

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

AKSIGORTA A.Ş.

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1 - MARCH 31, 2023**

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JANUARY 1 - MARCH 31, 2023**

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AKSIGORTA A.Ş.

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2022, AND MARCH 31, 2023

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

ASSETS			
	Note	Reviewed	Audited
		Current Period March 31, 2023	Previous Period December 31, 2022
I- CURRENT ASSETS			
A- Cash and Cash Equivalents	14	4.314.748.748	5.209.698.181
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	14	3.926.211.240	4.994.282.190
4- Cheques Given and Payment Orders (-)		-	-
5- Receivables from Credit Cards with Bank Guarantee Due Less Than Three Months	14	388.537.508	215.415.991
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Investments with Risks on Policy Holders	11.1	5.128.514.756	3.347.337.441
1- Financial Assets Available for Sale	11.1	1.474.183.447	1.951.145.408
2- Financial Assets Held to Maturity	11.1	798.764.981	1.184.804.256
3- Financial Assets Held for Trading	11.1	2.853.613.049	209.376.382
4- Loans		-	-
5- Provision for Loans (-)		-	-
6- Investments with Risks on Policy Holders	11.1	1.953.279	2.011.395
7- Equity Shares		-	-
8- Impairment in Value of Financial Assets (-)		-	-
C- Receivables from Main Operations	12.1	3.353.667.271	2.866.570.795
1- Receivables from Insurance Operations	12.1	3.368.595.435	2.879.788.998
2- Provision for Receivables from Insurance Operations (-)	12.1	(71.010.145)	(45.967.323)
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	454.607.156	394.716.808
10- Provisions for Doubtful Receivables from Main Operations (-)	12.1	(398.556.129)	(361.998.642)
D- Due from Related Parties		17.384	17.384
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	17.384
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		11.909.427	47.994.285
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		1.219.112	1.219.112
4- Other Receivables	47	10.690.315	46.775.173
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
F- Prepaid Expenses and Income Accruals	4.2.2	1.077.215.565	901.513.876
1- Deferred Commission Expenses	17.20	1.057.773.069	885.958.057
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		641.872	1.148.041
4- Other Prepaid Expenses	47	18.800.624	14.407.778
G- Other Current Assets		9.164.756	3.686.277
1- Inventories		22	22
2- Prepaid Taxes and Funds		6.761.550	3.664.432
3- Deferred Tax Assets		-	-
4- Business Advances		67.350	21.823
5- Advances Given to Personnel		2.335.835	-
6- Stock Count Differences		-	-
7- Other Current Assets		-	-
8- Provision for Other Current Assets (-)		-	-
I- Total Current Assets		13.895.237.907	12.376.818.239

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

AKSIGORTA A.Ş.

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2022, AND MARCH 31, 2023

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

ASSETS			
	Note	Reviewed	Audited
		Current Period March 31, 2023	Previous Period December 31, 2022
II- NON-CURRENT ASSET			
A- Receivables from Main Operations			
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations (-)		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance & Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties			
1- Due from Shareholders		-	-
2- Due from Affiliates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Discount on Receivables Due from Related Parties (-)		-	-
8- Doubtful Receivables Due from Related Parties		-	-
9- Provisions for Doubtful Receivables Due from Related Parties (-)		-	-
C- Other Receivables			
1- Leasing Receivables		-	-
2- Unearned Leasing Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Receivables		-	-
5- Discount on Other Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provisions for Other Doubtful Receivables (-)		-	-
D- Financial Assets			
1- Investments in Associates		-	-
2- Affiliates		-	-
3- Capital Commitments to Affiliates (-)		-	-
4- Subsidiaries		-	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Joint Ventures		-	-
7- Capital Commitments to Joint Ventures (-)		-	-
8- Financial Assets and Investments with Risks on Policy Holders		-	-
9- Other Financial Assets		-	-
10- Diminution in Value of Financial Assets (-)		-	-
E- Tangible Fixed Assets			
1- Investment Properties	6 ve 7	87.398.552	63.880.077
2- Diminution in Value for Investment Properties (-)	7	-	-
3- Owner Occupied Properties	6	5.329	5.329
4- Machinery and Equipment's		-	-
5- Furnitures and Fixtures	6	50.415.559	45.477.606
6- Vehicles	6	8.758.863	8.758.863
7- Other Tangible Assets (Including Leasehold Improvements)	6	24.532.163	24.233.834
8- Leased Tangible Fixed Assets	6	95.238.780	68.313.445
9- Accumulated Depreciation (-)	6 ve 7	(91.552.142)	(82.909.000)
10- Advances Paid for Tangible Fixed Assets (Including Construction in Progresses)		-	-
F- Intangible Fixed Assets			
1- Rights	8	325.194.467	304.122.850
2- Goodwill		-	-
3- Establishment Costs		-	-
4- Research and Development Expenses		-	-
5- Other Intangible Assets		-	-
6- Accumulated Amortizations (-)	8	(192.286.962)	(179.726.972)
7- Advances Regarding Intangible Assets	8	49.357.808	43.653.013
G- Prepaid Expenses and Income Accruals			
1- Deferred Commission Expenses		-	-
2- Accrued Interest and Rent Income		-	-
3- Other Prepaid Expenses	47	110.304	110.304
H- Other Non-current Assets			
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Inventories		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	35	217.522.493	228.577.129
6- Other Non-current Assets		-	-
7- Other Non-current Assets Amortization (-)		-	-
8- Provision for Other Non-current Assets (-)		-	-
II- Total Non-current Assets		487.296.662	460.616.401
TOTAL ASSETS (I+II)		14.382.534.569	12.837.434.640

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

AKSIGORTA A.Ş.

**CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2022, AND
MARCH 31, 2023**

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

LIABILITIES			
	Note	Reviewed	Audited
		Current Period March 31, 2023	Previous Period December 31, 2022
III- SHORT TERM LIABILITIES			
A- Borrowings			
		566.453.989	641.683.756
1- Loans to Financial Institutions		347.893.195	544.473.125
2- Finance Lease Payables	20	39.291.091	27.858.335
3- Deferred Finance Lease Borrowing Costs (-)	20	(11.413.173)	(8.929.786)
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	190.682.876	78.282.082
B- Payables from Main Operations			
		2.860.222.980	2.052.543.633
1- Payables Due to Insurance Operations	19.1	2.860.222.980	2.052.543.633
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			
		686.269	190.785
1- Due to Shareholders		1.143	1.143
2- Due to Affiliates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		685.126	189.642
6- Due to Other Related Parties		-	-
D- Other Payables			
		277.582.042	364.004.169
1- Deposits and Guarantees Received	12.1	28.863.147	28.257.559
2- Due to SSI regarding Treatment Expenses	19.1	88.249.266	69.641.878
3- Other Payables	19.1	160.469.629	266.104.732
4- Discount on Other Payables (-)		-	-
E- Insurance Technical Reserves			
		7.431.631.604	6.839.644.319
1- Unearned Premiums Reserve - Net	20	4.227.315.709	3.897.966.852
2- Unexpired Risk Reserves - Net	20	140.054.670	153.218.079
3- Mathematical Reserves - Net		-	-
4- Outstanding Claims Reserve - Net	4.1 ve 20	3.064.251.001	2.788.449.164
5- Provision for Bonus and Discounts - Net	20	10.224	10.224
6- Other Technical Reserves - Net		-	-
F- Taxes and Other Liabilities and Relevant Provisions			
		158.581.265	152.017.037
1- Taxes and Dues Payable		150.523.043	151.321.626
2- Social Security Premiums Payable	23.1	784.080	689.939
3- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-
4- Other Taxes and Liabilities		7.274.142	5.472
5- Corporate Tax Liability Provision on Period Profit	35	-	-
6- Prepaid Taxes and Other Liabilities on Period Profit (-)	35	-	-
7- Provisions for Other Taxes and Liabilities		-	-
G- Provisions for Other Risks			
		182.722.704	96.230.891
1- Provision for Employment Termination Benefits		-	-
2- Pension Fund Deficit Provision		-	-
3- Provisions for Costs	19.1 ve 23.4	182.722.704	96.230.891
H- Deferred Income and Expense Accruals			
		19.1	531.238.119
1- Deferred Commission Income	17.16	754.658.405	531.238.119
2- Expense Accruals	2.11 ve 19.1	-	-
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			
		12.232.539.493	10.677.552.944

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

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CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2022, AND MARCH 31, 2023

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

LIABILITIES			
	Note	Reviewed	Audited
		Current Period March 31, 2023	Previous Period December 31, 2022
IV- LONG TERM LIABILITIES			
A- Borrowings			
		39.394.636	27.034.361
1- Loans to Financial Institutions		-	-
2- Finance Lease Payables	20	44.400.602	30.762.568
3- Deferred Finance Lease Borrowing Costs (-)	20	(5.005.966)	(3.728.207)
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			
		22.398.684	156.226.080
1- Unearned Premiums Reserve - Net		-	-
2- Unexpired Risk Reserves - Net		-	-
3- Mathematical Reserves - Net	17.2 ve 20	1.500.397	1.325.877
4- Outstanding Claims Reserve - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Reserves - Net	20	20.898.287	154.900.203
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			
		19.899.465	33.744.176
1- Provision for Employment Termination Benefits	22	19.899.465	33.744.176
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	35	-	-
2- Other Long-Term Liabilities		-	-
IV- Total Long-Term Liabilities		81.692.785	217.004.617

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

AKSIGORTA A.Ş.

**CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2022, AND
MARCH 31, 2023**

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

SHAREHOLDERS' EQUITY			
V- SHAREHOLDERS' EQUITY	Note	Reviewed	Audited
		Current Period March 31, 2023	Previous Period December 31, 2022
A- Paid in Capital		1.612.000.000	1.612.000.000
1- (Nominal) Capital	2.14	1.612.000.000	1.612.000.000
2- Unpaid Capital (-)		-	-
3- Positive Inflation Adjustment on Capital		-	-
4- Negative Inflation Adjustment on Capital (-)		-	-
5- Unregistered Capital	2.14	-	-
B- Capital Reserves		3.463.617	3.463.617
1- Equity Share Premiums		3.463.617	3.463.617
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale to be Transferred to Capital	15	-	-
4- Translation Reserves		-	-
5- Other Capital Reserves		-	-
C- Profit Reserves		288.944.621	290.838.423
1- Legal Reserves	15	111.936.210	111.936.210
2- Statutory Reserves		62	62
3- Extraordinary Reserves		200.091.508	200.091.508
4- Special Funds (Reserves)	15	(11.251.789)	(23.070.953)
5- Revaluation of Financial Assets	16.1	(11.831.370)	1.881.596
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 (-)		(127.345.302)	-
1- Previous Years' Losses		(127.345.302)	-
F- Net Profit of the Period	37	127.319.014	(127.345.302)
1- Net Profit of the Period		131.194.942	-
2- Net Loss of the Period (-)		(3.875.928)	(127.345.302)
3- Net Income not Subject to Distribution		-	-
V- Total Shareholders' Equity		2.068.302.291	1.942.877.079
Total Liabilities and Shareholders' Equity (III+IV+V)		14.382.534.569	12.837.434.640

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

AKSIGORTA A.Ş.

CONSOLIDATED STATEMENT OF INCOME FOR THE PERIODS JANUARY 1, - MARCH 31, 2023, AND DECEMBER 31, 2022 (Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

I-TECHNICAL PART	Note	Reviewed	Reviewed
		Current Period March 31, 2023	Previous Period March 31, 2022
A- Non-Life Technical Income		2.171.425.293	1.049.055.893
1- Earned Premiums (Net of Reinsurer Share)		1.706.791.605	749.634.508
1.1- Written Premiums (Net of Reinsurer Share)	24	2.022.977.055	1.167.419.921
1.1.1- Gross Written Premiums (+)	24	5.171.384.293	2.481.678.826
1.1.2- Ceded Premiums to Reinsurers (-)	17.16 ve 24	(3.060.154.327)	(1.260.640.685)
1.1.3- Ceded Premiums to SSI (-)	17.16 ve 24	(88.252.911)	(53.618.220)
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		(329.348.858)	(219.515.287)
1.2.1- Unearned Premiums Reserve (-)	20	(1.472.014.812)	(635.441.445)
1.2.2- Reinsurance Share of Unearned Premiums Reserve (+)	17.16 ve 20	1.115.608.845	408.706.834
1.2.3- SSI of Unearned Premiums Reserve (+)	17.16 ve 20	27.057.109	7.219.324
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		13.163.408	(198.270.126)
1.3.1- Unexpired Risks Reserve (-)	20	39.669.085	(153.515.428)
1.3.2- Reinsurance Share of Unexpired Risks Reserve (+)	17.16 ve 20	(26.505.677)	(44.754.698)
2- Investment Income Transferred from Non-Technical Part		461.668.567	284.789.414
3- Other Technical Income (Net of Reinsurer Share)		12.852.560	7.217.743
3.1- Gross Other Technical Income (+)		12.852.560	7.217.743
3.2- Reinsurance Share of Other Technical Income (-)		-	-
4- Accrued Subrogation and Salvage Income (+)		(9.887.439)	7.414.228
B- Non-Life Technical Expense (-)		(1.883.702.280)	(1.342.268.614)
1- Total Claims (Net of Reinsurer Share)		(1.500.069.013)	(1.083.896.610)
1.1- Claims Paid (Net of Reinsurer Share)		(1.224.267.175)	(924.420.823)
1.1.1- Gross Claims Paid (-)		(2.253.075.394)	(1.290.925.290)
1.1.2- Reinsurance Share of Claims Paid (+)	17.16	1.028.808.219	366.504.467
1.2- Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	(275.801.838)	(159.475.787)
1.2.1- Outstanding Claims Reserve (-)		(4.440.650.918)	(386.916.748)
1.2.2- Reinsurance Share of Outstanding Claims Reserve (+)	17.16	4.164.849.080	227.440.961
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	20	-	4.079
2.1- Bonus and Discount Reserve (-)	20	-	420.712
2.2- Reinsurance Share of Bonus and Discount Reserve (+)	17.16 ve 20	-	(416.633)
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	20	134.001.915	(7.095.916)
4- Operating Expenses (-)	32	(422.321.359)	(210.237.218)
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	(95.313.823)	(41.042.949)
6.1- Gross Other Technical Expenses (-)	47	(95.313.823)	(41.042.949)
6.2- Reinsurance Share of Other Technical Expenses (+)		-	-
C- Non-Life Technical Net Profit (A-B)		287.723.013	(293.212.721)

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

AKSIGORTA A.Ş.

CONSOLIDATED STATEMENT OF INCOME FOR THE PERIODS JANUARY 1, - MARCH 31, 2023, AND DECEMBER 31, 2022 (Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

	Note	Reviewed	Reviewed
		Current Period March 31, 2023	Previous Period March 31, 2022
I-TECHNICAL PART			
D- Life Technical Income		32.450	30.121
1. Earned Premiums (Net of Reinsurer Share)		-	-
1.1 - Written Premiums (Net of Reinsurer Share)		-	-
1.1.1 - Gross Written Premiums (+)		-	-
1.1.2 - Ceded Premiums to Reinsurers (-)		-	-
1.2 - Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)		-	-
1.2.1- Unearned Premium Reserves (-)		-	-
1.2.2- Unearned Premium Reserves Reinsurer Share (+)		-	-
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
1.3.1- Unexpired Risks Reserves (-)		-	-
1.3.2- Unexpired Risks Reserves Reinsurer Share (+)		-	-
2. Life Branch Investment Income		32.450	30.121
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		(216.768)	(22.821)
1- Total Claims (Net of Reinsurer Share)		(42.248)	(35.653)
1.1- Claims Paid (Net of Reinsurer Share)		(42.248)	(38.257)
1.1.1- Gross Claims Paid (-)		(42.248)	(38.257)
1.1.2- Claims Paid Reinsurer Share (+)		-	-
1.2- Changes in Outstanding Claims Provisions (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	29	-	2.604
1.2.1 - Outstanding Claims Reserve (-)		-	2.604
1.2.2 - Reinsurance Share of Outstanding Claims Reserve (+)		-	-
2- Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		-	-
2.1 - Bonus and Discount Reserve (-)		-	-
2.2 - Reinsurance Share of Bonus and Discount Reserve (+)		-	-
3-Changes in Mathematical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-)		(174.520)	12.832
3.1- Mathematical Reserves (-)		(174.520)	12.832
3.1.1- Actuarial Mathematical Reserve (-)		(157.068)	11.549
3.1.2- Profit Share Reserve (Reserves for Life Insurance Policies Including Investment Risk) (-)		(17.452)	1.283
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)		(184.318)	7.300
G- Individual Retirement Technical Income			
1- Fund Management Fee		-	-
2- Management Fee Deduction		-	-
3- Initial Contribution Fee		-	-
4- Management Fee in Case of Temporary Suspension		-	-
5- Withholding tax		-	-
6- Increase in Market Value of Capital Commitment Advances		-	-
7-Other Technical Income		-	-
H- Individual Retirement Technical Expense			
1- Fund Management Expenses (-)		-	-
2- Decrease in Market Value of Capital Commitment Advances (-)		-	-
3- Operating Expenses (-)		-	-
4- Other Technical Expense (-)		-	-
I- Individual Retirement Technical Profit (G-H)			

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

AKSIGORTA A.Ş.

CONSOLIDATED STATEMENT OF INCOME FOR THE PERIODS JANUARY 1, - MARCH 31, 2023, AND DECEMBER 31, 2022 (Amounts expressed in Turkish Lira ('TRY') unless otherwise indicated.)

