422,573
Eurobond	40,497,689	18,969,428	12,358,914	2,378,037
Investment Fund	8,126,920	(1,268,883)	4,643,397	4,915,557
Repo	1,005,747	-	(246,030)	(278,538)
Treasury Bond	(60,037)	(29,917)	(63,252)	(31,435)
Private Sector Bonds	(2,322,318)	(4,458,921)	1,558,139	4,113,343
Term Deposit	(3,042,643)	162,330	10,537,710	4,964,974
Total	110,214,212	42,151,728	26,229,719	20,484,511
Investment Income / Expense, Net	386,099,737	196,326,544	258,203,451	121,808,036

27. Net Accrual Income on Financial Assets

Financial Assets Available for Sale	1 January- 30 July 2022	1 January- 30 July 2021
Valuation differences recognized under shareholders' equity	(104,281,801)	(16,006,417)
Total	(104,281,801)	(16,006,417)

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 98,263,277 as of 30 June 2022 (1 January - 31 December 2021: TRY 93,692,324).

29. Insurance Rights and Demands

Outstanding Claims Reserve Expenses	1 January- 30 June 2022	1 April - 30 June 2022	1 January- 30 June 2021	1 April - 30 June 2021
Motor Crafts Liability	(145,913,975)	(56,368,352)	(179,833,775)	(101,252,278)
General Liability	(40,031,340)	(16,328,029)	(22,156,880)	(14,148,708)
Motor Own Damage	(35,163,853)	(9,073,965)	(57,368,296)	(34,558,089)
General Losses	(18,514,273)	(11,644,590)	(11,579,413)	(3,336,437)
Transportation	(10,099,033)	(7,021,815)	(1,778,295)	(901,513)
Fire and Natural Disaster	(9,991,356)	(823,973)	(11,998,359)	(1,407,221)
Suretyship	(1,642,167)	(1,161,390)	(965,318)	(253,523)
Financial Losses	(558,521)	(228,717)	1,031,702	(73,591)
Accident	(223,591)	303,622	(335,498)	170,035
Credit	(60,333)	1,385	327,135	305,918
Air Crafts Liability	(3,862)	(2,381)	(2,020)	(1,136)
Legal Protection	60,537	74,196	(283,494)	(156,956)
Air Crafts	475	312	103	278
Health	454,881	576,037	(67,396)	287,415
Watercrafts	720,226	207,262	(111,131)	(223,523)
Total Non-life	(260,966,185)	(101,490,398)	(285,120,935)	(155,549,329)
Life	2,604	-	352	352
Total (*)	(260,963,581)	(101,490,398)	(285,120,583)	(155,548,976)

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

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30. Investment Agreement Types

None (31 December 2021: None).

31. Mandatory Other Expenses

Types of expenses are disclosed in Note 32.

32. Expense Type

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Production Commissions (-)	(535,574,641)	(295,554,692)	(381,600,516)	(197,288,595)
Employee Wages and Expenses (-) (*) (Note 33)	(111,970,679)	(53,594,379)	(75,017,834)	(36,407,036)
Information Technology Expenses (-)	(26,214,755)	(13,439,432)	(13,961,008)	(7,151,655)
Advertisement Expenses (-)	(5,931,627)	(3,537,611)	(4,211,222)	(1,859,317)
Meeting and Training Expenses (-)	(7,232,831)	(4,962,818)	(2,320,887)	(1,748,570)
Social Relief Expenses (-) (Note 33)	(5,179,000)	(2,596,977)	(1,775,055)	(1,606,345)
Transportation Expenses (-)	(3,092,497)	(1,697,224)	(538,032)	(268,499)
Reinsurance Commissions (+)	260,386,340	147,315,152	152,877,954	82,307,970
Other (-)	(11,288,127)	(7,792,618)	(12,468,008)	(7,337,890)
Total	(446,097,817)	(235,860,599)	(339,014,608)	(171,359,937)

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

33. Employee Wages and Expenses

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Salary and Bonus Payments	(83,814,586)	(42,127,944)	(56,487,625)	(28,357,516)
Insurance Payments	(21,125,066)	(9,300,176)	(14,879,254)	(6,814,968)
Other Payments	(12,210,027)	(4,763,236)	(5,426,010)	(2,840,897)
Total (Note 32)	(117,149,679)	(56,191,356)	(76,792,889)	(38,013,381)

34. Financing Cost

34.1 Financial Expenses:

The company has an interest expense of TRY 3,269,868 for the lease contracts accounted for under TFRS 16 in the interim period of 1 January - 30 June 2022 (1 January - 30 June 2021: TRY 3,351,968) and interest expense of TRY 11,417,708 due to the financing received from credit institutions (1 January - 30 June 2021: None).

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

None (31 December 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.

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34. Financing Cost (Continued)

34.5 Hedge accounting principle

Cash Flow hedging principle

None (31 December 2021: None).

Type risk and principle of the cash flow hedge

None (31 December 2021: None).

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

None (31 December 2021: None).

