

SOLID

**ROWTH IN EVERY FIELD**

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**Boasting more than 60 years of experience and expertise in the insurance sector, Güneş Sigorta injected further momentum into its growth in 2019.**

Acting in line with customers' expectations and needs, we continued to reshape our ways of doing business. We launched participation insurance activities for non-life insurance products and showed solid growth in the health sector.

Driven by the synergy generated by being a subsidiary of VakıfBank, one of the most deep-rooted banks in Turkey, we delivered a striking performance in premium productions and attained the most profitable results of the past few years.

**1.7+**  
MILLION CUSTOMERS

**1,323**  
BANK BRANCHES

**1,412**  
AGENCIES

**100**  
BROKERS

**3,254**  
CONTRACTED  
INSTITUTIONS

**613**  
EMPLOYEES

# SOLID GROWTH

## IN BANCASSURANCE

**Bancassurance soared by 172% year-on-year, reaching TL 801 million.**

We boast an extensive customer base as the subsidiary of VakıfBank, one of the deep-rooted banks in Turkey. Thanks to our enhanced integration with the bancassurance channel, we now rank the 3rd in the largest premium production on this channel.

**BANCASSURANCE PREMIUM PRODUCTION (TL MILLION)**





# STRONG PROGRESS

## IN TECHNICAL PROFIT

**Our technical profit rose by 494% year-on-year, reaching TL 153 million.**

We maintained our robust growth through satisfaction-driven insurance products. We generated TL 2.3 billion in premiums, equaling a 19% rise year-on-year while increasing our technical profit by 494% to TL 153 million.

**TECHNICAL PROFIT (TL MILLION)**





# ROBUST GROWTH

## IN SHAREHOLDERS' EQUITY

**Shareholders' equity rose by 61% year-on-year, reaching TL 1.29 billion.**

We continued to give confidence to Turkey through our new management and business vision, our highly energetic team working towards the same goal, and our shareholders' equity amounting to TL 1.29 billion.

**SHAREHOLDERS' EQUITY  
(TL MILLION)**







# THE PIONEER OF CHANGE IN THE TURKISH INSURANCE SECTOR

## ABOUT GÜNEŞ SİGORTA

...

### GÜNEŞ SİGORTA CONTINUED TO CREATE VALUE FOR ITS STAKEHOLDERS DURING 2019.

Representing the experience and expertise of more than 60 years in the insurance sector, Güneş Sigorta continued to create value for its stakeholders during 2019, armed with its vision of being the pioneer for change in the sector. Steering its activities in line with its responsibility as a subsidiary of VakıfBank, one of Turkey's deep-rooted banks, Güneş Sigorta realized a premium production of TL 2 billion 266 million as of the end of 2019 and ranked ninth among non-life insurance companies.

### BROAD CUSTOMER BASE

Güneş Sigorta was one of the leading players in the insurance sector in 2019, with its 613 employees, nine Bancassurance Regional Offices and ten Agency Regional Offices, 2 Representative Offices, 1,412 agencies, 1,323 bank branches, 100 brokers, 3,254 contracted institutions, and over 1.7 million customers across 81 cities. Having completed 62nd year of activity in the insurance sector, Güneş Sigorta operates within the framework of its customer-oriented service approach, and in accordance with the Insurance Law as well as other related



# 62

## YEARS

Having completed 62nd year of activity in the insurance sector, Güneş Sigorta operates within the framework of its customer-oriented service approach, and in accordance with the Insurance Law as well as other related regulations issued by the Ministry of Treasury and Finance based on this law.



regulations issued by the Ministry of Treasury and Finance based on this law. Güneş Sigorta pursues the vision of being a value-creating company for its stakeholders in the field of non-life insurance. Thus, it serves in the branches of Fire and Natural Disasters, Marine, Watercraft, Watercraft Third Party Liability, Motor Vehicles, Motor Vehicles Third Party Liability, Accident, Aircraft, Aircraft Third Party Liability, General Damages, General Liability, Legal Protection, Loan, Illness/Health, and Financial Losses.

### **CUSTOMER SATISFACTION APPROACH**

Güneş Sigorta utilizes its expertise and knowledge in the insurance sector to meet the specific product and service needs of its customers. As

the deep-rooted but innovative face of the Turkish Insurance sector, the Company builds its sales staff in a way that supports the growing targets of sales resources from year to year, adopts customer satisfaction as an indispensable performance criterion, protects the rights of its investors, and provides them with information on every aspect of the Company. Güneş Sigorta is a standout in the sector, offering products that meet all needs and budgets, and fast policy processes and claims services prioritizing customer satisfaction. Güneş Sigorta, a pioneer in the insurance sector since its foundation, holds ISO 9001:2015 Quality Management System and ISO 10002 Customer Complaints Management System Certificates.

### **GÜNEŞ SİGORTA IS THE DEEP-ROOTED AND INNOVATIVE FACE OF THE TURKISH INSURANCE SECTOR.**

## OUR VISION, MISSION AND VALUES



### OUR VISION

To pioneer change in the insurance industry, to create value for stakeholders and be the most preferred provider in the industry.

### OUR MISSION

To understand the needs of the customer and offer creative solutions with a customer oriented perspective. To contribute to the improvement of the standards in the insurance industry, create public awareness and offer the highest benefit to stakeholders with our current strategic direction and the ever-growing human resources.

### OUR VALUES

- > PIONEER IN CHANGE
- > RELIABLE
- > PROGRESSIVE
- > MAKING A DIFFERENCE
- > MAKING A DIFFERENCE
- > CUSTOMER ORIENTED

## OUR CUSTOMER RELATIONS POLICY



In line with our high-quality policy that was established through our mission, vision, and core values, we also believe in the enormous importance of customer satisfaction created by our products and services. In order to provide the best possible service, Güneş Sigorta has strengthened its commitment to customer satisfaction through comprehensive strategies and efforts that aim to improve customer service processes.

As a result of our performance, our top-quality customer service has been recognized with an ISO 10002 Customer Complaints Management System Certificate issued by international certification agencies -- a certificate granted to just a few companies in the insurance industry.

# DEEP-ROOTED INSTITUTION THAT CREATES VALUE FOR ITS STAKEHOLDERS

# OUR FUNDAMENTAL PRINCIPLES

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## ACCESSIBILITY

Thanks to a range of communication channels provided by our Company, customers can reach us easily in order to share their complaints, information requests, suggestions, or satisfaction levels with us.



## AVAILABILITY OF INFORMATION

Our customers are also able to receive any information they request in the shortest time and in the fastest way possible.



## FAST FEEDBACK

Responding promptly to all customer requests is among the basic priorities of our Company.



## SOLUTION ORIENTED

Fast and effective solutions are produced in line with the requirements of our customers.



## OBJECTIVITY

In addition to assessing and handling all customer requests objectively, we also take into consideration the objectivity criteria while seeking solutions.



## CONFIDENTIALITY

Use of any personal information obtained through customer applications are restricted by law and bound to the principle of confidentiality.



## CUSTOMER FOCUS

A customer-oriented policy is pursued to provide our customers with the best service and to ensure that the customer expectations are fully satisfied.



## TAKING THE INITIATIVE

Our team members are encouraged to take initiative and to make necessary decisions when required in order to meet customer needs in the shortest time possible and to maintain the maximum level of customer satisfaction.



## CUSTOMER ENGAGEMENT

Our customers are kept informed of the assessment and solution-seeking efforts in the management of their requests and are able to be actively engaged in the process.



## ACCOUNTABILITY

Assessments, solution-seeking efforts, status codes, and results of customer requests are reported and monitored.



## INTERNAL INFORMATION EXCHANGE

Customer relations activities are shared and monitored within the Company.



## CONTINUOUS DEVELOPMENT

Customer suggestions and opinions are carefully assessed and used as a source for continuous improvement efforts.



## PROFESSIONAL APPROACH

Customer requests are answered by our qualified team in a professional manner.

# SERVING TURKEY SINCE 1957

## OUR HISTORY



**GÜNEŞ SİGORTA  
COMMENCED  
PARTICIPATION  
INSURANCE ACTIVITIES  
BASED ON THE  
'WINDOW' MODEL.**

**1957**

Güneş Sigorta was founded. Fire, Marine and Accident branches were opened.

**1959**

The Life Insurances branch was established.

**1969**

The Engineering Insurance branch was founded for the first time in Turkey.

**1974**

The Agricultural Insurances branch was founded.

**1986**

Güneş Sigorta Sports Club was founded.

**1991**

30% of Güneş Sigorta shares were acquired by GAN.

**1992**

The Güneş Sigorta Women's Volleyball Team became the Youth League Champion.

**1993**

The Güneş Sigorta Women's Volleyball Team won the National Championship.

**1994**

Güneş Sigorta offered 15% of its shares to the public.

**1997**

The ISO 9000 Quality Management System was initiated.

**1998**

As Groupama acquired GAN, 30% of Güneş Sigorta shares were transferred to Groupama International.

**1999**

Güneş Sigorta pioneered the sector by opening the Legal Protection Insurance branch.

**2000**

- The VakıfBank Sports Club merged with the Güneş Sigorta Sports Club.
- VakıfBank Güneş Sigorta Sports Club Girls Gymnastics Team won the National Championship.

**2001**

- The Health (Illness) Insurance branch was opened.
- "Agents Council" was put into practice for the first time in the sector.

**2002**

- As part of the Mini Repair Service, the sector's first collaboration was built with Autoking.
- VakıfBank Güneş Sigorta Women's Volleyball Team became the Youth League Champion.

**2003**

- The Motor Vehicles Financial Liability Insurance and Loan Insurance branches were established.
- Authorization was received to convert into Individual Pension. Vakıf Emeklilik was founded.
- Pioneering practices like Automobile Extra and hologram policy were put into practice.
- ISO 9001:2008 Quality Management System was employed.

**2007**

- Celebrating its 50th anniversary, Güneş Sigorta raised its market share to 6.85% and ranked fifth in the sector.
- Güneş Sigorta Sailing Club was founded.

**2008**

- In the Insurance Summit organized by Active Academy, Güneş Sigorta received the Corporate Social Responsibility Award.

**2009**

- The Life Insurances branch was handed over to Vakıf Emeklilik.
- The number of special agencies was increased to 1,800.
- In order to produce some of its electricity, Güneş Sigorta built a Solar Energy Plant at its Head Office building.
- The insurance center sales support team was formed to provide assistance for bank branches.

**2010**

- The ISO 10002:2004 Customer Complaints Management System Certificate was received.
- For the first time in Turkey, the "Early Warning System" was offered to service as a precaution for the frost risk in greenhouses.
- Policies were produced with Pusula, the biggest IT project in the sector.
- Health Provision Center was founded.
- Intranet connection with GüneşNet agencies was built.

**2011**

- The United Nations Global Compact was signed.
- GüneşİM, the corporate communication platform for Güneş Sigorta employees, was put into service.
- 55 microloan holders in Turkey were covered by MikroSigorta.

**2012**

- The new IT system, Pusula, was fully integrated and employed.
- Approximately 200 aircraft, passengers and 16,000 employees of Turkish Airlines were insured upon a four-year contract with the company.
- Active communication was maintained via Facebook and Twitter.
- The Green Vehicle Insurance, a policy that covers electric vehicles with battery, was launched for the first time in Turkey.
- Two independent members were elected to the Board of Directors.
- The Ethical Principles of Insurance, published by the Insurance Association of Turkey, were adopted.

**2013**

- Six new Financial Regional Offices were founded.
- The Articles of Association were amended to conform with the new Turkish Commercial Code (TCC).
- The e-General Assembly was held for the first time.
- Competition Law principles were adopted.
- With the "Güneş Sigorta Facebook Application" and "Güneşi Yakala" (Catch the Sun), social media presence and engagement gained momentum.
- The MicroHousing Insurance, intended for citizens with low income, was launched as a social responsibility project.
- The MicroInsurance product was awarded the grand prize under the concept of the European Award Program for Corporate Social Responsibility.
- Armada, the distinctive business intelligence and data warehouse project, was put into practice.
- Güneş Sigorta broke through the TL 1 billion premium threshold.

**2014**

- The corporate website was renewed so that it could be displayed on all devices with an internet connection.
- Opportunities to win a trip abroad were provided to agencies with the Güneş Puan practice.
- Health Insurance for Foreign Residents (YBU) policies started to be produced via e-agency.

**2015**

- GüneşİM Complementary Health and İksir products were launched for sale.
- Legal Protection product was launched for sale.
- Mine Workers Compulsory Personal Accident Insurance product against the occupational risks of mineworkers was launched for sale.
- Centralization studies were completed for recourse, damage and accounting procedures (Except Cyprus Regional Office).

**2016**

- The transition of health insurance policies to Pusula, Güneş Sigorta's main system, was completed.
- A policy proposal screen was incorporated on the Company website.
- The Capital was increased from TL 150 million to TL 270 million.

**2017**

- One of the shareholders, Groupama SA, transferred all its shares to Groupama Holding Filiales et Participations as part of the reorganization.
- Medical Malpractice Insurance Pool has been a leading player in the sector.
- Güneş Sigorta celebrated its 60th year of activity.
- Güneş Sigorta Exempt Expanded Auto Insurance and Total Damage Coverage products were offered for sale.

**2018**

- KOBidost and Fiat Motor Insurance products were offered for sale.
- Quotes were submitted via the corporate website for auto and traffic insurance products; sale of the auto insurance product was offered.
- The social responsibility project "One Seedling for Each Green Auto Insured" was launched in cooperation with the Çekül Foundation.
- Travel Health Insurance and Yellow Shutters (Residential) products started to be sold via VakıfBank mobile and online banking.

**2019**

- The capital was increased from TL 270 million to TL 540 million.
- Participation insurance activities were launched based on the 'window' model.

# GÜNEŞ SİGORTA MAINTAINED ITS INNOVATIVE APPROACH IN 2019



## 2019 HIGHLIGHTS



**AREAS OF IMPROVEMENT IN DAMAGE MANAGEMENT PROCESSES WERE DETERMINED TO ENSURE HIGHER EFFICIENCY, SUSTAINABILITY AND QUALITY.**

### ORGANIZATIONAL STRUCTURING PROJECTS

- Assistant General Manager position for Strategy and System Management was removed; Information Technologies Group Directorate started to directly report to the General Manager. Other functions previously under the helm of this position are now performed by the new Human Resources, Training, Procurement and Administrative Services, and Management Coordination Group Directorates, which directly report to the General Manager.
- Non-Auto, Physical and Health Damage Group Directorate was established under the helm of the Assistant General Manager for Claims Management.
- Auto Insurances and Actuary Group Directorate, and Health, Operations and Risk Engineering Group Directorate were established under the helm of the Technical Assistant General Manager.
- The Assistant General Manager position in charge of Marketing and Sales Management was divided into

two: Assistant General Manager in charge of Bancassurance Sales and Marketing, and Assistant General Manager in charge of Agency and Broker Channel Sales.

- Agency Channel Western Regions Group Directorate and Agency Channel Eastern Regions Group Directorate were established under the helm of the Assistant General Manager in charge of Agency and Broker Channel Sales.

### CLAIMS TRANSFORMATION PROJECT

Areas of improvement were determined in claims management processes to guarantee higher efficiency, sustainability and quality. Standard and lean processes were established as part of the Claims Transformation Project.

### CLAIMS MANAGEMENT DIGITALIZATION EFFORTS

As part of claims management digitalization efforts, claims reporting via different channels and more rapid claims management processes for auto and housing insurance products were guaranteed.

### CORPORATE WEBSITE AND CUSTOMER MOBILE APP PROJECTS

The corporate website and customer mobile app projects enabled end customers to get online price offers for housing, DASK, motor vehicles insurance, travel health and traffic insurance products, take out policies via 3D secure payment, and display their current policies and policy information by visiting the online transactions menu.

### REINSURANCE PROJECT

Under the project, facultative reinsurance, excess of loss and advance claims payment processes were automated and integrated into the Pusula system.



The Health Infrastructure Development Project was finalized to make sure that provision and claims processes for the Complementary Health Insurance (TSS) are handled under the umbrella of Güneş Sigorta. Under the project, Octopus integration was completed to enable hospitals to receive provision via their core systems.

#### **HEALTH INFRASTRUCTURE DEVELOPMENT PROJECT**

The Health Infrastructure Development Project was finalized to make sure that provision and claims processes for the Complementary Health Insurance (TSS) are handled under the umbrella of Güneş Sigorta. Under the project, Octopus integration was completed to enable hospitals to receive provision via their core systems.

#### **SPECIAL PRODUCT FOR TSS CONTRACTED INSTITUTIONS**

For TSS Contracted Institutions, a hybrid product was designed and brought into service. This product serves as a TSS policy preliminarily, or a Private Health Insurance policy in areas not covered by the TSS policy.

#### **AUTO, TSS AND HOUSING INSURANCE PRODUCTS**

Auto, TSS and Housing insurance products were developed and introduced on bancassurance distribution channels in accordance with the Regulation on the Operating Principles and Procedures of Participation Insurance.

#### **PARTICIPATION PRODUCTS ONLINE PROPOSAL AND POLICY ISSUANCE PROJECT**

Integration was completed with the participation banks acting as the

agency of Güneş Sigorta. Branch employees were enabled to issue policies for Auto Participation Insurance, Housing Participation Insurance, and Complementary Health Participation Insurance products online. Online integration efforts for other retail Participation Insurance products are ongoing.

#### **INTEGRATION EFFORTS**

Integration between the procurement application and Pusula's budget application was completed. The integration helped reserve the budget items regarding the product/service to be procured and notify the budget owner departments automatically via e-mail.

#### **REARRANGED BUSINESS PROCESSES**

As for the resolution of legal disputes through mediation, business processes were devised in accordance with the Regulation on the Law on Mediation in Legal Disputes, and relevant developments on Pusula were completed.

#### **KEP SYSTEM**

Incoming messages to the National Electronic Notification System can now be automatically forwarded to relevant business units via the KEP system in line with the business rules applicable.

#### **SBM AND DATA MATURITY PROJECT**

Relevant phases of the SBM and Data Maturity Project, aimed at the reconciliation of the data sent to the Insurance Informing and Monitoring Center (SBM) and data retained at the Company, were completed.

#### **SBM RECOURSE SOFTWARE PROJECT**

The SBM Recourse Software Project was developed to enable recourse requests to be filed via the SBM for the purposes of enhancing the efficiency of recourse procedures between insurance companies.

#### **POLICY ISSUANCE ON DIGITAL CHANNELS**

As part of the project conducted to enable policies to be issued on digital channels, the Auto insurance product is now available for sale via the VakıfBank Mobile and Internet Banking branches.

#### **INVESTMENT IN DATABASE UPDATE AND RENEWAL**

Investments were completed to update and renew the versions and hardware of the databases currently used in the infrastructure of the core insurance system and business intelligence systems in accordance with technological developments and corporate needs.

#### **CAPACITY AND REPLACEMENT INVESTMENTS IN TECHNOLOGY HARDWARE AND SOFTWARE**

Investments were completed to replace the current system with hardware and software that provide sufficient capacity and technology to meet the backup and restoration requirements of the systems and data used in information technologies in a reliable and rapid manner.

# SUCCESS CROWNED WITH STRONG FINANCIAL PERFORMANCE

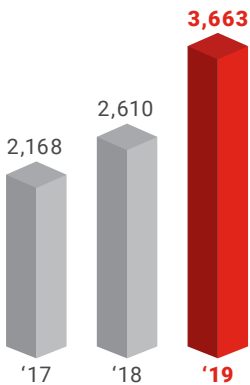
## FINANCIAL INDICATORS



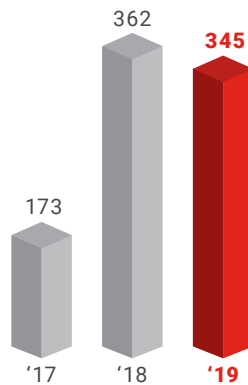
**GÜNEŞ SİGORTA'S  
TOTAL ASSETS  
REACHED  
TL 3.7 BILLION.**

Financial Indicators (TL)	2017	2018	2019
Total Assets	2,167,689,442	2,610,459,368	3,663,242,360
Total Liabilities	1,490,090,283	1,808,175,008	2,373,101,283
Paid in Capital	270,000,000	270,000,000	540,000,000
Equity	677,599,159	802,284,360	1,290,141,077
Premium Production	1,660,979,253	1,907,406,583	2,265,587,673
Gross Claims Paid	(839,528,421)	(1,091,341,380)	(1,117,927,737)
Operational Expenses	(223,530,094)	(254,995,410)	(317,809,629)
Investment Income	173,061,749	361,695,776	344,613,556
Investment Costs	(156,094,603)	(325,504,667)	(286,381,203)
Profit on Investment	16,967,146	36,191,109	58,232,353
Technical Profit	27,875,122	25,719,071	152,791,526
Net Profit	26,493,239	10,871,374	123,559,154
Required Equity for the Company	377,632,695	450,822,657	556,123,188
Calculated Equity for Capital Adequacy	715,334,538	824,933,495	1,318,213,081
Capital Adequacy Result	337,701,843	374,110,838	762,089,893

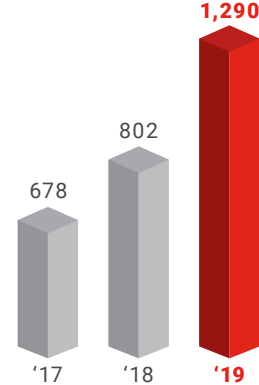
Asset Size (TL million)



Investment Income (TL million)



Equity (TL million)



# 78%

## NET LOSS/ PREMIUM RATIO

Concluding the year with operational and financial achievements, Güneş Sigorta increased its current ratio to 118%, return on assets to 3.4%, and return on equity to 9.6%.

### FINANCIAL ANALYSIS RATIOS

Capital Adequacy Ratios	2017 (%)	2018 (%)	2019 (%)
Capital Adequacy Ratio	189	183	237
Written Premiums/Shareholder's Equity	245	238	176
Shareholder's Equity/Total Assets	31	31	35
Shareholder's Equity/Technical Provisions (Net)	60	59	75

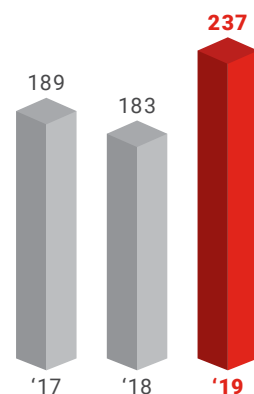
Ratios Regarding Asset Quality & Liquidity	2017 (%)	2018 (%)	2019 (%)
Cash Ratio	60	62	79
Liquidity Ratio	91	93	109
Current Ratio	99	101	118
Premium and Reinsurance Receivables/Total Assets	21	20	19
Agency Receivables/Shareholder's Equity	33	30	40

Operational Ratios	2017 (%)	2018 (%)	2019 (%)
Retention Ratio	53	53	56
Claims Paid/(Claims Paid + Outstanding Claims)	41	40	37

Profitability Ratios	2017 (%)	2018 (%)	2019 (%)
Net Loss/Premium Ratio	82	88	78
Net Commission Ratio	12	11	12
Net Expense Ratio	16	17	17
Net Compound Ratio	110	116	107
Return on Assets	1.2	0.4	3.4
Return on Equity	3.9	1.4	9.6

**GÜNEŞ SİGORTA  
RECORDED A NET  
COMPOUND RATIO OF  
107%.**

Capital Adequacy Ratio (%)



# STRATEGIC DECISIONS THAT IMPROVE GÜNEŞ SİGORTA'S PERFORMANCE...

## 2020 STRATEGIC MAP

...

**GÜNEŞ SİGORTA DETERMINED FOUR STRATEGIC AREAS, DEVELOPED AS PART OF AN OVERALL STRATEGY DRIVING ACTIVITIES BETWEEN 2019 AND 2021.**

Güneş Sigorta determined four strategic areas, developed as part of an overall strategy driving activities between 2019 and 2021. These strategic areas and their sub-headings are:

### **PROFITABILITY**

- Ensuring Cost Management Effectiveness
- Increasing Technical and Financial Profitability
- Increasing Return on Assets and Equity



In light of its efficiency-driven approach to steer its activities, Güneş Sigorta aims to simplify, improve, and digitize business processes to boost business productivity.



## GROWTH

- Increasing the Share of Bancassurance
- Growing with a Balanced Premium Portfolio Distribution
- Increasing the Share of Participation Insurance Sales

## PRODUCTIVITY

- Developing Employees' Target-Oriented and Behavior-Based Competencies
- Simplifying and Improving Business Processes, and Increasing Work and Transaction Efficiency, via Transferring These Processes to the Digital Platform
- Developing Effective Risk and Control Mechanisms
- Increasing Customer-Oriented Marketing and Sales Efficiency

## QUALITY

- Increasing Employee Engagement, Motivation and Satisfaction
- Using Integrated Marketing Communication Channels Properly

# GREAT POWER ACTING IN LINE WITH ITS OBJECTIVES

## OUR MAIN OBJECTIVES, POLICIES AND PROJECTS FOR 2020

...

**THE CLAIMS TRANSFORMATION PROJECT IS AIMED AT BOOSTING USE OF INFORMATION TECHNOLOGY FOR DIGITAL FILE MANAGEMENT, CLAIMS REPORTING THROUGH MOBILE APP, ROBOTIC PROCESSES, AND REMOTE VIDEO CHAT SURVEYOR PROGRAMS.**

### **REPORTING PROJECTS DEVELOPED WITH MANAGEMENT INFORMATION SYSTEMS**

The Customer Segmentation Project will help analyze customers and score them according to the results of these analyses. The aim is to improve value management for services and customers, create customized campaigns per segment, and establish promotion and cross-sales strategies.

As part of the Claim Anti-Fraud Project, fraud scores will be determined for filed damages in all branches and action taken accordingly. Efforts will be undertaken to make the program smarter and ensure its wide-spread use within the Company.



Infrastructure development is targeted to equip Armada data warehouse with the capability of processing and reporting data in real-time.

This will enable:

- Campaigns to be monitored on a real-time basis;
- Claim fraud scores to be updated during the day;
- Analysis reports to be drafted based on instant data.

### **PROJECTS GEARED TOWARDS ENHANCED OPERATIONAL EFFICIENCY, CUSTOMER/SOLUTION PARTNER SATISFACTION, AND PROFITABILITY**

As part of the Central Technical Operation Project, the Central Technical Operations Department will be established under the Head Office which will manage the approval process



of the proposals pending authorization within the powers of Regional Offices. This will help requests to be managed on the system and improve the time period and quality of the service provided. Participation insurance products will be diversified to contribute to the growth of the participation pool.

The Claims Transformation Project is aimed at boosting the use of Information Technologies (IT) for digital file management, claims reporting through the mobile app, robotic processes, and remote video chat surveyor programs.

Furthermore, updating the website of Güneş Sigorta to provide the end-user with a more straightforward and comprehensible experience, and attain compatibility with online sales is also

among the plans. The Güneş Sigorta Mobile Application is also planned to be updated for online sales compatibility.

The Pusula Mobile Application aims to meet the needs of both agencies and Company personnel on a mobile platform. As part of the Call Center Infrastructure Development Project, the call center infrastructure will be enhanced to boost the quality of customer services, featuring the latest technologies. The CRM project aims to improve segmentation, complaint management, campaign management, customer satisfaction measurement and loyalty management capabilities.