II-NON-TECHNICAL PART	Notet	Reviewed	Reviewed
		Current Period March 31, 2023	Previous Period March 31, 2022
C- Non-Life Technical Profit (A-B)		287.723.013	(293.212.721)
F- Life Technical Profit (D-E)		(184.318)	7.300
I - Individual Retirement Technical Profit (G-H)		-	-
J- Total Technical Profit (C+F+I)		287.538.695	(293.205.421)
K- Investment Income		682.868.134	507.988.871
1- Income from Financial Investment	26	182.557.432	103.791.453
2- Income from Sales of Financial Investments	26	55.681.047	21.074.141
3- Revaluation of Financial Investments	26	201.837.347	71.297.578
4- Foreign Exchange Gains	36	242.765.989	245.819.858
5- Income from Affiliates		-	-
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income Received from Land and Building		-	-
8- Income from Derivatives	13	26.319	66.005.841
9- Other Investments		-	-
10- Investment Income transferred from Life Technical Part		-	-
L- Investment Expenses (-)		(728.323.453)	(526.105.524)
1- Investment Management Expenses (including interest) (-)		(26.592.828)	(4.761.584)
2- Valuation Allowance of Investments (-)	26	(13.780.477)	(3.235.094)
3- Losses on Sales of Investments (-)	26	(4.993.709)	(3.154.885)
4- Investment Income Transferred to Life Technical Part (-)		(461.668.567)	(284.789.414)
5- Losses from Derivatives (-)		(8.891.020)	-
6- Foreign Exchange Losses (-)	36	(191.036.871)	(216.809.480)
7- Depreciation Expenses (-)	6,7 ve 8	(21.359.981)	(13.355.067)
8- Other Investment Expenses (-)		-	-
M- Other Income and Expenses (+/-)	47	(114.764.362)	56.989.737
1- Provisions Account (+/-)	47	(35.835.537)	(7.558.692)
2- Discount account (+/-)		-	-
3- Mandatory Earthquake Insurance Account (+/-)	47	11.988.243	4.194.993
4- Inflation Adjustment Account (+/-)		-	-
5- Deferred Tax Asset Accounts (+/-)	35 ve 47	(11.685.903)	62.825.827
6- Deferred Tax Expense Accounts (-)	35 ve 47	-	-
7- Other Income and Revenues	47	1.155.436	2.755.485
8- Other Expense and Losses (-)	47	(80.386.601)	(5.227.876)
9- Prior Period Income		-	-
10- Prior Period Losses (-)		-	-
N- Net Profit/(Loss)	37	127.319.014	(254.332.337)
1- Profit/(Loss) Before Tax		127.319.014	(254.332.337)
2- Corporate Tax Liability Provision (-)	35	-	-
3- Net Profit/(Loss)		127.319.014	(254.332.337)
4- Inflation Adjustment Account		-	-

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

AKSİGORTA A.Ş.

CONSOLIDATED STATEMENT OF INCOME FOR THE PERIODS JANUARY 1, - MARCH 31, 2023 AND DECEMBER 31, 2022

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

	Note	Reviewed	Reviewed
		Current Period March 31, 2023	Previous Period March 31, 2022
A. CASH FLOWS FROM THE OPERATING ACTIVITIES			
1. Cash inflows from the insurance operations		7.567.623.743	3.283.324.052
2. Cash inflows from the reinsurance operations		-	-
3. Cash inflows from the pension operations		-	-
4. Cash outflows due to the insurance operations (-)		(6.835.214.851)	(3.207.912.768)
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)		732.408.892	75.411.284
8. Interest payments (-)		-	-
9. Income tax payments (-)	35	-	(19.690.867)
10. Other cash inflows		(12.129.214)	5.546.052
11. Other cash outflows (-)		(362.695.777)	(177.177.371)
12. Net cash generated from the operating activities		357.583.901	(115.910.902)
B. CASH FLOWS FROM THE INVESTING ACTIVITIES			
1. Sale of tangible assets		197.058	1.906.728
2. Purchase of tangible assets (-)	6,7,8	(32.209.752)	(21.344.777)
3. Acquisition of financial assets (-)		(5.643.602.502)	(1.060.112.637)
4. Sale of financial assets		4.012.377.799	642.139.792
5. Interest received		399.230.142	189.902.272
6. Dividends received		-	-
7. Other cash inflows		117.400.794	(96.155.695)
8. Other cash outflows (-)		-	-
9. Net cash generated from the investing activities		(1.146.606.461)	(343.664.317)
C. CASH FLOWS FROM THE FINANCING ACTIVITIES			
1. Issue of equity shares		-	-
2. Cash inflows from the loans to policyholders		(219.819.167)	85.910.417
3. Payments of financial leases (-)	20	(7.631.246)	(5.823.882)
4. Dividend paid (-)	38	-	-
5. Other cash inflows		-	-
6. Other cash outflows (-)	20	10.142.442	(3.044.444)
7. Cash generated from the financing activities		(217.307.971)	77.042.091
D. EFFECTS OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS			
		10.013.342	3.848.413
E. Net increase/(decrease) in cash and cash equivalents (A12+B9+C7+D)		(996.317.189)	(378.684.715)
F. Cash and cash equivalents at the beginning of the period	14	5.180.476.288	1.777.272.887
G. Cash and cash equivalents at the ending of the period (E+F)	14	4.184.159.099	1.398.588.172

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

AKSİGORTA A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS JANUARY 1 - MARCH 31, 2023, AND DECEMBER 31, 2022

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

Statement of Changes in Shareholders' Equity - January 1 – March 31 2023 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 2022)	1.612.000.000	-	1.881.596	-	-	111.936.210	62	180.484.172	(127.345.302)	163.920.341	1.942.877.079
II - Changes in Accounting Policy (Note 2.1.1)	-	-	-	-	-	-	-	-	-	-	-
III - New Balance (I + II) (31 December 2022)	1.612.000.000	-	1.881.596	-	-	111.936.210	62	180.484.172	(127.345.302)	163.920.341	1.942.877.079
A- Capital increase (A1+A2)	-	-	-	-	-	-	-	-	-	-	-
1- Cash	-	-	-	-	-	-	-	-	-	-	-
2- Internal sources	-	-	-	-	-	-	-	-	-	-	-
B- Equity shares purchased by the company	-	-	-	-	-	-	-	-	-	-	-
C- Income/(expense) recognized directly in the equity	-	-	-	-	-	-	-	-	-	-	-
D- Revaluation of financial assets (Note 16.5)	-	-	(13.712.966)	-	-	-	-	-	-	-	(13.712.966)
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income/(expenses)	-	-	-	-	-	-	-	11.819.164	-	-	11.819.164
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	127.319.014	-	127.319.014
I- Dividend distributed	-	-	-	-	-	-	-	-	-	-	-
J- Transfer	-	-	-	-	-	-	-	-	127.345.302	(127.345.302)	-
IV- Closing Balance (31 March 2023) (III+A+B+C+D+E+F+G+H+I+J)	1.612.000.000	-	(11.831.370)	-	-	111.936.210	62	192.303.336	127.319.014	36.575.039	2.068.302.291

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

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

AKSİGORTA A.Ş.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS JANUARY 1 - MARCH 31, 2023, AND DECEMBER 31, 2022**

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

Statement of Changes in Shareholders' Equity - January 1 -March.31 2022 Reviewed (*)											
CARI DÖNEM	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 (Note 2.1.1)	-	-	-	-	-	-	-	-	-	-	-
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)	-	-	-	-	-	-	-	-	-	-	-
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)	-	-	895.249	-	-	-	-	-	-	-	895.249
E- Translation reserves	-	-	-	-	-	-	-	-	-	-	-
F- Other income/(expenses)	-	-	-	-	-	-	-	(609.961)	-	-	(609.961)
G- Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H- Period net profit (Note 37)	-	-	-	-	-	-	-	-	(254.332.337)	-	(254.332.337)
I- Dividend distributed	-	-	-	-	-	-	-	-	-	-	-
J- Transfer	-	-	-	-	-	-	-	189.396.766	(189.396.766)	-	-
IV- Closing Balance (31 March 2022) (III+A+B+C+D+E+F+G+H+I+J)	612.000.000	-	(29.244.276)	-	-	111.936.210	62	190.962.993	(254.332.337)	163.920.341	795.242.993

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

he accompanying notes form an integral part of these consolidated financial statements.

AKSIGORTA A.Ş.

THE STATEMENTS OF PROFIT DISTRIBUTION AS OF JANUARY 1 - MARCH 31, 2023, AND DECEMBER 31, 2022

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

	Current Period March 31, 2023,	Previous Period December 31, 2022(*)
I. DISTRIBUTION OF PROFIT FOR THE PERIOD		
1.1. Profit for The Period	-	(121,148,616)
1.2. Taxes Payable and Legal Liabilities	-	-
1.2.1. Corporation Tax (Income Tax)	-	-
1.2.2. Income Tax Deduction	-	-
1.2.3. Other Taxes and Legal Liabilities	-	-
A NET PROFIT FOR THE PERIOD (1.1 - 1.2)	-	(121,148,616)
1.3. Previous Years' Losses (-)	-	-
1.4. First Legal Reserve	-	-
1.5. Legal Reserves Kept in The Company (-)	-	-
B NET DISTRIBUTABLE PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5))]	-	-
1.6. First Dividend to Shareholders (-) (-)	-	-
1.6.1. To Common Shareholders	-	-
1.6.2. To Preferred Shareholders	-	-
1.6.3. To Owners of Participating Redeemed Shares	-	-
1.6.4. To Owners of Profit-Sharing Securities	-	-
1.6.5. To Owners of Profit and Loss Sharing Securities	-	-
1.7. Dividends to Personnel (-)	-	-
1.8. Dividends to Founders (-)	-	-
1.9. Dividends to Board of Directors (-)	-	-
1.10. Second Dividends to Shareholders (-)	-	-
1.10.1. To Common Shareholders	-	-
1.10.2. To Preferred Shareholders	-	-
1.10.3. To Owners of Participating Redeemed Shares	-	-
1.10.4. To Owners of Profit-Sharing Securities	-	-
1.10.5. To Owners of Profit and Loss Sharing Securities	-	-
1.11. Second Legal Reserve (-)	-	-
1.12. Statutory Reserves (-)	-	-
1.13. Extraordinary Reserves	-	-
1.14. Other Reserves	-	-
1.15. Special Funds	-	-
II. DISTRIBUTION FROM RESERVES		
2.1. Distributed Reserves	-	-
2.2. Second Legal Reserve (-)	-	-
2.3. Dividends to Shareholders (-)	-	-
2.3.1. To Common Shareholders	-	-
2.3.2. To Preferred Shareholders	-	-
2.3.3. To Owners of Participating Redeemed Shares	-	-
2.3.4. To Owners of Profit-Sharing Securities	-	-
2.3.5. To Owners of Profit and Loss Sharing Securities	-	-
2.4. Dividends to Employees (-)	-	-
2.5. Dividends to Board of Directors (-)	-	-
III PROFIT PER SHARE		
3.1. To Common Shareholders	-	-
3.2. To Common Shareholders (%)	-	-
3.3. To Preferred Shareholders	-	-
3.4. To Preferred Shareholders (%)	-	-
IV. DIVIDENDS PER SHARE		
4.1. To Common Shareholders	-	-
4.2. To Common Shareholders (%)	-	-
4.3. To Preferred Shareholders	-	-
4.4. To Preferred Shareholders (%)	-	-

(*) Profit Distribution table for December 31, 2022, was presented as approved by the General Assembly held on March 21, 2023

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

1. General Information

1.1 Name of the Parent Partnership and the ultimate owner

Aksigorta Anonim Şirketi ('the Company or the Parent Partnership') is a subsidiary of Hacı Ömer Sabancı Holding A.Ş. and Ageas Insurance International N.V. as of March 31, 2023. 38.02% (December 31, 2022: 38.02%) of the Parent Partnership 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 Group is a corporation, which was established in accordance with the requirements of Turkish Commercial Code and registered in Turkey as at April 25, 1960. The headquarter of the Company is located at, "Fatih Sultan Mehmet Mahallesi, Poligon Caddesi, Buyaka 2 Sitesi, 1 Blok No:8A İç Kapı No:2 Ümraniye/İstanbul".

The Parent Company, as a 100% subsidiary, with a paid-in capital of TRY 100,000, with the title of Sabancı Ageas Sağlık Sigorta Anonim Şirketi (Subsidiary – "Sabancı Ageas") to carry out all kinds of currency, reinsurance and retrocession works within the scope of health insurance, with the Board of Directors Decision dated 21 July 2022. established a joint stock company and the establishment of the insurance company was registered in the Trade Registry on 3 August 2022

1.3 Main operations of the Company

Aksigorta A.Ş.'s (Parent Partnership) main operations include insurance activities based on non-life insurance branches, including primarily motor vehicle, motor third party liability, fire, marine, accident, personal accident, engineering, agriculture and health. The headquarters of the Company is in İstanbul. The Company has 10 district offices of which three of them are in İstanbul (İstanbul Anatolian Region, İstanbul European Region and İstanbul Thracian Region), and one in each White Sea and South Aegean Region, Ankara Region, Çukurova and Central Anatolia Region, Eastern Anatolia and Eastern Black Sea Region, Southeast Region, İzmir and North Aegean Region, Marmara and West Black sea Region. As of March 31, 2023, the Company has 3,664 authorized agencies (December 31, 2022: 3,541).

The main field of activity of Sabancı Ageas Sağlık Sigorta Anonim Şirketi is to carry out health insurance, all kinds of coinsurance, reinsurance and retrocession works within the scope of health insurances.

1.4 Details of the Company's operations and nature of field of activities

Explained in Note 1.2 and Note 1.3.

1.5 Average number of the Company's personnel based on their categories

	January 1 - March 31, 2023	January 1 - December 31, 2022
Top executive	11	8
Manager assistant manager	128	108
Specialist/Executives	603	564
Total	742	680

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

1. General Information (Continued)

1.6 Remuneration and fringe benefits provided to top management

For the year ended December 31, 2022, wages and similar benefits provided to the senior management including chairman, members of the board of the directors, general manager, general coordinator, and deputy general managers amounted to TRY 8,276,735 (March 31, 2022: TRY 3,560,757)

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 consolidated financial statements are prepared by the Parent Company (Aksigorta A.S.) in a subsidiary position with Full consolidation of the financial statements of Sabancı Ageas Health Insurance Joint Stock Company it has been prepared by consolidating the method. As of March 31, 2023, the main The unconsolidated financial statements of the Partnership, in accordance with the applicable legislation, also prepared and published.

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 consolidated financial statements as of March 31, 2023, have been approved by the Group's Board of Directors on May 3, 2023. The consolidated 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, Financial Control Manager Zeren Zeynep Eröktem Bal and Actuary Halil Kolbaşı on behalf of the Board of Directors. Detailed information about this subsequent events is disclosed in Note 46.

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies

2.1 Basis of Preparation

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

a. Accounting Standards

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

The consolidated 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 Group 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 Group accounts and recognizes its insurance technical provisions in its consolidated financial statements as of December 31, 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

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

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.

Consolidated 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 consolidated financial statements in the current period is classified as necessary.

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 IFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies (IAS 29). As of the preparation date of these financial statements, no new disclosure has been made by POA within the scope of IAS 29, and no inflation adjustment has been made according to IAS 29 while preparing the financial statements dated 31 March 2023.

c. Comparative Information and Restatement of Prior Period Financial Statements

The company's 31 March 2023 balance sheet is presented with the restated balance sheets as of 31 December 2022 and the 1 January- 31 March 2023 income statement, statement of changes in shareholders' equity and cash flow statement are presented in comparison with the restated income statement, statement of changes in shareholders' equity and cash flow statement for the 1 January – 31 March 2022.

2. Summary of the Accounting Policies

2.1 Basis of Preparation

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

d. Technical Reserves

Unearned Premium Reserve

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

Deferred Commission Expense and Income

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

Unexpired Risks Reserve

Within the framework of Regulation on Technical Reserves, from January 1, 2008, insurance companies are required to account for an unexpired risk reserve against the probability that, future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the current year incurred losses to current year earned premiums. If the loss ratio for a branch is higher than 95%, net unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with net unearned premium reserve for the related branch; and gross unexpired risk reserve for that branch is calculated by multiplying the ratio in excess of 95% with gross unearned premium reserve for the related branch. The difference between gross and net amounts is considered as the reinsurance share. In the Circular on Provision for Unexpired Risk Reserve 2019/5, it is stated that the amount of Unexpired Risks Reserve can be calculated on the basis of the accounting year or the year of accident as explained in the first paragraph. In accordance with the circular numbered 2022/27, the Provision for Ongoing Risks can also be calculated by taking into account the year of writing, and it is possible to make corrections in all calculation methods by taking into account the best estimation principles by the company actuary. If the calculation is based on the accident year, separate calculations can be made for the premiums transferred to the pool. As a result of the related circular, the Company makes Unexpired Risks Reserve accounts on the basis of accounting year.

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CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

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

In accordance with the Circular No. 2022/27 dated 24 October 2022, the Loss/Premium ratios used in the 31 December 2022 unexpired risk reserve calculations have been adjusted for each quarter separately by taking into account the best estimation made by the company actuary, In this framework, the SEDDK's opinion was taken regarding the suitability of the Company's unexpired risk reserve calculation method, and the effects of the additional premium increases made in 2022 and the effects of retrospective damage cost increases are included in the Loss/Premium ratio using the indexation method.

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

	31 March 2023		31 December 2022	
	Claim/Premium (%)	Net URR (TRY)	Claim/Premium (%)	Net URR (TRY)
Motor Liability	% 117	138.807.167	% 121	152.006.637
Watercrafts	% 105	1.049.843	% 108	1.210.418
Air Crafts Liability	% 202	414	% 223	1.024
Air Crafts	-	-	% 150	278
		140.054.670		153.218.079

Bonuses and rebates reserve

The bonus and rebates provisions are the amount that has to be made provision if the Group 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 Group has calculated and accounted for gross bonuses and rebates reserve amounting to TRY 243,882 and TRY 10,224 net on March 31, 2023 (as of December 31, 2022, company has calculated and accounted gross bonus and rebates reserve amounting to TRY 243,882 and TRY 10,224 net) (Note 20).

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

Claims provision

The Group 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.

Claims that occurred before the accounting periods but were notified after these dates are considered as incurred but not reported claims.