35. Corporate Tax

	30 June 2022	31 December 2021
<u>Current Tax Liability:</u>		
Corporate Tax Liability Provision on Period Profit	-	105,330,567
Prepaid Taxes and Other Liabilities on Period Profit (-)	-	(80,296,983)
Withholdings paid in advance through deduction	(2,234,241)	(2,968,911)
Total	(2,234,241)	22,064,673

Tax (expense) / income consists of the following:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Current Tax Income / (Expense)	-	-	(68,204,212)	(54,651,480)
Deferred Tax Income / (Expense) due to Temporary Differences	146,125,664	83,299,837	18,063,346	23,274,776
Total tax (expense)	146,125,664	83,299,837	(50,140,866)	(31,376,704)

<u>Deferred Tax</u>	2022	2021
<u>Recognized in the Shareholders' Equity:</u>		
Valuation of Financial Assets Available for Sale	34,760,600	4,781,138
Actuarial Gain/Loss Effect	4,167,979	1,644,613
	38,928,579	6,425,751

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

In the interim financial statements dated 30 June 2022, deferred tax assets and liabilities are calculated with the rate of 25% for the deferred tax assets consisting of deductible temporary differences, considering the time intervals in which the said differences will occur by generating taxable profit in the future. (December 31, 2021: calculated with 25% for what will happen in 2021, 23% for what will happen in 2022, 20% for the following years)

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35. Corporate Tax (Continued)

Deferred tax items are as follows:

	Temporary Differences June 30,2022	Temporary differences December 31,2021	Deferred Tax Assets/ (Liabilities) June 30, 2022	Deferred Tax Assets/ (Liabilities) December 31, 2021
Ongoing Risks	561,457,154	93,325,083	140,364,289	21,464,769
Period financial loss	91,813,139	-	22,953,285	-
Securities valuation impact	89,110,627	(1,645,442)	22,277,656	775,744
Expense reserves	60,429,063	31,155,644	15,107,265	7,401,195
Provision for doubtful receivables	43,072,480	20,128,067	10,768,120	4,629,455
Provision for employment termination benefits (Note 22)	20,059,788	14,112,606	5,014,947	2,822,521
Investment fund valuation effect	13,632,220	49,851,945	3,408,055	11,465,947
Balancing Equivalent	11,313,026	9,823,179	2,828,257	1,964,636
Performance premium provision (Note 23.4)	9,027,706	7,958,998	2,256,927	1,989,750
Unused vacation allowance (Note 23.4)	6,335,007	3,690,561	1,583,752	848,829
Tangible assets leasing	5,751,665	5,910,208	1,437,916	1,182,042
Bonuses and Discounts	2,934	5,568	734	1,281
Tangible and intangible assets economic life differences	(1,953,608)	(7,364,600)	(488,402)	(1,472,920)
Currency valuation differences	(24,888,630)	(24,802,151)	(6,222,158)	(5,704,495)
	885,162,571	202,149,666	221,290,643	47,368,754

Corporation tax reconciliation is as below:

	30 June 2022	31 December 2021
Profit Before Tax	(592,025,065)	251,805,265
Tax Calculated: %25 (2021: %25)	148,006,266	(62,951,316)
Effect of Additions	(184,339,236)	(61,763,006)
Effect of Discounts, net	59,286,254	2,923,658
Tax impact of tax loss	(22,953,284)	-
Term Tax Expense	-	(105,330,567)

36. Net Foreign Exchange Gain / (Loss)

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Recognized in Profit / Loss:				
Foreign Exchange Income	645,333,136	399,513,278	185,581,006	58,419,753
Foreign Exchange Expense	(455,130,035)	(238,320,555)	(148,969,707)	(38,936,365)
	190,203,101	161,192,723	36,611,299	19,483,388

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37. Earnings per Share

	2022	2021
Number of Equity Shares Outstanding Beginning Period, January 1,	30,600,000,000 30,600,000,000	30,600,000,000 30,600,000,000
Number of Equity Shares Issued in Cash	30,600,000,000	-
Number of Equity Shares Outstanding End of Period, June 30,	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) Earnings / (Loss) per Share (TRY)	(445,899,401) (0.7286)	186,478,011 0.6094

38. Dividends per share

Based on the decision taken at the Ordinary General Assembly Meeting held on March 29, 2022, in the financial statements containing the operating results for the year 2021, no distribution was made to the shareholders since the profit subject to distribution did not occur. (31 December 2021: TRY 201,960,000).

39. Cash Generated from the Operations

Cash Generated from Operations is presented in the Cash Flow Statement

40. Equity Share Convertible Bonds

None (31 December 2021: None).

41. Cash Convertible Privileged Equity Shares

None (31 December 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 is presented in Note 23.2.

44. Business Combinations

None (31 December 2021: None).