Workflow Management Projects aim to raise operational efficiency. The VakıfBank Bancassurance Project is intended to introduce new products and integration.

### **RESTRUCTURING PROJECT OF DISASTER RECOVERY CENTER**

To maintain business continuity in the case of an emergency, as well as to ensure data security by using up-to-date technologies and to prevent potential data loss, investment and installation activities are planned to position a Disaster Recovery Center outside the Company. With this project, the Company aims to ensure that hardware and software components in use are fully backed up and can provide uninterrupted service in the event of an emergency.

# THE POWER DERIVED FROM THE SOLID SHAREHOLDING STRUCTURE

## CAPITAL, SHAREHOLDING STRUCTURE AND SUBSIDIARIES



### SHAREHOLDING STRUCTURE AS OF DECEMBER 31, 2019

Shareholders	Share (%)	Share Value (TL)
Türkiye Vakıflar Bankası T.A.O.	56.10	302,939,697.14
Groupama Holding Filiales et Participations	10.00	54,000,000.00
Türkiye Vakıflar Bankası VakıfBank Personeli Özel Sosyal Güvenlik Hizmetleri Vakfı	9.70	52,400,000.00
Türkiye Vakıflar Bankası Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı	4.78	25,804,000.00
Publicly Traded Shares	19.42	104,856,302.86
<b>Total</b>	<b>100.00</b>	<b>540,000,000.00</b>

Pursuant to the Board decision dated May 8, 2019, on the capital increase through rights issues, the new capital was registered on September 24, 2019. Accordingly, shares with a nominal value of TL 270,000,000 were offered to the public, and the Company's capital was increased from TL 270,000,000 to TL 540,000,000. The capital structure as of December 31, 2019, is provided above.

Güneş Sigorta shares are traded on the BIST Stars - Group 2 under the ticker GUSGR. As of December 31, 2019, the Company's market value totaled TL 1,177,200,000.

There is no privileged share in the capital of the Company.

Further information on material developments regarding the capital structure is provided in the section "Activities of the Shareholding and Investor Relations Unit."



# AN AVERAGE 9% PARTICIPATION IN THE CAPITAL ACROSS

Güneş Sigorta holds TL 124.8 million stake in 12 subsidiaries, with the largest share held in Vakıf Emeklilik A.Ş.

# 12 SUBSIDIARIES

## SUBSIDIARIES

	Güneş Sigorta's Participation In Capital (TL)	Güneş Sigorta's Share In Capital (%)	Capital of the Subsidiary (TL)
Vakıf Emeklilik AŞ	55,650,000	37.10%	150,000,000
Türk P ve I Sigorta AŞ	1,375,000	16.67%	8,250,000
Vakıf Finansal Kiralama A.Ş. *	27,385,722	15.65%	175,000,000
Vakıf Faktoring Hizmetleri A.Ş.	23,299,107	13.71%	170,000,000
Vakıf Menkul Kıymetler Yatırım Ort. A.Ş. *	2,200,000	11.00%	20,000,000
Vakıf Pazarlama ve Ticaret A.Ş.	2,951,806	9.76%	30,241,439
Tarım Sigortaları Havuz İşlet. A.Ş.	430,032	4.17%	10,320,775
Vakıf İnşaat Restorasyon ve Ticaret A.Ş.	1,003,770	2.92%	34,330,281
Vakıf Enerji ve Madencilik A.Ş.	1,503,860	1.77%	85,000,223
Vakıf Gayrimenkul Yatırım Ort. A.Ş. *	4,004,528	1.74%	230,000,000
Taksim Otelcilik A.Ş.	4,789,898	1.43%	334,256,687
Vakıf Yatırım Menkul Değerler A.Ş.	187,500	0.25%	75,000,000
<b>TOTAL</b>	<b>124,781,223</b>		

\*Publicly Traded Companies

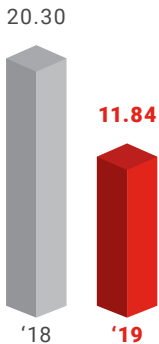
# WE TARGET BALANCED AND SOLID GROWTH

## MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



**GÜNEŞ SİGORTA ACHIEVED TL 2.27 BILLION PREMIUM PRODUCTION WITH A 19% YEAR-ON-YEAR INCREASE, WHILE BOOSTING TECHNICAL PROFIT ON A RECORD LEVEL OF 494%, AMOUNTING TO TL 152.8 MILLION.**

### INFLATION RATE (%)



Dear Stakeholders,

The year 2019 marked a rather challenging period for the global economy in terms of growth. The World Bank projects a 2.9% economic growth across the globe; according to IMF data, growth declined from 2.2% to 1.7% in developed countries, and from 4.5% to 3.7% in developing economies. On the other hand, trade volume fared towards growth. According to the World Trade Organization, global trade volume is estimated to have a growth performance of 1.2%.

Turkey's economy, however, faced the negative impacts of 2018 at the start of the year. Following a 2.3% and 1.6% decline in the first two quarters of 2019, the economy picked up, growing by 0.9% in Q3. As for the fourth quarter, Turkey's economy is expected to grow and conclude the year with some 0.5% growth. Projections suggest that the growth trend will continue, and Turkey will deliver around 5% growth in 2020. In 2019, agriculture grew, while the construction, industry and services sectors contracted. Export and tourism

revenues, which continued their growth in this period, supported the moderate balancing process. Driven by stability in exchange rates, growth in the food supply, and a drop in imports, inflation declined considerably, falling to single digits in September and concluding the year with 11.84%, which is below the estimated level.

The financial sector rendered a solid performance throughout the rough periods of 2018 and 2019 and avoided substantial declines. The sector signaled an upward trend for growth amid improving financial conditions at foreseeable levels.

The global insurance sector maintained its growth, thanks to its robust structure, despite the slowdown in the global economy. In 2019, premiums rose by 2.9% in the non-life insurance sector and return on equity stood at 7.2%, according to the Swiss Re Institute. As for life insurance, premium growth corresponded to 2.3% and return on equity to 10.2%. The sector is estimated to grow 3% in 2020 and 2021, driven by the strong demand

# 1.7+

## MILLION CUSTOMERS

As we steer our activities in line with our solid strategy, we are proud to have achieved profitability, efficiency, growth and quality objectives at Güneş Sigorta.



in Asia, particularly China. In 2020, non-life premium growth will be 9% and premium growth in life insurance products will be 11%, according to current calculations. Estimates show that China alone will represent 60% of the premiums produced across Asia within the coming 10 years, with India following China in this growth.

### THE INSURANCE SECTOR GROWS WITH CONFIDENCE

Recording an asset size worth TL 211.1 billion in Q3, and ranking second after banking in the financial system, the insurance sector grew rapidly. Total premiums reached a production volume worth TL 69.2 billion, equaling 26.7% year-on-year increase in 2019. Non-life production amounted to TL 57.9 billion, while premium production in life insurance products reached TL 11.3 billion. The sector delivered a 13.3% growth in real terms. The real growth stood at 46.8% and 8.4% in the life and non-life branches, respectively.

The economy picking up in the last quarter, and expectations that new vehicle sales will go up in 2020, as well as declining inflation and improvements in economic indicators, support anticipation of a better performance in the sector in 2020.

Representing over 60 years of experience and expertise in the insurance sector, Güneş Sigorta concluded the year with many achievements under its belt. As we steer our activities in line with our strategic plan, we are proud to have achieved profitability, efficiency, growth and quality goals at Güneş Sigorta.

Maintaining solid growth through insurance products focused on satisfaction, Güneş Sigorta produced TL 2.27 billion in premiums, up by 19% compared to the previous year, and boosted technical profit on a record level with TL 152.8 million. In this period, our equity rose by 61%, reaching TL 1.29 billion.

### TOWARDS GREATER GOALS DRIVEN BY A NEW APPROACH

Conducting activities based on the renewed management and business approach, and in line with customers' expectations and needs, Güneş Sigorta commenced participation insurance activities in non-life insurance products, while delivering robust growth in health.

Focusing on the digital transformation process in the finance industry, Güneş Sigorta successfully continued its investments in information technologies for the digitalization of business processes.

We will continue to act in line with our sustainable profitability strategy and perform balanced and solid growth in all branches in the year ahead. Propelled by more than 60 years of experience, we will take firm steps towards this goal together with our agencies, who are our business partners, and our most important asset, our human resources.

Sincerely Yours,

**ABDİ SERDAR ÜSTÜNSALİH**  
Chairman of the Board of Directors

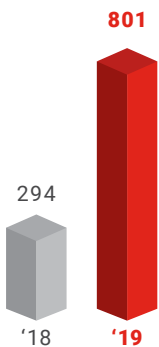
# TOGETHER, WE UNDERTOOK GREAT ACHIEVEMENTS IN 2019

## MESSAGE FROM THE GENERAL MANAGER



**BOASTING TL 2.266 BILLION IN PREMIUM PRODUCTION AND TL 123.559 MILLION IN PROFITABILITY AS OF THE END OF 2019, WE CONTINUED TO CONTRIBUTE TO TURKEY'S ECONOMY AND CREATE VALUE FOR OUR STAKEHOLDERS.**

### BANCASSURANCE PREMIUM PRODUCTION (TL MILLION)



Dear Stakeholders,

During the 2019 fiscal period, we witnessed significant developments both in Turkey's economy and in the insurance sector. The sector achieved the past decade's second-best growth performance after 2016. The Insurance Association of Turkey (TSB) discloses that our sector achieved a premium production worth TL 69.241 billion and increased production by 26.7% compared to 2018. The real growth corresponded to 13.3%. The premium production in life was TL 11.359 billion, while non-life insurance companies produced TL 57.881 billion in premiums.

At Güneş Sigorta, we outperformed the positive financial trend in the sector and undertook great achievements propelled by our 62 years of strength and experience. Boasting TL 2.266 billion in premium production and TL 123.559 million in profitability as of the end of 2019, we continued to contribute to Turkey's economy and create value for our stakeholders.

Standing at TL 25.7 million in 2018, our technical profit grew five-fold at the end of 2019, reaching TL 152.8 million.

Looking at our balance sheet, the positive impact of profitability and asset growth is obvious: Our total assets grew 40%, amounting to almost TL 3.7 billion, while shareholders' equity rose 61% to TL 1.29 billion.

In 2019, we undertook significant achievements in the field of bancassurance, thanks to the support of our principal shareholder, VakıfBank. We increased bancassurance production by 172% to TL 801 million. Thanks to our enhanced integration with the bancassurance channel, we now rank third in the sector in terms of production on this channel.

We achieved premium production through 1,412 agencies, 100 brokers, and 1,323 bank branches across the country, rose by 37% compared to 2018 and reached TL 2.06 billion, representing 91% of our total premium production.

The number of our active customers exceeded 1.7 million.

### WE MAINTAINED GROWTH WITH PRODUCTS TAILORED FOR CUSTOMERS' NEEDS

In 2019, Güneş Sigorta, which adds value to the lives of its customers with a variety of products in the main branches of the insurance sector, had the highest premium production, respectively, main Treasury branches in the Motor Vehicles Third Party Liability branch with TL 462.78 million, Fire and Natural Disasters with TL 413.85 million,



# TL 153 MILLION TECHNICAL PROFIT

Güneş Sigorta concluded the year successfully, reaching TL 153 million in technical profit.

Motor Vehicles with TL 332.54 million and Illness/Health with TL 281.35 million. These four main branches represent 66% of our total production. Thanks to its qualified human resources who make a difference with their experience and expertise in the sector, we concluded the year far beyond our targets. The Company realized the highest premium production increase in Financial Losses with 1,504% and in the Accident branch with 109%. In terms of agency sales channels, as of the end of 2019, our agency channel produced TL 1,083.73 million in premiums, while financial agencies produced TL 800.83 million, and brokers produced TL 177.54 million. In the 2019 operating period, our ongoing and stronger cooperation with the VakıfBank Finance Group and VakıfBank Head Office, as well as with the Bank's regional directorates and branches, contributed significantly to the branch-based premium production increases.

## **DIGITAL TRANSFORMATION IS ONE OF OUR CORE STRATEGIES**

Striving to fully address customer needs and expectations, we successfully continued our digital transformation in 2019 in accordance with the goal of enhancing our product competence and operational excellence. Having made significant investments in the current product portfolio in line with current developments in information

technologies, the Company has transformed its ways of doing business to make a difference in service quality and customer satisfaction in 2019.

In this new period, digital transformation will be a core strategy for us. We put all our processes to a maturity test, acting in line with our digitalization-driven approach. We have incorporated the areas of improvement – identified via this test – into our agenda, in order to deliver on our strategies covering the next five years.

## **OUR SOCIAL RESPONSIBILITY PROJECTS CONTINUED IN 2019**

Serving with a social responsibility approach since its establishment, Güneş Sigorta continued to create value for society in various areas including the environment, education, sports, culture, and the arts. We continued to contribute to the environment with our Solar Energy Plant located on the top floor of our headquarters building, which is a first in our sector. Thanks to in-house social responsibility projects funded by the voluntary support of our employees, we minimized our environmental impact and provided strong support to reputable non-governmental organizations in our country such as Kanserli Çocuklara Umut Vakfı (The Hope Foundation for Children with Cancer) (KAÇUV) and Lösemili Çocuklar Vakfı (Foundation for

Children with Leukemia) (LÖSEV). We ran to provide support to Darüşşafaka and Kaçuv in the Istanbul Marathon. In the 2019 operating period, the Güneş Sigorta Sailing Team continued to play a leading role for promoting sailing in Turkey and enjoyed numerous victories, as it has since its establishment.

Propelled by our 62 years of experience and expertise, we will focus on digital transformation, with our innovative products and services across all our sales channels, to introduce a new perspective in the sector and thus further strengthen customer loyalty. We will strive to develop our human resources, consisting of specialists in their fields, and all our sales channels helping us provide services in every region of Turkey. Driven by the same motivation and further reinforcing our position, we will continue our activities in line with our sustainable profitability and efficiency strategy in 2020.

I would like to express my gratitude to all our stakeholders and colleagues who have supported us in the successful operating period of 2019.

Sincerely Yours,

**ATILLA BENLİ**  
General Manager

## BOARD OF DIRECTORS



### **Abdi Serdar Üstünsalih**

#### *Chairman*

Born in Trabzon in 1963, Abdi Serdar Üstünsalih began his career at T. Vakıflar Bankası T.A.O in 1991. Mr. Üstünsalih served as a Manager in different branches and units of the same bank, after which he assumed the role of chief executive in Information Technologies, Retail Banking, Banking Operations, and Core Banking Application Development. Appointed the Assistant General Manager at Vakıflar Bankası T.A.O in July 2018, Mr. Üstünsalih has served as the General Manager and Executive Director since May 27, 2019. He is also a Board Member at the Banks Association of Turkey and Chairman of the Board of Directors at Güneş Sigorta A.Ş. On June 25, 2019, Mr. Üstünsalih was elected as a Board Member at the Industrial Development Bank of Turkey (TSKB).



### **Muhammet Lütfü Çelebi**

#### *Deputy Chairman*

Muhammet Lütfü Çelebi graduated from Istanbul University's Department of Economics in 1992 and started his career as an Assistant Inspector at T. Vakıflar Bankası T.A.O. in 1995. He served as Inspector from 1998 to 2001 and, later, as an Assistant Manager and Manager at various branches and units of the Bank. He served as the President of VakıfBank Retail Banking from 2011 to 2013 and has served as Executive Vice President at VakıfBank since October 4, 2013. Mr. Çelebi acts as the Deputy Chairman at Güneş Sigorta's Board of Directors as of June 25, 2019. He has a good command of English.



### **Mikail Hıdır**

#### *Member*

Mikail Hıdır graduated from Ankara University's Faculty of Law in 2000 and worked as a lawyer for a certain period of time. In 2003, Mr. Hıdır began his banking career as Assistant Inspector at VakıfBank, and later assumed various roles in the Follow-up Teams Department, Compliance Department, Credit Monitoring and Follow-up Department and Internal Control Department. From 2015 to 2017, he served as a Board Member at VakıfBank International AG in Vienna and was elected as Board Member at Kredi Garanti Fonu AŞ in 2018. On July 9, 2018, Mr. Hıdır was appointed Assistant General Manager in charge of Strategy and System Management at Güneş Sigorta and on December 13, 2018, he was appointed Assistant General Manager at VakıfBank. Mr. Hıdır took office as a Board Member at Güneş Sigorta on June 25, 2019. He has a good command of English.



### Hasan Emre

#### Member

Born in Ayvacık, Çanakkale in 1973, Hasan Emre graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Political Science and Public Administration in 1996. He began his career as a Foreign Exchange Assistant Specialist at Türkiye Vakıflar Bankası T.A.O. Fund Management Directorate in 1996. Having served between 1999 and 2005 as a Specialist at the Fund Management Foreign Operations Directorate, he was involved in the establishment of the Bahrain Branch of Türkiye Vakıflar Bankası T.A.O. He continued his career as Assistant Manager at the Bahrain Branch from 2006 to 2011 and as Assistant Manager at the Commercial Credit Monitoring Department of the Head Office between 2011-2014 and assumed the role of Manager at the Compliance Department of the Head Office in July 2014. He has been the Chairman of Subsidiaries and Affiliates Department of VakıfBank since July 2017 and was appointed Member of the Board of Directors of Güneş Sigorta as of April 2, 2018. Mr. Emre speaks English and Arabic.



### Alparslan Şahin

#### Member

Alparslan Şahin graduated from the Department of International Relations at the Faculty of Political Sciences, Ankara University, in 1999. In 2000, he served Türkiye Halk Bankası as a Clerk for three months, after which he joined T. Vakıflar Bankası T.A.O as Assistant Inspector. From 2000 to 2003, Mr. Şahin served as Assistant Inspector at T. Vakıflar Bankası T.A.O., and from 2003 to 2007 as Inspector at the same bank. He assumed the role of Assistant Manager at the Commercial Loans Directorate of T. Vakıflar Bankası T.A.O. between 2007 and 2011. Later, between 2011 and 2017, Mr. Şahin worked as Manager at the Corporate Marketing Department of T. Vakıflar Bankası T.A.O. Since 2017, Mr. Şahin has been serving as the Chief Executive of the Güneşli Corporate Office at Vakıflar Bankası T.A.O. Holding a Level 3 License in Capital Market Activities, and Credit Rating and Derivative Instruments licenses, Alparslan Şahin is married with two children. Şahin has a good command of English.



### Mustafa Ergen

#### Independent Member

Mustafa Ergen graduated from the Department of Electrical and Electronic Engineering at Middle East Technical University ranking first in class in 2000. In 2002, he completed his MA on Electrical Engineering at California Berkeley University, and on International Studies at the same university in 2004. Ergen also completed the Technology Management program at the Business Administration Department of the same university in 2003 and obtained a Ph.D. degree in Electrical Engineering at the same university in 2004. Having assumed various academic and administrative roles in Turkey and abroad, Ergen was among the founders of the WiChorus company in 2005. Later, he served as the Chief Technology Advisor at Türk Telekom Group in 2015, Founder of Ambeent Wireless company in 2016, and Professor at Istanbul Technical University in 2017. Mr. Ergen was involved in the European Union 5G PPP project in 2013, European Union Celtic Plus Research Fund and Network2020 Technology Platform in 2013, and İTÜ Ginova Entrepreneurship Center in 2017. Ergen also served as Board Member at Turcas Petrol in 2017 and Director of İTÜ Artificial Intelligence Center in 2020. Mustafa Ergen was appointed Independent Board Member at Güneş Sigorta on June 25, 2019. Ergen has a good command of English.

## BOARD OF DIRECTORS



### **Serhat Yanik**

#### *Independent Member*

Serhat Yanik graduated from the Department of Public Administration, Faculty of Political Sciences at Istanbul University in 1991. Yanik later completed his MA and Ph.D. in Business Administration in 1994 and 2000, respectively, at the same university. He began his professional career at the Ministry of Finance in 1991. Yanik then worked as a Research Assistant at Istanbul University's Political Sciences Faculty in 1992, Research Assistant Doctor in 2000, and Assistant Professor in 2001. In 1999, Serhat Yanik stayed in the UK for a period of six months as a Visiting Researcher at the Chartered Insurance Institute (CII) to conduct studies in the field of insurance. He became an Associate Professor in 2008 and Professor in 2016. Yanik is the Head of the Department of Accounting and Finance under Business Administration at Istanbul University's Faculty of Political Sciences; Director of Istanbul University's Crowdfunding Implementation and Research Center; Board Member at Expert Accountants' Association of Turkey (TMUD); and Member of the Advisory Board at the Institute of Internal Auditing - Turkey. Mr. Yanik also lectures at several universities and institutions on accounting, finance, auditing, and insurance. Holding the licenses of Independent Public Accountant and Independent Auditor by the Public Oversight and Accounting Standards Institution, Yanik joined Güneş Sigorta as an Independent Board Member on June 25, 2019. He has a good command of English.



### **Atilla Benli**

#### *General Manager*

Atilla Benli graduated from Istanbul University, Department of Public Administration, and obtained a Master's degree from Marmara University, Department of Insurance. He began his career as an Auditor at Garanti Bank and served as a Branch and Unit Manager at the same bank. Having worked as Manager in charge of various units at Garanti Sigorta Financial Affairs, Operations, Agencies and Brokers Distribution Sales Channel, Benli became Assistant General Manager in charge of Financial Affairs Management, Human Resources, Claims and Legal Affairs at BNP Paribas Cardiff in 2007. He then worked as Assistant General Manager in charge of the Damage Group at Groupama Sigorta ve Groupama Hayat & Emeklilik and served as Assistant General Manager in charge of the Sales, Finance and Financial Affairs, Human Resources, Technical and Actuary units at Vakıf Emeklilik. After joining Zurich Insurance in 2016 as Assistant General Manager in charge of the Damage Group and Member of the Board of Directors, Benli became Assistant General Manager in charge of Sales and Distribution Channels and a Member of the Board of Directors at Zurich Insurance in 2018. He took office at Güneş Sigorta as Board Member and General Manager as of January 16, 2019. Mr. Benli is also the Chairman of the Board at the Turkish Insurance Association; Board Member of the Pension Reserve Fund of the Council of Europe; Board Member at TARSİM and Turkish P&I; and Chairman of the Management Committee at the non-profit organization, Güvence Hesabı (Assurance Account). On January 17, 2020, Benli was appointed Board Member at JCR Eurasia Rating.



### MEMBER CHANGES IN THE BOARD OF DIRECTORS

Atilla Benli was appointed a Board Member and General Manager on January 16, 2019.

Metin Recep Zafer, who was appointed a Member of the Board of Directors on March 9, 2007, and served as Deputy Chairman between April 22, 2016, and January 31, 2019, left his position.

Muhammet Lütfü Çelebi, who took office as the Chairman of the Board of Directors on December 17, 2018, was appointed as Deputy Chairman on June 25, 2019.

Abdi Serdar Üstünsalih, who took office as Deputy Chairman on December 31, 2019, was appointed Chairman of the Board of Directors on June 25, 2019.

Hasan Ecesoy, who took office as Board Member on February 1, 2019, left his position on June 25, 2019.

Telat Karapınar, who took office as Independent Board Member on August 8, 2017, left his position on June 25, 2019.

Mehmet Bayram, who took office as Independent Board Member on June 16, 2017, left his position on June 25, 2019.

Zülküf Karakuş, who took office as Board Member on June 16, 2017, left his position on June 25, 2019.

Mikail Hıdır was appointed as Board Member on June 25, 2019.

Alparslan Şahin was appointed as Board Member on June 25, 2019.

Mustafa Ergen was appointed as Independent Board Member on June 25, 2019.

Serhat Yanık was appointed as Independent Board Member on June 25, 2019.