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 Group's actuary. IBNR calculation in non-life insurance in accordance with the same circular, chain ladder methods are Standard Chain, Claim/Premium, Cape Cod, Frequency/Severity, Munich Chain or Bornhuett-Ferguson. The method's using by the actuary are as follows:

Branch	Applied Method	March 31, 2023		December 31, 2022		
		Gross Additional Reserve	Net Additional Reserve	Gross Additional Reserve	Net Additional Reserve	
Motor Crafts Liability	Frequency/Severity/Standard	3.085.108.918	3.004.344.323	3.026.407.005	3.026.407.005	
General Liability	Standard Chain/Loss Ratio	705.248.502	105.376.102	665.113.951	109.039.032	
Fire and Natural Disaster	Standard Chain	104.233.606	4.469.683	70.155.214	3.612.326	
Financial Losses	Standard Chain	6.575.728	(376.138)	10.070.475	(361.141)	
Watercrafts	Standard Chain	5.095.584	1.023.385	5.357.672	1.166.916	
Air Crafts Liability	Standard Chain	122.322	4	1.237.005	16	
Accident	Standard Chain	432.903	838.611	2.070.884	1.029.054	
Health	Standard Chain	(2.939.975)	(37.000)	(3.269.672)	(73.251)	
Suretyship	Standard Chain	1.469.034	120.342	3.701.144	394.488	
Transportation	Standard Chain	(348.924)	(725.577)	(2.750.719)	(1.161.145)	
Legal Protection	Standard Chain	182.698	182.698	104.744	104.744	
Credit	Standard Chain	10.888	542	12.454	620	
Air Crafts	Standard Chain	(554.508)	(29)	(148.776)	(137)	
General Losses	Standard Chain	12.157.241	(672.560)	26.377.648	1.423.288	
Motor Own Damage	Standard Chain	(11.912.037)	(10.226.145)	(52.077.334)	(52.077.334)	
Total		3.904.881.980	3.104.318.241	3.752.361.695	3.089.504.481	3.904.881.980

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

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. Accordingly, the premium and loss amounts that the Group will transfer to the pool in the Compulsory Traffic branch are excluded from the data used when calculating the IBNR. For the claims that the Group will inherit from the mentioned pool; Claim Premium rates on the basis of the accident period published by the Turkish Motor Vehicles Bureau have been taken into account. The aforementioned rates are 161% for 2017, 164% for 2018, 152% for 2019, 138% for 2020, 179% for 2021 and 190% for 2022, as of accident periods. The provision amounting to TL 719,275,055 was reflected in the consolidated financial statements as of 31 March 2023 by using the aforementioned ratios. The relevant loss premium rate is the expected loss premium rate for the pool and was announced in the report dated 21 March 2023 by the Turkish Motor Vehicles Bureau, which manages the pool in question.

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.

December June 10, 2016 and 2016/22 published by the Ministry of Treasury and Finance "Circular on Discounting Net Cash Flows Arising from the Provision of Doubtful Compensation" and December 30, 2021 and 2021/30 published by the Insurance and Private Pension Regulatory and Supervisory Authority "Circular on the Amendment to the Circular 2016/22 on Discounting Net Cash Flows Arising from the Provision of Doubtful Compensation" published in accordance with the calculation of the discount rate of 14% to be taken into account the opportunity has been recognized. It has been stated that the differences that occur between the periods due to this ratio change should be considered as a change in the estimation method, and the comparative effect of this change on the financial statements should be explained in the footnotes. Dec. December March 2021, the Company, as explained in footnote 2.1.1, has started to calculate discounts for all branches as of December 31, 2021, different from previous periods, and as of March 31, 2023, net TRY 2.031.243.960 calculated discounts in exchange for outstanding compensation. (December 31, 2022: TRY 1,934,424,239)

The discount calculation has been made by taking into account the development of paid claims. In the calculation, the distribution of material and bodily damage payments over the years for the Motor Liability branch has been evaluated separately. As of 31 March 2023, the Company's net outstanding claims provisions on a branch basis, before and after discounting, are given below:

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3. Summary of the Accounting Policies (Continued)

2.2 Basis of Preparation (Continued)

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

March 31, 2023

Branch	Net Outstanding Claim Provision Before		Net Discounted Outstanding Claim Provision
	Discount	Discount Amount	
Motor Liability	3.900.048.672	1.678.567.825	2.221.480.846
General Liability	351.153.717	205.160.512	145.993.205
Motor own damage	423.625.371	57.794.352	365.831.019
Fire and Natural	302.087.774	68.669.003	233.418.771
General Losses	45.405.669	8.043.434	37.362.235
Transportation	24.387.969	2.071.199	22.316.770
Health	9.439.223	365.266	9.073.957
Accident	7.549.760	3.566.592	3.983.168
Watercraft	8.033.435	756.992	7.276.443
Suretyship	5.198.582	314.661	4.883.921
Financial losses	17.855.582	5.700.886	12.154.696
Legal Protection	458.588	209.038	249.550
Credit	88.773	23.700	65.073
Air Crafts Liability	20.187	502	19.685
Air Crafts	(29)	(2)	(27)
Total	5.095.353.273	2.031.243.960	3.064.109.312

December 31, 2022

Branch	Net Outstanding Claim Provision Before		Net Discounted Outstanding Claim Provision
	Discount	Discount Amount	
Motor Liability	3,792,443,155	1,624,602,137	2,167,841,018
General Liability	341,072,506	200,994,365	140,078,141
Motor own damage	336,293,905	51,161,668	285,132,237
Fire and Natural	154,813,809	41,825,583	112,988,226
General Losses	32,099,073	4,300,275	27,798,798
Transportation	22,543,469	1,420,989	21,122,480
Financial losses	14,219,011	1,909,811	12,309,200
Health	9,126,946	741,994	8,384,952
Watercrafts	8,539,374	749,277	7,790,097
Accident	5,561,196	2,123,965	3,437,231
Suretyship	5,515,949	4,414,983	1,100,966
Legal Protection	396,656	151,998	244,658
Credit	87,102	26,578	60,524
Air Crafts Liability	19,700	632	19,068
Air Crafts	(137)	(16)	(121)
Total	4,722,731,714	1,934,424,239	2,788,307,475

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CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

While determining the amount of IBNR, the group actuary has determined the threshold values for major damages with plot analysis starting from 2015, whereas it was calculated by Box-Plot method, which is permitted only by the Treasury and Finance Ministry in the Compulsory Traffic branch before 2014/16 Circle, in order to work with a more homogenous dataset. Files exceeding the threshold value determined by this method are considered as major damage. Since the damage progress of these files is separate from the other files, IBNR amounts have been determined and added to the provisions by a separate calculation for these files. Threshold values determined by March 31, 2023, and December 31, 2022, are total number of files subject to calculation, number of files determined as major damage and their shares in total files are as follows.

BRANCH	March 31, 2023				December 31, 2022			
	Threshold	# of Major Claim Files	Total Number of Claim Files	Threshold	# of Major Claim Files	Total Number of Claim Files	Threshold	# of Major Claim Files
General Liability		373	49.837	0,75%		419	48.032	0,87%
Employer Third Party Liability	750.000	132	18.098	0,73%	650.000	145	17.339	0,84%
General Third-Party Liability	700.000	165	21.768	0,76%	600.000	181	21.171	0,85%
Other	500.000	76	9.971	0,76%	400.000	93	9.522	0,98%
General Losses	999.999	248	217.767	0,11%	999.999	215	214.434	0,10%
Transportation	499.999	270	68.671	0,39%	499.999	245	68.080	0,36%
Fire and Natural Disaster	999.999	788	343.329	0,23%	999.999	437	334.459	0,13%
Accident	299.999	58	8.816	0,66%	299.999	51	8.654	0,59%
Facultative Public Liability	299.999	118	13.205	0,89%	199.999	225	12.835	1,75%
Financial Losses	50.000	117	40.225	0,29%	50.000	93	39.916	0,23%

(*) As of March 31, 2023, the Group has determined the General Liability major claim limits on the basis of the main branch.

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

Branch	Gross Additional Amount	NET IBNR
General Liability	164.623.967	6.369.256
General Losses	20.825.140	611.195
Fire and Natural Disaster	68.351.381	6.180.321
Facultative Public Liability	8.105.471	8.105.471
Financial Losses	7.580.255	620.035

In accordance with the circular, IBNR was calculated by the company actuary on the basis of Accident Periods using the methods mentioned above. For the aforementioned gross IBNR amounts, reinsurer shares have been calculated by taking into account the types of reinsurance agreements and reinsurance rates applicable to the relevant branches in the relevant accident periods.

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CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

In accordance with the Circular of the TR Ministry of Treasury and Finance, dated 26 November 2011 and numbered 2011/23, "Circular on Disclosures Related to Incurred But Not Reported Provision (IBNR) Calculation", companies are classified by sub-branches, taking into account the date of lawsuit conclusion and according to the realizations of the last five years. By calculating a winning rate over the amounts of the lawsuits filed against the company, they can make a discount in proportion to the said rate, provided that it does not exceed 25% from the outstanding files accrued for their files in the litigation process (15% in branches that have recently started activities and do not have data for five years). Within the scope of the relevant regulation, net TRY 255,715,186 has been deducted from the outstanding claims provisions, taking into account the winning rates calculated using the Company's last five-year lawsuit file data set. (31 December 2022: TRY 217,633,489)

Branch	31 March 2023 Win Rate Used	31 December 2022 Win Rate Used
Fire	25,0%	25,0%
Loss of Profit	25,0%	25,0%
Mandatory Earthquake	25,0%	25,0%
Miner's Personal Accident	0,0%	0,0%
Emtea	25,0%	25,0%
Boat	25,0%	25,0%
Compulsory Road Transport Financial Responsibility	16,4%	6,1%
Compulsory Traffic (Except Green Card)	25,0%	25,0%
Motor Vehicles Discretionary Financial Responsibility	25,0%	25,0%
Motor Vehicles - Kasko	25,0%	25,0%
Road Passenger Transportation Is Difficult.Seat F.K.	25,0%	25,0%
Employer Financial Responsibility	25,0%	25,0%
Financial Liability to Third Parties	25,0%	25,0%
Elevator Accident	0,0%	25,0%
Breaking Of Glass	25,0%	25,0%
Theft	25,0%	25,0%
Tubing Gas Mandatory Responsibility	0,0%	0,0%
Hazardous Substances Mandatory Liability	3,8%	5,7%
Plane Boat	25,0%	25,0%
Aircraft Financial Liability	25,0%	25,0%
ZMSS on Medical Malpractice	25,0%	25,0%
Private Security Financial Responsibility	25,0%	25,0%
Professional Responsibility	25,0%	25,0%
Abuse of Safety	0,0%	0,0%
Employment	25,0%	25,0%
Discretionary Earthquake	0,0%	0,0%
Mudflow	0,0%	0,0%
Landslide	0,0%	0,0%
Personal Accident	25,0%	25,0%
Loss Of Rent And Income	0,0%	0,0%
Credit	25,0%	25,0%
Legal Protection	25,0%	25,0%
Machine Breakage	25,0%	25,0%
Installation	25,0%	25,0%
Construction	25,0%	25,0%
Electronic Device	25,0%	25,0%
Health	0,0%	0,0%
Travel Health	0,0%	0,0%
Animal Life	25,0%	25,0%

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

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 Group has deducted a net loss of TRY 61,057, which it paid for the Düzce Earthquake claims that occurred in 2022 and deducted a net loss of TRY 150,302,248 which it paid for the Kahramanmaraş Earthquake claims that occurred in 2023 from the equalization reserve. (31 December 2022: 3,090,074.)

The Group has calculated TRY 20,898,287 (December 31, 2022: TRY 154,900,203) of equalization reserve as of March 31, 2023, and presented in the long-term liabilities in the accompanying financial statements under 'Other Technical Reserves' (Note 20).

Life mathematical reserves

Life mathematical reserves comprise actuarial mathematical reserves and life profit share reserves and represent the Group'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).

e. 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, 2022, the Group 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 Group receives the acquaintance or document agreed on payment from individuals and notification is made to individuals or insurance company. However, a doubtful receivables provision for these receivables is accounted under 'Provisions for Doubtful Receivables from Main Operations' in case where related amounts are not collected from insurance companies after six months and from individuals after four months following the payment of claim

Accordingly, accrued receivables from salvage and subrogation and doubtful receivables provision for salvage and subrogation as of March 31, 2023, are TRY 122,072,856 (December 31, 2022: TRY 131,960,295) and TRY 56,172,180 (December 31, 2022: TRY 32,815,708) respectively (Note 12.1).

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CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

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

	31 March 2023					
	Collection			Accrual		
	Gross	Reinsurance Share	Net	Gross	Reinsurance Share	Net
Motor Own Damage	181.369.291	(620.017)	180.749.274	89.473.991	(1.676.317)	87.797.674
Motor Crafts Liability	20.366.886	(1.243.015)	19.123.871	28.809.794	(1.862.939)	26.946.855
Transportation	4.097.574	(3.079.955)	1.017.619	7.398.136	(6.485.873)	912.263
Fire and Natural Disaster	2.942.938	(1.329.064)	1.613.874	40.058.552	(34.237.273)	5.821.279
General Losses	1.237.560	(1.142.501)	95.059	586.838	(457.395)	129.443
Watercrafts	67.311	(48.336)	18.975	1.378.689	(930.549)	448.140
General Liability	62.390	(40.775)	21.615	2.100	-	2.100
Suretyship	8.241	(4.120)	4.121	30.205	(15.103)	15.102
Motor Own Damage	181.369.291	(620.017)	180.749.274	89.473.991	(1.676.317)	87.797.674
Motor Crafts Liability	20.366.886	(1.243.015)	19.123.871	28.809.794	(1.862.939)	26.946.855
Total	210.152.191	(7.507.783)	202.644.408	167.738.305	(45.665.449)	122.072.856

	31 December 2022					
	Collection		Reinsurance Share		Accrual	
	Reinsurance Share	Net	Reinsurance Share	Net	Reinsurance Share	Net
Motor Own Damage	532.499.244	(850)	532.498.394	97.544.944	(11.864)	97.533.080
Motor Crafts Liability	58.090.954	(2.555.128)	55.535.826	26.090.495	(987.403)	25.103.092
Transportation	13.172.849	(7.716.903)	5.455.946	2.519.340	(1.637.311)	882.029
Fire and Natural Disaster	7.357.026	(2.988.057)	4.368.969	63.852.542	(55.915.412)	7.937.130
General Liability	1.905.062	(1.426.608)	478.454	1.448.691	(1.246.392)	202.299
Watercrafts	700.637	(473.782)	226.855	67.659	(47.841)	19.818
General Losses	114.673	(93.231)	21.442	60.213	(8.577)	51.636
Suretyship	71.787	(14.923)	56.864	1.599.424	(1.368.213)	231.211
Legal Protection	43.000	-	43.000	-	-	-
Accident	11.938	-	11.938	-	-	-
Motor Own Damage	532.499.244	(850)	532.498.394	97.544.944	(11.864)	97.533.080
Total	613.967.170	(15.269.482)	598.697.688	193.183.308	(61.223.013)	131.960.295

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.

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

g. Receivables from Insurance Operations

In the consolidated financial statements prepared as of March 31, 2023, 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 claim payment, and the insured has received a certificate of release or the payment has been made, and the counter-insurance Provided that the company or third parties are notified, the recourse receivable up to the guarantee limit of the debtor insurance company is 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

Group provided provision for doubtful receivables by taking the nature and the value of the receivable into account. As of March 31, 2023, the 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 24,989,593 December 31, 2022: TRY 24,709,333) 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 71,010,145 (December 31, 2022: TRY 45,967,323). Furthermore, provision is accounted for the retention of claim recovery transactions under legal follow up amounting to TRY 373,566,536 (December 31, 2022: TRY 337,289,309) and it has been accounted in 'Provision for doubtful receivables from main operations' account (Note 12).

h. Earnings per Share

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

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

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

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

j. 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 consolidated financial statements.

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

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

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).

k. Accounting Policies, Changes and Misstatements on Accounting Estimates

Significant changes in accounting policies and significant accounting errors are applied retrospectively and prior period consolidated 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.

l. 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 2023 (2022: 25%) after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed.

The amendment in the Corporate Tax Law includes insurance companies, not all companies within the scope of the Insurance Law. Sabancı Ageas Sağlık Sigorta A.Ş., which is included in the consolidated financial statements of the Group. As of 31 December 2022, the tax rate is applied as 23%, since it has not yet received a license for insurance activities.. 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.

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

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

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

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

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

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

Deferred income tax

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

Deferred tax liabilities are calculated for all taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, unless the Company is able to control the elimination of temporary differences and it is unlikely that this difference will disappear in the near future. Deferred tax assets arising from taxable temporary differences associated with such investments and interests are calculated on the condition that it is highly probable that the said differences will be benefited from by earning sufficient taxable profit in the near future and it is probable that the related differences will disappear in the future.

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

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

According with the law numbered 7394 published in the Official Gazette dated April 15, 2022, banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies, the corporate tax rate has been permanently increased to 25%. In this context, the corporate tax rate has been determined as 25% as of 31 December 2022. Within the scope of the said law, deferred tax assets and liabilities in the financial statements dated 31 December 2022 are calculated with the rate of 25% for the deferred tax assets consisting of deductible temporary differences, which will occur in 2022, taking into account the time intervals in which the said differences will be realized by generating taxable profit in the future. As of 31 December 2022, the deferred tax rate for Sabancı Ageas Sağlık Sigorta A.Ş is 23%. (31 December 2021: Regarding the tax regulations of the Law No. 7316 and with the regulation numbered 31462, that published in the Official Gazette dated April 22, 2021 the corporate tax rate has been determined to be applied as 25% for 2021 corporate earnings and 23% for 2022 corporate earnings. Within the scope of the mentioned law, deferred tax assets and liabilities in the financial statements dated 31 March 2023 are calculated with the rate of 23% for what realizable in 2022, 20% for the following years for the deferred tax assets consisting of deductible temporary differences, taking into account the time intervals in which the mentioned differences will be realized by generating taxable profit in the future).

As of December 31, 2022, the Group has booked the deferred tax assets in amounting to TRY 214,939,884 (December 31, 2022: TRY 227,091,664). As mentioned above TRY 56,304,436 of the deferred tax asset has been calculated over the current period financial loss. Within the framework of the business plans and projections prepared by the company management; as of 31 March 2023, deferred tax assets have been recorded over all temporary differences, including carried losses, in line with the assumptions used that there will be taxable profit in future periods.

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 Consolidated Financial Statements and Specific Accounting Policies Used'.

2.1.3 Functional currency

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

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

2.1.4 Rounding degree used in the consolidated financial statements

All the balances presented in the consolidated 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) consolidated financial statements are register changes in the standards and comments should be as follow in the notes:

a. Standards, amendments and interpretations that are issued but not effective as at 31 March 2023:

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

b) Standards, amendments, and interpretations that are issued but not effective as of 31 March 2023:

- **Amendment to IAS 1 – Noncurrent liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.2 Consolidation

In addition, the "Communiqué on the Preparation of Consolidated Financial Statements of Insurance and Reinsurance Companies and Pension Companies" published in the Official Gazette dated December 31, 2008 and numbered 27097 by the Companies Ministry of Treasury and Finance, dated 29 December 2022 and numbered 2022/15. Communiqué”), insurance, reinsurance and pension companies; It is required to publish consolidated financial statements as of 31 March 2009. In this context, consolidated financial statements are prepared and published separately from unconsolidated financial statements in line with the relevant regulations of the Ministry of Treasury and Finance. In the “Sector Announcement of the Ministry of Treasury and Finance on the Reflection of Investments of Insurance, Reinsurance and Pension Companies in Subsidiaries, Joint Controlled Partnerships and Affiliates in their Individual Financial Statements” dated 12 August 2008 and numbered 2008/37, the subsidiary, together It is stated that it is possible to account for investments in controlled partnerships and associates in accordance with the cost method specified in TAS 27 - Consolidated and Separate Financial Statements or IAS 39 - Financial Instruments: Recognition and Measurement. Parallel to these announcements, the Company has accounted for its subsidiary in its unconsolidated financial statements according to the cost method, by allocating provisions for impairment, if any, as of the reporting period.. (31 December 2022: None).