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45. Related Parties

Related Party Receivables / (Payables)

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

Bank Deposit		30 June 2022	31 December 2021	
Group Companies		198,069,973	158,440,388	
Total		198,069,973	158,440,388	
Private Sector Bonds		30 June 2022	31 December 2021	
Group Companies		6,394,313	25,654,115	
Total		6,394,313	25,654,115	
Investment Funds		30 June 2022	31 December 2021	
Group Companies		108,127,636	6,454,942	
Total		108,127,636	6,454,942	
Related Party Receivables/(Payables)		30 June 2022	31 December 2021	
Group Companies		153,165,254	93,927,329	
Receivables from Partners		61,837	-	
Payables to Partners		(38,040,847)	(416,165)	
Total		118,661,434	93,511,164	
Premium production	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Group Companies	305,508,035	7,686,174	90,194,894	61,348,728
Shareholders	370,166	(9,866,785)	1,191,369	48,206
Total	305,878,201	(2,180,611)	91,386,263	61,396,934
Claims Paid	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Group Companies	13,625,274	8,431,304	7,860,400	5,390,865
Shareholders	6,243	-	-	-
Total	13,631,517	8,431,304	7,860,400	5,390,865
Interest Income Received from Related Parties	1 January 30 June 2022	1 April 30 June 2022	1 January 30 June 2021	1 January 30 June 2021
Group Companies	10,831,348	3,868,533	17,259,051	5,633,253
Total	10,831,348	3,868,533	17,259,051	5,633,253
Commission Expenses	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Group Companies	92,425,696	52,250,245	69,862,197	34,527,748
Total	92,425,696	52,250,245	69,862,197	34,527,748

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46. Events After the Balance Sheet Date

At the Extraordinary General Assembly meeting held on August 4, 2022, the current capital of the Company was increased from TRY 612,000,000 to TRY 1,612,000,000 with a nominal value of TRY 1,000,000,000, all in cash, and the current registered capital ceiling amount was increased from TRY 750,000,000 to TRY 3,000,000,000, and the validity period was 2022- The amendment text regarding the 8th article titled "Capital" of the Articles of Association, which was prepared to extend it to 2026, was accepted. An application was made to the Capital Markets Board on 5 August 2022 in order to obtain the necessary permissions and approvals for the said paid capital increase.

Pursuant to the decision of the Company's Board of Directors dated 21 July 2022, Sabancı Ageas Sağlık Sigorta A.Ş. It has been decided to establish a joint stock company with the title of title, and the articles of association of the mentioned subsidiary were registered on 3 August 2022 and the establishment procedures were completed.

47. Other

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

Other Receivables	30 June 2022	31 December 2021
Receivables from Tarım Sigortaları A.Ş	14,815,622	14,448,552
Agencies Obligated to Compulsory Earthquake Insurance Premiums	6,131,706	7,365,917
Other Receivables	3,280,085	6,489,404
Total	24,227,413	28,303,873
Other Short-term Payables	30 June 2022	31 December 2021
Payables to contracted enterprises	85,847,136	72,046,778
Payables to suppliers	42,687,983	78,918,265
Payables to Turkish Catastrophe Insurance Pool	29,137,211	32,695,098
Turkish Catastrophe Insurance Pool Payables to agencies	1,278,335	1,524,578
Other	4,302,135	3,871,597
Total	163,252,800	189,056,316
Other Prepaid Expenses	30 June 2022	31 December 2021
Prepaid Expenses	11,719,148	7,559,696
Total	11,719,148	7,559,696
Other Prepaid Expenses (Long-term)	30 June 2022	31 December 2021
Prepaid Expenses	110,304	138,005
Total	110,304	138,005

Assistance services under other technical expenses in the income statement, amounting to TRY 93,909,735 (1 January – 30 June 2021: TRY 70,897,982), consist of deferral of these amounts and technical expenses of these services.

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47. Other (Continued)

Income and Profit / Expenses and Losses from Other and Extraordinary Activities	1 January- 30 June 2022	1 April - 30 June 2022	1 January- 30 June 2021	1 April - 30 June 2021
Provisions Account (+/-)	(11,836,602)	(4,277,910)	(16,005,370)	(4,969,797)
<i>Retirement pays provision (Note 22)</i>	(1,690,943)	(845,472)	(831,572)	(415,786)
<i>Unused vacation provision (Note 23.1)</i>	(2,982,081)	(251,146)	(1,746,150)	(390,070)
<i>Portfolio Management</i>	(4,668,243)	(1,896,142)	(3,761,819)	(1,159,663)
<i>Donation (*)</i>	-	-	(10,150,000)	(5,690,000)
<i>Provisions for doubtful receivable</i>	(1,262,997)	(1,107,077)	(198,459)	1,821,781
<i>Provisions for other expenses</i>	(1,232,338)	(178,073)	682,630	863,941
Specialized Insurance Account (+/-)	6,113,629	1,918,636	3,285,385	947,771
Other income and profits	9,024,829	6,269,344	348,047	107,776
Deferred tax asset account (+/-) (Note 35)	146,125,664	83,299,837	12,281,817	22,866,043
Other expenses and losses (-)	(11,522,662)	(6,294,786)	(7,579,943)	(3,951,182)
<i>Bank expenses</i>	(8,420,281)	(4,566,485)	(5,582,742)	(3,075,830)
<i>Disallowable expenses</i>	(815,184)	(334,731)	(714,138)	(306,088)
<i>Other</i>	(2,287,197)	(1,393,570)	(1,283,063)	(569,264)
Total	137,904,858	80,915,121	(7,670,064)	15,000,611

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

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