**BOARD OF  
DIRECTORS**



Name Surname	Title	Profession	Educational Background	Experience (Year)	Positions in the Company in Last 5 Years
Abdi Serdar ÜSTÜNSALİH	Chairman of the Board of Directors	Banking	Master's Degree	28	Board Member
Muhammet Lütfü ÇELEBİ	Deputy Chairman	Banking	Bachelor's Degree	24	Board Member
Mikail HIDIR	Board Member	Banking	Bachelor's Degree	16	Assistant General Manager
Hasan EMRE	Board Member	Banking	Bachelor's Degree	23	-
Alparslan ŞAHİN	Board Member	Banking	Bachelor's Degree	19	-
Mustafa Ergen	Independent Member	Electrical Electronic Engineering	Ph.D.	20	-
Serhat YANIK	Independent Member	Finance/Accounting	PhD	29	-
Atila BENLİ	Board Member & General Manager	Insurance	Master's Degree	28	-

Current Positions Undertaken Outside The Company	Share in Capital (%)	Share Group Represented	Independent Board Member	Committees and Roles in the Committees
T. Vakıflar Bankası T.A.O. General Manager, Board Member at the Banks' Association of Turkey, Board Member at Türkiye Sınai Kalkınma Bankası AŞ	-	-	Not an Independent Member	-
Assistant General Manager of T. Vakıflar Bankası T.A.O., Board Member of VakıfBank Sports Club	-	-	Not an Independent Member	-
Assistant General Manager of T. Vakıflar Bankası T.A.O., Board Member at Kredi Garanti Fonu AŞ	-	-	Not an Independent Member	Corporate Governance Committee Member
President of Subsidiaries and Affiliates at T. Vakıflar Bankası T.A.O.	-	-	Not an Independent Member	Early Detection of Risk Committee Member
T. Vakıflar Bankası T.A.O. Chief Executive of the Güneşli Corporate Office	-	-	Not an Independent Member	-
Professor at Istanbul Technical University; Chief Technology Advisor at Türk Telekom Group; Horizon 2020 Turkey Representative	-	-	Independent Member	Audit Committee Member
Vice Dean and Head of Department for Accounting/Finance under Business Administration at the Political Sciences Faculty, Istanbul University; Director of Istanbul University Crowdfunding Implementation and Research Center; Member of the Scientific Research Projects Commission at Istanbul University; Chairman of the Supervisory Board of Social Facilities at Istanbul University	-	-	Independent Member	Chairman of the Audit Committee, Chairman of the Corporate Governance Committee, Chairman of the Early Detection of Risk Committee
Chairman of the Board at TSB; Board Member at Turkish P&I; Board Member at TARSİM; Board Member at the Pension Reserve Fund of the Council of Europe; Chairman of the Management Committee at the non-profit organization Güvence Hesabı (Assurance Account), Board Member at JCR Eurasia Rating	-	-	Not an Independent Member	-

**BOARD OF  
DIRECTORS**



DATE	Abdi Serdar ÜSTÜNSALİH			Muhammet Lütfü ÇELEBİ		Metin Recep ZAFER	Atila BENLİ	
	Chairman	Deputy Chairman	Member	Chairman	Deputy Chairman	Deputy Chairman	General Manager and Member	
16.01.2019			√	√		√		
31.01.2019		√		√			√	
11.02.2019		√		√			√	
22.02.2019		√		√			√	
01.03.2019		√		√			√	
19.03.2019		√		√			√	
25.03.2019		√		√			√	
27.03.2019		√		√			√	
29.03.2019		√		√			√	
02.04.2019		√		√			√	
04.04.2019		√		√			√	
09.04.2019		√		√			√	
25.04.2019		√		√			√	
29.04.2019		√		√			√	
08.05.2019		√		√			√	
10.05.2019		√		√			√	
24.05.2019		√		√			√	
27.05.2019		√		√			√	
30.05.2019		√		√			√	
11.06.2019		√		√			√	
17.06.2019		√		√			√	
21.06.2019		√		√			√	
25.06.2019	√				√		√	
26.06.2019	√				√		√	
03.07.2019	√				√		√	
04.07.2019	√				√		√	
12.07.2019	√				√		√	
23.07.2019	√				√		√	
02.08.2019	√				√		√	
21.08.2019	√				√		√	
10.09.2019	√				√		√	
17.09.2019	√				√		√	
18.09.2019	√				√		√	
27.09.2019	√				√		√	
18.10.2019	√				√		√	
25.10.2019	√				√		√	
30.10.2019	√				√		√	
26.11.2019	√				√		√	
17.12.2019	√				√		√	
30.12.2019	√				√		√	
31.12.2019	√				√		√	

√ : Attendance in meetings -: Not attending meetings Grey areas indicate periods when that person was not a Board Member



# INDEPENDENT BOARD MEMBERS' STATEMENT OF INDEPENDENCE



## STATEMENT OF INDEPENDENCE

I hereby represent that, I am a candidate for assuming the role as "independent member" at the Board of Directors of Güneş Sigorta AŞ (Company) within the scope of the criteria specified in applicable laws, the articles of association, and Corporate Governance Principles issued by the Capital Markets Board and in this context;

- a) There is no employment relation at executive level that would assume material tasks, duties and responsibilities in the last five years between the Company, or such companies in which the Company controls or has a material influence over the management, or such shareholders which control or have a material influence over the Company's management and any legal entity of which the management is controlled by these shareholders, on the one hand, and myself, my spouse and next of kin by blood and affinity kinship up to second degree, and there is no individual or joint holding of more than 5% in the capital or voting rights or preferential stocks or no material business or commercial relation has been established;
- b) I have not worked at an executive position with significant and material tasks and responsibilities or held the seat as a board member or held stocks (equal to or above 5%) in such companies from which the company procures goods or services from or sells goods or services to in significant volumes in line with the agreements between them, including, in particular, the company's audit (including tax audit, statutory audit, internal audit), rating and consultancy services in the last five years;
- c) I have necessary professional education and training, knowledge and experience required for properly fulfilling the duties that I will undertake due to the fact that I become an independent board member;
- d) I do not work on a full-time basis at public agencies and institutions after my appointment as member except for the lecturer position at universities in line with applicable laws;
- e) I am deemed to be residing in Turkey according to the Income Tax Law (GVK) dated 31/12/1960 and numbered 193;
- f) I have professional prestige and reputation and experience as well as strong ethical standards to make me competent enough to favorably contribute to the corporate operations, to maintain my neutrality in conflicts of interest between the company and the shareholders and to freely decide by taking the rights of the beneficiaries into account;
- g) I will be able to devote enough time to follow up the progress of company operations and meet all requirements of the duties I undertake in full;
- h) I have not worked as a board member at the Company's Board for more than six years, within last ten years;
- i) I am not holding an independent board member position in more than five publicly traded companies in total or in more than three companies in which the company or the shareholders controlling the company hold the controlling powers over the management;
- h) I have not been registered and published on behalf of the legal entity elected as board member.



**MUSTAFA ERGEN**

## STATEMENT OF INDEPENDENCE

I hereby represent that, I am a candidate for assuming the role as “independent member” at the Board of Directors of Güneş Sigorta AŞ (Company) within the scope of the criteria specified in applicable laws, the articles of association, and Corporate Governance Principles issued by the Capital Markets Board and in this context;

- a) There is no employment relation at executive level that would assume material tasks, duties and responsibilities in the last five years between the Company, or such companies in which the Company controls or has a material influence over the management, or such shareholders which control or have a material influence over the Company’s management and any legal entity of which the management is controlled by these shareholders, on the one hand, and myself, my spouse and next of kin by blood and affinity kinship up to second degree, and there is no individual or joint holding of more than 5% in the capital or voting rights or preferential stocks or no material business or commercial relation has been established;
- b) I have not worked at an executive position with significant and material tasks and responsibilities or held the seat as a board member or held stocks (equal to or above 5%) in such companies from which the company procures goods or services from or sells goods or services to in significant volumes in line with the agreements between them, including, in particular, the company’s audit (including tax audit, statutory audit, internal audit), rating and consultancy services in the last five years;
- c) I have necessary professional education and training, knowledge and experience required for properly fulfilling the duties that I will undertake due to the fact that I become an independent board member;
- d) I do not work on a full-time basis at public agencies and institutions after my appointment as member except for the lecturer position at universities in line with applicable laws;
- e) I am deemed to be residing in Turkey according to the Income Tax Law (GVK) dated 31/12/1960 and numbered 193;
- f) I have professional prestige and reputation and experience as well as strong ethical standards to make me competent enough to favorably contribute to the corporate operations, to maintain my neutrality in conflicts of interest between the company and the shareholders and to freely decide by taking the rights of the beneficiaries into account;
- g) I will be able to devote enough time to follow up the progress of company operations and meet all requirements of the duties I undertake in full;
- h) I have not worked as a board member at the Company’s Board for more than six years, within last ten years;
- i) I am not holding an independent board member position in more than five publicly traded companies in total or in more than three companies in which the company or the shareholders controlling the company hold the controlling powers over the management;
- h) I have not been registered and published on behalf of the legal entity elected as board member.



**SERHAT YANIK**

## SENIOR MANAGEMENT



### **Atilla Benli**

#### *General Manager*

Atilla Benli graduated from Istanbul University, Department of Public Administration, and obtained a Master's degree from Marmara University, Department of Insurance. He began his career as an Auditor at Garanti Bank and served as a Branch and Unit Manager at the same bank. Having worked as Manager in charge of various units at Garanti Sigorta Financial Affairs, Operations, Agencies and Brokers Distribution Sales Channel, Benli became Assistant General Manager in charge of Financial Affairs Management, Human Resources, Claims and Legal Affairs at BNP Paribas Cardiff in 2007. He then worked as Assistant General Manager in charge of the Claims Group at Groupama Sigorta and Groupama Hayat & Emeklilik and served as Assistant General Manager in charge of the Sales, Finance and Financial Affairs, Human Resources, Technical and Actuary units at Vakıf Emeklilik. After joining Zurich Insurance in 2016 as Assistant General Manager in charge of the Claims Group and Member of the Board of Directors, Benli became Assistant General Manager in charge of Sales and Distribution Channels and a Member of the Board of Directors at Zurich Insurance in 2018. He took office at Güneş Sigorta as Board Member and General Manager as of January 16, 2019. Mr. Benli is also the Chairman of the Board at the Turkish Insurance Association; Board Member of the Pension Reserve Fund of the Council of Europe; Board Member at TARSİM and Turkish P&I; and Chairman of the Management Committee at the non-profit organization, Güvence Hesabı (Assurance Account). On January 17, 2020, Benli was appointed Board Member at JCR Eurasia Rating.



### **Saltuk Buğra Sürüel**

#### *Assistant General Manager*

Saltuk Buğra Sürüel graduated from Istanbul University, Faculty of Science, Department of Mathematics in 2000 and received an MBA degree in English from Yeditepe University, Department of Business Administration in 2002. He began his professional career in 1999 at the İşbank Credit Cards Department and joined VakıfBank in 2003 as Assistant Inspector. After that, he served as Assistant Manager at the Financial Reporting Directorate of VakıfBank General Accounting and Financial Affairs Department and as Manager at the Legal Reporting Directorate between 2007 and 2018. Mr. Sürüel joined Güneş Sigorta on January 2, 2019, as Assistant General Manager in charge of Financial Affairs Management. He has a good command of English and intermediate knowledge of German.



### **Mahmut Emre Bayram**

#### *Assistant General Manager*

Mahmut Emre Bayram graduated from Istanbul High School and Boğaziçi University, Department of Economics. After working in various sectors, Bayram continued his career in the insurance sector in 2010, serving as Claims Logistics, Administrative Affairs and Procurement Manager at Aviva Sigorta between 2010 and 2013. Subsequently, he worked respectively as Claims Logistics Department Manager between 2013 and 2016, as Health Insurances Manager between 2016 and 2017 at Aksigorta, and as Claims Coordinator at Sompo Japan Insurance between 2017 and 2019. As of January 10, 2019, Mahmut Emre Bayram took office as Assistant General Manager in charge of Claims Management at Güneş Sigorta. He has a good command of English and German.





### **Remzi Duman**

#### *Assistant General Manager*

Remzi Duman, a graduate of the Departments of Mathematics and Actuarial Mathematics at Bogaziçi University in 2003, started his professional career as Specialist at Eureko Sigorta Reinsurance Department in 2004. Mr. Duman served as Manager at the same department in 2007 and then was appointed the Director of Reinsurance, Special Risks and Credit Insurances in 2013. In 2017, he became the Assistant General Manager in charge of Technics at Halk Sigorta. Having served as Assistant General Manager in charge of Technics, Operations, Reinsurance and Claims Units at IBS Sigorta ve Reasürans Brokerliği as of October 2018, Remzi Duman started to hold office as Assistant General Manager in charge of Technics at Güneş Sigorta as of May 1, 2019. Remzi Duman is married with two children.



### **Ersin Özoğuz**

#### *Assistant General Manager*

Ersin Özoğuz graduated from the Department of Finance, Faculty of Economics and Administrative Sciences at Dokuz Eylül University in 1993. He began his professional life in the same year at the İzmir Revenue Office affiliated with the Ministry of Finance. In 1996, Mr. Özoğuz joined Türkiye Vakıflar Bankası T.A.O. as Assistant Inspector. After that, he was appointed Inspector in 1999 at the same company. After serving Türkiye Vakıflar Bankası as Manager at various branches, Özoğuz became the Regional Director in charge of Marmara Region in 2009. He was the Head of Commercial Banking in 2011; Head of Cash Management Transactions in 2013; and Chairman of the Inspection Board as of 2014. Appointed the Assistant General Manager of T. Vakıflar Bankası T.A.O. on August 1, 2017, Mr. Özoğuz took office as the Assistant General Manager in charge of Bancassurance Sales and Marketing at Güneş Sigorta on June 11, 2019. He has a good command of English.



### **İbrahim Hakan Muştu**

#### *Assistant General Manager*

Mr. Muştu studied economics at Hacettepe University's Economics and Administrative Sciences Faculty. He began his professional life at Başak Sigorta in October 1989. From May 1998 to November 2012, Muştu worked as Regional Director and Regional Coordinator at Başak Sigorta and Groupama Sigorta. Hakan Muştu served Groupama Insurance and Pension Companies as Assistant General Manager in charge of Sales between November 2012 and January 2017. After that, he took office as Assistant General Manager in charge of Sales and Marketing at Orient Sigorta. Mr. Muştu was appointed Assistant General Manager in charge of Agency and Broker Channel Sales on August 1, 2019. He has a good command of English. Hakan Muştu is married with two children.

## SENIOR MANAGEMENT



### CHANGES IN SENIOR MANAGEMENT

Saltuk Buğra Sürüel was appointed Assistant General Manager on January 2, 2019.

Atilla Benli was appointed a Board Member and General Manager on January 16, 2019.

Mahmut Emre Bayram was appointed Assistant General Manager on January 10, 2019.

Serhad Satođlu, who started to work as Assistant General Manager on February 1, 2019, left his position on March 25, 2019.

Bülent Somuncu, who started to work as Assistant General Manager on December 11, 2017, left his position on March 31, 2019.

Remzi Duman took office as Assistant General Manager on May 1, 2019.

İlhan Şahin, who took office as Assistant General Manager on September 19, 2018, left his position on June 11, 2019.

Ersin Özoğuz took office as Assistant General Manager on June 11, 2019.

İbrahim Hakan Muştu took office as Assistant General Manager on August 1, 2019.

# CHAIRMAN OF THE INSPECTION BOARD AND MANAGER OF INTERNAL CONTROL AND RISK MANAGEMENT



## **Kürşat Yapıcı**

### *Chairman of the Inspection Board*

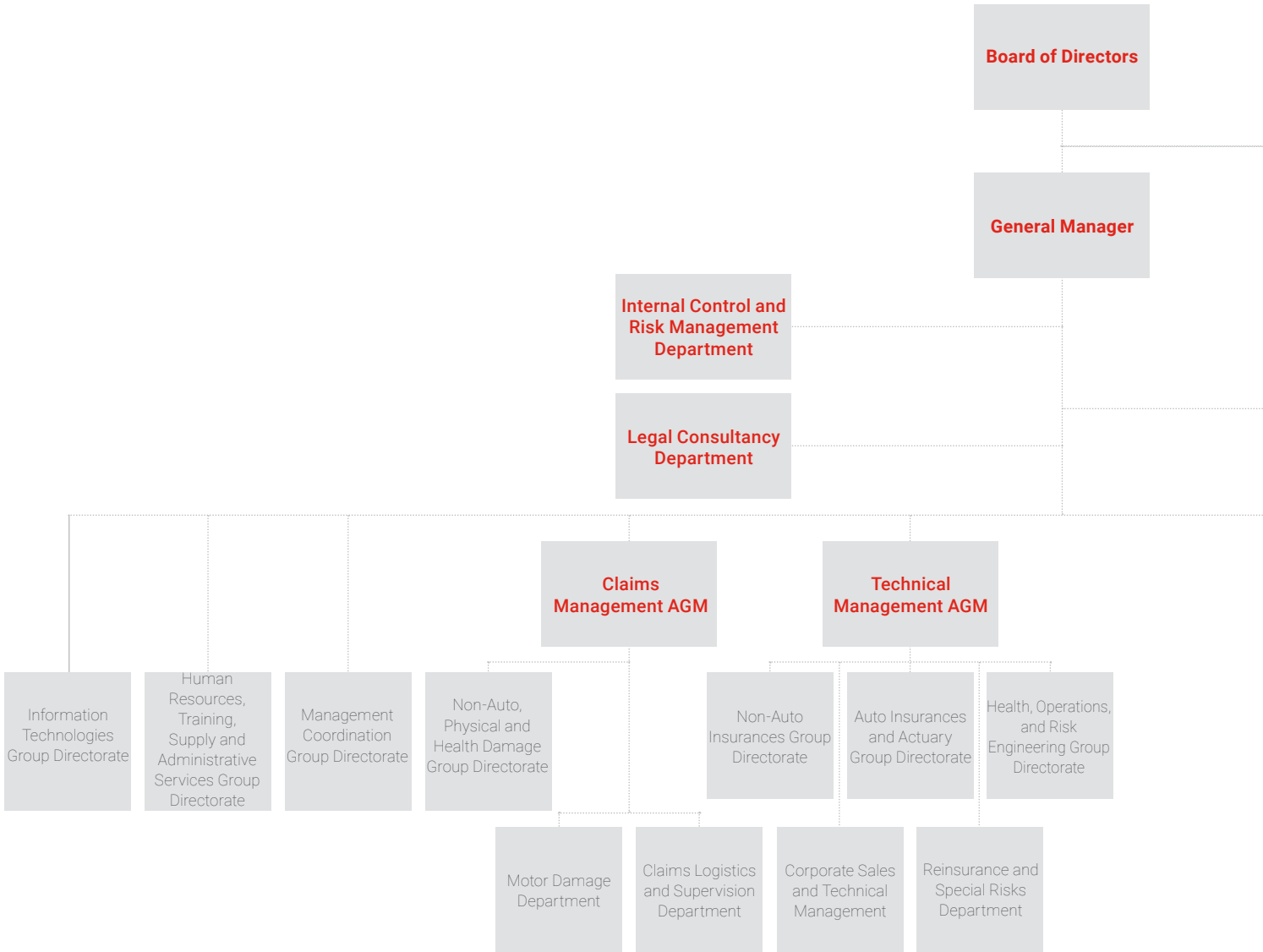
Kürşat Yapıcı graduated from Istanbul University's Department of Economics in 2009 and began his professional career in 2011 as an Assistant Inspector at the Inspection Board of VakıfBank. He served as Assistant Inspector and Inspector between 2011 and 2018 and holds Capital Market Activities Level 3 and Credit Rating and CIA (Certified Internal Auditor) Licenses. Mr. Yapıcı has served as the Chairman of the Inspection Board of Güneş Sigorta since November 1, 2018. He has a good command of English.

## **Ferhat Balci**

### *Manager of Internal Control and Risk Management*

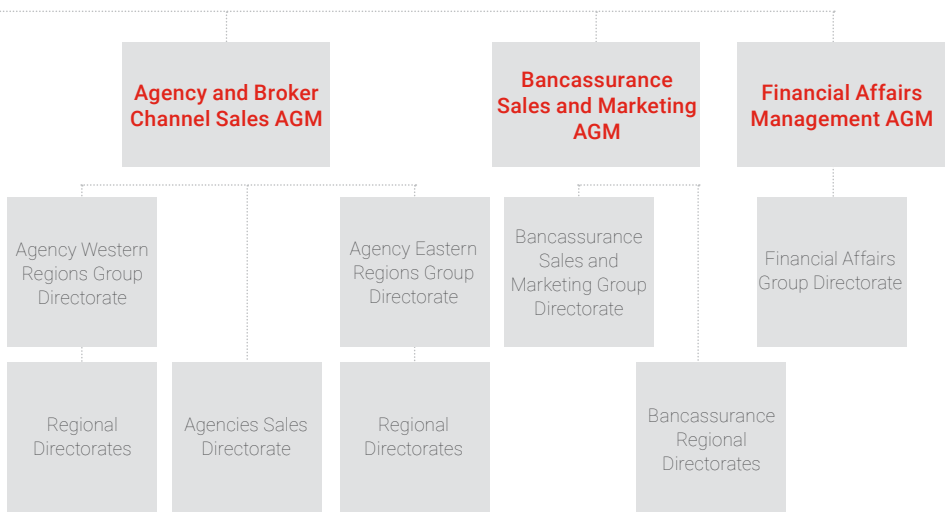
Ferhat Balci obtained a BA degree from the Department of Economics at Karadeniz Technical University in 2005, and an MA degree on Insurance from Istanbul Commerce University in 2015. He started his career in 2009 at Güneş Sigorta as Assistant Auditor at the Internal Audit Directorate. After working as Inspector from 2012 to 2017, he was appointed Chief Inspector at the Inspection Board in 2017. Since June 1, 2018, Balci has served as the Internal Control and Risk Management Branch Manager at Güneş Sigorta. On June 21, 2019, he was appointed Committee Member at the "Participation Insurance Advisory Committee," which was established under the Board of Directors to ensure the compliance of the Company's participation insurance activities with the principles of participation insurance and participation finance and follow-up thereof. He speaks English.

# ORGANIZATION CHART



**Inspection Board**

**Legislation and Compliance Department**



# RELIABLE EXPERTISE ON MARKETING AND SALES



## MARKETING AND SALES



**CAMPAIGNS AND PRACTICES ON TARGET PRODUCTS FOR DISTRIBUTION CHANNELS AND SALES TEAMS HAVE BEEN EFFECTIVELY MANAGED THROUGHOUT 2019.**

Thanks to its 62 years of experience in the insurance sector, Güneş Sigorta holds comprehensive expertise in the sales and marketing field across Turkey. Within the scope of a growth strategy implemented in profitable branches and products in 2019, campaigns and practices on target products for distribution channels and sales teams have been effectively managed.

In 2019, Güneş Sigorta successfully managed the Commercial Fire practices, Housing, Personal Accident and Auto Insurance Campaigns, KOBİ Dost, Lifesaver Emergency Health

Insurance, Complementary Health Insurance Campaigns, My Belongings are Safe (Eşyam Güvende), Agriculture, and Commercial Package campaigns. Agencies that succeeded in the campaigns carried out throughout the year were awarded an increase in their commission revenues. Furthermore, travels to Prague and Belgrade are planned in 2020 for those agencies that achieved target production levels under the Personal Accident Insurance Campaign.

As part of the campaigns carried out for the employees of Türkiye Vakıflar Bankası as a strong distribution channel, trips to Madrid, Dubai and Barcelona were organized in 2019. Successful employees under the year-long campaign carried out for Vakıf Participation Bank employees will be able to participate in the Andalusia trip in Q1 2020.



## DISTRIBUTION CHANNELS

...

# 48%

## Agency Channel Production Share

In 2019, Güneş Sigorta continued to boast the highest share in terms of quantity and premium production among sales channels. As of the end of 2019, the production share of agency sales stood at 48%. Furthermore, campaigns and events were held/organized to increase their revenues and boost their motivation and loyalty for the Company. In order to raise agency efficiency, protocols were signed with agencies having insufficient production in non-auto branches. Measures were taken for inefficient agencies for the purposes of contribution to profitability. In line with the principle of customer satisfaction - the Company's driving philosophy - developing the competencies of agencies will contribute to this objective.

In 2019, Financial Channels represented 35% in Güneş Sigorta's production. 92% of the production generated by Financial Channels came from the VakıfBank branches in 2019. Activities are ongoing effectively with Vakıf Katılım, Albaraka, and Emlak Participation Bank as part of the deal signed in 2019.

Throughout 2019, all VakıfBank field sales teams were provided with training courses on auto insurance and damage via video-chat and in-class programs on new products, and, for newcomers, fundamentals of insurance programs. Product and awareness courses continued for the VakıfBank field sales staff.

### EFFICIENT COOPERATION WITH VAKIFBANK

In 2018, full integration of the package products including Travel Health, Traffic, Housing, DASK, Auto Insurance, KOBİdost, Complementary Health Insurance, and Lifesaver Emergency Health Insurance into the banking screens was achieved. In 2019, the Commercial Package and My Belongings Are Safe products were migrated to the Bank's screens among the new product additions to address customer needs accurately and fully including the Commercial Package, Unemployment Loan, Employer Protection, My Belongings Are Safe, and Receivables insurance Subsidized by State.

Throughout 2019, all VakıfBank field sales teams were provided with training courses on auto insurance and damage via video-chat and in-class programs on new products, and, for newcomers, fundamentals of insurance programs. Product and awareness courses continued for the VakıfBank field sales staff.

**DISTRIBUTION  
CHANNELS**

...

# IN-CLASS TRAINING ON NEW PRODUCTS



**VIDEO COURSES ON  
AUTO INSURANCE  
AND DAMAGE WERE  
PROVIDED FOR ALL  
VAKIFBANK FIELD  
SALES TEAMS  
THROUGHOUT 2019.**

Throughout 2019, all VakıfBank field sales teams were provided with training courses on auto insurance and claims via video-chat, in-class programs on new products, and, for newcomers, fundamentals of insurance programs. Product and awareness courses continued for the VakıfBank field sales staff.

Efforts are ongoing for the migration of Unemployment Loan and Employer Protection products. The plan is to complete the migration of these products to the Bank's screens in Q1 2020. Activities regarding the migration of all policies subject to renewal commenced in 2019, with plans to deploy them in 2020.

In 2020, the Company plans to complete the full integration of the Bancassurance Project, on which works and improvements are currently ongoing. Besides, within the framework of digitalization efforts, the Company plans to deploy policy sales of the new products developed for the Call Center; start sales of Compulsory Earthquake and Traffic insurances on mobile and internet banking channels, and launch new and profitable products that will address policyholders' needs. Within this scope, product trainings and general sales trainings are planned to continue.





### **STRONG BROKER NETWORK**

In the insurance broker channel, Güneş Sigorta carried out activities within the framework of its service-oriented approach to customers and achieved sustainable profitability and growth by working with the distinguished brokerage firms of our country.

Güneş Sigorta identified and managed the risks faced by policyholders through the sales channel and continued to offer unique solutions to its policyholders with strategic recommendations designed to minimize the threats they may face in today's conditions.

### **TRAININGS AIMED TO INCREASE SALES PERFORMANCE**

As a result of joint training programs organized to raise insurance awareness among the Bank's sales staff and ensure product familiarity in 2019, a total of 888 people -- including 575 individuals across the country -- as well as the participants of the VakıfBank Fundamental Training Program received in-class trainings.

# 888

**Number of  
Participants in  
In-Class  
Trainings**

# PRODUCTS TAILORED FOR CUSTOMERS' EXPECTATIONS AND NEEDS

## DIGITAL TRANSFORMATION AND MOBILE INSURANCE



### UPDATES TO THE WEBSITE, LAUNCHED WITH A NEW DESIGN IN 2019, ARE ONGOING IN LINE WITH TECHNOLOGICAL DEVELOPMENTS AND CUSTOMERS' EXPECTATIONS.

Closely following the digital transformation process in the financial sector, Güneş Sigorta successfully continued its investments in the fields of digital and mobile insurance in 2019.

In 2019, the Auto Insurance product was added to Travel Health and Housing insurance products made available for online sales on VakıfBank mobile banking and internet branch in 2018 as part of digitalization. The aim is to start selling Mandatory Earthquake Insurance and Traffic Insurance products on these channels in 2020.

To enable sales managers to present products to customers in a digital environment without being dependent on the branches, the Auto Insurance, Traffic Insurance, DASK, Housing, My Passwords Are Safe, Credit Card Assurance, Complementary Health Insurance, Lifesaver Emergency Health Insurance, and Unemployment Insurance Products are also targeted to be sold via mobile platforms.

Updates to the website, launched with a new design in 2019, are ongoing in line with technological developments and customers' expectations. Güneş Sigorta's priority regarding the current mobile app and the new website is to provide a user-friendly interface and better user experience. Lean proposal processes regarding DASK, Housing, Travel Health, Health, Auto and Traffic Insurance products are planned.

Efforts are ongoing for the agency mobile app, with production, performance, campaign, damage, and collection menus being designed to address agencies' expectations and needs.

Unemployment Insurance is a product that provides economic assurance by collateralizing the monthly installment loan amount for individuals registered at SGK or private pension funds who took out a Consumer Loan, Vehicle Loan or Housing Loan but were then involuntarily made redundant.



## PRODUCT PORTFOLIO



**GÜNEŞ DOST AUTO INSURANCE OFFERS PRICE BENEFITS OF UP TO 25% AND QUALITY SERVICES FOR AUTOMOBILES AND LIGHT COMMERCIAL VEHICLES AGED TWO AND ABOVE.**

### NEW PRODUCT AND TARIFF DEVELOPMENT STUDIES

#### Güneş Dost Auto Insurance

This insurance product secures automobiles and light commercial vehicles aged 2 and above with price advantages of up to 25% and quality services. Güneş Dost Auto Insurance is valid at the high quality and guaranteed Güneş Dost Service Network spanning the country, repairing damages through the right method at the right time, and using original spare parts. Güneş Dost Auto Insurance offers numerous advantageous services to customers.

Products developed for the bank sales channel:

#### Commercial Package Insurance

This insurance product is developed exclusively for commercial customers with favorable premiums and within the limits of certain coverages. It offers third party liability for fire and additional coverages, employer's liability, burglary insurance, vault burglary insurance, glass breakage insurance and electronic equipment insurance without implementing incomplete insurance clauses.