2.3 Segment Reporting

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

2.4 Discontinued Operations

The Group does not have any discontinued or disposed operations as of March 31, 2023, and March 31, 2022.

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.5 Foreign Currency Translation

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

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

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

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

2.6 Tangible assets

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

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

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

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

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

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

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

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.6 Tangible assets (Continued)

Right of Use Asset

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

Lease Liability

Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of March 31, 2023. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on March 31, 2023, was 20% for local currency liabilities (December 31, 2022: 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.

Intangible assets acquired

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

Computer software

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

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

2. Summary of the Accounting Policies (Continued)

2.8 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 Group and associated with the income statement are classified under financial assets held for trading in the consolidated 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 Group are classified in this category during the purchase.

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

Available-for-sale financial assets

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

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

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.8 Financial Assets (Continued)

Held-to-maturity financial assets

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

The Group 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 December 31,2022, the Group has TRY 798,764,981 of financial assets under held-to-maturity investment account (December 31, 2022: TRY 1,184,804,256).

Financial Assets at Insured's Risk

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

Loans and receivables

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

2.9 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.

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.9 Investment Properties (Continued)

Impairment of financial assets

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

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

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

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

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

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

2.10 Derivative Financial Instruments

The Group uses foreign currency swap and option contracts, the Company uses end of period market exchange rates and interest rates to calculate market value of foreign exchange swap contracts. As of March 31, 2023, there is a registered financial asset amounting to TRY 14,641,972 which costed to TRY 14,000,000. (December 31, 2022: cost total TRY 15,148,041, TRY 14,000,000 registered swaps)

As of March 31, 2023, the Company has accounted for 'Income Accruals' amounting TRY 641,872 arising from the valuation of derivative instruments held by the Company in 'Income Accruals' account. (December 31, 2022: TRY 1,148,041 'Income Accruals').

2.11 Offsetting Financial Instruments

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

AKSIGORTA A.Ş.

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.12 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.)

2.13 Share Capital

As of March 31, 2023, the Company's nominal capital is TRY 1,612,000,000 (December 31, 2022: TRY 1,612,000,000). Share capital is represented by 161,200,000,000 of equity shares having a nominal amount of TRY 0.01 each. The share capital structure of the Company is as follows:

	31 March 2023		31 December 2022	
	Rate %	Amount TRY	Rate %	Amount TRY
Hacı Ömer Sabancı Holding A.Ş.	36.00	580,320,000	36.00	580,320,000
Ageas Insurance International NV	36.00	580,320,000	36.00	580,320,000
Other	28.00	451,360,000	28.00	451,360,000
		1,612,000,000	100.00	1,612,000,000

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 Parent Partnership 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.

With the decision of the Capital Markets Board dated March 17, 2022 and numbered 13/426, of the issued capital of the Company with a nominal value of TRY 306,000,000 within the registered capital ceiling of TRY 750,000,000, TRY 90,989,327 will be from the Sales Profits to be Added to the Capital account and TRY 215,010,673 will be from the Extraordinary Reserves account. It has been increased to TRY 612,000,000 with a total nominal value of TRY 306,000,000, 100% covered by internal resources.

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 no. and the related capital increase was approved at the Extraordinary General Assembly dated 4 August 2022. An application was made to the Capital Markets Board on 5 August 2022 regarding the capital increase

On October 27, 2022, the Capital Markets Board approved the capital increase application and it was decided to extend the validity period of our Company's registered capital and to increase the registered capital ceiling. Capital increase transactions were registered by Istanbul Trade Registry Office on 23 December 2022.

Other information about the company's capital and the registered capital increase after the balance sheet period are disclosed in footnotes 15 and 46.

2. Summary of the Accounting Policies (Continued)

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

The Group 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 Group 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. Group has annual proportional quota-share reinsurance agreement for third person liability, electronic equipment, personal accident, health, traffic, insurance, 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 Group has facultative reinsurance agreements signed separately for certain risks based on certain policies.

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.14 Insurance and Investment Contracts - Classification (Continued)

Premiums Transferred to Social Security Institution

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

The liability of the insurance companies with respect to the service costs to be incurred in the context of abovementioned articles has been determined in accordance with the provisions of 'The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents' dated 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 Group has calculated the amount of the premiums to be ceded to SSI in January 1 - March 31, 2023 accounting period as TRY 88,252,911 (January 1 - March 31, 2022: TRY 53,618,220) and unearned premium reserve amounting to TRY 27,057,109, (January 1 - March 31, 2022: TRY 7,219,324) for the period ended as of January 1 - December 31, 2022; classified under the accounts of 'Premiums ceded to SSI' and 'Change in SSI share of Unearned Premiums Reserve', respectively (Note 20).

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

The transfer amounts calculated by the insurance companies on the financial statements that have been independently audited and finalized for the previous year, until the end of May, are declared via the Center with e-signature or mobile signature, and the audited and finalized financial statements are taken as the basis for the calculation of the declared amounts. tables and footnotes are made available to the Social Security Institution simultaneously. The calculated transfer amount is included in the footnotes of the independently audited and finalized financial statements. In case there is a difference in favor of the Social Security Institution between the transfer amounts determined within the scope of the first paragraph and the transfer amounts

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

2. Summary of the Accounting Policies (Continued)

2.14 Insurance and Investment Contracts - Classification (Continued)

declared within the scope of this paragraph, the said amount will be associated with the first transfer period of the year it belongs to, and starting from the day following the last payment date of the first transfer period, in accordance with 89 of the Law No. 5510.

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 Group has recorded the amounts of premiums, claims and commissions paid to the Pool under the regulation and taken over from the Pool within the scope of the Company's share, taking into account the monthly receipts finalized by the TMTB as of March 31, 2023. As at March 31, 2023, the Company accounted TRY 207,199,313 premium ceded to the Pool and TRY 128,510,479 paid claim; and TRY 1,241,257 subrogation income TRY 60,575,479 premium which is reported as Company share from the pool, TRY 67,749,161 claims paid, TRY 710,268 recourse and TRY 618,746 salvage are accounted in accordance with the related legislation.

2.15 Insurance and Investment Contracts with Discretionary Participation Features

None (December 31, 2022: None).

2.16 Investment Contracts without Discretionary Participation Features

None (December 31, 2022: None).

2.17 Borrowings

As of 31 March 2023, the Company's has a loan with one-year maturity and TRY 100,000,000 principal, TRY 25,355,555 total interest used on 10 May 2022, a loan with one- year maturity TRY 160,000,000 principal and a total interest of TRY 12,497,778 used on 31 October 2022, a loan with one year maturity TRY 50,000,000, a total interest of TRY 39,861 used on 30 March 2023. These loans are classified in the "Payables to Credit Institutions" account. (December 31, 2022: TRY 495,500,000 principal and a total interest of TRY 48,973,125) In addition, as of March 31, 2023, the Company has a repo transaction amounting to TRY 190,682,876 (December 31, 2022: TRY 78,282,082), which is classified under "Other Financial Liabilities (Liabilities)"

2. Summary of the Accounting Policies (Continued)

2.18 Employee Benefits

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

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

2.19 Provisions (Non-technical)

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized as an asset if and only 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).

2.20 Revenue Recognition

Written Premium Commission

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

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

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

Interest income and expense

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

The Company accrues the interest costs incurred for the loans in the income statement on a periodic basis.

Dividend income

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

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)

2.21 Profit Share Distribution

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

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

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

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

2.22 Related parties

Parties are considered related to the Company if;

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

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

2.23 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 2022: 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.).

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

2. Summary of the Accounting Policies (Continued)**2.23 Foreign currency transactions (Continued)**

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

	March 31, 2023		December 31, 2022	
	USD/ TRY	EUR/ TRY	USD/ TRY	EUR/ TRY
Buying rate	19,1532	20,8450	18,6983	19,9349
Selling rate	19,1878	20,8825	18,7320	19,9708
Effective Selling Rate	19.2165	20.9138	18,7601	20,0007

3. Significant Accounting Estimates and Requirements

Preparation of financial statements requires the use of assumptions and estimates that might affect the amounts of assets and liabilities reported as of balance sheet date, explanation of the conditional assets and liabilities and amounts of the income and expenses reported throughout the accounting period. Accounting evaluations, estimates and assumptions are evaluated taking into consideration past experience, other factors, current conditions, and reasonable expectations for future events. Such evaluations and estimates might differ from actual consequences, even though they are based on the best knowledge of the management about current events and transactions.

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

4. Insurance and Financial Risk Management**4.1 Insurance Risk****4.1.1 Objective of managing risks arising from insurance contracts and policies used to minimize such risks**

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

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

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.

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CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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4. Insurance and Financial Risk Management (Continued)

4.1 Insurance Risk (Continued)

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

Reinsurance Company Notification

	2023		2022	
Reinsurance Company	Standard & Poors Rating	Reinsurance Company	Standard & Poors Rating	
African Re	A	African Re	A-	
Ageas	NR	Ageas	A+	
Allianz Re	A+	Allianz Re	AA-	
American Agricultural	A	American Agricultural	NR	
Aspen Re	A	Aspen Re	A-	
AXIS Re	A	AXIS Re	A+	
Az Re	B+	Az Re	NR	
Arch Re	A+	BMI (Trust Re)	NR	
BMI (Trust Re)	A-	BMI (Oman Re)	NR	
BMI (Oman Re)	A-	CCR Algeria	NR	
CCR Algeria	B+	Central Re	A	
Central Re	A	China Property & Casualty Reinsurance	A	
China Property & Casualty Reinsurance	A	Dongbu Re (DB Insurance)	A	
Dongbu Re (DB Insurance)	A	Fair Pool	NR	
Fair Pool	NR	GIC Re	NR	
GIC Re	B++	Hannover Re	AA-	
HCC International	NR	HCC International	A	
HDI Global	A+	HDI Global	A+	
IGI	A	IGI	A-	
Klaption Re	NR	Klaption Re	NR	
Korean Re	A	Korean Re	A	
Kuwait Re	A-	Kuwait Re	A-	
Labuan Re	A-	Labuan Re	NR	
Liberty Mutual	A	Liberty Mutual	A	
Mapfire Re	A	Mapfre Re	A+	
Misr Insurance	B++	Misr Insurance	NR	
Milli Re	C	Milli Re	trBBB-	
Munich Re	A+	Munich Re	AA-	
Odyssey Re	NR	Odyssey Re	A	
Polish Re	A-	Polish Re	NR	
QBE Re	A	QBE Re	A+	
Samsung Fire&Marine Re	A++	Samsung Fire&Marine Re	AA-	
Saudi Re	NR	Saudi Re	A-	
Shelter Re	A	Shelter Re	A-	
Singapore Re	A	Singapore Re	NR	
Swiss Re	A+	Swiss Re	AA-	
Taiping	A	Taiping	A	
Triglav Re	NR	Triglav Re	A	
Tunis Re	B	Tunis Re	NR	
Turk Re	NR	Turk Re	NR	
VHV Re	NR	VHV Re	NR	
VIG Re	NR	VIG Re	A+	
Coface	A+	Coface	A+	
Lloyd's of London	A	Lloyd's of London	A+	
African Re	A	African Re	A-	
Ageas	NR	Ageas	A+	
Allianz Re	A+	Allianz Re	AA-	

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4. Insurance and Financial Risk Management (Continued)

4.1 Insurance Risk (Continued)

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

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 (*)	31 March 2023			31 December 2022		
	Gross Total Claims Liability	Reinsurance		Gross Total Claims Liability	Reinsurance	
		Share of Total Claims Liability	Net Total Claims Liability		Share of Total Claims Liability	Net Total Claims Liability
Motor Crafts Liability	2.362.148.148	(140.667.301)	2.221.480.847	2.233.965.057	(66.124.041)	2.167.841.016
Fire and Natural Disaster	5.080.182.187	(4.846.763.415)	233.418.772	1.509.904.011	(1.396.915.786)	112.988.225
General Liability	1.163.467.682	(1.017.474.478)	145.993.204	1.098.829.283	(958.751.144)	140.078.139
General Losses	620.161.252	(582.799.017)	37.362.235	534.545.758	(506.746.960)	27.798.798
Motor Own Damage	495.639.602	(129.808.583)	365.831.019	292.061.798	(6.929.560)	285.132.238
Air Crafts Liability	292.641.258	(292.621.573)	19.685	282.927.256	(282.908.188)	19.068
Transportation	246.994.638	(224.677.867)	22.316.771	221.736.334	(200.613.854)	21.122.480
Financial Losses	228.799.806	(216.645.111)	12.154.695	125.912.119	(113.602.919)	12.309.200
Watercrafts	66.683.689	(59.407.246)	7.276.443	71.062.866	(63.272.769)	7.790.097
Fidelity Guarantee	301.211.813	(296.327.892)	4.883.921	62.106.678	(61.005.712)	1.100.966
Health	62.097.846	(53.023.890)	9.073.956	47.267.168	(38.882.214)	8.384.954
Air Crafts	10.738.214	(10.738.241)	(27)	9.514.817	(9.514.938)	(121)
Accident	7.510.372	(3.527.204)	3.983.168	7.883.701	(4.446.468)	3.437.233
Credit	1.296.886	(1.231.813)	65.073	1.210.522	(1.149.998)	60.524
Legal Protection	249.550	-	249.550	244.658	-	244.658
Life	141.689	-	141.689	141.689	-	141.689
Total	10.939.964.632	(7.875.713.631)	3.064.251.001	6.499.313.715	(3.710.864.551)	2.788.449.164

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

	March 31, 2023				December 31, 2022			
	Effect on Current Period (Net)	Gross Total Claims Liability	Reinsurance		Gross Total Claims Liability	Reinsurance		
			Share of Total Claims Liability	Net Total Claims Liability		Share of Total Claims Liability	Net Total Claims Liability	
Unpaid Claims	(495,396,220)	7,302,339,708	(5,451,478,986)	2,246,750,217	7,302,339,708	(5,451,478,986)	1,850,860,722	
Discount Effect of Reported Claims	1,145,883,324	(4,115,227,365)	2,180,803,126	(2,031,243,961)	(4,115,227,365)	2,180,803,126	(1,934,424,239)	
Discount to Be Applied to Claim Files in a Lawsuit	90,696,095	(440,302,011)	222,668,522	3,104,318,242	3,752,361,695	(662,857,214)	3,089,504,481	
Claim Provisions (*)	(1,561,683,554)	3,752,361,695	(662,857,214)	(255,715,186)	(440,302,011)	222,668,522	(217,633,489)	
Non-life Total	(820,500,355)	6,499,172,027	(3,710,864,552)	3,064,109,312	6,499,172,027	(3,710,864,552)	2,788,307,475	
Life	2,604	141,689	-	141,689	141,689	-	141,689	
Grand Total	(275.801.838)	10.939.964.633	(7.875.713.632)	3.064.251.001	6.499.313.716	(3.710.864.552)	2.788.449.164	

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

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CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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4. Insurance and Financial Risk Management (Continued)

4.1 Insurance Risk (Continued)

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

Outstanding Claim Reserve:

	March 31, 2023			December 31, 2022		
	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	7.302.339.708	(5.451.478.986)	1.850.860.722	4.514.870.786	(3.159.406.284)	1.355.464.502
Opened in the period	7.531.438.632	(5.911.239.714)	1.620.198.918	9.450.238.730	(4.513.830.434)	4.936.408.296
Paid from current period (-)	(1.351.870.585)	617.284.931	(734.585.654)	(3.997.661.885)	1.333.054.639	(2.664.607.246)
Paid from previous periods (-)	(901.247.057)	411.523.288	(489.723.769)	(2.665.107.923)	888.703.093	(1.776.404.830)
Period end reported claims	7.302.339.708	(5.451.478.986)	1.850.860.722	4.514.870.786	(3.159.406.284)	1.355.464.502
Life	141,689		141,689	141,689		141,689
Reported claims discount effect	(5.048.169.516)	3.016.925.555	(2.031.243.961)	(4.115.227.365)	2.180.803.126	(1.934.424.239)
Discount to Be Applied to Claim Files in Lawsuit	(497.550.218)	241.835.032	(255.715.186)	(440.302.011)	222.668.522	(217.633.489)
Claims incurred but not reported	3.904.881.980	(800.563.738)	3.104.318.242	3.752.361.695	(662.857.214)	3.089.504.481
Total	10.939.964.633	(7.875.713.632)	3.064.251.001	6.499.313.716	(3.710.864.552)	2.788.449.164

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

Gross claim development table prepared on the principles of incurred claims by March 31, 2023:

	1.04.2016 31.03.2017	1.04.2017 31.03.2018	1.04.2018 31.03.2019	1.04.2019 31.03.2020	1.04.2020 31.03.2021	1.04.2021 31.03.2022	1.04.2022 31.03.2023	Gross Claim
Claim realized in the accident period	1.009.480.611	1.350.380.960	1.701.054.045	2.262.316.776	2.254.216.492	4.313.359.935	11.944.895.977	24.835.704.795
1 year later	571.617.509	688.266.904	678.044.080	1.066.220.758	1.120.691.678	2.820.729.823	-	6.945.570.754
2 year later	532.563.816	541.280.788	650.455.952	1.020.424.001	767.974.250	-	-	3.512.698.807
3 year later	534.486.977	484.781.054	756.140.985	873.387.852	-	-	-	2.648.796.868
4 year later	560.808.260	426.139.723	1.153.742.569	-	-	-	-	2.140.690.552
5 year later	459.381.622	540.718.106	-	-	-	-	-	1.000.099.728
6 year later	581.958.446	-	-	-	-	-	-	581.958.446
TOTAL	4.250.297.241	4.031.567.536	4.939.437.631	5.222.349.388	4.142.882.419	7.134.089.758	11.944.895.977	41.665.519.951

Gross claim development table prepared on the principles of incurred claims by December 31, 2022:

	1.01.2016 31.12.2016	1.01.2017 31.12.2017	1.01.2018 31.12.2018	1.01.2019 31.12.2019	1.01.2020 31.12.2020	1.01.2021 31.12.2021	1.01.2022 31.12.2022	Gross Claim
Claim realized in the accident period	930.621.837	1.366.238.878	1.564.047.984	2.299.878.599	2.069.675.811	3.650.161.929	6.551.391.294	18.432.016.332
1 year later	420.934.178	793.577.616	606.370.322	939.075.198	1.228.917.800	2.411.265.971	-	6.400.141.085
2 year later	345.579.004	633.208.482	352.446.585	717.625.507	942.527.562	-	-	2.991.387.140
3 year later	344.631.786	602.343.699	671.792.643	569.945.078	-	-	-	2.188.713.206
4 year later	398.378.186	438.319.539	1.082.822.405	-	-	-	-	1.919.520.130
5 year later	342.136.413	580.045.121	-	-	-	-	-	922.181.534
6 year later	461.857.680	-	-	-	-	-	-	461.857.680
TOTAL	3.244.139.084	4.413.733.335	4.277.479.939	4.526.524.382	4.241.121.173	6.061.427.900	6.551.391.294	33.315.817.107

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

4. Insurance and Financial Risk Management (Continued)**4.2 Insurance 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.