#### My Belongings Are Safe (Eşyam Güvende)

This is a packaged product that provides earthquake coverage for belongings without implementing incomplete insurance clauses -- a whole new practice in the sector. In addition to Fire

and Additional Coverages for household belongings of property owners and tenants alike, the package includes coverage for earthquake, burglary, glass, rental losses, costs arising from the change of registered address, legal protection associated with the immovable property, and electronic devices.

#### Unemployment Insurance for Credits

This product provides economic assurance by collateralizing the monthly credit installment amount for individuals registered at SGK or private pension funds who took out a Consumer Loan, Vehicle Loan or Housing Loan but were then involuntarily made redundant.

#### İvme (Acceleration) Package Insurance

The İvme Package Insurance for the manufacturing industry was developed under the İvme (advanced, productive, indigenous, industry) financing package announced by the Ministry of Treasury and Finance. It provides machinery breakdown coverage, extended Auto-Insurance coverage, fire coverage and additional coverage for the machinery falling under the scope of the İvme Finance in amounts stated in the policy.

#### Participation Insurance Products

In line with convenient coverage and risk services pursuant to the principles of participation insurance, the Company commenced works to develop new products for interest-sensitive customers. The plan is to make these products available by January 2020.

# PARTICIPATION INSURANCE PROCESSES BASED ON THE 'WINDOW' MODEL

## PARTICIPATION INSURANCE



**ON AUGUST 1, 2019, GÜNEŞ SİGORTA COMMENCED PARTICIPATION INSURANCE ACTIVITIES BASED ON THE 'WINDOW' MODEL UNDER ISLAMIC INSURANCE FOR INTEREST-SENSITIVE CUSTOMERS.**

Participation Insurance activities commenced in 2019.

Participation insurance, also known as takaful, is a mutual insurance product based on solidarity for Islamic insurance services to be provided. In takaful, the company acts on behalf of the participants. Participants' contributions in the risk fund created are not evaluated in interest-bearing transactions. Compliance with applicable laws is sought in takaful, while compliance with the principles of participation finance is monitored by the advisory committee.

On August 1, 2019, Güneş Sigorta commenced Participation Insurance activities based on the 'window'

model under Islamic Insurance for interest-sensitive customers. In 2019, total premiums produced through Vakıf Participation Bank and Albaraka Participation Bank in Auto Insurance, Housing and Health participation insurance products stood at TL 478,618.

Among the participation models in Islamic insurance, the "proxy" method is implemented in takaful. In 2019, the average ratio of proxy fees charged equaled 40%.

A risk pool is created in participation insurance. Premiums produced and commissions charged are collected in the pool. Payments such as premium reimbursements, re-insurance transfers, claims, commissions, and costs of

An agency agreement was signed with Emlak Participation Bank to offer participation insurance products through new distribution channels. Negotiations to sign agency deals with Türkiye Finans Participation Bank and Ziraat Participation Bank started.



**GÜNEŞ SİGORTA**  
KATILIM SİGORTACILIĞI  
HİZMETİNE BAŞLADI!

**KATILIM SİGORTACILIĞI GÜVENCESİYLE**

**Katılım Sigortacılığı prensiplerine uygun faizsiz ürünlerimizle her zaman yanınızdayız.**

**İslami hassasiyetlerinizi gözeterек oluşturduğumuz Katılım Sigortacılığı ürünlerimizi gönül rahatlığıyla yaptırabilirsiniz.**

assistance services are made from the pool. The funds in the risk pool are utilized in Islamic financial investment instruments. Profits or losses arising from the funds channeled to investment instruments are again paid from or charged to the pool. The operator does not benefit from such profits or cover these losses.

An Advisory Committee has been established to provide advice and guarantee compliance of participation insurance activities with Islamic rules. It is composed of two members; one being an external member, and one a Company employee.

All information regarding participation insurance is available under section "Participation" on the corporate website.

Striving to be an innovative pioneer in participation insurance, Güneş Sigorta continues efforts to diversify products and services in this field.

An agency agreement was signed with Emlak Participation Bank to offer participation insurance products through new distribution channels. Negotiations to sign agency deals with Türkiye Finans Participation Bank and Ziraat Participation Bank started.

Güneş Sigorta decided to start sales of participation insurance products at VakıfBank branches. The plan is to launch the products in January 2020, and integration efforts are ongoing.

**GÜNEŞ SİGORTA DECIDED TO START SALES OF PARTICIPATION INSURANCE PRODUCTS AT VAKIFBANK BRANCHES. THE PLAN IS TO LAUNCH THE PRODUCTS IN JANUARY 2020, AND INTEGRATION EFFORTS ARE ONGOING.**

# PROCESS IMPROVEMENT EFFORTS BOOSTING EFFICIENCY

## STRATEGY AND PROCESS DEVELOPMENT PRACTICES



At Güneş Sigorta, the process improvement project is aimed at examining business processes end-to-end, boosting the use of information technologies for more rapid and error-free processes, re-modeling existing processes to address customers' needs, conducting

activities in coordination with relevant functions and reflecting these activities on processes, adopting simplification in business activities, and eliminating the works and repetitive processes which do not create added-value. In the first phase, claims processes were analyzed and a report on process improvement recommendations was drafted. Improvement areas in processes and technology applications were identified, as a result of which an action plan was devised. Other phases have been planned under the Process Maturity Assessment study for 2020.

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In the first phase of process improvement efforts, claims processes were analyzed and a report on process improvement recommendations was drafted.

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# CORPORATE COMMUNICATION APPROACH INCREASING THE BRAND VALUE



As one of the insurance sector's pioneering and deep-rooted companies, Güneş Sigorta continued in 2019 to successfully conduct corporate communication activities directed towards becoming the preferred brand among stakeholders, as well as increasing the number of the policyholders. The Company also strived to raise awareness of insurance in our country and to further boost the brand value. The awards Güneş Sigorta won in 2018 are the testimony of this success. Corporate communication activities carried out in 2019 are explained in detail, as follows.

## CORPORATE COMMUNICATION



**IN 2019, ACTIVITIES  
WERE CARRIED OUT TO  
POSITION THE RIGHT  
PRODUCT IN THE RIGHT  
CHANNEL.**

### COMMUNICATION ACTIVITIES THAT MAKE THE BRAND VALUE SHINE OUT

In line with its communication approach, Güneş Sigorta conducts activities based on the strategy of serving as an innovative, customer-oriented, preferred and pioneering insurance company that carries the brand value one step forward each passing day.

As part of this strategy, communication activities in 2019 were aimed at positioning the right product in the right channel. Under communication activities to help the brand and products reach the right target group, the Company utilized printed press, radio, digital channels, and social media including Facebook, Twitter, Instagram, YouTube ve LinkedIn throughout the year. Innovative practices on these channels enabled Güneş Sigorta to reach out to existing and potential customers.

### BRAND COMMUNICATION ACTIVITIES

To raise awareness and the value of the Güneş Sigorta brand, the "Seviyorsan Sigortalat Bizce (If You Love It, Insure It)" advertising campaign continued in 2019. As in all of its activities, Güneş Sigorta adopted the principle of making the lives of the policyholders and target groups easier, thanks to its customer-centric approach in communication activities. The Company distributed this campaign mainly via newspapers, magazines, radio and digital channels, with the motto "Life Made Easier."

Güneş Sigorta, taking a customer-centric approach in digital media, redesigned its corporate website in line with emerging digital trends and customers' needs. These activities included user-friendly design efforts, and renewing the contents of the corporate and product pages by taking the needs and expectations of the customers into account.

## CORPORATE COMMUNICATION



In line with the less formal nature of social media communications, Güneş Sigorta uses an intimate language in its social media channels, as well as reaching out for current and potential customers with special competitions and creative posts.



### GÜNEŞ SIGORTA PREPARED PRODUCT VIDEOS FOR DIGITAL CHANNELS TO BOOST PRODUCT VISIBILITY IN 2019.

Eager to utilize the power of digital channels more effectively, Güneş Sigorta created product videos for the digital channels aimed at raising awareness for insurance products in 2019.

### GÜNEŞ SIGORTA IN SOCIAL MEDIA

Staying abreast of developing communication trends, Güneş Sigorta reaches out for current and potential policyholders via digital channels, including Facebook, Twitter, Instagram, YouTube and LinkedIn. In line with the less formal nature of social media communications, Güneş Sigorta uses an intimate language in its social media channels, as well as reaching out for current and potential customers with special competitions and creative posts.

### INTERNATIONAL AWARD FOR THE ANNUAL REPORT

As the experienced and innovative company of the insurance sector, Güneş Sigorta won three awards at ARC Awards, the world's largest international reporting contest, with its 2018 Annual Report themed "We Set Sail into the Future." The 2018 Annual Report was the Gold winner in the "Interior Design" category, the Silver winner in the "Photography" category, and the Honors winner in the "Non-Traditional Annual Reports" category.

At the 33rd edition of the International ARC Awards in 2019, also known as the Oscars of annual reports, organized by the US-based Mercomm, besides Güneş Sigorta's 2018 Annual Report won awards in three categories in the insurance sector, Güneş Sigorta was awarded the "Best of the Bests" grand prize in the "Interior Design" category.



## DEVELOPMENTS AND AMENDMENTS IN LEGISLATION



### IFRS 17 INSURANCE CONTRACTS STANDARD

The Public Oversight, Accounting and Auditing Standards Authority issued the IFRS 17 Insurance Contracts Standard in the Official Gazette no. 30688 on February 16, 2019, to ensure alignment with the same Standard introduced by the International Accounting Standards Board. The Standard sets forth the principles regarding the measurement, presentation, disclosure, and inclusion in the financial statements, of insurance contracts. Aimed at simplifying varying accounting practices in insurance contracts, IFRS 17 is the first comprehensive insurance accounting standard of international nature that enables companies to present such contracts in a manner to reflect them truthfully, and thus to increase transparency.

The effective date of the standard was postponed from 2021 to January 1, 2022, to allow insurance companies to get prepared in areas outside their control such as resources, trainings and its impact on tax regulations and legislation.

Güneş Sigorta initiated systemic infrastructure and operational preparations required for IFRS 17 in coordination with all relevant units in 2019.

### COMMUNIQUÉ AMENDING THE COMMUNIQUÉ ON THE TARIFFS AND INSTRUCTIONS FOR COMPULSORY EARTHQUAKE INSURANCE

The Communiqué amending the Communiqué on the tariffs and instructions for compulsory earthquake insurance was issued by the Ministry of Treasury and Finance and entered into force upon publication in the Official Gazette no. 30881 dated September 7, 2019.

Accordingly, the minimum premium amounts for the compulsory earthquake insurance were increased. The minimum premium amount shall not be lower than the amounts determined for the first to fifth zones according to the earthquake risk zone. The number of earthquake risk zones is now 7, up from 5, for minimum premium amounts.

The three categories ("steel, concrete and framed structures," "masonry work structures," and "other structures") under the previous tariffs and instructions communiqué have been amended by the new communiqué as two categories; namely "concrete" and "other."

Güneş Sigorta started to calculate premiums according to the new tariff.

### DECREE DATED 2019 ON THE EXCESS OF LOSS PROTECTION TO BE PLEDGED BY THE GOVERNMENT FOR THE AGRICULTURAL INSURANCE POOL

Decree on the excess of loss protection to be pledged by the government for the agricultural insurance pool entered into force upon the issuance of the Presidential decree in 2019. The Risk Sharing and Reinsurance Plan approved by the Board of the Agricultural Insurance Fund as per Articles 15 and 16 of the Agricultural Insurances Law no. 5363 dated 14.06.2005, contained provisions regarding the risks arising from the insurance contracts signed between 01.01.2019 and 31.12.2021 that could be transferred

via reinsurance and retrocession. The net loss/premium ratio of these risks is determined with detailed breakdowns by year. Accordingly, the plan determined the premium ratios of the risks arising from the insurance contracts signed by TARSİM between 1 January 2016-31 December 2018 that could be transferred via reinsurance or retrocession.

The decree became valid and entered into force as of January 1, 2019.

### THE CALCULATION METHOD FOR ONGOING RISK PROVISION CHANGED IN THREE BRANCHES

The calculation method for ongoing risk provisions in Auto, Traffic and General Liability branches was amended after the Ministry of Treasury and Finance issued the "Communiqué on Unexpired Risk Reserves" no. 2016/37.

The calculation method for unexpired risk reserves (URR) is described in Article 6 of the "Regulation on Technical Provisions of Insurance, Reinsurance and Pension Companies and Assets in which Such Provisions Are to be Invested." According to subparagraph three of the same article, "the Ministry may request that an unexpired risk provision be reserved by the branch within the scope of this testing method."

However, the calculation method specified in the regulation was considered to be failing in delivering results in compliance with actuarial principles for certain branches. Moreover, the calculations based on accounting periods resulted in significant differences. Therefore, the Directorate General of Insurance affiliated with the Ministry of Treasury and Finance issued the "Communiqué on Unexpired Risk Provisions" no. 2019/5, which amended the calculation method for ongoing risk provisions in auto, traffic, and general liability branches.

# TURKISH INSURANCE SECTOR ACCELERATED GROWTH

## TURKISH INSURANCE SECTOR PREMIUM DEVELOPMENT



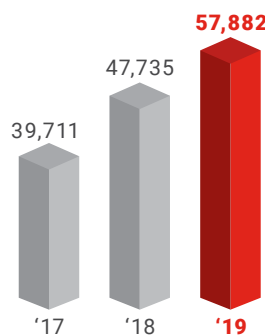
**MOTOR VEHICLES LIABILITY BRANCH, WITH THE HIGHEST PRODUCTION SHARE IN TURKEY, GREW BY 18% YEAR-ON-YEAR DELIVERING A 5.3% REEL GROWTH AND REACHING TL 18.7 BILLION.**

The total insurance premium production increased by 26.7% compared to the previous year and amounted to TL 69.2 billion in 2019. Of the total premium production, TL 57.9 billion was generated from non-life branches and TL 11.4 billion from life insurance products. Increment in non-life and life branches actualized as 21.3% and 64.1%, respectively. When the real variation is calculated by subtracting the inflation rate, the sector's premium production grew by 13.3%. The life branch soared by 46.8%, and the non-life branch grew by 8.4% in real terms.

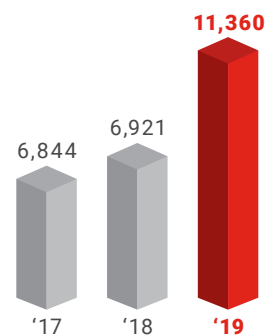
In terms of the non-life sector production by branch, the Motor Vehicles Liability branch, which has the largest production in the sector, increased by 18% compared to 2018 and grew by 5.3% in real terms to TL 18.7 billion.

In the Motor Vehicles insurance branch, the second-largest branch of the sector, production in 2019 was TL 9.4 billion, corresponding to a 19.9% growth compared to 2018. Production in Fire and Natural Disasters, the third-largest branch, increased by 21.1%, reaching TL 8.4 billion in 2019 compared to 2018. The Health branch corresponds to 14.4% of the sector production; while the premium production was TL 8.4 billion in 2019, this figure increased by 34% compared to 2018. In the General Damages branch, production was TL 5.9 billion; in the Accident branch TL 2.4 billion; and in the General Liability branch, the premium production was TL 1.7 billion in 2019. The total production in 2019 of Marine Cargo, Financial Losses, Legal Protection, Watercraft, Loan, Aircraft Liability, Aircraft, Indemnity, Watercraft Liability, Assistance and Railroad Vehicles branches is TL 3 billion.

**Non-Life Total (TL million)**



**Life Total (TL million)**



Branches (TL)	2017	2018	2019	Share (%)	Increase (%)	Real Increase (%)
ACCIDENT	1,682,318,452	1,812,338,146	2,372,741,294	4%	31%	17%
ILLNESS/HEALTH	5,026,464,106	6,244,295,477	8,358,100,508	14%	34%	20%
MOTOR VEHICLES	6,916,180,532	7,842,917,162	9,406,268,988	16%	20%	7%
RAILROAD VEHICLES	11,068	0	13,280	0.00002%	0%	0%
AIRCRAFT	114,153,481	179,857,508	223,854,250	0.4%	24%	11%
WATERCRAFT	218,148,439	300,257,211	413,511,536	1%	38%	23%
MARINE CARGO	651,957,892	829,833,718	950,787,872	2%	15%	2%
FIRE AND NATURAL DISASTERS	5,745,990,852	6,972,578,655	8,447,104,595	15%	21%	8%
GENERAL DAMAGES	4,355,445,077	5,247,013,900	5,876,737,145	10%	12%	0.1%
MOTOR VEHICLES LIABILITY	13,042,053,210	15,854,546,224	18,712,174,135	32%	18%	6%
AIRCRAFT LIABILITY	131,775,217	194,377,729	263,898,565	0.5%	36%	21%
WATERCRAFT LIABILITY	26,402,168	31,336,619	44,655,983	0.1%	43%	27%
GENERAL LIABILITY	1,023,855,057	1,391,898,950	1,712,228,206	3%	23%	10%
LOAN	173,718,087	248,338,460	304,281,300	1%	23%	10%
INDEMNITY	50,021,130	71,788,694	92,177,756	0.2%	28%	15%
FINANCIAL LOSSES	325,760,102	345,630,885	505,294,367	1%	46%	31%
LEGAL PROTECTION	225,033,131	168,125,712	198,465,014	0.3%	18%	6%
ASSISTANCE	1,318,624	122,350	158,666	0.0003%	30%	16%
<b>NON-LIFE TOTAL</b>	<b>39,710,606,624</b>	<b>47,735,257,399</b>	<b>57,882,453,461</b>	<b>84%</b>	<b>21%</b>	<b>8%</b>
<b>LIFE TOTAL</b>	<b>6,844,082,921</b>	<b>6,920,771,569</b>	<b>11,359,715,131</b>	<b>16%</b>	<b>64%</b>	<b>47%</b>
<b>GRAND TOTAL</b>	<b>46,554,689,545</b>	<b>54,656,028,968</b>	<b>69,242,168,593</b>	<b>100%</b>	<b>27%</b>	<b>13%</b>

Source: www.tsb.org.tr

## TOP 3 LARGEST PREMIUM PRODUCTION BRANCHES

**> TL 18.7 billion**  
MOTOR VEHICLES LIABILITY  
PREMIUM PRODUCTION

**> TL 9.4 billion**  
MOTOR VEHICLES  
PREMIUM PRODUCTION

**> TL 8.4 billion**  
FIRE AND NATURAL DISASTERS  
PREMIUM PRODUCTION

# TECHNICAL EVALUATION



## SOUND GROWTH IN PREMIUM PRODUCTION

### PREMIUM PRODUCTION

Based on treasury branches, the premium production for 2019 in comparison with the previous year's figures are shown in the table below:

TL	2017	2018	2019	Share (%)	Increase (%)
Accident	47,421,686	50,164,872	104,783,898	5%	109%
Illness/Health	142,589,314	153,221,918	281,347,687	12%	84%
Motor Vehicles	292,366,866	304,735,377	332,537,884	15%	9%
Railroad Vehicles	-	-	-	-	-
Aircraft	77,071,773	114,993,174	114,239,374	5%	-1%
Watercraft	25,973,156	28,529,253	40,972,668	2%	44%
Marine Cargo	22,654,144	27,223,017	28,969,162	1%	6%
Fire and Natural Disasters	304,091,433	343,455,592	413,852,577	18%	20%
General Damages	233,724,285	271,861,955	228,467,725	10%	-16%
Motor Vehicles Liability	394,323,582	447,952,398	462,777,985	20%	3%
Aircraft Liability	75,514,397	113,545,970	144,890,441	6%	28%
Watercraft Liability	-	-	-	-	-
General Liability	31,409,640	41,699,278	54,964,447	2%	32%
Loan	-	-	1,946,355	0.1%	-
Indemnity	608,836	656,275	1,252,576	0.1%	91%
Financial Losses	2,584,966	2,699,778	43,300,334	2%	1,504%
Legal Protection	10,645,175	6,667,726	11,284,560	0.5%	69%
Assistance	-	-	-	-	-
<b>GRAND TOTAL</b>	<b>1,660,979,253</b>	<b>1,907,406,583</b>	<b>2,265,587,673</b>	<b>100%</b>	<b>19%</b>

The total premium production increased by 19% in a balanced manner in all branches, in line with the Company's strategy. Premiums in non-motor branches delivered an above-the-sector growth. Health and Individual accident branches performed a striking growth, by 84% and 111% respectively. Furthermore, the Unemployment Insurance product launched this year reached TL 40 million in premium production and attained a leading position in financial losses branch within the sector with a market share of 53.8%

Agency channel production remained at the same level, while bank and broker channel premium productions grew by 172% and 49%, respectively. The market share of the bank channel increased from 4.3% to 9.1%.

**GROSS CLAIMS PAID**

The gross claims paid in 2019 by treasury branches in comparison with the previous year's figures are shown in the table below:

<b>TL</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Share (%)</b>	<b>Increase (%)</b>
Accident	6,532,845	11,048,630	5,258,935	0.5%	-52%
Illness/Health	103,475,593	116,056,079	120,300,285	11%	4%
Motor Vehicles	216,691,209	269,835,680	228,448,898	20%	-15%
Railroad Vehicles	-	-	-	-	-
Aircraft	77,128,720	150,360,030	182,026,805	16%	21%
Watercraft	18,724,883	16,306,706	18,771,144	2%	15%
Marine Cargo	11,165,590	6,812,368	5,779,917	1%	-15%
Fire and Natural Disasters	86,880,275	86,272,339	107,026,075	10%	24%
General Damages	74,751,302	108,630,397	83,252,578	7%	-23%
Motor Vehicles Liability	216,529,049	283,208,670	303,919,312	27%	7%
Aircraft Liability	15,812,933	17,636,165	43,353,729	4%	146%
Watercraft Liability	-	-	-	-	-
General Liability	10,561,845	20,363,563	18,390,096	2%	-10%
Loan	-	-	-	-	-
Indemnity	941,900	3,166,295	219,758	0.02%	-93%
Financial Losses	214,255	1,575,139	1,145,007	0.1%	-27%
Legal Protection	118,022	69,319	35,198	0.003%	-49%
Assistance	-	-	-	-	-
<b>Grand Total</b>	<b>839,528,421</b>	<b>1,091,341,380</b>	<b>1,117,927,737</b>	<b>100%</b>	<b>2%</b>

**TECHNICAL BALANCE (TECHNICAL PROFIT)**

Based on the treasury branches, the Technical Balance results for 2019 in comparison with the previous year's figures are shown in the table below:

<b>TL</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Share (%)</b>	<b>Increase (%)</b>
Accident	17,114,470	31,185,690	59,093,381	39%	89%
Illness/Health	(10,067,001)	(2,009,686)	53,683,467	35%	-2,771%
Motor Vehicles	818,443	(33,808,268)	32,794,626	21%	-197%
Railroad Vehicles	-	-	-	-	-
Aircraft	(1,102,146)	(2,042,163)	(2,485,448)	-2%	22%
Watercraft	650,646	(842,533)	(1,584,748)	-1%	88%
Marine Cargo	10,152,435	12,298,028	10,196,895	7%	-17%
Fire and Natural Disasters	8,732,558	46,748,132	50,460,545	33%	8%
General Damages	20,814,708	20,563,458	35,839,983	23%	74%
Motor Vehicles Liability	(19,232,733)	(36,694,564)	(97,325,725)	-64%	165%
Aircraft Liability	(1,525,342)	(1,918,973)	(2,874,806)	-2%	50%
Watercraft Liability	-	-	-	-	-
General Liability	(200,096)	(8,815,617)	(1,210,713)	-1%	-86%
Loan	16	-	54,080	0.04%	-
Indemnity	557,570	(353,501)	989,047	1%	-380%
Financial Losses	(1,713,126)	(2,014,507)	11,767,405	8%	-684%
Legal Protection	2,874,720	3,423,575	3,393,537	2%	-1%
Assistance	-	-	-	-	-
<b>Grand Total</b>	<b>27,875,122</b>	<b>25,719,071</b>	<b>152,791,526</b>	<b>100%</b>	<b>494%</b>

## TECHNICAL EVALUATION



### TECHNICAL INCOME TABLE ON BRANCH BASIS

I-TECHNICAL PART	ACCIDENT	ILLNESS/ HEALTH	MOTOR VEHICLES	AIRCRAFT	WATERCRAFT	MARINE CARGO	FIRE AND NATURAL DISASTERS
A- Non-Life Technical Income	85,290,188	263,016,312	342,677,713	-	2,344,280	17,821,658	159,684,234
Written Premiums (Net)	85,824,493	281,347,687	325,764,768	-	3,298,931	11,947,350	141,020,530
Change in Earned Premium Reserves (Net)	(29,084,832)	(74,267,759)	(25,805,305)	-	(540,523)	(38,145)	(18,269,423)
Change in Unexpired Risk Res.	-	-	-	-	(614,176)	-	-
Investment Income Transf. to Non-Technical Division	28,519,636	54,862,196	34,146,552	-	222,104	3,141,588	31,785,828
Other Technical Income	2,278	438,029	1,674,552	-	(122,422)	-	27,592
Accrued Recourse & Salvage Income (+)	28,613	636,159	6,897,146	-	100,366	2,770,865	5,119,707
B- Non-Life Technical Expenses(-)	(26,196,807)	(209,332,845)	(309,883,087)	(2,485,448)	(3,929,028)	(7,624,764)	(109,223,689)
Paid Claims (Net)	(2,686,618)	(120,299,979)	(225,527,733)	-	(2,646,947)	(2,725,234)	(47,713,387)
Change in Outstanding Claims Reserves	472,797	(7,226,170)	3,163,800	-	(2,261,291)	(2,238,527)	(5,705,718)
Change in Other Technical Reserves	(74,097)	-	(660,266)	-	-	-	(4,351,977)
Operational Expenses (-)	(23,908,889)	(81,806,696)	(86,858,888)	(2,485,448)	979,210	(2,661,003)	(51,452,607)
C- Technical Part Balance-Non-Life (A-B)	59,093,381	53,683,467	32,794,626	(2,485,448)	(1,584,748)	10,196,894	50,460,545

GENERAL DAMAGES	MOTOR VEHICLES LIABILITY	AIRCRAFT LIABILITY	GENERAL LIABILITY	LOAN	INDEMNITY	FINANCIAL LOSSES	LEGAL PROTECTION	TOTAL
48,819,188	373,872,379	-	7,675,946	-	757,566	23,501,393	10,450,423	1,335,911,280
43,010,067	311,520,474	-	9,115,849	-	738,942	41,148,948	10,162,175	1,264,900,214
(3,877,473)	1,203,936	-	(2,262,837)	-	(411,732)	(17,668,471)	(3,167,474)	(174,190,038)
-	14,713,401	-	(2,184,570)	-	160,035	-	-	12,074,690
9,150,520	15,409,430	-	2,339,256	-	238,375	6,492	3,455,722	183,277,699
153,748	783,076	-	457,758	-	182	-	-	3,414,793
382,326	30,242,062	-	210,490	-	31,764	14,424	-	46,433,922
(12,979,205)	(471,198,105)	(2,874,806)	(8,886,658)	54,080	231,481	(11,733,987)	(7,056,886)	(1,183,119,754)
(16,123,991)	(266,662,514)	-	(2,249,020)	-	(39,195)	(1,004,041)	(17,919)	(687,696,578)
1,162,286	(151,130,407)	-	(7,504,197)	-	378,471	(1,293,723)	(7,996)	(172,190,675)
(336,532)	-	-	-	-	-	-	-	(5,422,872)
2,319,032	(53,405,184)	(2,874,806)	866,559	54,080	(107,795)	(9,436,223)	(7,030,971)	(317,809,629)
35,839,983	(97,325,726)	(2,874,806)	(1,210,712)	54,080	989,047	11,767,406	3,393,537	152,791,526

## TECHNICAL EVALUATION



As of the end of 2019, investment income dropped by 5% to TL 344 million 614 thousand. Income generated through financial investments represents the highest share among investment income with TL 218 million 661 thousand. The second largest investment income was obtained from foreign exchange profit with TL 89 million 233 thousand. Income obtained is as follows: TL 29 million 516 thousand from the subsidiaries, TL 5 million 282 thousand from the valuation of financial assets, TL 1 million 205 thousand from the plots, lands and buildings, and TL 718,000 from other investments.

<b>D- Investment Income (TL)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Increase (%)</b>
1- Income Obtained from Financial Investments	81,030,027	144,919,637	218,660,663	51%
2- Profits Earned by Liquidation of Financial Investments	-	-	-	-
3- Valuation of Financial Investments	2,916,540	5,150,960	5,281,597	3%
4- Foreign Exchange Profit	75,305,738	184,655,484	89,232,622	-52%
5- Income from Participations	9,280,957	20,569,367	29,515,753	43%
6- Income from Subsidiaries & Group Companies.	-	-	-	-
7- Income Obtained from Plots, Lands and Buildings	1,419,487	6,400,328	1,205,318	-81%
8- Income Obtained from Derivatives	3,109,000	-	-	-
9- Other Investments	-	-	717,603	-
10- Investment Income Transferred to Life Technical Division	-	-	-	-
<b>GRAND TOTAL</b>	<b>173,061,749</b>	<b>361,695,776</b>	<b>344,613,556</b>	<b>-5%</b>

At the end of 2019, investment expenses dropped by 12% to TL 286 million 381 thousand. The investment income transferred to the technical division was recorded as TL 183 million 278 thousand, making up the greatest portion of investment expenses. The foreign exchange loss for the period was TL 75 million 922 thousand. Other investment expenses amounted to TL 14 million 403 thousand, depreciation expenses to TL 7 million 449 thousand, and investment management expenses to TL 5 million 328 thousand in the same period. The loss incurred due to the liquidation of investments stood at TL 782.

<b>E- Investment Expenses (-) (TL)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Increase (%)</b>
1- Investment Management Exp.- Inc. Interest (-)	(3,767,707)	(5,635,884)	(5,328,184)	-5%
2- Impairment in Value of Investments (-)	-	(717,603)	-	-100%
3- Loss Incurred Due to Liquidation of Investments (-)	(5,578)	-	(782)	-
4- Inv. Income Transf. to Non-Life Technical Division (-)	(74,992,877)	(140,777,407)	(183,277,699)	30%
5- Loss Incurred Due to Derivatives (-)	-	(2,647,500)	-	-100%
6- Foreign Exchange Losses (-)	(64,023,399)	(158,725,233)	(75,922,462)	-52%
7- Depreciation Expenses (-)	(7,343,000)	(6,861,268)	(7,448,696)	9%
8- Other Investment Expenses (-)	(5,962,042)	(10,139,772)	(14,403,380)	42%
<b>GRAND TOTAL</b>	<b>(156,094,603)</b>	<b>(325,504,667)</b>	<b>(286,381,203)</b>	<b>-12%</b>



At the end of 2019, our Revenues and Profits from Other Operations and Expenses and Losses from Other Operations amounted to TL 74 million 955 thousand as an expense. The income items were re-discount expenses with TL 3 million 85 thousand and Other Income and Profits with TL 1 million 590 thousand. The expense items, on the other hand, included provisions with TL 64 million 121 thousand, deferred taxes with TL 13 million 983 thousand, and other expenses and losses with TL 1 million 527 thousand.

<b>F- Revenues and Profits and Expenses &amp; Losses from Other and Extraordinary Operations (+/-)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Increase (%)</b>
1- Provisions (+/-)	(33,778,937)	(50,679,556)	(64,121,125)	27%
2- Rediscounts (+/-)	(2,093,518)	(3,108,264)	3,085,080	-199%
3- Special Insurance Account (+/-)	-	-	-	-
4- Inflation Adjustment (+/-)	-	-	-	-
5- Deferred Tax Assets (+/-)	15,267,885	1,512,840	(13,982,596)	-1,024%
6- Deferred Tax Liability Exp. (-)	-	-	-	-
7- Other Revenues and Profits	2,664,965	1,593,129	1,590,159	-0.2%
8- Other Expenses and Losses (-)	(409,424)	(356,955)	(1,526,881)	328%
9- Prior Year's Revenues and Profits	-	-	-	-
10- Prior Year's Expenses and Losses (-)	-	-	-	-
<b>GRAND TOTAL</b>	<b>(18,349,029)</b>	<b>(51,038,806)</b>	<b>(74,955,363)</b>	<b>47%</b>

### INCOME STATEMENT SUMMARY

For the period covering January 1-December 31, 2019, the technical income obtained has been TL 1 billion 335 million 911 thousand, whereas the technical expenses amounted to TL 1 billion 183 million 120 thousand. The technical division balance presented a profit of TL 152 million 792 thousand.

As a result of the investment income, amounting to TL 344 million 614 thousand, and investment expense, amounting to TL 286 million 381 thousand included in the technical division balance, and the expenses resulting from other and extraordinary operations, amounting to TL 74 million 955 thousand, the gross profit for the period totaled TL 136 million 69 thousand. Net income for the period after tax amounted to TL 123 million 559 thousand.

<b>Income Statement Summary</b>	<b>2017/12</b>	<b>2018/12</b>	<b>2019/12</b>	<b>Increase (%)</b>
A- Non-Life Technical Income	925,510,784	1,092,999,720	1,335,911,280	22%
B- Non-Life Technical Expenses(-)	(897,635,662)	(1,067,280,649)	(1,183,119,754)	11%
C- Technical Income (A-B)	27,875,122	25,719,071	152,791,526	494%
D- Investment Income	173,061,749	361,695,776	344,613,556	-5%
E- Investment Expenses (-)	(156,094,603)	(325,504,667)	(286,381,203)	-12%
F- Revenues and Profits and Expenses & Losses from Other and Extraordinary Operations (+/-)	(18,349,029)	(51,038,806)	(74,955,363)	47%
G- Gross Profit/Loss For the Period	26,493,239	10,871,374	136,068,516	1,152%
H- Period Income Tax Provision	-	-	(12,509,362)	0%
I- Net Profit/Loss for the Period	26,493,239	10,871,374	123,559,154	1,037%

Technical income and expenses grew by 22% and 11%, respectively, while the technical profit rose from TL 25.7 million to TL 152.8 million. In 2019, the Company focused on efficiency in operational activities aimed at bringing technical expenses to a balanced level by taking actions in claims management. Claims/premium ratios recorded were, therefore, more favorable than the previous years.

The incremental transition for the most important technical expense item, which is IBNR, was completed in 2019. TL 186 million net additional provisions were reserved; all the liabilities were reported in financial statements, and reserves were strengthened.

**TECHNICAL  
EVALUATION**



> **TL 104.8 million**

**ACCIDENT PREMIUM  
PRODUCTION**

> **TL 56.8 million**

**EARNED PREMIUMS (NET)**

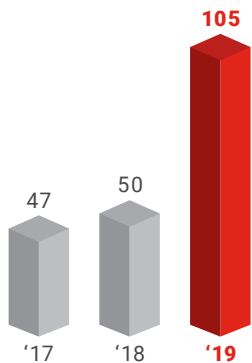
**ACCIDENT INSURANCES**

ACCIDENT	2017	2018	2019	Increase (%)
Premium Production - TL	47,421,686	50,164,872	104,783,898	109%
Retention Rate %	70%	79%	82%	3%
Earned Premiums (net) - TL	25,337,414	37,647,624	56,739,661	51%
Losses Incurred (net) - TL	(2,354,545)	(3,866,264)	(2,213,821)	-43%
Technical Division Balance - TL	17,114,470	31,185,690	59,093,381	89%
Loss/Premium (net) %	9%	10%	4%	-6%
Technical Profit/Premium %	36%	62%	56%	-6%

At the end of 2019, premium production in the accident branch totaled TL 104 million 784 thousand increasing by 109%. The retention ratio was 82%. At the end of 2019, the net loss/premium ratio in the accident branch was 4%. While net earned premium was TL 56 million 740 thousand, the net incurred loss amounted to TL 2 million 214 thousand. The technical division balance of the Company in the accident branch increased by 89% year-on-year, totaling TL 59 million 93 thousand as profit.

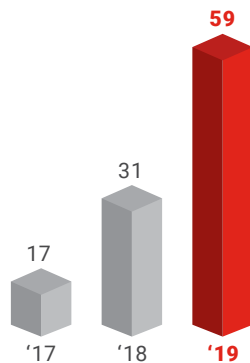
**Premium Production (TL million)**

> **109% INCREASE**



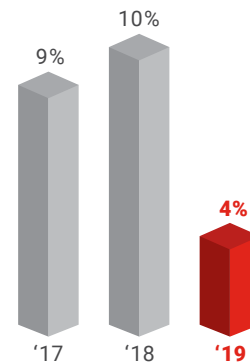
**Technical Division Balance (TL million)**

> **89% INCREASE**



**Loss/Premium (net) (%)**

> **6% DECREASE**



## ILLNESS/HEALTH INSURANCES

Illness/Health	2017	2018	2019	Increase (%)
Premium Production - TL	142,589,314	153,221,918	281,347,687	84%
Retention Rate %	100%	100%	100%	0%
Earned Premiums (net) - TL	133,911,607	147,411,500	207,079,928	40%
Losses Incurred (net) - TL	(107,648,161)	(113,807,302)	(127,526,149)	12%
Technical Division Balance - TL	(10,067,001)	(2,009,686)	53,683,467	2,771%
Loss/Premium (net) %	80%	77%	62%	-15%
Technical Profit/Premium %	-7%	-1%	19%	20%

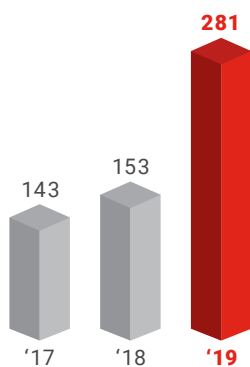
At the end of 2019, premium production in the illness/health branch totaled TL 281 million 348 thousand with an increase of 84%. The retention rate was 100%. At the end of 2019, the net loss/premium ratio of this branch stood at 62%. While net earned premiums were TL 207 million 80 thousand, the net incurred loss amounted to TL 127 million 526 thousand. Illness/health technical division balance corresponded to TL 53 million 683 thousand as profit.

> **TL 281.4 million**  
ILLNESS/HEALTH PREMIUM PRODUCTION

> **TL 207.1 million**  
EARNED PREMIUMS (NET)

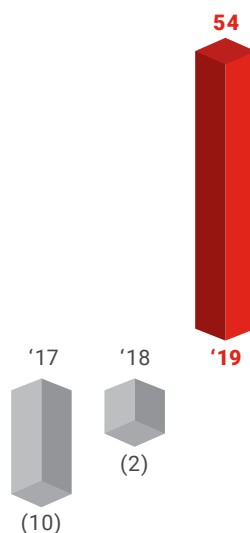
## Premium Production (TL million)

> **84%** INCREASE



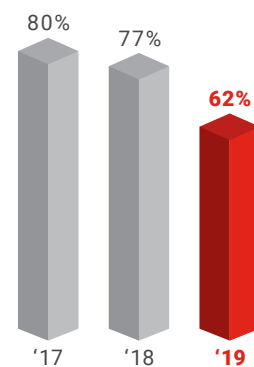
## Technical Division Balance (TL million)

> **2,771%** INCREASE



## Loss/Premium (net) (%)

> **%15** DECREASE



**TECHNICAL  
EVALUATION**



> **TL 332.5 million**  
**MOTOR VEHICLES PREMIUM  
PRODUCTION**

> **TL 300 million**  
**EARNED PREMIUMS (NET)**

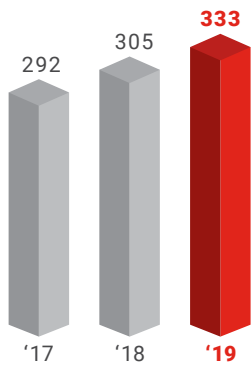
**MOTOR VEHICLES INSURANCES**

Motor Vehicles	2017	2018	2019	Increase (%)
Premium Production - TL	292,366,866	304,735,377	332,537,884	9%
Retention Rate %	97%	98%	98%	0%
Earned Premiums (net) - TL	261,520,799	293,952,918	299,959,463	2%
Losses Incurred (net) - TL	(210,205,749)	(269,008,448)	(222,363,933)	-17%
Technical Division Balance - TL	818,443	(33,808,268)	32,794,626	197%
Loss/Premium (net) %	80%	92%	74%	-18%
Technical Profit/Premium %	0%	-11%	10%	-21%

At the end of 2019, premium production in the motor vehicles branch totaled TL 332 million 538 thousand increasing by 9%. The retention ratio was 98%. At the end of 2019, the net loss/premium ratio was 74% in this branch. While the net earned premiums were TL 299 million 959 thousand, the net incurred loss amounted to TL 222 million 364 thousand. The technical division balance of the Company in the motor vehicles branch resulted in a profit of TL 32 million 795 thousand.

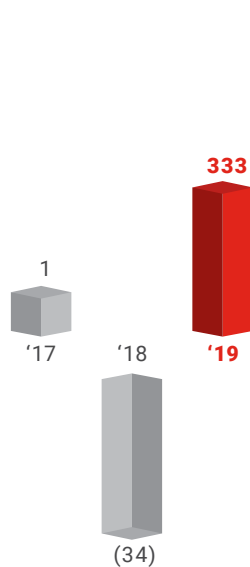
**Premium Production (TL million)**

> **9% INCREASE**



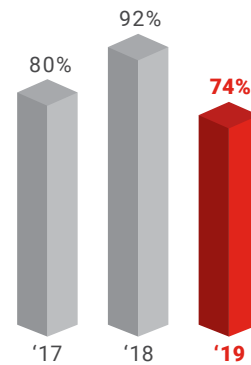
**Technical Division Balance (TL million)**

> **197% INCREASE**



**Loss/Premium (net) (%)**

> **18% DECREASE**



## AIRCRAFT INSURANCES

Aircraft	2017	2018	2019	Increase (%)
Premium Production - TL	77,071,773	114,993,174	114,239,374	-1%
Retention Rate %	-	-	-	-
Earned Premiums (net) - TL	-	-	-	-
Losses Incurred (net) - TL	(14)	59	-	-100%
Technical Division Balance - TL	(1,102,146)	(2,042,163)	(2,485,448)	22%
Loss/Premium (net) %	-	-	-	-
Technical Profit/Premium %	-1%	-2%	-2%	0%

At the end of 2019, premium production in the aircraft branch turned out to be TL 114 million 239 thousand, with a decrease of 1%. In the aircraft branch, no production was retained. The technical loss of the Company in the aircraft branch amounted to TL 2 million 485 thousand.

> **TL 114.2 million**

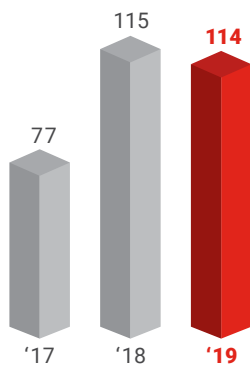
### AIRCRAFT PREMIUM PRODUCTION

> **22%**

### TECHNICAL DIVISION BALANCE DECREASE RATE

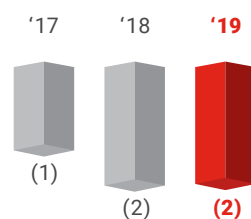
#### Premium Production (TL million)

> **1% DECREASE**



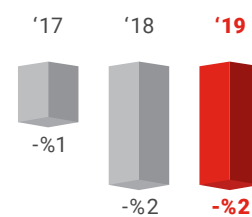
#### Technical Division Balance (TL million)

> **22% DECREASE**



#### Loss/Premium (net) (%)

> **22% DECREASE**



TECHNICAL  
EVALUATION



> **TL 41 million**  
WATERCRAFT PREMIUM  
PRODUCTION

> **TL 2.1 million**  
EARNED PREMIUMS (NET)

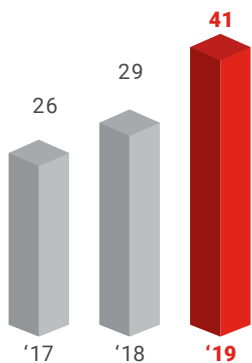
WATERCRAFT INSURANCES

Watercraft	2017	2018	2019	Increase (%)
Premium Production - TL	25,973,156	28,529,253	40,972,668	44%
Retention Rate %	9%	9%	8%	-1%
Earned Premiums (net) - TL	2,198,467	1,674,648	2,144,232	28%
Losses Incurred (net) - TL	(2,787,882)	(3,723,900)	(4,908,238)	32%
Technical Division Balance - TL	650,646	(842,533)	(1,584,748)	88%
Loss/Premium (net) %	127%	222%	229%	7%
Technical Profit/Premium %	3%	-3%	-4%	-1%

At the end of 2019, the premium production in the watercraft branch totaled TL 40 million 973 thousand with an increase of 44%. At the end of 2019, the net earned premiums in this branch were TL 2 million 144 thousand, while the net incurred loss amounted to TL 4 million 908 thousand. The technical loss of the Company in the watercraft branch was TL 1 million 585 thousand.

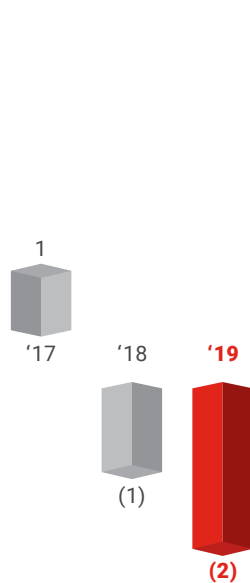
Premium Production (TL million)

> **44%** INCREASE



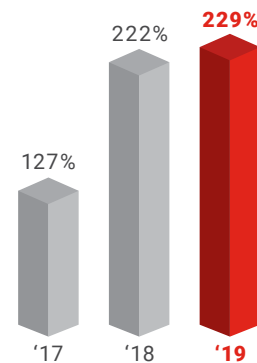
Technical Division Balance (TL million)

> **88%** DECREASE



Loss/Premium (net) (%)

> **7%** DECREASE



## MARINE CARGO INSURANCES

Marine Cargo	2017	2018	2019	Increase (%)
Premium Production - TL	22,654,144	27,223,017	28,969,162	6%
Retention Rate %	51%	49%	41%	-8%
Earned Premiums (net) - TL	11,117,850	13,375,632	11,909,205	-11%
Losses Incurred (net) - TL	(2,611,380)	(3,148,066)	(4,963,761)	58%
Technical Division Balance - TL	10,152,435	12,298,028	10,196,894	-17%
Loss/Premium (net) %	23%	24%	42%	18%
Technical Profit/Premium %	45%	45%	35%	-10%

At the end of 2019, the premium production in the marine cargo branch increased by 6% and reached TL 28 million 969 thousand. The retention ratio was 41%. At the end of 2019, the net earned premiums in this branch were TL 11 million 909 thousand and the net loss incurred amounted to TL 4 million 964 thousand. The technical division balance of the Company in the marine cargo branch was TL 10 million 197 thousand with a decrease of 17% compared to the previous year.

> **TL 29 million**

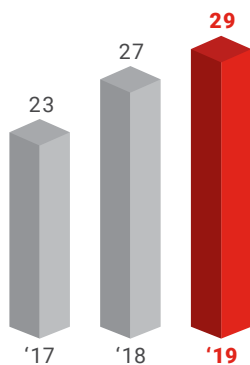
## MARINE CARGO PREMIUM PRODUCTION

> **TL 11.9 million**

## EARNED PREMIUMS (NET)

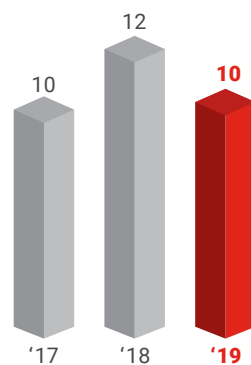
## Premium Production (TL million)

> **6% INCREASE**



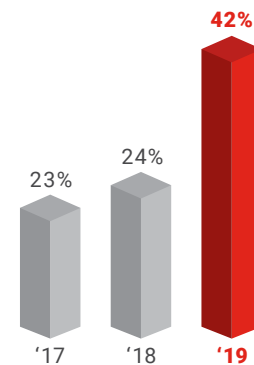
## Technical Division Balance (TL million)

> **17% DECREASE**



## Loss/Premium (net) (%)

> **18% INCREASE**



**TECHNICAL  
EVALUATION**



> **TL 413.9 million**  
**FIRE AND NATURAL  
DISASTERS PREMIUM  
PRODUCTION**

> **TL 122.8 million**  
**EARNED PREMIUMS (NET)**

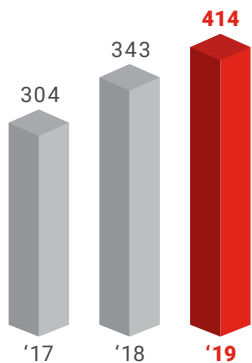
**FIRE AND NATURAL DISASTERS INSURANCES**

Fire and Natural Disasters	2017	2018	2019	Increase (%)
Premium Production - TL	304,091,433	343,455,592	413,852,577	20%
Retention Rate %	28%	31%	34%	3%
Earned Premiums (net) - TL	77,760,239	97,757,007	122,751,107	26%
Losses Incurred (net) - TL	(45,577,909)	(37,674,698)	(53,419,105)	42%
Technical Division Balance - TL	8,732,558	46,748,132	50,460,545	8%
Loss/Premium (net) %	59%	39%	44%	5%
Technical Profit/Premium %	3%	14%	12%	-2%

At the end of 2019, the premium production in the fire and natural disasters branch increased by 20% and reached TL 413 million 853 thousand. The retention ratio was 34%. At the end of 2019, the net loss/premium ratio in this branch was 44%. While the net earned premiums were TL 122 million 751 thousand, the net incurred loss amounted to TL 53 million 419 thousand. In the technical division balance of the Company in the fire and natural disasters branch, the profit was TL 50 million 461 thousand.

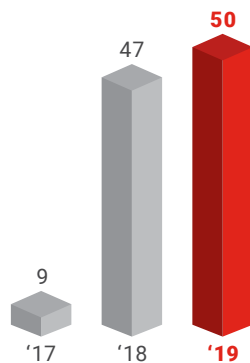
**Premium Production (TL million)**

> **20% INCREASE**



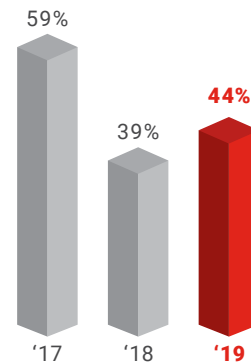
**Technical Division Balance (TL million)**

> **8% INCREASE**



**Loss/Premium (net) (%)**

> **5% INCREASE**





## GENERAL DAMAGES INSURANCES

General Damages	2017	2018	2019	Increase (%)
Premium Production - TL	233,724,285	271,861,955	228,467,725	-16%
Retention Rate %	8%	9%	19%	10%
Earned Premiums (net) - TL	18,579,136	19,466,040	39,132,594	101%
Losses Incurred (net) - TL	(12,039,312)	(13,413,891)	(14,961,705)	12%
Technical Division Balance - TL	20,814,708	20,563,458	35,839,983	74%
Loss/Premium (net) %	65%	69%	38%	-31%
Technical Profit/Premium %	9%	8%	16%	8%

At the end of 2019, the premium production in the general damages branch totaled TL 228 million 468 thousand by decreasing 16%. The retention ratio was 19%. At the end of 2019, the net loss/premium ratio was 38% in this branch. While the net earned premiums were TL 39 million 133 thousand, the net incurred loss amounted to TL 14 million 962 thousand. The technical division balance of the Company in general damages branch was TL 35 million 840 thousand as profit with an increase of 74%.

> **TL 228.5 million**

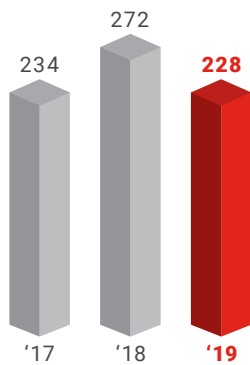
GENERAL DAMAGES  
PREMIUM PRODUCTION

> **TL 39.1 million**

## EARNED PREMIUMS (NET)

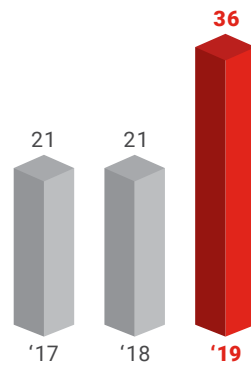
## Premium Production (TL million)

> **16% DECREASE**



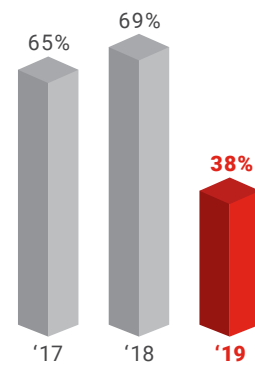
## Technical Division Balance (TL million)

> **74% INCREASE**



## Loss/Premium (net) (%)

> **31% DECREASE**



**TECHNICAL  
EVALUATION**



**> TL 462.8 million  
MOTOR VEHICLES LIABILITY  
PREMIUM PRODUCTION**

**> TL 327.4 million  
EARNED PREMIUMS (NET)**

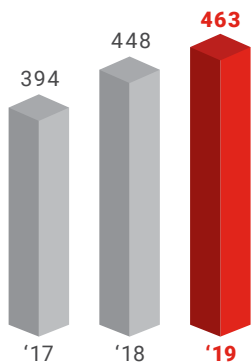
**MOTOR VEHICLES LIABILITY INSURANCES**

Motor Vehicles Liability	2017	2018	2019	Increase (%)
Premium Production - TL	394,323,582	447,952,398	462,777,985	3%
Retention Rate %	74%	79%	67%	-12%
Earned Premiums (net) - TL	272,859,477	297,355,931	327,437,811	10%
Losses Incurred (net) - TL	(278,455,417)	(346,435,095)	(417,792,921)	21%
Technical Division Balance - TL	(19,232,733)	(36,694,564)	(97,325,726)	-165%
Loss/Premium (net) %	102%	117%	128%	11%
Technical Profit/ Premium %	-5%	-8%	-21%	-13%

At the end of 2019, the premium production in the Motor vehicles liability branch totaled TL 462 million 778 thousand, presenting an increase of 3%. The retention ratio was 67%. At the end of 2019, the net loss/premium ratio of this branch was 128%. While the net earned premiums were TL 327 million 438 thousand, the net incurred loss amounted to TL 417 million 793 thousand. The technical division balance of the Company in the Motor vehicle liability branch was recorded as TL 97 million 326 thousand as a loss with an increase of 165% compared to the previous year.