Capital requirement calculations are 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 twice a year in June and December as stated in the relevant act. As of 31 December 2022, the group management is of the opinion that the group obtains the minimum required capital adequacy ratio for the period between 1 January- 31 December 2022 by taking into consideration the latest circulars published by SEDDK on 5 January 2023 (2023/1 numbered) and 9 February 2023 (2023/1 numbered) .

4.2.2 Financial risk factors

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

Market risk

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

Exchange rate risk

The Company's foreign currency denominated assets and liabilities expose the Company to exchange rate risks. These risks are monitored by analysing exchange rate position. The details of the Company's foreign currency denominated assets and liabilities as of March 31, 2023, and 2022 are presented in detail in Note 12.4

Sensitivity to exchange rate risk

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

	March 31, 2023		December 31, 2022	
	USD Effect	EUR Effect	USD Effect	EUR Effect
Profit/Loss Increase	200.777.736	79.780	98.560.112	15.588.554
Profit/Loss (Decrease)	(200.777.736)	(79.780)	(98.560.112)	(15.588.554)

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

4. Insurance and Financial Risk Management (Continued)

4.2 Financial Risk (Continued)

4.2.2 Financial risk factors

Interest rate risk

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

Interest rate sensitivity is the effect of changes in interest rates at the rates assumed below on the fair values of fixed income or discounted available-for-sale financial assets in the portfolio as of 31 March 2023 and 2022. 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	March 31, 2023	December 31, 2022
	Effect on profit and profit reserves	
Market interest rate increase/(decrease)		TRY
+% 1	(17.895.389)	(18.449.753)
-% 1	20.805.729	21.339.528
Financial assets available for sale	Effect on profit and profit reserves	
Market interest rate increase/(decrease)		TRY
+% 1	(17.895.389)	(18.449.753)
-% 1	20.805.729	21.339.528

Price risk

The Company is exposed to price risk due to its available for sale financial assets. As of the reporting date, if data used in the valuation method is increased/decreased by 10% and all variables remain fixed, the Company's sensitivity is as follows. The sensitivity of the Company for the price risk is arising from the available for sale financial assets as of March 31, 2023, and December 31, 2022 and 2021.

Total	March 31, 2023	December 31, 2022
	Effect on Financial assets available for sale	
Price increase/(decrease)		TRY
+% 10	145.488.397	195.081.896
-% 10	(145.488.397)	(195.081.896)

Credit risk

Credit risk is the risk that the debtor defaults on its obligations under the terms of the transaction. Credit risk is managed by setting out limits and providing guarantees for receivables from a specific party. Limits and guarantees are determined based on the assessment of the respective party's financial ability and trading capacity. The Company is exposed to credit risk in Turkey because it mainly performs its operations in Turkey.

As of March 31, 2023, the Company has presented its receivables from insurance operations and guarantees received and provision for doubtful receivables in Note 12.1.

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

4. Insurance and Financial Risk Management (Continued)

4.2 Financial Risk (Continued)

4.2.2 Financial risk factors (Continued)

Liquidity risk

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

Liquidity risk table

March 31, 2023							
	Up to 1 month	1 - 3 month	3 months-1 year	1 - 5 years	5 years and over	No maturity	Total
Cash and Cash Equivalents	1.834.708.323	842.799.825	904.028.913	-	-	733.211.687	4.314.748.748
Financial Assets Available for Sale	253.162.064	102.180.514	357.729.180	596.827.918	120.554.108	43.729.663	1.474.183.447
Financial Assets for Trading	-	48.467.200	-	-	-	2.805.145.849	2.853.613.049
Held-to-maturity financial assets	-	106.257.261	323.499.211	369.008.509	-	-	798.764.981
Investments with Risks on Policy Holders	-	-	-	1.953.279	-	-	1.953.279
Due from Related Parties	929.337.111,00	1.248.384.186,00	966.889.418	1.097.747,00	-	207.958.809,00	3.353.667.271
Other Receivables	17.384	-	-	-	-	-	17.384
Prepaid Expenses and Income Accruals	0	-	11.909.427	-	-	-	11.909.427
Total	3.166.506.642	2.600.857.739	3.239.221.201	968.887.453	120.554.108	3.790.046.008	13.886.073.151
Financial Liabilities	488.536.210	-	82.506.132,00	34.806.283,00	-	-	605.848.625
Payables From Main Operations	463.402.931	926.805.863	974.778.198	10.493.984	-	484.742.004	2.860.222.980
Due to Related Parties Payables	685.126	-	1.143	-	-	-	686.269
Other Payables	-	248.718.895	-	-	-	28.863.147,00	277.582.042
Insurance Technical Reserves	1.730.108.490	2.421.502.030	2.889.052.867	382.260.196	8.708.021	-	7.431.631.604
Taxes and Other Liabilities and Provisions	-	158.581.265	-	-	-	-	158.581.265
Prepaid Income and Expense Accruals	113.198.761,00	226.397.522,00	415.062.122	-	-	-	754.658.405
Long Term Insurance Technical Reserves	-	-	-	1.500.397	20.898.287	-	22.398.684
Provisions for Other Risks	-	-	-	-	-	19.899.465	19.899.465
Total Liabilities and Shareholders' Equity	2.795.931.518	3.982.005.575	4.361.400.462	429.060.860	29.606.308	533.504.616	12.131.509.339
December 31, 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	4.563.212.834	272.729.706	304.886.796	-	-	68.868.845	5.209.698.181
Financial Assets Available for Sale	9.590.265	155.044.251	493.226.213	876.499.247	392.729.688	24.055.744	1.951.145.408
Financial Assets Held for Trading	-	-	-	-	-	209.376.382	209.376.382
Held-to-Maturity Financial Assets	-	390.634.501	314.187.673	438.202.160	41.779.922	-	1.184.804.256
Investments with Risks on Policy Holders	-	-	-	2.011.395	-	-	2.011.395
Receivables from Main Operations	535.963.340	1.108.988.225	1.109.166.803	25.550.496	-	86.901.931	2.866.570.795
Due from Related Parties	17.384	-	-	-	-	-	17.384
Other Receivables	-	-	47.994.285	-	-	-	47.994.285
Prepaid Expenses and Income Accruals	125.676.973	211.711.301	564.125.602	-	-	-	901.513.876
Total Assets	5.234.460.796	2.139.107.984	2.833.587.372	1.342.263.298	434.509.610	389.202.902	12.373.131.962
Financial Liabilities	162.908.124	176.393.750	307.077.506	22.338.737	-	-	668.718.117
Payables from Main Operations	357.170.347	712.805.314	517.311.005	175.450.027	-	289.806.940	2.052.543.633
Due to Related Parties	189.642	-	1.143	-	-	-	190.785
Other Payables	-	335.746.610	-	-	-	28.257.559	364.004.169
Insurance Technical Reserves	1.585.923.794	2.226.623.509	2.670.549.331	348.623.439	7.924.246	-	6.839.644.319
Taxes Payable and Similar Liabilities	-	152.017.037	-	-	-	-	152.017.037
Prepaid Expenses and Income Accruals	79.685.718	159.371.436	292.180.965	-	-	-	531.238.119
Long Term Insurance Technical Reserves	-	-	-	1.325.877	154.900.203	-	156.226.080
Provisions for Other Risks	-	-	-	-	-	33.744.176	33.744.176
Total Liabilities and Shareholders' Equity	2.185.877.625	3.762.957.656	3.787.119.950	547.738.080	162.824.449	351.808.675	10.798.326.435

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CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

4. Insurance and Financial Risk Management (Continued)

4.2 Financial Risk (Continued)

4.2.2 Financial Risk Factors (Continued)

Categories of Financial Assets

Current Financial Assets	March 31, 2023		December 31, 2022	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets Available for Sale	1.474.183.447	1.474.183.447	1.951.145.408	1.951.145.408
Financial Assets Held to Maturity	826.183.419	798.764.981	1.214.041.134	1.184.804.256
Financial Assets Held for Trading	2.853.613.049	2.853.613.049	209.376.382	209.376.382
Financial Investments with Risks on Policy Holders	1.953.279	1.953.279	2.011.395	2.011.395
Total Financial Assets	5.155.933.194	5.128.514.756	3.436.574.319	3.407.337.441

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:

	March 31, 2023	Category 1	Category 2	Category 3
Financial Assets Available for Sale				
Private Sector Bonds	48.427.813	-	48.427.813	-
Eurobonds	1.206.450.808	-	1.206.450.808	-
Equity share	43.729.662	41.773.620	-	1.956.042
Investment funds	175.575.164	175.575.164	-	-
Financial Assets Held for Trading				
Investment funds	2.805.145.849	2.805.145.849	-	-
Private Sector Bonds	5.360.850	-	5.360.850	-
Eurobonds	43.106.350	-	43.106.350	-
Held to Maturity Financial Assets				
Eurobonds	439.875.249	-	439.875.249	-
Private Sector Bonds	37.293.703	4.120.493	33.173.210	-
Government Bonds & Treasury Bills	321.596.029	141.714.784	179.881.245	-
Financial Investments with Risks on Policy Holders				
Government Bonds	1.953.279	1.953.279	-	-
Total	5.128.514.756	3.170.283.188	1.956.275.526	1.956.042

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CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

4. Insurance and Financial Risk Management (Continued)

4.2 Financial Risk (Continued)

4.2.2 Financial Risk Factors (Continued)

	December 31, 2022	Category 1	Category 2	Category 3
Financial Assets Available for Sale				
Eurobonds	1.204.984.035	-	1.204.984.035	-
Private Sector Bonds	377.696.817	-	377.696.817	-
Government Bonds & Treasury Bills	344.408.811	249.977.293	94.431.518	-
Equity share	24.055.745	22.834.250	-	1.221.495
Financial Assets Held for Trading				
Investment Funds	152.529.812	152.529.812	-	-
Government Bonds & Treasury Bills	9.908.670	-	9.908.670	-
Private Sector Bonds	5.247.300	-	5.247.300	-
Eurobonds	41.690.600	-	41.690.600	-
Held to Maturity Financial Assets				
Eurobonds	758.034.603	-	758.034.603	-
Government Bonds & Treasury Bills	369.110.975	236.797.447	132.313.528	-
Total	3,347.337.441	664.150.197	2,681.965.748	1.221.495

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

The following methods and assumptions were used to estimate the fair value of financial instruments for which fair value estimates are practicable.

Financial assets

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

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

Financial liabilities

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

5. Segment Information

5.1 Operating segments

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

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

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

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CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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5. Segment Information (Continued)

5.1 Operating segments (Continued)

Segment results for the period ended at March 31, 2023:

	Fire	Transportation	Motor Own Damage	Motor Crafts Liability (Compulsory Traffic)	Other Accident	Engineering	Agriculture	Health	Life	Undistributed	Total
TECHNICAL INCOME	138.341.190	26.634.264	959.661.716	712.508.466	136.680.513	34.576.271	53.677.317	109.345.556	32.450	-	2.171.457.743
1- Earned Premiums (Net of Reinsurer Share)	61.560.880	19.383.129	841.290.254	621.833.619	81.659.997	12.065.575	28.643.737	40.354.414	-	-	1.706.791.605
1.1- Premiums (Net of Reinsurer Share)	126.154.905	21.932.975	915.405.906	698.488.539	117.275.243	24.076.306	67.142.290	52.500.891	-	-	2.022.977.055
1.2- Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward) (+/-)	(64.594.025)	(2.549.846)	(74.115.652)	(89.854.390)	(35.579.184)	(12.010.731)	(38.498.553)	(12.146.477)	-	-	(329.348.858)
1.3- Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward) (+/-)	-	-	-	13.199.470	(36.062)	-	-	-	-	-	13.163.408
2- Investment Income transferred from Non-Technical Part	78.896.680	7.220.383	126.275.743	88.831.084	54.869.993	22.571.397	25.033.580	57.969.707	32.450	-	461.701.017
3- Other Technical Income (Net of Reinsurance Share)	-	-	1.831.125	-	-	-	-	11.021.435	-	-	12.852.560
4- Accrued Subrogation and Salvage Income (+)	(2.116.370)	30.752	(9.735.406)	1.843.763	150.523	(60.701)	-	-	-	-	(9.887.439)
TECHNICAL EXPENSES	(111.401.386)	(7.370.419)	(704.481.247)	(935.356.853)	(47.016.537)	(4.223.336)	(38.226.546)	(35.625.956)	(216.768)	-	(1.883.919.048)
1- Total Claims (Net of Reinsurer Share)	(158.229.975)	(4.537.262)	(487.822.537)	(795.775.199)	(24.849.183)	(9.344.399)	(17.284.663)	(2.225.795)	(42.248)	-	(1.500.111.261)
1.1- Claims Paid (Net of Reinsurer Share)	(37.799.428)	(3.342.972)	(407.123.755)	(742.135.369)	(14.526.360)	(9.496.946)	(8.305.556)	(1.536.789)	(42.248)	-	(1.224.309.423)
1.2- Changes in Outstanding Claims Reserve Reinsurer Share and Reserves Carried Forward (+/-)	(120.430.547)	(1.194.290)	(80.698.782)	(53.639.830)	(10.322.823)	152.547	(8.979.107)	(689.006)	-	-	(275.801.838)
2- Changes in Bonus and Discount Reserve (Net of Reinsurer) (+/-)	-	-	-	-	-	-	-	-	-	-	-
3- Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward) (+/-) and Other Technical Expenses	110.212.744	1.146.782	15.366.243	-	3.193.708	4.082.438	-	-	-	-	134.001.915
4- Operating Expenses	(44.050.809)	(3.071.023)	(202.427.815)	(115.146.272)	(16.622.378)	3.624.798	(17.920.107)	(26.707.753)	-	-	(422.321.359)
4.1- Production Commissions (-)	(96.499.944)	(10.290.655)	(154.956.589)	(72.891.248)	(51.294.133)	(21.159.515)	1.969.231	(62.473.472)	-	-	(467.596.325)
4.2- Reinsurance Commissions (+)	95.304.610	10.505.286	8.100.950	22.768.475	52.296.653	32.126.330	(18.429.048)	51.785.141	-	-	254.458.397
4.3- General Administrative Expenses	(42.855.475)	(3.285.654)	(55.572.176)	(65.023.499)	(17.624.898)	(7.342.017)	(1.460.290)	(16.019.422)	-	-	(209.183.431)
4.4- Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
5- Changes in Mathematical Reserves (+/-)	-	-	-	-	-	-	-	-	(174.520)	-	(174.520)
6- Other Technical Expenses (Net of Reinsurer Share)	(19.333.346)	(908.916)	(29.597.138)	(24.435.382)	(8.738.684)	(2.586.173)	(3.021.776)	(6.692.408)	-	-	(95.313.823)
TECHNICAL PROFIT/(LOSS)	26.939.804	19.263.845	255.180.469	(222.848.387)	89.663.976	30.352.935	15.450.771	73.719.600	(184.318)	-	287.538.695
Financial income	26.939.804	19.263.845	255.180.469	(222.848.387)	89.663.976	30.352.935	15.450.771	73.719.600	(184.318)	-	287.538.695
Depreciation expense	-	-	-	-	-	-	-	-	-	682.868.134	682.868.134
Provisions account, net	-	-	-	-	-	-	-	-	-	(21.359.981)	(21.359.981)
Tax expenses	-	-	-	-	-	-	-	-	-	(35.835.537)	(35.835.537)
Financial expenses	-	-	-	-	-	-	-	-	-	(11.685.903)	(11.685.903)
Other	-	-	-	-	-	-	-	-	-	(706.963.472)	(706.963.472)
	-	-	-	-	-	-	-	-	-	(67.242.922)	(67.242.922)
NET PROFIT/(LOSS)	26.939.804	19.263.845	255.180.469	(222.848.387)	89.663.976	30.352.935	15.450.771	73.719.600	(184.318)	(160.219.681)	127.319.014

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5. Segment Information (Continued)

5.1 Operating segments (Continued)

Segment results for the period ended at December 31, 2022:

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

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6. Tangible Assets

March 31, 2023

<u>Cost Value</u>	<u>Owner Occupied Properties</u>	<u>Vehicles</u>	<u>Furnitures and Fixtures and Leased Tangible Assets</u>	<u>Other Tangible Assets (Including Leasehold Improvements)</u>	<u>Right of Use Assets</u>	<u>Total</u>	<u>Cost Value</u>
1 January	5,329	8,758,863	45,477,606	24,233,834	68,313,445	-	146,789,077
Additions	-	-	5,135,011	298,329	26,925,335	-	32,358,675
Disposals	-	-	(197,058)	-	-	-	(197,058)
31 March	5,329	8,758,863	50,415,559	24,532,163	95,238,780	-	178,950,694
<u>Accumulated Depreciation</u>							
1 January	(4,196)	(959,483)	(27,013,645)	(16,839,095)	(38,092,581)	-	(82,909,000)
Additions	(28)	(520,093)	(1,945,303)	(992,991)	(5,341,576)	-	(8,799,991)
Disposals	-	-	156,849	-	-	-	156,849
31 March	(4,224)	(1,479,576)	(28,802,099)	(17,832,086)	(43,434,157)	-	(91,552,142)
Net Book Value as of March 31	1,105	7,279,287	21,613,460	6,700,077	51,804,623	-	87,398,552

The Company has no impairment loss recognized for tangible fixed assets in the current period (December 31, 2022: None).