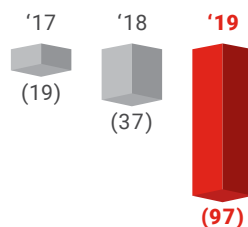
**Premium Production (TL million)**

**> 3% INCREASE**



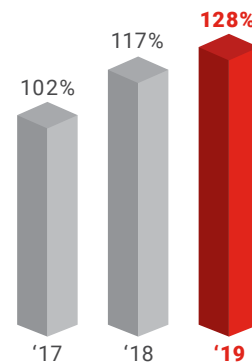
**Technical Division Balance (TL million)**

**> 165% DECREASE**



**Loss/Premium (net) (%)**

**> 11% INCREASE**



## AIRCRAFT LIABILITY INSURANCES

Aircraft Liability	2017	2018	2019	Increase (%)
Premium Production - TL	75,514,397	113,545,970	144,890,441	28%
Retention Rate %	-	-	-	-
Earned Premiums (net) - TL	48,560	-	-	-
Losses Incurred (net) - TL	(474)	134,538	-	-100%
Technical Division Balance - TL	(1,525,342)	(1,918,973)	(2,874,806)	-50%
Loss/Premium (net) %	1%	-	-	-
Technical Profit/Premium %	-2%	-2%	-2%	0%

At the end of 2019, the premium production in the aircraft liability branch reached TL 144 million 890 thousand by increasing 28%. In the aircraft liability branch, no production was retained. The loss in the technical division balance of the Company in the aircraft liability branch has been TL 2 million 875 thousand.

> **TL 144.9 million**

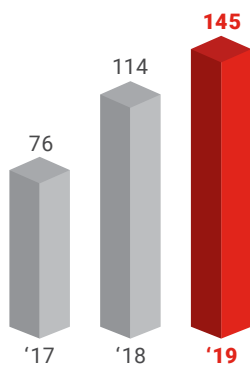
**AIRCRAFT LIABILITY  
PREMIUM PRODUCTION**

> **50%**

**TECHNICAL DIVISION  
BALANCE DECREASE RATE**

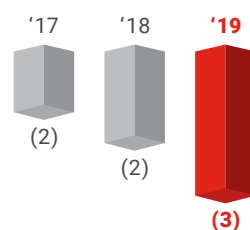
### Premium Production (TL million)

> **%28** INCREASE

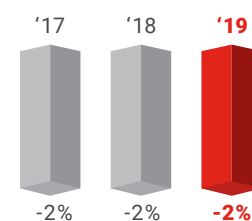


### Technical Division Balance (TL million)

> **%50** DECREASE



### Loss/Premium (net) (%)



**TECHNICAL  
EVALUATION**



> **TL 55 million**  
**GENERAL LIABILITY  
PREMIUM PRODUCTION**

> **TL 4.7 million**  
**EARNED PREMIUMS (NET)**

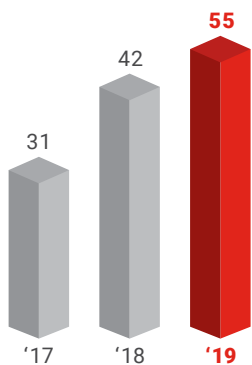
**GENERAL LIABILITY INSURANCES**

General Liability	2017	2018	2019	Increase (%)
Premium Production - TL	31,409,640	41,699,278	54,964,447	32%
Retention Rate %	14%	12%	17%	5%
Earned Premiums (net) - TL	4,709,032	3,078,356	4,668,442	52%
Losses Incurred (net) - TL	(7,104,123)	(15,248,750)	(9,753,217)	-36%
Technical Division Balance - TL	(200,096)	(8,815,617)	(1,210,712)	86%
Loss/Premium (net) %	151%	495%	209%	-286%
Technical Profit/Premium %	-1%	-21%	-2%	19%

At the end of 2019, the premium production in the general liability branch has increased by 32% and totaled TL 54 million 964 thousand. The retention ratio was 17%. While the net earned premiums were TL 4 million 668 thousand, the net incurred loss amounted to TL 9 million 753 thousand. Thus, the net loss/premium ratio in this branch was 209%. The loss of the technical division balance of the Company in the general liability branch has been TL 1 million 211 thousand.

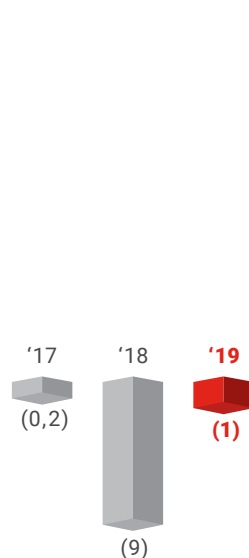
**Premium Production (TL million)**

> **32% INCREASE**



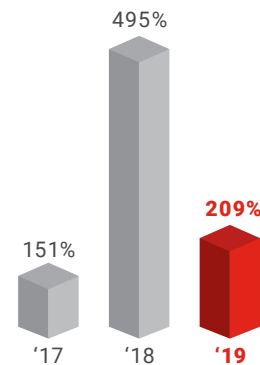
**Technical Division Balance (TL million)**

> **86% INCREASE**



**Loss/Premium (net) (%)**

> **286% DECREASE**



## INDEMNITY INSURANCES

Indemnity	2017	2018	2019	Increase (%)
Premium Production - TL	608,836	656,275	1,252,576	91%
Retention Rate %	32%	29%	59%	30%
Earned Premiums (net) - TL	144,981	40,075	487,245	1,116%
Losses Incurred (net) - TL	322,156	(517,613)	339,276	166%
Technical Division Balance - TL	557,570	(353,501)	989,047	380%
Loss/Premium (net) %	-222%	1.292%	-70%	-1.362%
Technical Profit/Premium %	92%	-54%	79%	133%

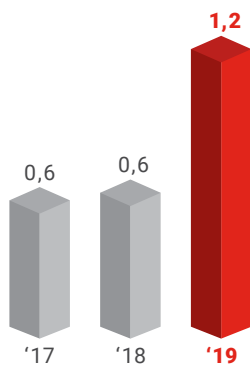
At the end of 2019, in the indemnity branch, the premium production has been TL 1 million 253 thousand. The retention ratio was 59%. The net earned premiums were TL 487 thousand, while the net incurred loss amounted to TL 339 thousand. The technical profit of the indemnity branch was TL 989 thousand.

> **TL 1.3 million**  
INDEMNITY PREMIUM  
PRODUCTION

> **TL 989 thousand**  
TECHNICAL DIVISION  
BALANCE

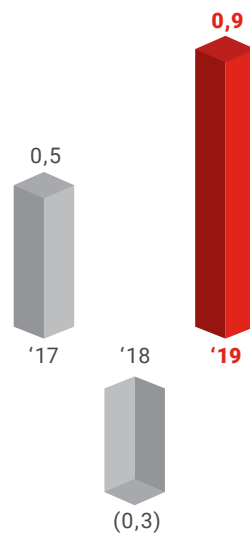
## Premium Production (TL million)

> **91%** INCREASE



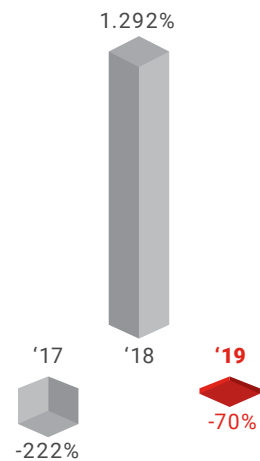
## Technical Division Balance (TL million)

> **380%** INCREASE



## Loss/Premium (net) (%)

> **1,362%** DECREASE



**TECHNICAL  
EVALUATION**



> **TL 43.3 million**

**FINANCIAL LOSSES PREMIUM  
PRODUCTION**

> **TL 23.5 million**

**EARNED PREMIUMS (NET)**

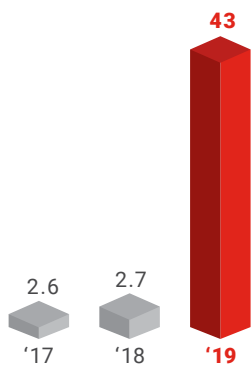
**FINANCIAL LOSSES INSURANCES**

Financial Losses	2017	2018	2019	Increase (%)
Premium Production - TL	2,584,966	2,699,778	43,300,334	1,504%
Retention Rate %	31%	36%	95%	131%
Earned Premiums (net) - TL	742,291	817,253	23,480,477	2,773%
Losses Incurred (net) - TL	(58,619)	(37,539)	(2,297,764)	6,021%
Technical Division Balance - TL	(1,713,126)	(2,014,507)	11,767,406	684%
Loss/Premium (net) %	8%	5%	10%	5%
Technical Profit/Premium %	-66%	-75%	27%	102%

At the end of 2019, the premium production in the financial losses branch totaled TL 43 million 300 thousand increasing by 1,504%. The retention ratio was 95%. The net earned premiums were TL 23 million 480 thousand, while the net incurred loss has amounted to TL 2 million 298 thousand. The profit for the technical division balance of the Company in Financial Losses branch stood at TL 11 million 767 thousand.

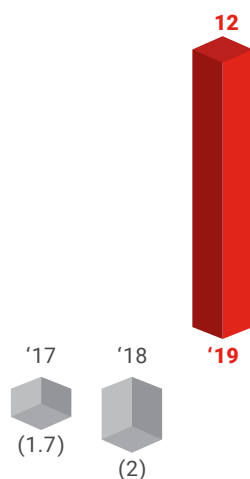
**Premium Production (TL million)**

> **1,504% INCREASE**



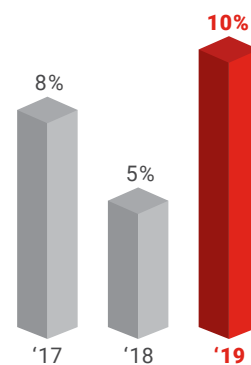
**Technical Division Balance (TL million)**

> **684% INCREASE**



**Loss/Premium (net) (%)**

> **5% INCREASE**



## LEGAL PROTECTION INSURANCES

Legal Protection	2017	2018	2019	Increase (%)
Premium Production - TL	10,645,175	6,667,726	11,284,560	69%
Retention Rate %	68%	72%	90%	18%
Earned Premiums (net) - TL	6,024,144	6,378,119	6,994,701	10%
Losses Incurred (net) - TL	(420,366)	235,836	(25,915)	-111%
Technical Division Balance - TL	2,874,720	3,423,575	3,393,537	-1%
Loss/Premium (net) %	7%	-4%	0%	4%
Technical Profit/Premium %	27%	51%	30%	-21%

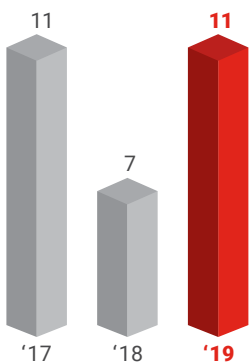
At the end of 2019, the premium production in the legal protection branch has reached TL 11 million 285 thousand, increasing by 69%. The retention rate was 90%. The net earned premiums were TL 6 million 995 thousand, while the net incurred loss amounted to TL 26 thousand. The technical profit of the Company in the legal protection branch was TL 3 million 394 thousand.

> **TL 11,3 million**  
LEGAL PROTECTION  
PREMIUM PRODUCTION

> **TL 7 million**  
EARNED PREMIUMS (NET)

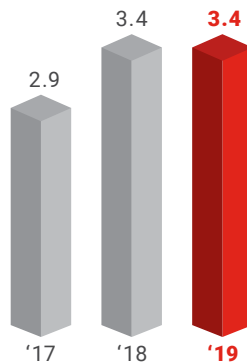
## Premium Production (TL million)

> **69%** INCREASE



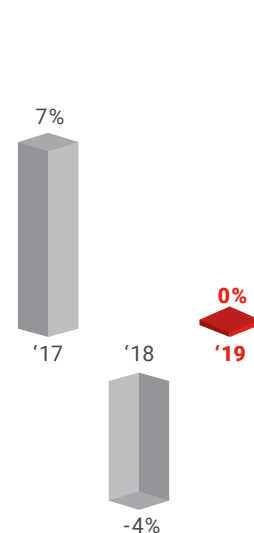
## Technical Division Balance (TL million)

> **1%** DECREASE



## Loss/Premium (net) (%)

> **4%** INCREASE



## TECHNICAL EVALUATION



### LOAN INSURANCES

Loan	2017	2018	2019	Increase (%)
Premium Production - TL	-	-	1,946,355	100%
Retention Rate %	-	-	-	-
Earned Premiums (net) - TL	16	-	-	-
Losses Incurred (net) - TL	-	-	-	-
Technical Division Balance - TL	16	-	54,080	100%
Loss/Premium (net) %	-	-	-	-
Technical Profit/Premium %	-	-	3%	3%

At the end of 2019, in the Loan branch, the premium production was TL 1 million 946 thousand. No production was retained in this branch. The technical division balance of the Loan branch was TL 54 thousand as profit.

> **TL 2 million**

LOAN PREMIUM PRODUCTION

> **TL 54 thousand**

TECHNICAL DIVISION  
BALANCE (NET)



# CONTINUOUS IMPROVEMENT WITH STRONGER SERVICE INFRASTRUCTURE

## IT OPERATIONS



Conducting its operations in line with the goal of continuous development, Güneş Sigorta consistently improves its service infrastructure by closely following the digital transformation process in the finance sector. Tapping into a strong IT infrastructure featuring the most recent technologies, the Company also develops its product and service infrastructure.

The following IT projects were implemented in 2019:

### HEALTH TSS INTEGRATION AND HYBRID PRODUCT PROJECT

As part of the Health Infrastructure Development Project, Complementary Health Insurance (TSS) provision and claims processes were finalized and fully integrated within Güneş Sigorta.

The project also enabled integration with the information systems of hospitals, while allowing hospital staff to receive provisions directly via their own HIMS applications. Thus, a more productive working environment was established for the staff and solution partners.

As part of the Hybrid Product Project, for TSS contracted institutions, the necessary software infrastructure was developed for a new hybrid product that serves as a TSS policy, or as a Private Health Insurance policy in areas not covered by the TSS policy.

### VAKIFBANK BANCASSURANCE PROJECT

The integration with VakıfBank enabled the customers of the Bank to receive auto insurance offers and promptly purchase policies via the VakıfBank mobile app.

### CENTRAL DATABASES HARDWARE AND VERSION UPGRADE PROJECT

Technology investment was made in the version and hardware of the databases currently used within the infrastructure of the Pusula and Armada systems, in accordance with the current capacity and corporate requirements. This investment ensured a higher performance and growth capacity in the Pusula and Armada database infrastructure through the latest technological hardware architectures.

### CENTRAL BACKUP INFRASTRUCTURE RENEWAL PROJECT

Investments were made to renew the current system with hardware and software that provide sufficient capacity and technology to meet the backup and restoration requirements of the systems and data used within information technologies in a reliable and rapid manner. This investment aims to establish a technological software/hardware infrastructure that will permit secure and safe storage of an ever-expanding volume of data and to safely carry out backup/data recovery operations, if necessary, in shorter times.

### REPORTING PROJECTS DEVELOPED IN COOPERATION WITH BUSINESS INTELLIGENCE AND DATA ANALYTICS DEPARTMENT

Measurable goals determined per department in line with the corporate strategies are now calculated and monitored via ARMADA.

**THE HEALTH INFRASTRUCTURE DEVELOPMENT PROJECT HELPED CONDUCT PROVISION AND CLAIMS PROCESSES OF COMPLEMENTARY HEALTH INSURANCE FULLY UNDER THE UMBRELLA OF GÜNEŞ SİGORTA.**

# PRODUCTS FULLY MEETING CUSTOMER NEEDS

## R&D ACTIVITIES



**IN 2019, ACTIVITIES UNDER THE İTÜ SEED INSURTECH PROGRAM WERE COMMENCED TO MAKE SIGNIFICANT CONTRIBUTIONS TO THE INSURANCE SECTOR AND STARTUP ECOSYSTEM.**

Güneş Sigorta's R&D activities in the insurance sector are aimed at providing products that fully meet customers' needs; address customers' expectations by tapping into new sources of data; optimizing processes and cutting costs, and offering a seamless customer experience through personalization and dynamic adaptation. To achieve these goals, the Company commenced activities

under the İTÜ Seed Insurtech program to make significant contributions to the insurance sector and startup ecosystem in 2019. As part of this program, Güneş Sigorta plans to work in collaboration with startups to boost the effective use of Artificial Intelligence (AI), (Internet of Things) IoT and Blockchain technologies in its business processes.

# RESTORING A DYNAMIC STRUCTURE FOR THE INSURANCE SECTOR

## ACTIVITIES OF THE SHAREHOLDING AND INVESTOR RELATIONS UNIT



**THE PLAN TO MERGE ZİRAAT SİGORTA AŞ, HALK SİGORTA AŞ AND GÜNEŞ SİGORTA FOLLOWING SHARE TRANSFERS WAS ANNOUNCED.**

### **REGISTRATION UNDER ARTICLE 198 OF THE TURKISH COMMERCIAL CODE**

Pursuant to Article 198 of the Turkish Commercial Code, the following matters were registered on October 21, 2019, and announced in the Turkish Trade Registry Gazette dated October 25, 2019: According to the letter issued by the Company's principal shareholder T. Vakıflar Bankası T.A.O., its nominal shares amounted TL 304,495,989.14 and the stake it holds at the Company increased from 48.02% to 56.39% through the exercise of its preemptive rights standing for its existing shares and through the acquisition of additional shares, at the time of the Company's capital increase from TL 270,000,000 to TL 540,000,000. On the other hand, according to the letter issued by another shareholder of the Company, Groupama Holding Filiales et Participations, the share it has in the capital of Güneş Sigorta decreased from 20.00% to 10.00%.

### **NEW DEVELOPMENTS: START OF NEGOTIATIONS REGARDING SHARE TRANSFER AND MERGER**

The Insurance and Private Pension Regulatory and Supervisory Authority and Türk Reasürans AŞ were established as part of the structural reforms under the New Economic Plan announced by the Ministry of Treasury and Finance. It is anticipated that

the reforms aimed at the insurance sector will continue with the merger of insurance, life and pension companies controlled by public banks under a single roof.

Accordingly, the Company's shareholders including Türkiye Vakıflar Bankası T.A.O., VakıfBank Employees Private Social Security Services Foundation, and Türkiye Vakıflar Bankası T.A.O. Officer and Retainers Retirement and Health Care Foundation, notified the Company of the start of negotiations regarding the transfer of their stake at Güneş Sigorta, which stands for 71.81%, to a company which will be established by Türkiye Varlık Fonu Yönetimi AŞ (Turkey Wealth Fund ManCo– TWF). This matter was disclosed by the Company to the public upon an announcement on the Public Disclosure Platform (KAP) on December 13, 2019.

The plan to merge Ziraat Sigorta AŞ, Halk Sigorta AŞ and the Company following the transfer of shares was announced.

These reforms will contribute to the efforts to establish economies of scale and to bring the size of the non-banking financial sector in Turkey to the global average. Enabling the insurance sector to be an actor in the global competition is also among the objectives of the reforms. Furthermore, the plan is to achieve a dynamic structure within the insurance sector through increasing operational efficiency, cutting costs, ensuring more effective use of distribution channels particularly banks, and diversifying the product portfolio.

Within the framework of the New Economic Plan announced by the Ministry of Treasury and Finance, it is anticipated to merge insurance, life and pension companies controlled by public banks under a single roof.

## ACTIVITIES OF THE SHAREHOLDING AND INVESTOR RELATIONS UNIT



### TÜRKİYE VAKIFLAR BANKASI T.A.O. HOLDS 51.10% OF THE SHARES IN GÜNEŞ SİGORTA.

Our shareholder Groupama Holding Filiales Et Participations, executed on February 7, 2020, a share transfer agreement for the transfer of its shares in our Company, which stands for 10%, to TVF Finansal Yatırımlar AŞ with a unit price of TL 1.63 per share. The planned share transfer was finalized on February 14, 2020, and disclosed to the public upon an announcement made on Public Disclosure Platform (KAP).

### PARTICIPATION IN THE BELL-RINGING CEREMONY

As a company traded at Borsa İstanbul, Güneş Sigorta accepted the invitation of Borsa İstanbul and attended the "Short Bell-Ringing Ceremony Video Shootings" with Güneş Sigorta's Assistant General Managers, Financial Affairs Group Director and executives. The videos aired on Bloomberg, Ekotürk and APara at 09:55 am on December 2, Monday, and at 06:10 pm on December 6, Friday.

### CURRENT SHAREHOLDING STRUCTURE

On December 20, 2019, Company shareholders VakıfBank Employees Private Social Security Services Foundation, and Türkiye Vakıflar Bankası T.A.O. Officer and Retainers Retirement and Health Care Foundation applied to the Central Securities Depository (MKK) to be listed on Borsa İstanbul to sell their shares held at the Company, which have a nominal value of TL 27,054,000 TL and TL 54,000,000, respectively. The shareholding structure as of February 14, 2020, after the shareholders sold their shares at the stock exchange is provided below:

Shareholders	Share Rate %	Share Value (TL)
Türkiye Vakıflar Bankası T.A.O.	51.10%	275,939,697.14
TVF Finansal Yatırımlar AŞ	10.00%	54,000,000.00
T. Vakıflar Bankası T.A.O. VakıfBank Employees Private Social Security Services Foundation	7.00%	37,800,000.00
T. Vakıflar Bankası T.A.O. Officers and Retainers Retirement and Health Care Foundation	2.56%	13,800,000.00
Free Float	29.34%	158,460,302.86
<b>TOTAL</b>	<b>100%</b>	<b>540,000,000</b>

### BEING LISTED ON BIST STARS GROUP 2 AND COMMENCEMENT OF CORPORATE GOVERNANCE ACTIVITIES

Within the scope of the Capital Markets Board's (CMB) decision no. 52 dated September 19, 2019, and Borsa İstanbul A.Ş. Board of Directors' decision no. 2019/182 dated September 27, 2019; equities that are being traded in the Equity Market's BIST Stars and BIST Main submarkets are rearranged into groups according to new criteria that suggest equities with similar magnitude, depth and liquidity trade in the same groups. Traded on BIST under the ticker GUSGR, the Company is listed on BIST Stars Group 2 in accordance with the new criteria. It is also included in the BIST Stars index.

Activities regarding compliance with voluntary principles as part of compliance with corporate governance principles were launched, while efforts to obtain a corporate governance rating are ongoing. Güneş Sigorta made updates to its disclosure policy and profit distribution policy. It also established donations and aids policy and human resources and remuneration policies and published them on the corporate website. Furthermore, the Company makes adjustments and undertakes developments regarding corporate governance practices. As a result of these activities, the Company aims to receive a corporate governance rating and to be included in the BIST Corporate Governance Index in 2020.

### TRADE REGISTRY INFORMATION

#### Trade Name

GÜNEŞ SİGORTA ANONİM ŞİRKETİ

#### Trade Registration Number

66019

#### Registration Date

17/09/1957

#### Company Address

Büyükdere Cad. Güneş Plaza No: 110  
Esentepe-Şişli/İSTANBUL

#### Central Registration System (Mersis) Number

0434005698400014

### Stars Market Group 2 Evaluation Criteria

Market Cap (MC)	Total market cap calculated based on the company's total capital. Market Cap of Shares in Actual Free Float	> TL 500 million
(MCSAFF)	The market cap of the shares of the company in actual free float (calculated according to the criteria determined by the Capital Markets Board ("CMB")) as the actual free-floating shares at the end of a defined period x the average of the one-year adjusted closing prices.	> TL 75 million
Free Float Ratio (FFR)	The ratio of the shares of the company in actual free float (calculated according to the criteria determined by the CMB) to the company's paid-in capital.	>10%
Number of Domestic Individual Investors	The average number of domestic individual investors owning shares worth the minimum TL 500 in the last year according to the CRA data.	>1000
Domestic Funds	The average market value within the last year of the share portion which is included in the portfolios of the Investment Funds and Private Pension Funds under the CMB's supervision, according to CRA data.	> TL 1 million
Liquidity	The rate of change in the average daily price of the share with a transaction volume of TL 1 million.	<3

# DISCLOSURE POLICY



## I. PURPOSE

The Company has adopted as a principle to ensure that our shareholders, investors, employees, business partners including agencies and re-insurers, public institutions, and all our stakeholders' access information in a complete, fair, equal, accurate, timely and intelligible manner. For this purpose, an Information Policy that determines the method and means of presenting information regarding the Company in writing and verbally is in place, pursuant to Section 2 of the Capital Market Law, and Article 17 of the Communiqué on Material Events of the Capital Markets Board (Serial II-15.1) in compliance with Corporate Governance Principles.

## II. OBLIGATIONS

The Information Policy enters into force upon approval by the Board; it is submitted to the General Assembly and disclosed to the public. The right to amend the policy rests with the Board, and any changes shall be submitted to the information of the General Assembly prior to being disclosed to the public.

Assistant General Manager in charge of Financial Affairs has been commissioned to implement the Information Policy. All the matters regarding public disclosure are administered under the supervision of the Assistant General Manager in charge of the Financial Affairs and Investor Relations Unit. They perform this duty in coordination with the Board of Directors, the Audit Committee, Corporate Governance Committee, managers in charge of independent audit reporting, and managers of the Corporate Communications Department.

The Audit Committee considers the advice of independent auditors and managers in charge of the Company's independent audit reporting, and evaluates the compatibility of annual and interim financial statements with the accounting principles implemented by the Company, and whether they present a true view of the actual results. It then informs the Board on these matters in writing and submits its evaluations.

The Corporate Governance Committee is, among others, in charge of monitoring the Company's activities performed related to transparency, information of the public and investors, and compliance with the Corporate Governance Principles. The Committee reviews the annual report, Corporate Governance Compliance Report, and the corporate website, which are to be made publicly available, and checks whether the information contained therein is accurate and consistent. It provides suggestions to ensure public disclosures and analyst presentations are in line with the Capital Market legislation, and accordance with the

"Information Policy" of the Company. The Committee is also in charge of examining the adequacy and up-to-dateness of the information policy and makes sure changes are made as necessary.

## III. INFORMATION TOOLS AND METHODS

In order to guarantee the functioning of the capital market in a secure, transparent, efficient, sustainable, just and competitive environment by notifying investors fully and correctly in a timely manner, public disclosure of information, events and developments that may affect the value and price of capital market instruments or the investment decisions of investors is performed via the use of various information tools.

Information tools include material event disclosures, notifications on exercising of rights, Central Securities Depository E-Company Platform, Electronic General Assembly System, financial statements, corporate website, investor presentations, meetings and teleconferences, press letters, releases and meetings, announcements in the Trade Registry Gazette, communications of the investor relations department, and social media announcements. Further details on information tools and methods are provided below:

### a. Material Disclosures

One of the most important obligations of the Company is the protection of shareholders' right to information, pursuant to the Corporate Governance Principles that provide for the protection of the shareholders' rights in publicly traded companies. In case of significant events and developments that may affect the market value of the Company's shares or the investment decisions of investors, or when information regarding such matters is obtained, it is essential to promptly inform the BIST and Board of such event. Compliance with the principle of updating the public -- investors in particular -- in a timely, adequate, and continuous manner is therefore guaranteed.

As for public disclosures, our Company acts in line with the Communiqué on Material Events (II-15.1) in the event of significant events and developments that may have an impact on the value of the capital market instruments traded at the stock exchange and investors' decisions or the exercising of their rights.

Material disclosures are issued by the Assistant General Manager in charge of Financial Affairs, electronically signed, and submitted to the Public Disclosure Platform. They are announced on the corporate website ([www.gunessigorta.com.tr](http://www.gunessigorta.com.tr)) no later than two business days following the public disclosure and kept available on the website for a period of five years.

**b. Disclosures on Exercising of Rights**

Disclosures on dividend distribution, coupon payments, amortization, capital increase, capital decrease, shareholder dismissal procedures, mergers and demergers, and other activities including general assemblies are made electronically, via the applications developed by the Central Securities Depository (MKK). When the latest disclosure on any given development is accessed on Public Disclosure Platform (KAP), the entire information regarding all stages of such development can be displayed. They are also available on the corporate website.

**c. Central Securities Depository E-Company Platform**

Under the "Legal Information" section at the "Information Society Services" tab on the corporate website, all stakeholders are informed through the provision of access to information related to the Company at the companies information portal (e-company) of the Central Securities Depository (MKK). Information on the said portal is kept up-to-date by the Investor Relations Unit.

**d. Electronic General Assembly System (EGAS)**

The Company's General Assembly Meetings are held at the Company's Head Office and at a venue that facilitates the participation of all shareholders. Simultaneously, the General Assemblies are held online, using the E-General Assembly System (E-GAS). The announcement for the General Assembly is published on E-GAS, together with the items of the agenda and informative notes.

The meeting in the physical environment and online media start simultaneously, agenda articles are read simultaneously and put to the vote. The minutes of the meeting and the list of attendants present at the meeting are also announced on E-GAS.

**e. Corporate Website and Investor Relations Unit**

In accordance with the provisions of the Corporate Governance Principles of the Capital Markets Board, the corporate website ([www.gunessigorta.com.tr](http://www.gunessigorta.com.tr)) is available in Turkish (full) and English (partial) as a communication channel at the disposal of shareholders, investors, intermediaries, research experts and other beneficiaries. The website is actively used for information and public disclosure topics. Ultimate attention is paid to keep the website current and up-to-date at all times.

The corporate website includes the sections "Who We Are," "Investor Relations," "Human Resources" and "Contact Us," in addition to "Retail," "Corporate" and "Participation" insurance tabs and online transaction menus.

Overall information on the Company, its vision, mission and values, and the resumes of the Board Members and Senior Management are provided under the section "Who We Are." The tab "Contact Us" contains contact information of the Head Office, regional directorates, agencies, contracted institutions and services.

Investor Relations on the corporate website provides information on the shareholding structure, trade registry information, information on subsidiaries, articles of association, the dates and numbers of trade registry gazettes where amendments to the articles of association were published, Corporate Governance Compliance Report, Board committees and their members, and other policies. Material disclosures, annual reports, financial statements and footnotes, independent auditor's reports, and General Assembly information (agenda, the list of attendants, proxies, and minutes of the meetings) covering the past five years are also available at this section.

In order to receive any questions or opinions of the investors or to facilitate communication with the investors, the email address of "yatirimci.iliskileri@gunessigorta.com.tr" is provided under the section of investor relations.

In order to allow foreign investors to access company information, the website in English contains information on the corporate structure, the Board and Senior Management, financial statements and annual reports of the past five years, Corporate Governance Compliance Report, information on the insurance sector, and information regarding sustainability activities.

**f. Financial Reports (Financial Statements, Footnotes, Board of Directors' Annual Reports, and Reports containing statements of responsibility)**

Quarterly financial reports are issued in accordance with the regulations of the Ministry of Treasury and Finance and Capital Markets Board. Members of the Audit Committee, the General Manager, or the executives in charge of financial reporting, submit these reports, including the statement of responsibility and compliance opinion, for the approval of the Board, prior to publication. Financial reports are communicated to KAP upon the approval of the Board. Financial reports of the past five years are published on the corporate website. Independent auditor's reports for half-year and year-end periods are also published both on KAP and the corporate website.

Information requested by the Insurance Association of Turkey, Insurance Information and Monitoring Center, official authorities, reinsurance companies, and the shareholders of the company is prepared and communicated by relevant units to the institutions that request such information.

## DISCLOSURE POLICY



The annual report is issued in accordance with the Turkish Commercial Code and the applicable insurance and CMB regulations. It is submitted for the approval of the Board and review by the shareholders at least three weeks prior to the General Assembly and then published on KAP and the corporate website. The annual report is also forwarded to the Ministry of Treasury and Finance in printed form after the General Assembly.

### **g. Investor Relations Unit's Communications; queries via phone and e-mail; Investor Information Meetings, Teleconferences and Presentations**

The Investor Relations Unit is in charge of guaranteeing potential shareholders' and investors' right to information and replying to their questions.

Güneş Sigorta employees do not answer incoming questions unless they are specifically designated to do so. Requests are conveyed to the Investor Relations Unit. Daily queries submitted by individual investors or intermediaries via phone and e-mail and requests for written and verbal information are replied only when Investor Relations Unit confirms that such information is not a trade secret and will not impact investment decisions and the value of capital market instruments. All the questions conveyed by stakeholders via e-mail, letter and phone, are addressed promptly in coordination with the individuals at the Company authorized to answer questions.

Investors', investment analysts', researchers' or shareholders' requests for a meeting are handled promptly, and in a manner to enable them to contact the persons at the most appropriate level for such meetings. Investor presentations are also available on the corporate website.

### **h. Press Statements, Releases and Meetings**

In addition to material event disclosures on KAP, press releases or press meetings are organized to inform the public on the developments regarding the company, operational results, the objectives and performance of the Company, and sector developments. The chairman of the board, general manager, and other individuals deemed appropriate by the aforementioned are in charge of handling press releases and statements in written, visual or digital format, and press meetings.

Corporate Communications Department are tasked with handling activities with the press and making social media announcements. Copies of press releases are daily published on the website.

The media follow-up agency monitors the news released by media organs on the company. In cases where incorrect news about the company are found to be circulating, the Corporate Communications and Investor Relations departments assess the situation. Relevant announcements are made on KAP upon the request of Borsa Istanbul or the CMB, or prior to a request from them if appropriate.

### **i. Announcements in the Turkish Trade Registry Gazette**

Announcement and agenda of General Assembly meetings, results of the meeting, capital increase resolutions, and amendments to the articles of association are registered in the Trade Registry and published in the Gazette upon the consent of the Capital Markets Board, Ministry of Treasury and Finance, and Ministry of Trade pursuant to the provisions of the Turkish Commercial Code and other applicable laws.

### **j. Other Disclosures**

Disclosures other than those described above are released upon signature, within the powers as designated in the signatory circular of the company.

## **IV. DETERMINING PEOPLE WITH ADMINISTRATIVE RESPONSIBILITY**

People with administrative responsibilities are the Board Members and those people who, despite not being a board member, have, directly or indirectly, regular access to insider information regarding the Company and who have the capacity to make administrative decisions that may affect the future growth and commercial objectives of the Company. People with administrative responsibilities are also deemed to be those people with access to insider information pursuant to the provisions of the capital market. At Güneş Sigorta, people with administrative responsibilities are the members of the board, general manager, and assistant general managers.

People with administrative responsibilities, those individuals who are closely associated with them, transactions performed by real or legal entity shareholders of the issuer regarding the corporate stocks or other capital market instruments based on such stocks are disclosed to the public in accordance with the provisions of the capital market.



## V. PROTECTING THE CONFIDENTIALITY OF INSIDER INFORMATION

People who are on the list of persons with access to insider information are informed verbally or in writing of their obligation to (i) keep insider information not yet disclosed confidential, (ii) not use such information for their or third parties' benefit, and (iii) not disclose such information to third parties in an unauthorized manner.

Information to be made public shall not be disclosed to certain investors or related parties prior to disclosure. Corporations that may have access to the Company's confidential information due to the nature of their services provided to the Company are exempt from this rule. People who have access to information keep such information confidential pursuant to trade secret principles and ethical rules. The relevant confidentiality provision is included in the contracts signed with them.

Company employees may not share information not yet disclosed or considered to be sensitive to third parties. If the insider information is determined to have been accidentally disclosed to third parties, a material disclosure is made promptly if it is concluded that the confidentiality of such information cannot be reinstated.

Disclosure of insider information may be postponed upon the consent of the Board under Article 6 of the CMB's Communiqué on Material Events (Serial no. II-15.1) to prevent the Company's legitimate interests from being harmed and investors from being misled. People who have had access to such information at the time the postponement decision was made are included in the list of people with access to insider information. As soon as the reasons to postpone disclosure of insider information are eliminated, the decision to postpone the information is publicly announced in line with applicable laws.

## VI. SILENT PERIOD

The Company does not make any disclosures on the results of its operations between the day following the end of any given quarterly operating period and the day statements on such operating periods are made public. During this "silent period," no financial result is discussed other than the information already made public. It is forbidden for people who have access to insider information or continuous information, and spouses, children and co-residents of such people to trade capital market instruments of the company during the silent period.

However, people authorized to make public statements about the Company are not barred from delivering press statements or attending conferences and panels as a speaker provided that they comply with the provisions of confidentiality during this period.

## VIII. FOLLOW-UP OF NEWS AND RUMORS

The Company may refrain from presenting an opinion on the news and rumors circulating in the media about it to prevent speculation. Information is evaluated as to whether it will have an impact on capital market instruments. Material disclosures are made if the CMB and/or BIST requests confirmation of such information or if it contains matters that require disclosure. The disclosure is also published on the corporate website.

## IX. DISCLOSURE OF EVALUATIONS REGARDING THE FUTURE

Evaluations regarding the future may be disclosed subject to the Board's decision. Information disclosed regarding the future should be free of excessive, unfounded anticipations that may be misleading. In the event that the evaluations regarding the future change, or if it is deemed that evaluations will not hold, the disclosure should be made promptly.

## SUSTAINABILITY APPROACH



Güneş Sigorta, which has utilized a significant portion of its economic value for the benefit of society and environment since its establishment, carries out projects that focus on the effective use of natural resources, environmental protection and social development, and sets an example for its stakeholders.

Performing activities with the mission of leaving a livable world to future generations, Güneş Sigorta adopted the principle of being an exemplary actor, demonstrating for its stakeholders its support of the sustainable development goals of Turkey.



# EFFICIENT USE OF RESOURCES FOR A SUSTAINABLE FUTURE

## CONTRIBUTION TO SOCIAL DEVELOPMENT



**GÜNEŞ SİGORTA HAS ADOPTED THE PRINCIPLE OF CONTRIBUTING TO SOCIAL DEVELOPMENT FOR 62 YEARS.**

Güneş Sigorta strives to guarantee the future of all its stakeholders through the efficient use of resources for a sustainable future.

Catching up with the requirements of doing business in our era and continuously renewing itself, Güneş Sigorta has adopted the principle of contributing to social development for 62 years.

### **SUPPORTING LOW-INCOME INDIVIDUALS VIA MICROINSURANCE**

In 2019, Güneş Sigorta continued to uphold the 10 basic principles described in the United Nations Global Compact on Human Rights, Labor Standards, the Environment and Anti-Corruption.

### **MICROINSURANCE/ MIKROHOUSING**

Implemented in a total of 175 countries with the purpose of introducing women with low income to economic life, the Micro-Credit program is being applied in Turkey since 2003. The Grameen MicroCredit program, aiming to spread the Micro-Credit Program in all provinces of Turkey, is being implemented in cooperation with its pioneer, Nobel prize winner

Prof. Dr. Muhammed Yunus. The Program celebrated its eighth year in 2019. Women with low income, who received loans under the scope of the Grameen Micro-Credit program, were included under the coverage of Micro Insurance developed by Güneş Sigorta at the end of 2011. Within the scope of the Micro Insurance, the women are provided with accidental death and permanent disability insurance, as well as coverage against terror and natural disasters such as earthquakes. Female entrepreneurs who use Micro-Credit can have this exclusive insurance with an annual payment of TL 14 and, by doing so, they can guarantee not only their lives but also the lives of their families.

In April 2013, Güneş Sigorta added MikroHousing to its micro product range. Low-income female entrepreneurs are provided with MikroHousing, which secures their homes against key risks, for the purposes of minimizing the harm such risks may cause and raising awareness on insurance within the society. In 2019, 21,674 people were insured with MikroHousing Policy.

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Güneş Sigorta adapts the 10 basic principles described in the United Nations Global Compact on Human Rights, Labor Standards, the Environment and Anti-Corruption to its business processes in the best manner possible.

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# THE PIONEER OF CHANGE IN THE TURKISH INSURANCE SECTOR

## ENVIRONMENTAL RESPONSIBILITY



**SINCE 2009, GÜNEŞ SİGORTA HAS GENERATED ITS ELECTRICITY WITH THE "SOLAR POWER PLANT" INSTALLED AT ITS HEAD OFFICE BUILDING.**

**> 5.47 tons**  
**TOTAL CO<sub>2</sub> EMISSIONS PREVENTED ANNUALLY**

### **SAVINGS WITH ENERGY GENERATED FROM THE SUN**

Güneş Sigorta pays the utmost attention to the protection of natural resources by performing activities in consideration of their environmental impact.

### **SOLAR POWER PLANT**

Dominating the global agenda for the last few years - as well as constituting a universal threat - global warming and climate change have increased the occurrence of natural disasters such as floods and severe droughts. The need to move to alternative energy sources becomes more urgent with each passing day. Güneş Sigorta always prioritizes its environmental responsibilities, in addition to its sectoral responsibilities, with innovative



steps. In line with an environmental consciousness that is taken as a reference in the sector, Güneş Sigorta has produced its electricity since 2009, with a Solar Energy Plant established at its Head Office building. Supplying a portion of its electricity demand through the Plant, which generates an average of 9 MWh of energy per year, Güneş Sigorta reduces its potential carbon dioxide emissions by 5.47 tons annually. This figure is equivalent to driving 9.963 km using fossil-based fuels. The same amount of carbon dioxide can only be compensated via a year-long absorption by 547 trees. Celebrating the 10th anniversary of its use of solar power in March 2019, Güneş Sigorta generates a certain portion of the energy it needs from its internal Solar Power Plant.

Delivering on its commitment to breathe a new life into the world with its project “One Seedling for Each Green Vehicle Insured,” Güneş Sigorta planted seedlings for policyholders and agencies who took out green auto insurance products between May 1, 2018, and December 31, 2019.



#### **EARTH HOUR ACTION**

Acting in the awareness that each company and organization has a responsibility, notably towards its social stakeholders and thereafter towards the country and the world, Güneş Sigorta supported the 2019 Earth Hour Action, as it does every year, with the aim of drawing attention to climate change and global warming. The Company joined the Earth Hour Action on April 6, 2019, by turning off all the lights inside the Head Office building between 20:30 and 21:30, except those required for security reasons.

#### **ONE SEEDLING FOR EACH GREEN VEHICLE INSURED**

In 2012, Güneş Sigorta introduced to the sector its “Green Auto Insurance,” a product specifically intended for 100%

electric-driven environment-friendly automobiles. Having ensured the sustainability of its environment-friendly approach and pioneered the sector with this first-ever product, Güneş Sigorta has further broadened its product range with hybrid automobiles. With the ability to run on petrol or electricity, hybrid vehicles combine the two engine types and reduce the disadvantages of both to a minimum. In addition, hybrid vehicles provide significant advantages to the driver in terms of performance and fuel consumption. Güneş Sigorta clients with Green Auto Insurance are able to secure their environment-friendly hybrid or 100% electric-driven cars against all kinds of risks like fire, crash and theft.

Delivering on its commitment to breathe a new life into the world with its project “One Seedling for Each Green Vehicle Insured,” Güneş Sigorta planted seedlings for policyholders and agencies who took out green auto insurance products between May 1, 2018, and December 31, 2019. As part of the efforts aimed at supporting the 7 Trees project launched by ÇEKÜL (Foundation for the Protection and Promotion of the Environment and Cultural Heritage), seedlings planted in the name of each policyholder and agency taking out a Green Auto insurance started to grow in Uçmaddere-2 in Tekirdağ province.

# UNRELENTING SUPPORT FOR CULTURE AND ARTS

## CORPORATE SOCIAL RESPONSIBILITY PROJECTS



**IN 2012, GÜNEŞ SİGORTA BEGAN UTILIZING THE FOYER AREA INSIDE THE HEAD OFFICE BUILDING AND ESTABLISHED THE GÜNEŞ ART GALLERY.**



### **AWARENESS-RAISING SOCIAL RESPONSIBILITY ACTIVITIES**

Güneş Sigorta performs all its social responsibility activities within the framework of the principle of creating long-term value.

### **GÜNEŞ ART GALLERY**

In 2012, Güneş Sigorta began utilizing the foyer area inside the Head Office building and established the Güneş Art Gallery. The Gallery, which has been used for culture and art activities since the day it was founded, welcomes visitors and art enthusiasts free of charge.

### **NATIONAL PHOTOGRAPHY CONTEST: CATCH YOUR SUN**

Photographs that best reflected the "Sunny Shots" theme were the contenders in the photography contest held between June 24 and August 31, 2019. A total of 2,213 photographers from across Turkey participated, with 5,974 photos in the contest, which was organized in collaboration with the Photographic Arts Federation of Turkey. Photos awarded and displayed at the ceremony held on October 16, 2018, were presented to art enthusiasts at the Güneş Art Gallery between October 16 and November 15, 2019.

### **GREAT ART PIECES BY LITTLE PAINTERS**

The opening of the painting exhibition, "Big Paintings of Small Artists," organized for the second time in 2018, took place on Thursday, April 25. In this contest, organized in March, the children of Güneş Sigorta employees and agency personnel painted the "Future in Their Dreams." The results

of that contest were announced at the opening of the exhibition at the Güneş Art Gallery. 51 paintings competed in the contest, organized in two categories covering the ages 5-9 and 10-14. Awarded paintings that were eligible for display were exhibited at the Güneş Art Gallery between 10:00- 17:00 until May 3, 2019.

### **Support to the Turkish Red Crescent's "Hilâl-i Ahmer" Collection**

**Güneş Sigorta provided support by participating in the Turkish Red Crescent's collection titled "Hilâl-i Ahmer" (meaning Red Crescent in Ottoman Turkish), which was held to celebrate Turkish Red Crescent's 150th anniversary.**

Güneş Sigorta, which has become a standout with the support it provides to culture and arts since its first day onwards, took part in the collection with the Red Crescent designed by the painter Ebru Ceylan, under the "Turkish Red Crescent 150th Anniversary Communication Events Project."

At the Hilâl-i Ahmer event held by the Turkish Red Crescent to raise awareness on social responsibility and humanitarian aid, corporations participated in the collection with art pieces that reflected their corporate identity. Income raised within the framework of this event was donated to those in need. Featuring artworks created by celebrities, students and artists from different disciplines, the collection was displayed in various public areas throughout the year.

# SOCIAL RESPONSIBILITY PROJECTS WITH CREATING LASTING VALUE

## INTERNAL CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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### **GÜNEŞ SİGORTA STANDING BY THE PUBLIC WITH ITS CAMPAIGNS**

At the Hope Shop stand opened in the Güneş Sigorta Head Office building, revenue from the sales of the products contributed to the education and psychological and social development of children and the sustainability of the Second Family Home project.

### **HOPE FOUNDATION FOR CHILDREN WITH CANCER (KAÇUV) - HOPE SHOP**

In the last quarter of 2019, Güneş Sigorta made a collective purchase at the Kaçuv Foundation's Hope Shop to cover employees' day-planner and coaster requirements for 2020.

### **BLUE LIDS CAMPAIGN**

In 2019, Güneş Sigorta continued to support the Plastic Lids Campaign, launched and pursued with success by the Turkey Spinal Cord Paralytics Association since 2011. Throughout 2019, the Head Office building personnel joined this action by collecting their plastic bottle caps inside the special boxes located at their floors; regional office workers shipped their collected lids to the Head Office. The Güneş Sigorta Family aims to continue to ease lives as much as possible by collecting bottle caps through the "Blue Caps Campaign Support Action" in the following years.

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In 2019, Güneş Sigorta continued to support the Plastic Lids Campaign, launched and pursued with success by the Turkey Spinal Cord Paralytics Association since 2011.

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# TRAINING COURSES TO RAISE OHS AWARENESS

## OCCUPATIONAL HEALTH AND SAFETY



### **15 PEOPLE WORKING AT THE HEAD OFFICE BUILDING TOOK REFRESHER COURSES ON FIRST AID.**

Prioritizing respect for the laws and regulations, Güneş Sigorta meets the requirements of the legal provisions in force. The Company's Occupational Health and Safety (OHS) Policy reflects the value it attaches to its employees and human beings in general.

Güneş Sigorta strives to protect the physical and mental health of its employees by performing studies to minimize health and safety risks that may arise in the work environment, and by organizing remote and on-site trainings to develop occupational health and safety awareness among its employees.

Within this scope, the following activities were carried out in 2019:

- 15 people working at the Head Office building took refresher courses on first aid.
- Emergency response teams at the head office building took training courses again to keep their knowledge up to date.
- 80 staff in the emergency response teams attended the courses organized on October 17 and October 24, 2019.
- Following the 5.8 magnitude earthquake that hit Istanbul on September 26, 2019, employees working at the Head Office building were briefed on how to act in case of an earthquake.



Workplace inspections were carried out in the Istanbul head office, Kadıköy regional office, Aegean regional office and Central Anatolia regional office to eliminate the shortcomings.



- On August 5, 2019, periodical checks of the equipment at the Head Office Building were carried out.
- On September 7, 2019, periodical checks of the electrical installation were carried out at the Head Office Building.
- The Annual Elevator Control was conducted on March 21, 2019, at the Head Office Building by a company commissioned by Şişli Municipality; the elevators were found to be "slightly faulty" in the report.
- At the Occupational Health and Safety board meetings held throughout 2019, problems associated with occupational health and safety were discussed and decisions made both for regional offices and the Head Office Building.
- No occupational accident occurred in 2019.

Workplace inspections were carried out in the İstanbul Head Office, Kadıköy Regional Office, Aegean Regional Office and Central Anatolia Regional Office to eliminate the shortcomings. Improvement activities continued.

**ON AUGUST 5, 2019, PERIODICAL CHECKS OF THE EQUIPMENT AT THE HEAD OFFICE BUILDING WERE CARRIED OUT.**

# PRACTICES THAT IMPROVE EMPLOYEE SATISFACTION



“sustainable competitive structure” to consistently “improve employee satisfaction.” “Team Spirit” is the common denominator of Güneş Sigorta employees. As one of the leading and well-established companies within the insurance sector, Güneş Sigorta aims to work with success- and team-oriented professionals who are open to development and able to adapt our common values. All the Company’s employees are trained to have a comprehensive understanding of Güneş Sigorta’s mission, vision and quality policy. Aware of the contribution of their work to the Company’s organizational effectiveness, employees focus on their jobs with an innovative approach.

## HUMAN RESOURCES



**‘TEAM SPIRIT’ IS THE COMMON DENOMINATOR FOR EACH GÜNEŞ SİGORTA EMPLOYEE.**

Güneş Sigorta’s Human Resources Policy is predicated on the following objectives: establishing a flexible, productive and agile organization structure and developing its competencies as and when required to achieve the Company’s long-term strategies and objectives; laying down the core values and competencies within the Company to design and develop all HR processes and systems in alignment with organizational requirements; pursuing and improving the best talents; identifying the talents through a robust skill management system to guarantee effective and productive utilization of human resources; developing succession plans for key positions and preparing the organization for the future through integrated development programs; performing regular measurements and analyses aimed at employee engagement and satisfaction and taking necessary action; and becoming the most preferred employer brand within the sector.

The Human Resources Policy of Güneş Sigorta is defined as effectively and efficiently managing its human resources in line with the strategic orientation

Considering the employees as its most precious assets, Güneş Sigorta attaches importance to providing and improving its processes, particularly with regard to training, so that employees may perform their jobs in the most efficient and effective manner. Promoting its executives from own talent pool, the Company provides a foundation in insurance to inquisitive, visionary and creative young people with problem-solving skills.

### **NEW EMPLOYEES SIGN THE ETHICAL PRINCIPLES OF INSURANCE**

Güneş Sigorta adopts the Ethical Principles of Insurance published by the Association of Turkish Insurance and Reinsurance Companies. We ensure that our employees are aware of and informed on the Ethical Principles. All new employees and consultants are required to sign the Güneş Sigorta Ethical Principles document prior to being hired.

Our Human Resources profile is in line with the principle of balanced staff distribution, without gender or age discrimination.



■ MALE: 315 - 51%  
■ FEMALE: 298 - 49%



■ 30-50 518 - 85%  
■ 18-30 82 - 13%  
■ OVER 50 YEARS OF AGE 13 - 2%



■ BA 391 - 64%  
■ High School and Lower 79 - 13%  
■ Associate Degree 66 - 11%  
■ MA and Ph.D 77 - 13%

Being a corporation defending universal human rights, there is no child labor at Güneş Sigorta. As of December 31, 2019, there are 13 disabled employees and one ex-convict employed by the Company.

### REMUNERATION POLICY

Güneş Sigorta's remuneration policy is intended to establish a fair and impartial wage system, and determine the rights and responsibilities of the staff in a legal framework so as to hire and retain engaged and highly-motivated employees equipped with the skills as required in line with the Company's strategies.

The Company's remuneration policy is to "provide a performance-based, fair and impartial wage system to guarantee effective and efficient management of human resources and to achieve a sustainable competitive structure composed of engaged and highly-satisfied employees."

The wage system of Güneş Sigorta was designed based on position-based and personal performance assessments in an impartial, intelligible manner and line the organizational structure, enabling easy implementation.

All employees are compensated in parallel with the business value of the duty they perform. A "Wage Matrix" is in place to designate the business value of the duties. There are pay scales with minimum and maximum business values of all duties, and employees receive wages on relevant pay scales based on their experience and performance.

Wages at Güneş Sigorta are compared with the wages paid within the sector so as to ensure that the Company is the choice of employees in the market, as part of the Remuneration Policy. For benchmarking, Güneş Sigorta works with companies/institutions performing wage benchmarking research in Turkey if and when required.

Collective Labor Agreements (CLAs) are signed for two-year periods in general, with raises being determined in six-month periods and accordance with the conditions and inflation rates of the relevant period.

Under the Collective Labor Agreement, all unionized employees and exclusive primary staff receive bonus payments

corresponding to four monthly gross wages in a calendar year. Bonus payment periods are as follows: March (covering January-February-March); June (covering April-May-June); September (covering July-August-September), and December (covering October-November-December).