March 31, 2022

<u>Cost Value</u>	<u>Owner Occupied Properties</u>	<u>Vehicles</u>	<u>Furnitures and Fixtures and Leased Tangible Assets</u>	<u>Other Tangible Assets (Including Leasehold Improvements)</u>	<u>Right of Use Assets</u>	<u>Total</u>
1 January	1,598,569	1,878,421	31,263,486	23,807,488	43,374,168	101,922,132
Additions	-	-	3,611,627	-	2,375,856	5,987,482
Disposals	(1,593,240)	-	(127,962)	(185,526)	-	(1,906,727)
31 March	5,329	1,878,421	34,747,151	23,621,962	45,750,024	106,002,887
<u>Accumulated Depreciation</u>						
1 January	(665,162)	(4,022)	(22,362,090)	(12,935,198)	(26,030,345)	(61,996,817)
Additions	(26)	(180,969)	(1,138,096)	(999,155)	(2,216,285)	(4,534,531)
Disposals	661,073	-	57,028	168,829	-	886,927
31 March	(4,115)	(184,991)	(23,443,158)	(13,765,524)	(28,246,630)	(65,644,418)
Net Book Value as of March 31	1,214	1,693,430	11,303,993	9,856,438	17,503,393	40,358,469

7. Investment Properties

The Company has no investment properties as of March 31, 2023. (January 1 - December 31, 2022: None).

In the period of January 1 - March 31, 2023, the Company has no obtained rental income from investment properties (January 1 - December 31, 2022: None).

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8. Intangible Assets

March 31, 2023			
<u>Cost Value</u>	<u>Advances for Intangible Assets (*)</u>	<u>Cost Value</u>	<u>Advances for Intangible Assets (*)</u>
1 January	43,653,013	304,122,850	347,775,863
Additions	13,348,481	13,427,931	26,776,412
Disposals	-	-	-
Transfers	(7,643,686)	7,643,686	-
31 March	49,357,808	325,194,467	374,552,275
<u>Accumulated Amortization</u>			
1 January	-	(179,726,972)	(179,726,972)
Charge for the Period	-	(12,559,990)	(12,559,990)
Disposals	-	-	-
31 March	-	(192,286,962)	(192,286,962)
Net book Value as of March 31	49,357,808	132,907,505	182,265,313

(*) 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.

March 31, 2022			
<u>Cost Value</u>	<u>Advances for Intangible Assets (*)</u>	<u>Rights</u>	<u>Total</u>
1 January	30,311,685	223,788,042	254,099,727
Additions	10,241,270	7,491,883	17,733,153
Disposals	-	-	-
Transfers	(4,271,215)	4,271,215	-
31 March	36,281,740	235,551,140	271,832,880
<u>Accumulated Amortization</u>			
1 January	-	(141,527,231)	(141,527,231)
Charge for the Period	-	(8,820,536)	(8,820,536)
Disposals	-	-	-
31 March	-	(150,347,767)	(150,347,767)
Net book Value as of March 31	36,281,740	85,203,373	121,485,113

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

As of March 31, 2023, the Company has not recognized any impairment loss for its intangible fixed assets in the current period (December 31, 2022: None).

There is no goodwill amount in the financial statements of the Group.

9. Investments in Affiliates

As of 31 March 2023, the Company has no investments in subsidiaries (31 December 2022: None).

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10. Reinsurance Assets

Reinsurance assets are disclosed in Note 17.16.

11. Financial Assets

11.1 Subcategories of Financial Assets

Financial Assets and Financial Investments with Risks on Policy Holders

	March 31, 2023	December 31, 2022
Financial Assets Available for Sale	1.474.183.447	1.951.145.408
Held-to-maturity financial assets	798.764.981	1.184.804.256
Financial Assets for Trading	2.853.613.049	209.376.382
Financial Investments with Risks on Policy Holders	1.953.279	2.011.395
Total	5.128.514.756	3.347.337.441

Financial Assets Available for Sale

	March 31, 2023			December 31, 2022		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Eurobond	1.122.288.036	1.206.450.808	1.206.450.808	1.127.703.380	1.204.984.035	1.204.984.035
Özel Sektör Tahvili	47.535.366	48.427.813	48.427.813	376.171.799	377.696.817	377.696.817
Devlet Tahvili	-	-	-	342.101.141	344.408.811	344.408.811
Yatırım Fonu	174.939.733	175.575.164	175.575.164	-	-	-
Hisse Senetleri (Borsaya kote olan)	46.589.533	41.773.620	41.773.620	18.843.313	22.834.250	22.834.250
Total	1.393.308.710	1.472.227.405	1.474.183.447	1.866.041.128	1.949.923.913	1.951.145.408

Held-to-Maturity Financial Assets

	March 31, 2023			December 31, 2022		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Eurobond	437.788.181	423.749.299	439.875.249	724.234.844	730.943.551	758.034.603
Government Bonds	236.991.840	365.939.665	321.596.029	291.846.206	426.917.320	369.110.975
Corporate Bonds	36.615.954	36.494.455	37.293.703	56.375.954	56.180.263	57.658.678
Total	711.395.975	826.183.419	798.764.981	1.072.457.004	1.214.041.134	1.184.804.256

Financial Assets Held for Trading

	March 31, 2023			December 31, 2022		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Investment Funds	2.654.966.169	2.805.145.849	2.805.145.849	143.966.664	152.529.812	152.529.812
Eurobond	34.267.877	43.106.350	43.106.350	34.267.876	41.690.600	41.690.600
Private Sector Bond	5.000.000	5.360.850	5.360.850	5.000.000	5.247.300	5.247.300
Government Bonds	-	-	-	10.078.349	9.908.670	9.908.670
Total	2.694.234.046	2.853.613.049	2.853.613.049	193.312.889	209.376.382	209.376.382

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11. Financial Assets (Continued)

11.1 Subcategories of Financial Assets (Continued)

Financial Assets and Financial Investments with Risks on Policy Holders

	March 31, 2023			December 31, 2022		
	Cost Value	Fair Value	Book Value	Cost Value	Fair Value	Book Value
Government Bonds	1.943.330	1.953.279	1.953.279	1.943.330	2.011.395	2.011.395

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

March 31, 2023

Equity Shares	Participation Rate %	Cost Value	Fair Value	Book Value
		TRY	TRY	TRY
Listed on Borsa Istanbul		46.589.533	41.773.620	41.773.620
Foreign Stock Exchange Listed		-	-	-
Tarsim Agricultural Insurance Inc.	4.17	1.956.042	-	1.956.042
Not listed on the stock exchange		1.956.042	-	1.956.042
Total		48.545.575	41.773.620	43.729.662

December 31, 2021

Equity Shares	Participation Rate %	Cost Value	Fair Value	Book Value
		TRY	TRY	TRY
Listed on Borsa Istanbul		11.128.881	19.378.623	19.378.623
Listed on overseas stock exchange.		7.714.432	3.455.627	3.455.627
Tarsim Agricultural Insurance Inc.	4.17	1.221.495	-	1.221.495
Unlisted		1.221.495	-	1.221.495
Total		20.064.808	22.834.250	24.055.745

As of March 31, 2023, and December 31, 2022, the blockage on financial assets in favor of Insurance and Private Pensions Regulation and Supervision Agency ("SEDDK") has been disclosed in Note 17.1.

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

None (December 31, 2022: None).

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

None (December 31, 2022: 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, 2022: 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, 2022: None).

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11. Financial Assets (Continued)

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

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

Type of Financial Asset	March 31, 2023	December 31, 2022	December 31, 2021
Financial Assets Available for Sale	15.775.160	(2.508.794)	(39.142.240)

11.8 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

	March 31, 2023	December 31, 2022
Receivables from insurance operations		
Receivables from agencies	2.855.352.253	2.277.600.251
Bank guaranteed credit card receivables more than three months	274.722.062	328.061.372
Receivables for salvage and claim recovery - net (Note 2.1.1)	122.072.856	131.960.295
Receivables from reinsurance companies	89.965.830	141.890.343
Other receivables	26.482.434,00	276.737,00
Receivables from insurance operations	3.368.595.435	2.879.788.998
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	373.566.536	337.289.309
Doubtful receivables from main operations	81.040.620	57.427.499
Total provision amount for doubtful receivables	454.607.156	394.716.808
Receivables from main operations	3.823.233.546	3.274.536.760
Provision for due from insurance operations (-) (*)	(71.010.145)	(45.967.323)
Provision for doubtful receivables from main operations (-) (**)	(24.989.593)	(24.709.333)
Provision for net claim recovery receivables under legal follow-up (-) (**)	(373.566.536)	(337.289.309)
Total provision amount for doubtful receivables	(469.566.274)	(407.965.965)
Receivables from main operations - net	3.353.667.271	2.866.570.795

(*) 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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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 presented below:

	March 31, 2023	December 31, 2022
0 - 90 days	217.070.594	68.643.658
90+	17.401.612	18.565.965
Not due receivables	3.134.154.183	2.792.610.329
Total	3.368.626.389	2.879.819.952

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

Type of Guarantees	March 31, 2023		December 31, 2022	
	Receivables	Doubtful Receivables	Receivables	Doubtful Receivables
Real Estate Pledges	10.241.947	416.100	10.336.755	416.100
Letters of Guarantee	178.010.793		176.831.449	
Cash Guarantees	28.863.147	-	28.257.559	-
Government Bonds and Equity Shares	152.339	7.500	6.107.261	7.500
Total	217.268.226	423.600	221.533.024	423.600

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	2023	2022
Opening Balance, 1 January	(361.998.642)	(229.472.152)
Charge for the period	(55.388.481)	(184.718.974)
Collections	18.830.994	52.192.484
Closing Balance, 31 March	(398.556.129)	(361.998.642)

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

Due to/from shareholders, affiliates and subsidiaries in balance sheet includes dividends which have paid in previous years but not yet collected by shareholders. As of March 31, 2023, the Company has liabilities amounting to TRY 1,143 to shareholders (December 31, 2022: 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 217,268,226 as of December 31, 2022 (December 31, 2022: TRY 221,533,024)

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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:

March 31, 2023

Banks (Foreign Currency)	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	73.337.833	19,1532	1.404.654.183
EUR	8.368.874	20,8450	174.449.179
GBP	48.840	23,6602	1.155.564
CHF	43.900	20,8615	915.820
Other			9.178
Total			1.581.183.924

Stocks and Bonds

USD	58.517.640	19,1532	1.120.800.115
EUR	-	20,8450	-
Total			1.120.800.115

Receivables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	72.172.745	19,1532	1.382.339.020
EUR	34.781.152	20,8450	725.013.113
Other			11.001.426
Total			2.118.353.559

Outstanding Claims Reserve	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	(12.479.260)	19,1878	(239.449.545)
EUR	(13.151.606)	20,8825	(274.638.412)
Other			(142.702)
Total			(514.230.659)

Payables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	(84.983.780)	19,1878	(1.630.651.774)
EUR	(29.930.878)	20,8825	(625.031.560)
Other			(1.340.419)
Total			(2.257.023.752)

Payables to Suppliers	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	(937.924)	19,1878	(17.996.696)
EUR	(29.269)	20,8825	(611.210)
Other			
Total			(18.607.906)

Net Foreign Currency Position			2.030.475.281
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CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

12. Receivables and Payables (Continued)

12.4. Details of the Company's foreign currency denominated receivables without exchange rate guarantees are presented below (Continued):

December 31, 2022

Banks (Foreign Currency)	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	10.617.609	18,6983	198.531.238
EUR	1.691.676	19,9349	33.723.392
GBP	48.710	22,4892	1.095.449
CHF	39.683	20,2019	801.672
			9.050
Total			234.160.801

Stocks and Bonds

USD	65.304.412	18,6983	1.221.081.487
EUR	173.346	19,9349	3.455.635
Total			1.224.537.122

Receivables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	71.934.591	18,6983	1.345.054.563
EUR	30.378.506	19,9349	605.592.479
Total			1.657.236

Outstanding Claims Reserve	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	(7.760.330)	18,7320	(145.366.502)
EUR	(4.302.194)	19,9708	(85.918.256)
Other			(135.639)
Total			(231.420.396)

Payables from Insurance Operations	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	(86.101.316)	18,7320	(1.612.849.851)
EUR	(19.613.910)	19,9708	(391.705.474)
Other			(2.275.035)
Total			(2.006.830.360)

Payables to Suppliers	Amount in Foreign Currency	Exchange Rate	Amount TRY
USD	(1.284.232)	18,7320	(24.056.234)
EUR	(507.694)	19,9708	(10.139.055)
			(20.493)
Total			(34.195.289)

Net Foreign Currency Position **1.138.535.663**

13. Derivative Financial Instruments

During the period between January 1 - March 31, 2023, 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 8,864,701 (January 1 - March 31, 2022: TRY 66,005,841).

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14. Cash and Cash Equivalents

	March 31, 2023	December 31, 2022
Cash at Banks	3.926.211.240	1.182.736.630
<i>Time Deposit</i>	3.192.999.553	1.121.453.756
<i>Demand Deposit</i>	733.211.687	61.282.874
Bank Guaranteed Credit Card Receivables with Maturities less than three months	388.537.508	1.011.654.963
Total	4.314.748.748	2.194.391.593
Interest Accrual on Cash and Cash Equivalents	(130.589.649)	(29.221.893)
Cash Flow Based Grand Total	4.184.159.099	1.777.272.887

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

The details of interest rates received from time deposits as of March 31, 2023, and December 31, 2022 are as follows:

	March 31, 2023 Annual Interest Rate (%)	December 31, 2022 Annual Interest Rate (%)
TRY	14,00 - 56,75	10,40 - 45,75
USD	0,01 - 7,25	0,05 - 0,1
EUR	0.01	0.01

As of March 31, 2023, the maturities of TRY deposits are between April 3, 2023, and August 8, 2024; The maturity of foreign currency USD deposits are April 3, 2023, and April 18, 2023.

As of December 31, 2022, the maturities of TRY deposits vary between January 2, 2023, and April 18, 2023; while the currency of foreign exchange deposits varies between January 2, 2023, and May 9, 2023.

As of March 31, 2023, the reverse repo transaction accounted under the Company's Other Financial Liabilities account includes TRY 190,682,876. (December 31, 2022: TRY 78,282,082 repo).

As of March 31, 2023, the Company has accounted TRY 1,682,877 in the valuation of repurchase agreements. (December 31, 2022: TRY 723,666 Repurchase Expenses) (Note 26).

15. Share Capital

15.1 Transactions between the Company and its shareholders, showing each distribution made to the shareholders separately

The Company's shareholders and its shareholders' equity structure as of March 31, 2023, and December 31, 2022 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.

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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 profit cannot be transferred to another account nor be withdrawn unless it is in any other account, except for the addition to the capital within five years. The Sales Profit to Be Added to The Capital account includes the amounts transferred from the real estate sales to the equity.

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

According to the Turkish Commercial Code, legal reserves; consists of first and second legal reserves. The first legal reserve is appropriated out of the statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves cannot be distributed unless they exceed 50% of the total capital; however, they can be used to compensate for losses in case of depletion of reserve reserves. As of March 31, 2023, the Company has legal reserves amounting to TRY 111,936,210 (December 31, 2022: TRY 111,936,210).

Special Funds (reserves)	March 31, 2023	December 31, 2022
Actuarial (gain)/loss	11.251.789	23.070.953
Total	11.251.789	23.070.953

Equity Share Premiums

As a result of the increase in its current capital from TRY 612,000,000 to a nominal value of 1,000,000,000 TL with the Board of Directors Decision no. 3 dated 24 June 2022, the Group has obtained a Share Premium of TRY 3,463,617. (December 31, 2022: 3.463.617.)

Gains from sale of fixed asset

None. (31 December 2022: None).

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

15. Share Capital (Continued)

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 (Continued)

Extraordinary Reserves

On January 26, 2022, the issued capital of the group with a nominal value of TRY 306,000,000 within the registered capital ceiling of TRY 750,000,000, with a total nominal value of TRY 306,000,000, fully covered from internal resources, TRY 90,989,327 from the Sales Profits to be Added to the Capital and TRY 215,010,673 from the Extraordinary Reserves account. and it was decided to be increased by 100% free of charge to TRY 612,000,000. As of December 31, 2022, the Company has Extraordinary Reserves amounting to TRY 200.091.506 (December 31, 2021: TRY 225.705.415).

With the temporary article 32 added to the Tax Procedure Law with the Law No. 7338 and the paragraph (Ç) added to the 298th article of the Law, the revaluation opportunity for the immovables and depreciable economic assets (ATIK) in the assets of has been made permanent for the companies.

The company is subject to revaluation in accordance with the Temporary Article 32 added to the Tax Procedure Law with the Law No. 7338 pursuant to the General Communiqué on the Tax Procedure Law with line number 547 published and the paragraph (Ç) added to the 298th article of the Law on 14 January 2023. The company follows the fund related to the revaluation of the immovables in its assets in the Extraordinary Reserves account.

15.3 For each class of share capital

15.3.1 The explanation about the number of capital shares

The Company's issued capital share is composed of 161,200,000,000 shares having a nominal amount of TRY 0.01 each. These shares are presented by Class 10 shares (December 31, 2022: 161,200,000,000 shares with a nominal amount of TRY 0.01 each).

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

None (December 31, 2022: 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 (December 31, 2022: TRY 0.01 per share).

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

	Number of Shares	
	March 31, 2023	December 31, 2022
Beginning of the Period, 1 January	161,200,000,000	30,600,000,000
Issued in the Current Period (*)	-	130,600,000,000
End of the Period, 31 March	161,200,000,000	161,200,000,000

(*) According the decision of the Capital Markets Board dated March 17, 2022 and numbered 13/426, of the issued capital of the Company with a nominal value of TRY 306,000,000 within the registered capital ceiling of TRY 750,000,000, TRY 90,989,327 will be from the Sales Profits to be Added to the Capital account and TRY 215,010,673 will be from the Extraordinary Reserves account. The company has increased its current capital amounting to TRY 612,000,000, with a total nominal value of TL 306,000,000, fully covered by internal resources, and increased by 100% bonus to TRY 612,000,000, dated 5 July 2022, and no. decided to increase the amount to TRY 1,612,000,000. On 27 October 2022, the Capital Markets Board approved the Company's capital increase application and the capital increase transactions were registered by the Istanbul Trade Registry on 23 December 2022.

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15. Share Capital (Continued)

15.3 For each class of share capital (Continued)

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

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

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

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

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

None (December 31, 2022: None).

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

None (December 31, 2022: None).

15.4 Share based payments

None (December 31, 2022: None).

15.5 Subsequent events

Disclosed in Note 46.

16. Other Provisions and Capital Component of Discretionary Participation

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

	March 31, 2023	December 31, 2022
Available for sale financial assets valuation difference	(15.775.160)	2.508.795
Deferred tax effect	3.943.790	(627.199)
Total	(11.831.370)	1.881.596

The actuarial loss amounting to TRY 15,002,385 (Deferred tax effect: TRY 3,750,596), which is calculated in the provision for severance pay in line with the amendments made to the "IAS 19-Benefits Provided to Employees" standard effective as of January 1, 2013, is accounted under special funds under equity (December 31, 2022 TRY 30,761,271, Deferred tax effect: TRY 7,690,318).

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

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

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

None (December 31, 2022: None).

16.3 Hedging for forecasted transactions and net investment hedging

None (December 31, 2022: None).

16.4 Hedging against financial risks

Disclosed in note 34.5.

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

	2023 Increase/(Decrease)	2022 Increase/(Decrease)
Beginning of the Period, 1 January	1.881.596	(30.139.525)
Increase/decrease in value recognized under the shareholders' equity in the current period	(13.712.966)	32.021.121
End of the Period, 31 March	(11.831.370)	1.881.596

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

None (December 31, 2022: None).

16.7 Revaluation increases in tangible fixed assets

None (December 31, 2022: None).

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

None (December 31, 2022: None).

17 Insurance Liabilities and Reinsurance Assests

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

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

Branch	March 31, 2023		December 31, 2022	
	Amount to be Provided TRY	Current Blockage TRY	Amount to be Provided TRY	Current Blockage TRY
Life	1.467.566	2.046.500	1,470,766	2.211.500
Government Bonds		2.046.500		2.211.500
Non-Life (*)	886.918.941	971.263.636	671.930.181	832.025.834
Government Bonds		166.444.460		
Eurobond		804.819.176		832.025.834
Total	888.386.508	973.310.136	673.400.948	834.237.334

(*) March 31, 2023, the required guaranteed amount has been calculated based on capital requirements in December 31, 2022. The Company has on behalf of Insurance and Private Pensions Regulation and Supervision Agency ("SEDDK"), TRY 168,490,960 in government bonds, and TRY 804,819,176 Eurobonds blocked.

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17. Insurance Liabilities and Reinsurance Assests (Continued)

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

	2023		2022	
	Unit	Mathematical Reserves TRY	Unit	Mathematical Reserves TRY
Beginning of the Period, 1 January	155	1.325.877	157	1.343.509
Participations in the Current Period	-	-	-	-
Leavings in the Current Period	-	174.520	(2)	(17.632)
End of Period, 31 December	155	1.500.397	155	1.325.877

Mathematical reserves amounting to TRY 1,500,397 (December 31, 2022; TRY 1,325,877) and Reserves for the policies, investment risk of which belongs to life insurance policy holders amounting TRY 150,040 (December 31, 2022: TRY 132,588) and cancelled policy numbers together with their mathematical reserves are included in the table above.

Financial assets classified as Financial Assets Available For Sale under Financial Investments at Policyholder's Risk are valued with current value as explained in note 11; as of March 31, 2023, there is no difference in the value accounted in Life Mathematical Reserve account discounted with current value (December 31, 2022: None).

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

Branch	March 31, 2023	December 31, 2022
Motor Crafts Liability	67.466.240.881.092	66.361.480.983.801
Health	2.075.624.031.182	2.094.305.236.668
Fire and Natural Disaster	4.058.094.566.363	3.562.430.488.643
General Losses	916.455.471.596	772.976.232.121
Transportation	997.202.760.791	956.532.696.798
General Liability	313.888.012.591	266.278.685.542
Financial Losses	425.724.310.246	388.037.488.779
Motor Own Damage	558.175.715.323	511.336.853.734
Air Crafts Liability	331.699.756.813	316.646.805.750
Accident	63.111.224.092	54.323.879.115
Legal Protection	9.879.940.785	9.581.314.764
Air Crafts	19.822.679.232	15.344.270.144
Suretyship	3.737.389.504	3.508.319.185,22
Credit	2.950.810.930	2.566.411.902
Total	77.242.607.550.540	75.315.349.666.946

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

None (December 31, 2022: None).

17.5 Number and amount of participation certification in portfolio and circulation

None (December 31, 2022: None).

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17. Insurance Liabilities and Reinsurance Assests (Continued)

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

None (December 31, 2022: None).

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

None (December 31, 2022: None).

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

None (December 31, 2022: None).

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

None (December 31, 2022: None).

17.10 Number of transfers from the Company's life portfolio to individual pension portfolio and their group or individual gross and net share participations

None (December 31, 2022: None).

17.11 Number of transfers from the Company's individual pension portfolio to other company or not and together their personal and corporate allocation and gross and net share participations

None (December 31, 2022: None).

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

None (December 31, 2022: 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 are calculated as below:

	March 31, 2023 Profit Share Distribution	December 31, 2022 Profit Share Distribution
TRY (Life Insurance)	9.00	9.00

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17. Insurance Liabilities and Reinsurance Assets (Continued)

17.15 Explanation of information that describes amounts arose from insurance agreements

None (December 31, 2021: None).

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

Reinsurance Assets

	March 31, 2023	December 31, 2022
Reinsurance Share of Outstanding Claims Reserve (Note 4.1.2.2)	7.875.713.632	3.710.864.552
Reinsurance Share of Unearned Premiums Reserve (Note 20)	4.951.257.825	3.808.591.870
Reinsurance Share of Equalization Reserve (Note 20)	549.283.660	485.464.437
Receivables from Reinsurance Companies (Note 12.1)	89.965.830	141.890.343
Reinsurance Share of Unexpired Risks Reserve (Note 20)	174.923.533	201.429.210
Reinsurance Share of Premiums and Discounts	233.659	233.659
Cash Deposited For Insurance & Reinsurance Companies (Note 12.1)	30.954	30.954
Total	13.641.409.093	8.348.505.025

Reinsurance Debts

	March 31, 2023	December 31, 2022
Payables to Insurance and Reinsurance Companies (Note 19.1)	2.860.222.980	2.052.543.633
Deferred Commissions Income (Note 19.1)	754.658.405	531.238.119
Total	3.614.881.385	2.583.781.752

Income/Expense on Reinsurance Agreements

	1 January- 31 March 2023	1 January- 31 March 2022
Reinsurance Share of Outstanding Claims Reserve	4.164.849.080	227.440.961
Reinsurance Share of Unearned Premiums Reserve (Note 20)	1.142.665.954	415.926.158
Reinsurance Share of Claims Paid	1.028.808.219	366.504.467
Commissions Received (Note 32)	254.458.396	113.071.188
Reinsurance Share of Premiums and Discounts	-	(416.633)
Reinsurance Share of Unexpired Risks Reserve (Note 20)	(26.505.677)	(44.754.698)
Premiums Ceded to Reinsurers (-)	(3.148.407.238)	(1.314.258.905)
Total	3.415.868.734	(236.487.462)

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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):

Branch	March 31, 2023		December 31, 2022	
	Premiums Ceded (*)	Reinsurance Share of Technical Reserves (**)	Premiums Ceded (*)	Reinsurance Share of Technical Reserves (**)
Fire and Natural Disaster	(821.272.495)	3.594.197.464	394.521.445	(404.733.110)
Health	(657.581.358)	345.006.453	242.908.631	(188.575.088)
General Losses	(565.204.502)	345.766.473	156.636.253	(283.572.769)
Motor Crafts Liability	(423.076.326)	328.980.312	128.795.255	(166.441.232)
General Liability	(190.183.385)	108.537.735	21.890.137	(130.433.928)
Financial Losses	(122.103.401)	100.592.635	15.814.359	(41.505.554)
Transportation	(54.268.698)	3.783.207	17.335.499	(49.548.430)
Accident	(7.021.410)	(1.552.626)	2.434.851	(4.790.518)
Fidelity Guarantee	(1.145.453)	233.038.577	165.803	(678.726)
Air Crafts Liability	(26.658.773)	(54.607.106)	-	(18.058.860)
Air Crafts	(15.535.988)	(1.917.208)	-	(9.604.787)
Watercrafts	(28.505.758)	(6.777.328)	13.900.000	(10.663.691)
Credit	(1.746.147)	(104.201)	285	(1.294.092)
Motor Own Damage	(234.103.544)	286.064.970	34.396.421	(4.358.120)
Total	(3.148.407.238)	5.281.009.357	1.028.808.219	(1.314.258.905)

(*) 2 As explained in Note 2.15, Transferred Premiums amounted to TRY 88,252,910 (March 31, 2022: TRY 53,618,220) transferred to the Social Security Institution as of March 31, 2023

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

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

17.17. Comparison of incurred claims with past estimations

Disclosed in Note 4.1.1.3.

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

Disclosed in Note 4.1.1.4.

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

	2023	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, January 1	2.583.781.752	8.348.505.025
Net change of the year	1.031.099.633	5.292.904.068
End of the period - March 31	3.614.881.385	13.641.409.093

	2022	
	Insurance Payables	Reinsurance Assets
Beginning of the Period, January 1	1.480.465.096	5.171.408.394
Net change of the year	305.988.565	636.246.157
End of the period - March 31	1.786.453.661	5.807.654.551

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17. Insurance Liabilities and Reinsurance Assets (Continued)

17.20 Deferred production commissions and deferred commission income

The part of the commissions paid to the intermediaries for the premiums written and the commissions received from the reinsurers due to the premiums transferred to the reinsurers are accounted for in the balance sheet under 'Deferred manufacturing expenses' and 'deferred commission income' accounts, respectively, and in the Income Statement under the operating expenses account. Deferred commission expenses and deferred commission income as of March 31, 2023, amounted to TRY 1,057,773,069 (December 31, 2022: TRY 885,958,057) and TRY 754,658,405 (December 31, 2022: TRY 531,238,119), respectively, deferred production expenses and deferred tax commission income is included in account items

18. Investment Contract Liabilities

Disclosed in Note 17.3.

19. Trade and Other Payables, Deferred Income

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

	March 31, 2023	December 31, 2022
Payables from Insurance and Reassurance Operations (Note 17.16)	2.860.222.980	2.052.543.633
Payables from Insurance Operations	2.860.222.980	2.052.543.633
Payables to suppliers	48.104.578	120.759.085
Turkish Catastrophe Insurance Pool Payables to agencies	92.389.764	78.158.956
Payables to contracted enterprises	16.882.516	58.594.811
Payables to Turkish Catastrophe Insurance Pool	2.479.162	2.113.421
Other	613.609	1.117.874
Other Payables	160.469.629	260.744.147
Payables to SSI regarding medical expenses	69,641,878	60,198,675
Deferred commission income (Not 17.16)	754.658.405	531.238.119
Provision for Cost Expenses (Not 23.4)	182.722.704	96.230.891
Deferred Income and Expense Accruals	937.381.109	627.469.010
Total Short-Term Liabilities	4.046.322.984	3.010.398.668
Total Trade and Other Payables, Deferred Income	4.046.322.984	3.010.398.668

19.2 Related Party Disclosures

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

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

20. Payables

Insurance Technical Reserves

	March 31, 2023	December 31, 2022
Unearned Premiums Reserve - Net (*)	4.227.315.709	3.897.966.852
Outstanding Claims Reserve - Net (Note 4.1.2.2)	3.064.251.001	2.788.449.164
Equalization Reserve - Net	20.898.287	154.900.203
Mathematical Reserves - Net	1.500.397	1.325.877
Unexpired Risks Reserve - Net	140.054.670	153.218.079
Bonuses and rebates reserve - Net	10.224	10.224
Total	7.454.030.288	6.995.870.399

(*) While calculating the income statement effect of the provisions for unearned premiums, TRY 13,684,832 the deferral effect of the premiums transferred to assistance companies, which is included in operating expenses, has been netted off (December 31, 2022: TRY 10,125,503).

As disclosed in Note 2.15, the reinsurers' share of unearned premiums includes SSI share as of March 31, 2023, which is TRY 27,057,109 (March 31, 2022: TRY 7,219,323 the reinsurers' share of unearned premiums)

The movement of technical reserves are as follows:

Unearned Premium Reserve:

	March 31, 2023			December 31, 2022		
	Gross	Reinsurance (*)	Net	Gross	Reinsurance (*)	Net
Beginning of the Period, January 1	7.706.558.722	(3.808.591.870)	3.897.966.852	3.938.317.399	(1.925.985.907)	2.012.331.492
Net change	1.472.014.812	(1.142.665.955)	329.348.857	635.441.445	(415.926.159)	219.515.286
End of the Period, March 31	9.178.573.534	(4.951.257.825)	4.227.315.709	4.573.758.844	(2.341.912.066)	2.231.846.778

(*) The reinsurance share for unearned premiums also includes the share of SSI amounting to TRY 27,057,109 (March 31, 2022: 7,219,324 the reinsurers' share of unearned premiums).

Unexpired Risk Reserve:

	March 31, 2023			December 31, 2022		
	Gross	Reinsurance	Gross	Reinsurance	Gross	Reinsurance
Beginning of the Period, January 1	354.647.290	(201.429.211)	153.218.079	350.168.151	(256.843.068)	93.325.083
Net change	(39.669.086)	26.505.677	(13.163.409)	153.515.428	44.754.698	198.270.126
End of the Period, March 31	314.978.204	(174.923.534)	140.054.670	503.683.579	(212.088.370)	291.595.209

Equalization Reserve:

	March 31, 2023			December 31, 2022		
	Gross	Reinsurance	Gross	Reinsurance	Gross	Reinsurance
Beginning of the Period, January 1	640.364.639	(485.464.436)	154.900.203	415.818.190	(298.108.145)	117.710.045
Net change	(70.182.692)	(63.819.224)	(134.001.916)	40.819.346	(33.723.430)	7.095.917
End of the Period, March 31	570.181.947	(549.283.660)	20.898.287	456.637.536	(331.831.575)	124.805.962

Provision for bonus and discount

	March 31, 2023			December 31, 2022		
	Gross	Reinsurance	Gross	Reinsurance	Gross	Reinsurance
Beginning of the Period, January 1	243.882	(233.659)	10.224	773.975	(768.407)	5.568
Net change	-	-	-	(420.712)	416.633	(4.079)
End of the Period, March 31	243.882	(233.659)	10.224	353.263	(351.774)	1.489

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

20. Payables (Continued)

Outstanding claims reserve:

The movement of Outstanding Claims Reserve of 2023 and 2022 are presented in note 4.1.1.3.

Lease Liabilities (Continued):

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

	March 31, 2023	December 31, 2022
Short-term rent liabilities	39.291.091	24.535.309
Long-term rent liabilities	44.400.602	24.596.866
Alternative borrowing rate and discount amount	(16.419.139)	(9.567.869)
Total rent liabilities	67.272.554	39.564.306

	March 31, 2023	December 31, 2022
Total lease obligation as of January 1	39.564.306	27.564.034
Rent payments (Real Estates and Motor Vehicles)	(8.500.215)	(20.166.791)
Interest payments	2.402.267	7.227.787
New lease agreements	33.806.196	25.304.020
Changes in lease agreements	-	(364.744)
Total rent liabilities	67,272,554	39,564,306

Payables to Credit Institutions

	March 31, 2023
Total payables to credit institutions as of 1 January	544.473.125
Credits received during the period(*)	50.000.000
Credits closed during the period	(269.819.167)
Accrued credit interests	23.239.237
Total payables to credit institutions as of the balance sheet date	347.893.195

(*) As of March 31, 2023, the Company has a principal of TL 50,000,000 with a one-year term, a total interest of TL 39,861, and a loan classified in the "Debts to Credit Institutions" account that it used on March 30, 2023.

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

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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22. Retirement and Welfare Liabilities

The funds established for the personnel of banks, insurance and reinsurance companies within the scope of the SGK Law were decided to be transferred to SG K within three years following the publication of the Law with the Provisional Article 23 of the Banking Law No. 5411, Council of Ministers dated 30 November 2006 and numbered 2006/11345. With its decision, the procedures and principles regarding the transfer have been determined. On the other hand, the relevant law article regarding the transfer was decided by the Constitutional Court, based on the application made by the President on 2 November 2005, and published in the Official Gazette dated 30 June 2007 and numbered 26479, dated 22 March 2007 and numbered E,2005/39, N,2007/33. It was annulled by the decision of the court and its validity was suspended as of the publication date of the decision.

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 Group 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 Group has no deficits by the end of the current period and no payments have been made in relation to any deficit amount by the Group. Fund assets are adequate in covering all the funds liabilities; therefore, the Group management anticipates no liabilities to be assumed in relation to the above-mentioned matter.

Retirement Pay Provisions:

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

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at December 31, 2022 and December 31, 2021; the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. As of December 31, 2021; the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 0,5% (December 31, 2021: 4%) The anticipated rate of forfeitures is considered and estimated rate of the Company's retirements pay is also taken into account.

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CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

22. Retirement Pay Provisions (Continued)

Actuarial loss amounting to TRY 15,002,385 (Deferred tax effect: TRY 11,251,789) 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 March 31, 2023, the maximum amount of TRY 19,983 effective from January 1, 2023, has been taken into consideration in calculation of provision from employment termination benefits (December 31, 2022: TRY 19,983).

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

	2023	2022
Beginning of the period, January 1	33.744.176	14.112.606
Charge for the period (Note 47)	26.903.662	3.381.887
Actuarial Gain/(Loss)	(15.758.886)	20.113.078
Retirement Payments (-)	(24.989.487)	(3.863.395)
End of the period, March 31	19.899.465	33.744.176

23. Other Liabilities and Expense Accruals

23.1 Provisions related to employee benefits and others

	2023		2022	
	Unused Vacations Provisions	Social Security Premiums Payable	Unused Vacations Provisions	Social Security Premiums Payable
Beginning of the period, January 1	7.694.606	525.318	3.690.561	235.747
Movements in the Current Period	6.659.630	45.485.237	4.736.668	83.552.547
Payments in the Current Period	(2.141.061)	(45.677.939)	(732.623)	(83.262.976)
End of the period, March 31	12.213.175	332.616	7.694.606	525.318

23.2 Total Amount of Non-Liability Commitments

Company's statement of pledges and commitments as of March 31, 2023 and December 31, 2022 are presented below:

	March 31, 2023		December 31, 2022	
	Amount in Original Currency	Amount TRY	Amount in Original Currency	Amount TRY
Collaterals, Pledges and Mortgages Given by the Company (CPM)				
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				
Turkish Lira	18.695.048	18.695.048	8.168.243	8.168.243
USD	-	-	-	-
D. Total amount of the other CPM's given				
i. Total amount of CPM's given in favor of the parent company	-	-	-	-
ii. Total amount of CPM's given in favor of other group companies not included in clauses B and C	-	-	-	-
iii. Total amount of CPM's given in favor of third parties not included	-	-	-	-
Turkish Lira	-	-	-	-
Total		18.695.048		8.168.243

Other CPM's given by the Company is zero in proportion to the Company's equity (December 31, 2022: None).

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CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

23. Other Liabilities and Expense Accruals (Continued)

23.3 Provisions, Contingents Assets and Liabilities

Contingent Liabilities	March 31, 2023	December 31, 2022
Outstanding Claims under Litigation (*)	2.117.985.205	1.437.663.503
Unused Vacation allowance	1.322.941	1.590.936
Business Cases Provision	12.213.175	6.310.232
Total	2.131.521.321	1.445.564.671

Contingent Assets	March 31, 2023	December 31, 2022
Subrogation Receivable Litigations, Gross	527.086.154	329.429.300
Trade Receivable Litigations and Executions	9.801.246	9.105.040
Total	536.887.399	338.534.340

(*) Outstanding claims provision consists of net receivables, interest, and expenses & agency fees in the amount of TRY 1,099,506,152, TRY 379,755,101 and TRY 638,723,950 respectively.

As of June 24, 2014, Tax Inspection Board of T.C. Ministry of Finance has launched a limited tax investigation related to the Banking and Insurance Transaction Tax for the years 2009, 2010, 2011 and 2012 and as a consequence of the tax inspection, tax of TRY1.8 million and tax penalty of TRY2.8 million for the year 2009, tax of TRY2 million and tax penalty of TRY3 million for the year 2010, tax of TRY3 million and tax penalty of TRY4.6 million for the year 2011 and tax of TRY4.3 million and tax penalty of TRY6.4 million for the year 2012 and in total tax and tax penalty of TRY27.9 million related to Banking Insurance Transaction Tax were imposed to the Company. The Company has not booked any provision in the financial statements since it believes that its practice is in compliance with the regulations. On January 16, 2015, the Company filed a reconciliation request for the year 2009 and on February 20, 2015 filed a reconciliation request for the years 2010, 2011 and 2012 to the Large Taxpayers Office Commission of Reconciliation. Large taxpayers were interviewed by the Tax Office on February 15, 2018, and on February 27, 2018 a lawsuit was filed against the Grand Taxpayers Office as no compromise could be reached. In the cases of 2009, 2010, 2011 and 2012, in tax litigation related to BITT, Tax Court has decided in favour of the Company in the cases of 2009 and 2010. The cases of 2011 and 2012 continue before the Tax Court. In 2022, the Seventh Court of the Council of State decided that the appeal request of all the cases belonging to the relevant years should be rejected and that the decision in accordance with the procedure and the law should be upheld, and the rejection of the lawsuits was finalized by the Council of State.

23.4 Provision for Expense Accruals

	March 31, 2023	December 31, 2022
Commission provision (*)	26.976.807	35.174.020
Performance premium provision	20.340.361	16.808.930
Guarantee fund provision	9.043.035	26.643.891
Expense provision	101.179.193	4.102.832
Business Cases Provision	1.322.941	1.526.062
Unused vacation provision	12.213.177	7.694.608
Other	11.647.190	4.280.548
Total	182.722.704	96.230.891

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

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24. Net Insurance Premium Revenue

	January 1 - March 31, 2023		
	Gross	Reinsurance share	Net
Motor Crafts Liability (*)	1.149.509.450	(234.103.544)	915.405.906
Motor Own Damage	1.121.564.867	(423.076.328)	698.488.539
Fire and Natural Disaster	947.427.400	(821.272.495)	126.154.905
Health	710.082.249	(657.581.358)	52.500.891
General Losses	622.892.532	(510.592.273)	112.300.259
General Liability	260.874.473	(244.766.935)	16.107.538
Financial Losses	139.787.466	(122.103.401)	17.684.065
Transportation	76.201.674	(54.268.698)	21.932.976
Air Crafts Liability	26.658.773	(26.658.773)	-
Accident	62.775.879	(7.050.089)	55.725.790
Water Crafts	33.523.780	(28.505.758)	5.018.022
Air Crafts	15.535.845	(15.535.988)	(143)
Fidelity Guarantee	1.659.588	(1.145.451)	514.137
Credit	1.820.727	(1.746.147)	74.580
Legal Protection	1.069.590	-	1.069.590
Total - Non-life branches	5.171.384.293	(3.148.407.238)	2.022.977.055
Life - Gross Written premium	-	-	-
Total	5.171.384.293	(3.148.407.238)	2.022.977.055

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

(*) Reinsurance share of land vehicles liability branch amounting to TRY 235,919,245 (January 1- December 31, 2022: TRY 184,693,219) includes premiums to be ceded to SSI.

25. Fee Income

None (January 1 - December 31, 2022: None.).

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26. Investment Income/(Expense)

	January 1- March 31, 2023	January 1- March 31, 2022
Realized Investment Income/Expenses		
Time Deposit	107.009.063	41.545.675
Government Bond	9.790.558	28.905.019
Eurobonds	68.342.492	28.118.968
Private Sector Bonds	17.508.197	21.379.492
Equity Share	13.240.123	2.660.273
Investment Fund	17.736.218	203.814
Treasury bond	(381.881)	(1.102.532)
Derivative transaction	(8.864.701)	-
Total	224.380.069	121.710.709
Unrealized Investment Income/(Expenses)		
Government Bond	4.121.468	37.231.163
Eurobonds	(10.959.737)	21.528.261
Investment Fund	134.408.980	9.395.803
Private Sector Bonds	(1.387.495)	2.136.603
Repo	(1.400.795)	1.005.748
Treasury bond	(32.450)	(30.121)
Time Deposit	63.306.899	(3.204.973)
Government Bond	4.121.468	37.231.163
Total	188.056.870	68.062.484
Investment Income/Expense, Net	412.436.939	189.773.193

27. Net Accrual Income on Financial Assets

	January 1- March 31, 2023	January 1- March 31, 2022
Financial Assets Available for Sale		
Valuation differences recognized under shareholders' equity	(11.831.370)	(29.244.276)
Total	(11.831.370)	(29.244.276)

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 27,418,438 as of March 31, 2023, (January 1 - December 31, 2022, TRY 29,236,878)

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29. Insurance Rights and Demands

Outstanding Claims Reserve Expenses	January 1,- 31 March 2023	January 1,- 31 March 2022
Suretyship	513.654	(480.777)
Legal Protection	154.504	(13.659)
Air Crafts	(9.563.437)	163
Air Crafts Liability	(5.915.064)	(1.481)
Credit	(120.430.547)	(61.718)
Accident	(80.698.781)	(527.213)
Health	(53.639.830)	(121.156)
Watercrafts	(689.006)	512.964
Transportation	(545.936)	(3.077.218)
Financial Losses	(1.194.290)	(329.804)
General Losses	(4.548)	(6.869.683)
General Liability	(617)	(23.703.311)
Fire and Natural Disaster	(4.892)	(9.167.383)
Motor Own Damage	(94)	(26.089.888)
Motor Crafts Liability	(3.782.954)	(89.545.623)
Total Non-life	(275.801.838)	(159.475.787)
Life		2.604
Total (*)	(275.801.838)	(159.473.183)

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

30. Investment Agreement Types

None. (December 31, 2022: None).

31. Mandatory Other Expenses

Types of expenses are disclosed in Note 32.

32. Expense Type

	January 1,- 31 March 2023	January 1,- 31 March 2022
Production Commissions (-)	(467.596.325)	(240.019.949)
Employee Wages and Expenses (-) (*) (Note 33)	(137.418.636)	(58.376.300)
Information Technology Expenses (-)	(26.942.994)	(12.775.323)
Meeting and Training Expenses (-)	(8.738.555)	(2.270.013)
Transportation Expenses (-)	(4.612.726)	(1.395.273)
Social Relief Expenses (-)	(9.423.034)	(2.582.023)
Advertisement Expenses (-)	(4.798.152)	(2.394.016)
Reinsurance Commissions (+)	254.458.396	113.071.188
Other (-)	(17.249.333)	(3.495.509)
Total	(422.321.359)	(210.237.218)

(*) The Group pays monthly individual pension contributions, at a minimum of 98 TL and a maximum gross minimum wage, for personnel who fulfill the conditions, and this amount is shown in personnel wages and expenses.

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33. Employee Wages and Expenses

	January 1- 31 March 2023	January 1- 31 March 2022
Salary and Bonus Payments	(103.594.605)	(41.686.642)
Insurance Payments	(27.580.064)	(11.824.890)
Other Payments	(11.904.194)	(7.446.791)
Total (Note 32)	(143.078.863)	(60.958.323)

34. Financing Cost

34.1 Financial Expenses:

March January 1- March 31, 2023, the Company has an interest expense of TRY 26.133.035, which is TRY 2.708.255 based on lease agreements, TRY 185.544 based on financial leasing agreements and TRY 23.239.236 based on financing received from credit institutions in the accounting period within the scope of TFRS 16 between January 1 and March 31, 2023. (1 January – 31 March 2022: TRY 4,761,584.)

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

None. (December 31, 2022: None).

34.3 Sales transactions with shareholders, affiliates, and subsidiaries:

Disclosed in Note 45.

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

Disclosed in Note 45

34.5 Hedge accounting principle

Cash Flow hedging principle

None. (December 31, 2022: None).

Type risk and principle of the cash flow hedge

None. (December 31, 2022: None).

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

None. (December 31, 2022: None).

35. Corporate Tax

	March 31, 2023	December 31, 2022
<u>Current Tax Liability:</u>		
Corporate Tax Liability Provision on Period Profit	-	-
Prepaid Taxes and Other Liabilities on Period Profit (-)	-	-
Withholdings paid in advance through deduction	(6.761.550)	(3.664.432)
Total	(6.761.550)	(3.664.432)

CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

35. Corporate Tax (Continued)

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

Tax (Expense)/Income is Formed by the Items Below:	January 1- March 31 2023	January 1- December 31 2022
Current Tax Income/(Expense)	-	-
Deferred Tax Income/(Expense) due to		
Temporary Differences	(11.685.903)	62.825.827
Total Tax Income/(Expense)	(11.685.903)	62.825.827
Deferred Tax	2023	2022
Recognized in the Shareholders' Equity:		
Valuation of Financial Assets Available for Sale	3.943.790	(627.199)
Actuarial Gain/Loss Effect	3.750.596	7.690.318
	7.694.386	7.063.119

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

In the financial statements as of March 31, 2023, deferred tax assets and liabilities are calculated by considering the time intervals in which the deferred tax assets consisting of deductible temporary differences will be realized by generating taxable profit in the future, it is calculated with 25% for realizable in 2023 and for the following years.(December 31, 2022: %25, December 31, 2023: %23 and for the following years %20).

The deferred tax asset/liability movement is as follows:

Deferred Tax	2023	2022
Beginning Period, 1 January	227,091,664	47,368,753
Temporary Differences	(11,685,903)	185,277,610
Change of Temporary Differences Directly in Equity	631,267	(4,069,235)
End of Period, 31 March	217,522,493	228,577,129

Deferred tax items are as follows:

Deferred Tax Assets/(Liabilities)	Temporary Differences March 31, 2023	Temporary differences December 31,2022	Deferred Tax Assets/ (Liabilities) March 31, 2023	Deferred Tax Assets/ (Liabilities) December 31, 2022
	Expense reserves (Note 23.4)	163.355.058	59.422.047	37.089.594
Performance premium provision (Note 23.4)	20.340.360	16.808.930	5.085.090	4.202.232
Equilization provision	16.799.706	14.972.733	4.199.927	3.743.183
Provision for employment termination benefits (Note 22)	19.899.464	33.744.176	4.974.866	8.436.044
Provision for doubtful receivables	71.495.487	46.452.664	17.873.872	11.613.166
Unused vacation allowance (Note 23.4)	12.213.175	7.694.606	3.053.294	1.923.652
Unexpired Risk Reserve	140.054.670	153.218.079	35.013.668	38.304.520
Bonus and rebates provision	10.224	10.224	2.556	2.556
Valuation effect of derivative products	(641.872)	(1.148.041)	(160.468)	(287.010)
Tangible Asset Leases	6.572.398	5.287.130	1.643.100	1.321.783
Marketable securities valuation impact	48.176.573	7.445.920	12.044.143	1.861.480
Tangible and intangible assets	151.704.020	(16.589.040)	37.431.321	49.234.633
Exchange Rate Difference Valuation Differences	548.617	(5.740.238)	137.154	(1.435.061)
Financial Loss for the Period	230.651.544	373.259.896	59.134.376	93.314.974
Deferred Tax Assets/(Liabilities)	881.179.425	694.839.086	217.522.493	227.091.664

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CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

35. Corporate Tax (Continued)

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

	March 31, 2023	December 31, 2022
Profit before tax	139.004.917	(304.940.761)
Calculated tax revenue: %25 (2021: %22)	(34.751.229)	76.235.190
Effect of additions	(102.736.013)	(64.389.559)
Effect of discounts, net	196.621.618	81.469.343
Tax impact of tax loss	(59.134.376)	(93.314.974)
Total Tax Expense	-	-

36. Net Foreign Exchange Gain/Loss

	January 1- March 31, 2023	January 1 March 31, 2022
Recognized in Profit/Loss:		
Foreign Exchange Income	242.533.989	245.819.858
Foreign Exchange Expense	(190.897.991)	(216.809.480)
	51.635.998	29.010.378

37. Earnings per Share

	2022	2021
Number of Equity Shares Outstanding	161.200.000.000	30.600.000.000
Beginning Period, 1 January	161.200.000.000	30.600.000.000
Bonus issued stock	-	-
Stocks issued with cash	-	-
Number of Equity Shares Outstanding	161.200.000.000	30.600.000.000
End of Period, 31 December	161.200.000.000	30.600.000.000
Weighted Average Number of Outstanding Shares (Unit of 1; TRY 0,01)	161,200,000,000	30,600,000,000
Net Profit for the Period/(Loss) (TRY)	127,319,014	(254,332,337)
Earnings/(Loss) per Share (TRY)	(0.790)	(0.831)

38. Dividends per share

Based on the decision taken at the Ordinary General Assembly Meeting held on March 29, 2022, the Group did not distribute profit to the shareholders, as there was no profit in the financial statements containing the operating results for 2022. (31 December 2022: TRY None)

39. Cash Generated from the Operations

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

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CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

40. Equity Share Convertible Bonds

None (December 31, 2022: None).

41. Cash Convertible Privileged Equity Shares

None (December 31, 2022: None).

42. Risks

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

43. Commitments

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

44. Business Combinations

None (December 31, 2022: None).

45. Related Parties

Related Party Receivables/(Payables)

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

<u>Bank Deposit</u>	31 March 2023	31 March 2022
Group Companies	537.804.720	258.054.000
Total	537.804.720	258.054.000
<u>Private Sector Bonds</u>	31 March 2023	31 March 2022
Group Companies	-	6.394.313
Total	-	6.394.313
<u>Investment Funds</u>	31 March 2023	31 March 2022
Group Companies	2.980.721.072	228.527.165
Total	2.980.721.072	228.527.165
<u>Related Party Receivables/(Payables)</u>	31 March 2023	31 March 2022
Related Parties	288.019.801	240.029.057
Receivables from affiliated partners	7.488.613	-
Receivables from partners	3.578.678	411.535
Debts to partners	(51.533.333)	(39.788.556)
Total	247.553.759	200.652.035

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CONVENIENCE TRANSLATION OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 - MARCH 31, 2023

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

45. Related Parties (Continued)

<u>Premium production</u>	1 January- 31 March 2023	1 January- 31 March 2022
Group Companies	315.160.449	297.821.861
Shareholders	14.083.304	10.236.951
Total	329.243.753	308.058.812
<u>Claims Paid</u>	1 January- 31 March 2023	1 January- 31 March 2022
Group Companies	13.124.273	5.193.970
Shareholders	13.187	6.243
Total	13.137.459	5.200.213
<u>Interest Income Received from Related Part</u>	1 January- 31 March 2023	1 January- 31 March 2022
Group Companies	15.861.496	6.962.816
Total	15.861.496	6.962.816
<u>Commission Expenses</u>	1 January- 31 March 2023	1 January- 31 March 2022
Group Companies	80.618.169	40.175.451
Total	80.618.169	40.175.451

46. Subsequent Events

None.

47. Other

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

Other Receivables	March 31, 2023	December 31, 2022
Receivables from Tarım Sigortaları A.Ş.	-	29.869.201
Other Receivables	413.965	7.234.743
Receivables from Agencies due to DASK Premiums	10.276.350	9.671.229
Total	10.690.315	46.775.173

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

47. Other (Continued)

Other Short-Term Payables	March 31, 2023	December 31, 2022
Payables to contracted enterprises	92.389.764	58.594.811
Payables to suppliers	48.104.578	126.119.670
Payables to Turkish Catastrophe Insurance Pool	16.882.516	78.158.956
Other	2.479.162	1.117.874
Turkish Catastrophe Insurance Pool Payables to Agencies	613.608	2.113.421
Total	160.469.628	266.104.732
Other Prepaid Expenses	March 31, 2023	December 31, 2022
Prepaid Expenses	18.800.624	7.559.696
Total	18.800.624	7.559.696
Other Prepaid Expenses (Long Term)	March 31, 2023	December 31, 2022
Prepaid Expenses	110.304	110.304
Total	110.304	110.304

Assistance services under other technical expenses in the income statement, amounting to TRY 95,313,823 (January 1 - March 31, 2022: TRY 41,042,949), consist of deferral of these amounts and technical expenses of these services.

Income and Profit/Expenses and Losses from Other and Extraordinary Activities	1 January-March 31, 2023	1 January-December 31, 2022
Provisions Account (+/-)	(35.835.537)	(7.558.692)
Provisions for doubtful receivable (Note 12.1)	(280.260)	(155.920)
Portfolio Management	(499.500)	(2.772.101)
Retirement pay provision	(26.903.662)	(845.471)
Unused vacation provision	(6.659.630)	(2.730.935)
Provisions for other expenses	(1.492.485)	(1.054.265)
Specialized Insurance Account (+/-)	11.988.243	4.194.993
Deferred tax asset account (+/-)	(11.685.903)	62.825.827
Other income and profits	1.155.436	2.755.485
Other expenses and losses (-)	(80.386.601)	(5.227.876)
Bank Expenses	(64.395.111)	(3.853.796)
Disallowable expenses	(8.479.102)	(480.453)
Other	(7.482.068)	(893.627)
Total	(114.764.362)	56.989.737

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