Unionized and Exclusive Primary staff members receive extra benefits to be added onto their gross wages on a monthly basis, as part of Kindergarten Assistance, Child Assistance, Heating Assistance, and Transportation Assistance, as applicable. Members of the primary staff receive social assistance payments in events such as Birth (only male personnel), Death, Marriage, Relocation, and Natural Disasters.

### UNION RELATIONS

There is a collective labor agreement in place between the Company and BASS (Bank Finance and Insurance Workers Union). Assistant managers and all the other permanent staff members at lower positions are members of the union. Their wages and social benefits are governed by the collective labor agreement between the employer and the said union.

Representatives have been elected within the Company to act on behalf of Güneş Sigorta's unionized and non-unionized employees. Indemnity rights of Güneş Sigorta employees are preserved within the framework of the relevant articles of the Labor Law and the provisions of the Collective Labor Agreement (TİS).

### RIGHTS AND BENEFITS

#### Working Schedule

Working hours at Güneş Sigorta are 40 hours per week. Flexible Working Model is implemented at the Company, and the working hours are from 7:30 am to 4:30 pm and 9.00 am to 6.00 pm. The lunch break is between 12:30 and 13:30. Saturday and Sunday are weekly holidays. Procedures concerning additional/overtime work are pursued with respect to the provisions of the Labor Law and Collective Labor Agreement.

Workplace physicians are at the service of the staff members working at the Head Office, Istanbul Europe Regional Office, and Istanbul Anatolia Bancassurance Regional Office.

## HUMAN RESOURCES

**GÜNEŞ SİGORTA EMPLOYEES ARE COVERED BY COMPREHENSIVE PRIVATE HEALTH INSURANCE OF WHICH THE PREMIUMS ARE PAID BY THE COMPANY.**

Occupational Health and Safety service is provided for the Istanbul, Ankara and Izmir offices and, together with risk analysis, all necessary trainings and surveys are carried out for each Regional Office and representative office by the Company's Occupational Health and Safety Expert.

### Health Services and Individual Retirement

Güneş Sigorta employees are covered by comprehensive private health insurance of which the premiums are paid by the company. Staff workers and sub-contractor employees (except part-time workers) are covered by Individual Accident Insurance, provided that their premiums are paid by Güneş Sigorta. Besides, all staff workers are included in the scope of the Group Individual Retirement Insurance.

### TALENT ACQUISITION

Application platforms for candidates are diverse, and selection tools are used effectively to hire people with qualifications that fit the Company's core competencies and the requirements of the position. Accordingly, competency-based interviews are held with all candidates. Eligible candidates then take aptitude tests, personality inventories, or, depending on the position, attend English proficiency tests and assessment center activities.

Furthermore, for the purposes of acquiring talents the Company will need in the future, strengthening the employer brand, and increasing the company's visibility:

- MT (Management Trainee) Programs are implemented to train key positions the Company will need in the future.
- Project-based internship programs are provided to junior and senior university students.
- Idea contests are organized to raise university students' awareness of insurance and evaluate their innovative product ideas.
- In order to provide employees with vertical and horizontal career opportunities in parallel with their development goals, vacant positions are communicated to employees via the internal communication portal and the application process is managed.

Güneş Sigorta performs its recruitment processes through examinations and/or interviews. Eligibility of candidates for the company and position and their traits are assessed through this method. In 2019, a total of 334 people were interviewed, and 82 people were employed by Güneş Sigorta.

### Performance Management and Career Development

Continuous feedback is aimed at guaranteeing high performance by enabling employees to make sense of and align their goals with Corporate goals.

Goals are determined in a manner to support the vision, mission and core strategies of the Company and accordingly:

- The Company's core strategies are established;
- Core strategies are transformed into strategic objectives;
- Strategic objectives are transformed into the department and personal goals, with these goals being disseminated to all employees.

Ultimate attention is paid to ensure the goals are specific, measurable, achievable, realistic and time-bound. Full conformity is ensured between corporate goals and personal goals.

The Performance Management System is primarily based on business goals, and comprise performance criteria and personal goals. Performance assessment takes place in three phases, namely goal-setting, interim assessment, and end-of-year assessment.

The rewarding system: The employees' ideas and suggestions that provide material value or savings for the company are evaluated and rewarded in line with the Company's policies for the purposes of encouraging behavior to help reach corporate goals and boosting loyalty, motivation and efficiency.

Güneş Sigorta implements a career development system by enabling the employees to utilize, in the best manner, their abilities and the knowledge and experience they acquired. In this context, career development programs and training programs focusing on improving personal skills are offered to those who

**THE GÜNEŞ SIGORTA SAILING TEAM, WHICH WAS ESTABLISHED BY GÜNEŞ SIGORTA EMPLOYEES IN 2007, CONTINUED TO BOAST MANY VICTORIES IN 2019.**

outperform or hold key positions. With the promotional exam held once a year, employees with non-managerial roles are offered the chance to take their careers one step further.

In order to plan human resources that will support the corporate strategy in advance and to prepare the organization for the future, high-potential and high-performance people are discovered and evaluated as to whether they are ready for key positions. Accordingly, succession plans are prepared; and development opportunities are offered for these talents. For the purposes of retaining talent, they are also monitored for their development and prepared for higher positions.

In 2019, three employees were promoted to Group Manager, 10 to Manager, 18 to Assistant Manager, and 61 to Specialist/ Assistant Specialist positions.

**GÜNEŞ SIGORTA HUMAN RESOURCES PRACTICES**

**Steps to Maintain Employee Commitment...**

In 2019, Güneş Sigorta organized various events and participated in a variety of organizations to increase employee motivation, improve team spirit, and instill a sense of camaraderie in its employees.

**Güneş Sigorta Sailing Team**

Established in 2007 by Güneş Sigorta employees, the Güneş Sigorta Sailing Team continued to boast numerous victories in 2019 as well. The team ranked among the top three in many of the races organized as part of TAYK and Istanbul Sailing Club Trophies. In all the rankings of the two contests, our team came third, demonstrating its patience and uncompromising efforts, as well as a successful performance that highlighted the team's extraordinary unity, communication and engagement.

**Istanbul Sailing Club Trophy - Third Place Cup**

First Place - Çanakkale Victory 104th Year Cup Yacht Races  
First Place - 35th Naval Academy Cup Yacht Races  
First Place - 34th Admiral Cup (Istanbul Strait. Com. Cup) Yacht Races  
Third Place - 34th Admiral Cup Yacht Races General Score  
Third Place - Heybeliada 1773 Cup Yacht Races

**TEB Private Banking - Tayk/Trophy and Third Place in the Cruising Class**

First Place - TEB Private Banking -TAYK/ XLII. Year Arvento Marmara Cup Yacht Race  
Second Place - TEB Private Banking -TAYK/Eker Olympos Regatta  
Second Place - TEB Private Banking -TAYK/XXIII. Year Moda Marine Club Cup Yacht Race  
Second Place - TEB Private Banking - TAYK/Burgan Leasing Istanbul Cup Yacht Race  
Third Place - TEB Private Banking -TAYK/ XXVII. Year Burgazada Marine Club Cup Yacht Race  
Third Place - TEB Private Banking -TAYK/ Black Sea Cup Yacht Race

**Maritime and Sailing Training**

In 2019, Maritime and Sailing trainings were organized for employees at the Güneş Sigorta Head Office to develop team spirit and increase their motivation. The trainings included basic maritime and sailing techniques for 31 employees and helped raise around 350 sailors.

**Seminars Organized for Güneş Sigorta Employees**

In line with the human resources strategy, Güneş Sigorta, which organizes several activities that would contribute to the development and motivation of its employees, continued to organize seminars in 2019 as well for employees in order to spend lunch breaks more productively.

## HUMAN RESOURCES

THE STORY OF GÜNEŞ SİGORTA SAILING TEAM, FROM THE DAY IT WAS ESTABLISHED AND STARTED TRAININGS IN 2007 UNTIL TODAY, WAS PRESENTED AT THE 'FULL SAIL' SEMINAR.

### "Full Sail" Seminar

The story of Güneş Sigorta Sailing Team, from the day it was established and started training in 2007 until today, was presented at the 'Full Sail' Seminar. The founding philosophy of the Company and the system in place to guarantee success were cited during the seminar. Numerous achievements and championships of the Team and the activities to maintain this success were among the topics explained in the seminar. It was also explained that maritime and sailing is, first and foremost, personally fulfilling, and the presence of such a team within the company under current conditions is, therefore, quite valuable both for the persons interested in sailing and the company. It was also told during the seminar that, with the maritime and sailing culture evolving each passing day in Turkey, companies have the chance to develop a sense of belonging, communication and collaboration skills through these organizations.

### Internal Motivation Seminars

In 2019, a seminar was held during lunch breaks (between 12.30 and 13.30) in the Conference Hall at the Güneş Sigorta Head Office Building. The seminar was designed to contribute to the employees' personal development as well as to improve management skills and increase their motivation.

The details of the seminar are as follows:

- Full Sail (1 Session) (July 24, 2019)
- Speaker: Deniz Yılmaz, Alfasail Partner - Captain of the Güneş Sigorta Sailing Team

### Discount Campaigns for Güneş Sigorta Employees

In addition to organizing various events to boost employee development and motivation as part of the HR strategy, the Company conducted activities related to the arts, health and sports and concluded special discount agreements for employees enrolled in English language courses at language teaching schools, and Master's and doctoral programs at leading universities in 2019.

### Institutional Activities

Concert raffles and inter-office exercise activities were organized at the Güneş Sigorta Head Office building in line with internal communications initiatives. Besides, gifts were presented to employees on special days (New Year's Day, Mother's Day and School Report Card Day), and food and drinks were also offered at various times.

### Trainings Intended at Continuous Improvement of Employees

In line with the Company's needs, as well as employees' potentials and preferences, various training and development programs are implemented, with equal and enriched career opportunities offered to all employees.

## IN-CLASS TRAININGS

Target Group of the Training	Total Number of Training	Total Number of Training Days	Total Number of Participants
Güneş Sigorta Employees	156	893	1,259
Bank Employees	541	733	2,510
Private Agency Employees	690	196	785
Vakıf Emeklilik Employees	2	17	34
<b>Total</b>	<b>1,389</b>	<b>1,839</b>	<b>4,588</b>

## REMOTE TRAININGS

Target Group of the Training	Total Number of Training	Total Number of Participants
Güneş Sigorta Employees	36	3,984
Private Agency Employees	4	353
<b>Total</b>	<b>40</b>	<b>4,337</b>

# IMPROVED PROCEDURES THROUGH QUALITY MANAGEMENT SYSTEM

## QUALITY MANAGEMENT SYSTEM



**IN 2019, 41 INTERNAL QUALITY AUDITORS WORKING AT THE COMPANY CONDUCTED INTERNAL INSPECTIONS AS PART OF THE QUALITY MANAGEMENT SYSTEM.**

The Quality Document Management System (QDMS) program, purchased for the purposes of migrating the Quality Management System Documentation Process onto a digital platform and enabling interaction with the process maps drawn and monitoring documents through the system, went live on February 22, 2019.

Within the scope of the Document Revision Project of Quality Management System (ISO 9001:2015) existing regulations, procedures, forms, job descriptions and workflows were updated.

As a result of inspections performed by an independent certification authority on March 7-8, 2019, the Quality Management System (ISO 9001:2015) and Customer Satisfaction Management System (ISO 10002) certifications were renewed.

In 2019, 41 internal quality auditors working at the Company conducted internal inspections as part of the Quality Management System.

# STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES



The principles specified in the Corporate Governance Communiqué of the Capital Markets Board (CMB) have been adopted by the Company, which has been publishing Corporate Governance Principles Compliance Reports since 2008. As per the CMB Decision no. 2/49 dated 10.01.2019, Corporate Governance Compliance Report (to report compliance with voluntary principles) and Corporate Governance Information Form (to disclose existing corporate governance practices) have been prepared in new formats as of 2018. Reports issued for 2019 have been announced via the annual report and on KAP.

Güneş Sigorta exerts best efforts to follow the four principles of transparency, fairness, responsibility and accountability.

The Company started to receive corporate governance rating services to have an independent assessment of its corporate governance practices and get an overall corporate governance score. The first rating will be provided in 2020, and adjustments and improvements aimed at corporate governance activities have already been commenced. Profit distribution and information policies have been revised; and donations & aids policy, human resources policy, and remuneration policy were established. Among the new and revised policies, those deemed necessary were disclosed on KAP; all policies were published on the corporate website. Independent board members' statements were incorporated in the annual report. The annual report also included information on the number of meetings held by committees. The Company issues a directors' liability insurance against the risk of damage the board members and executives may cause due to their fault in performing their duties. The issuance of this policy was disclosed for the first time on KAP. Important steps were taken with regards to amendments to the articles of association and corporate governance compliance activities. Necessary efforts are being undertaken for the amendments to the policies and articles of association subject to the approval of the General Assembly.

The Company refrains from decisions and practices that may have a negative impact on compliance with corporate governance principles. Furthermore, it pays ultimate attention and exerts the best efforts to take positive steps towards compliance with corporate governance principles. Compliance with mandatory principles has been achieved, and the majority of the non-mandatory principles have been adopted.

The scope of minority rights has not yet been expanded in the articles of association, and no female member is present at the board. For the time being, the English version of the website is available partially and not yet in full alignment with the Turkish version. Non-independent board members are not subject to a certain set of rules regarding their commitments outside the company. Except for independent members, board members do not assume roles in more than one committee. However, one independent board member is a member of three committees. Remuneration and similar benefits provided to board members and senior executives are explained in the footnotes of our financial statements and the annual report.

Until today, the Company has not faced any conflicts of interest among stakeholders due to the principles not yet fully complied with. Explanation about the conformed and not yet conformed principles are provided in the related chapter of the Report.



# CORPORATE GOVERNANCE

## COMPLIANCE REPORT 2019



	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS</b>						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
<b>1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION</b>						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
<b>1.3. GENERAL ASSEMBLY</b>						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	Persons who have privileged access to partnership information do not have any transactions that fall within the scope of the company's core business and may cause conflicts of interest.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.					X	Donations have not been made in 2018.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				If the chairman or the vice chairman approves, other directors, employees, guests, audio and video technicians and press members of the company may also enter.

## CORPORATE GOVERNANCE

## COMPLIANCE REPORT 2019



	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.4. VOTING RIGHTS</b>						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	The company does not withhold from exercising of any company with which it has cross-ownership, in case such cross-ownership provides management control.
<b>1.5. MINORITY RIGHTS</b>						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Minority rights are not defined in the articles of association of our company.
<b>1.6. DIVIDEND RIGHT</b>						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					Announcement for the Dividend Policy to be approved at the 2019 General Shareholders' Meeting was made and published on the website.
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.7. TRANSFER OF SHARES</b>						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
<b>2.1. CORPORATE WEBSITE</b>						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X				The company has an English website and is in a limited format with important information. Studies have begun in the middle of 2019 for the same format with the Turkish site and are ongoing.
<b>2.2. ANNUAL REPORT</b>						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
<b>3.1. CORPORATION'S POLICY ON STAKEHOLDERS</b>						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					

## CORPORATE GOVERNANCE

## COMPLIANCE REPORT 2019



	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
<b>3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT</b>						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
<b>3.3. HUMAN RESOURCES POLICY</b>						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					

#### 3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS

3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.		X				The customer satisfaction survey is planned to be carried out in 2020 and the company conducts its activities in the interests of its customers.
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					

#### 3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY

3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					<a href="https://www.gunessigorta.com.tr/etik-ilkeler">https://www.gunessigorta.com.tr/etik-ilkeler</a>
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					

## CORPORATE GOVERNANCE

## COMPLIANCE REPORT 2019



	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>4.1. ROLE OF THE BOARD OF DIRECTORS</b>						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
<b>4.2. ACTIVITIES OF THE BOARD OF DIRECTORS</b>						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				The stated rate is 24.7% due to the 100% increase in capital in August 2019.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			There is no policy on this issue yet.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
<b>4.4. BOARD MEETING PROCEDURES</b>						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/ written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					

## CORPORATE GOVERNANCE

## COMPLIANCE REPORT 2019



	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				The members of the Board Members, whose membership were renewed, have their CVs in 2018 Annual Report.

**4.5. BOARD COMMITTEES**

4.5.5 - Board members serve in only one of the Board's committees.		X				Due to the structural requirements of committees based on corporate governance notification, independent, members may take part in more than one committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	The committees have not received consultancy services for the 2019 activities.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					



	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>4.6. FINANCIAL RIGHTS</b>						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				The total amount of remuneration given to the board members of directors is explained in the annual report.

# CORPORATE GOVERNANCE

## INFORMATION FORM 2019



### INFORMATION FORM

#### 1. SHAREHOLDERS

##### 1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organised by the company during the year	0
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##### 1.2. Right to Obtain and Examine Information

The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	0

##### 1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	<a href="https://www.kap.org.tr/tr/Bildirim/766582">https://www.kap.org.tr/tr/Bildirim/766582</a>
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	No, only Turkish documents were submitted in 2019.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transaction in 2019.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no such transaction in 2019.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	There is no such transaction in 2019.
The name of the section on the corporate website that demonstrates the donation policy of the company	<a href="https://www.guinessigorta.com.tr/bagis-ve-yardim-politikasi">https://www.guinessigorta.com.tr/bagis-ve-yardim-politikasi</a>
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	Donation policy was announced at <a href="https://www.kap.org.tr/tr/Bildirim/809399">https://www.kap.org.tr/tr/Bildirim/809399</a> PDP and will be presented for approval at the General Shareholders' Meeting to be held in 2020.
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	There is no provision at Articles of Association on participation of stakeholders to the General Shareholders' Meeting yet. Article 16 on Articles of Association will be proposed at General Shareholders' Meeting 2020.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Company shareholder representatives, Board Members, General Manager, Assistant General Managers, Group Managers, Independent audit company representative, actuarial manager, managers affiliated to financial affairs management and investor relations manager, personnel making preparations for the General Shareholders' Meeting

**1.4. Voting Rights**

Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	There is no privileged share.
The percentage of ownership of the largest shareholder	56,10%

**1.5. Minority Rights**

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	Not expanded.

**1.6. Dividend Right**

The name of the section on the corporate website that describes the dividend distribution policy	<a href="https://www.guessigorta.com.tr/kar-dagitim-politikasi">https://www.guessigorta.com.tr/kar-dagitim-politikasi</a>
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	In accordance with the decision of the board of the directors taken on the date of 25.04.2019, it was decided to approve the deduction of the 2018 profit amount from the previous year losses by majority vote of 240.169.845,74 TL against 530.000 TL rejection vote.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	<a href="https://www.kap.org.tr/tr/Bildirim/757931">https://www.kap.org.tr/tr/Bildirim/757931</a>

**GENERAL ASSEMBLY MEETINGS**

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
25.06.2019		83,02%	0,18%	82,84%	<a href="https://www.guessigorta.com.tr/toplantı-tutanak">https://www.guessigorta.com.tr/toplantı-tutanak</a>	<a href="https://www.guessigorta.com.tr/toplantı-tutanak">https://www.guessigorta.com.tr/toplantı-tutanak</a>	None	48	<a href="https://www.kap.org.tr/tr/Bildirim/766582">https://www.kap.org.tr/tr/Bildirim/766582</a>

## CORPORATE GOVERNANCE

## INFORMATION FORM 2019



## 2. DISCLOSURE AND TRANSPARENCY

### 2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	"About Us" and "Investor Relations" sections are under the "Corporate Information" section on the web.
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	<a href="https://www.gunessigorta.com.tr/ortaklik-yapisi">https://www.gunessigorta.com.tr/ortaklik-yapisi</a>
List of languages for which the website is available	It is prepared in Turkish and partially in English.

### 2.2. Annual Report

#### The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	2019 Annual Report Pg. 32-33
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	2019 Annual Report Pg. 121
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	2019 Annual Report Pg. 34-35
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	2019 Annual Report Pg. 55
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	2019 Annual Report Pg. 126
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	2019 Annual Report Pg. 126
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	2019 Annual Report Pg. 126
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	2019 Annual Report Pg. 96-100

### 3. STAKEHOLDERS

#### 3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	<a href="https://www.guessigorta.com.tr/tazminat-politikasi">https://www.guessigorta.com.tr/tazminat-politikasi</a>
The number of definitive convictions the company was subject to in relation to breach of employee rights	28 trial cases have been concluded.
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Department of Inspection Board.
The contact detail of the company alert mechanism	<a href="https://www.guessigorta.com.tr/etik-ilkeler">https://www.guessigorta.com.tr/etik-ilkeler</a> page 3.10 Notification of Inconveniency Section

#### 3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	<a href="https://www.guessigorta.com.tr/insan-kaynaklari-politikasi">https://www.guessigorta.com.tr/insan-kaynaklari-politikasi</a>
Corporate bodies where employees are actually represented	Our company employees represent BASS (Banka ve Sigorta İşçileri Sendikası).

#### 3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	It is under the authority of the General Manager.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	<a href="https://www.guessigorta.com.tr/insan-kaynaklari-politikasi">https://www.guessigorta.com.tr/insan-kaynaklari-politikasi</a>
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	<a href="https://www.guessigorta.com.tr/etik-ilkeler">https://www.guessigorta.com.tr/etik-ilkeler</a> page 3.5 Conflicts of Interest Section
The number of definitive convictions the company is subject to in relation to health and safety measures	None.

#### 3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	<a href="https://www.guessigorta.com.tr/etik-ilkeler">https://www.guessigorta.com.tr/etik-ilkeler</a>
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	<a href="https://www.guessigorta.com.tr/surdurulebilirlik">https://www.guessigorta.com.tr/surdurulebilirlik</a>
Any measures combating any kind of corruption including embezzlement and bribery	<a href="https://www.guessigorta.com.tr/etik-ilkeler">https://www.guessigorta.com.tr/etik-ilkeler</a> page 3.5 Conflicts of Interest Section

## CORPORATE GOVERNANCE

## INFORMATION FORM 2019



## 4. BOARD OF DIRECTORS-I

## 4.2. Activity of the Board of Directors

Date of the last board evaluation conducted	-
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Abdi Serdar ÜSTÜNSALİH - Chairman of the Board of Directors, Muhammet Lütfü ÇELEBİ - Deputy Chairman
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	7
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	2019 Annual Report Pg.125
Name of the Chairman	Abdi Serdar ÜSTÜNSALİH
Name of the CEO	Atila BENLİ
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	Chairman and CEO are separate individuals.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	KAP announcement is not made.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	None.
The number and ratio of female directors within the Board of Directors	0

## Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/ Or Finance Or Not
Abdi Serdar ÜSTÜNSALİH	Non-executive	Not independent director	15.04.2016	-	-	-	Yes
Muhammet Lütfü ÇELEBİ	Non-executive	Not independent director	17.12.2018	-	-	-	Yes
Mikail HİDİR	Non-executive	Not independent director	25.06.2019	-	-	-	Yes
Hasan EMRE	Non-executive	Not independent director	2.04.2018	-	-	-	Yes
Alparslan ŞAHİN	Non-executive	Not independent director	25.06.2019	-	-	-	Yes
Serhat YANIK	Non-executive	Independent director	25.06.2019	Not declared.	Not considered	No	Yes
Mustafa ERGEN	Non-executive	Independent director	25.06.2019	Not declared.	Not considered	No	No
Atila BENLİ	Executive	Not independent director	16.01.2019	-	-	-	Yes

## CORPORATE GOVERNANCE

## INFORMATION FORM 2019



## 4. BOARD OF DIRECTORS-II

## 4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	41
Director average attendance rate at board meetings	97,26%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	7
The name of the section on the corporate website that demonstrates information about the board charter	<a href="https://www.guinessigorta.com.tr/ana-sozlesme">https://www.guinessigorta.com.tr/ana-sozlesme</a>
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no policy of board members covering the number of external duties.

## 4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	2019 Annual Report Pg.120
Link(s) to the PDP announcement(s) with the board committee charters	The working principles of the committees are set out in article 14 of the articles of association and the relevant article has been approved at the general meeting dated. <a href="https://www.kap.org.tr/tr/Bildirim/268985">https://www.kap.org.tr/tr/Bildirim/268985</a>

## Composition of Board Committees-I

Names Of The Board Committees	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	Serhat YANIK	Yes	Board member
Audit Committee	Mustafa ERGEN	No	Board member
Corporate Governance Committee	Serhat YANIK	Yes	Board member
Corporate Governance Committee	Mikail HIDIR	No	Board member
Corporate Governance Committee	Fulden PEHLIVAN	No	Not board member
Committee of Early Detection of Risk	Serhat YANIK	Yes	Board member
Committee of Early Detection of Risk	Hasan EMRE	Yes	Board member
Committee of Early Detection of Risk	S. Buğra SÜRÜEL	No	Not board member



**4. BOARD OF DIRECTORS-III****4.5. Board Committees-II**

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	<a href="https://www.guinessigorta.com.tr/komiteler">https://www.guinessigorta.com.tr/komiteler</a>
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	<a href="https://www.guinessigorta.com.tr/komiteler">https://www.guinessigorta.com.tr/komiteler</a>
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	<a href="https://www.guinessigorta.com.tr/komiteler">https://www.guinessigorta.com.tr/komiteler</a>
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	<a href="https://www.guinessigorta.com.tr/komiteler">https://www.guinessigorta.com.tr/komiteler</a>
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	<a href="https://www.guinessigorta.com.tr/komiteler">https://www.guinessigorta.com.tr/komiteler</a>

**4.6. Financial Rights**

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	2019 Annual Report Pg. 16-17, Pg. 58-78, Pg. 131-134
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	<a href="https://www.guinessigorta.com.tr/ucretlendirme-politikasi">https://www.guinessigorta.com.tr/ucretlendirme-politikasi</a>
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	2019 Annual Report Pg. 126

**Composition of Board Committees-II**

<b>Names Of The Board Committees</b>	<b>The Percentage Of Non-executive Directors</b>	<b>The Percentage Of Independent Directors In The Committee</b>	<b>The Number Of Meetings Held In Person</b>	<b>The Number Of Reports On Its Activities Submitted To The Board</b>
Audit Committee	100%	100%	22	4
Corporate Governance Committee	67%	33%	8	8
Committee of Early Detection of Risk	67%	33%	6	6

# ASSESSMENT OF THE BOARD COMMITTEES BY BOARD OF DIRECTORS



## CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee has been established on April 20, 2012, within the framework of the provisions outlined in the Capital Markets Board Communiqué Serial: IV, No: 56 on the "Determination and Implementation of Corporate Governance Principles" which entered into force on December 30, 2011.

According to Corporate Governance Communiqué principles dated January 3, 2014, Capital Markets Activities Advanced Level Licensed Investor Relations Manager was appointed on June 30, 2014, along with the committee membership duty upon the requirement of the appointment of an Investor Relations Unit Manager to the committee. The committee consists of a chairman and 2 members and gathers at least once in three months and whenever required. The chairman of the committee is an independent member of the Board of Directors.

The main duties of the committee are: carrying out the studies needed to ensure compliance with Corporate Governance Principles, making suggestions to the Board of Directors in this context, monitoring whether or not the compliance with Corporate Governance Principles is attained and monitoring the activities of the Investor Relations Department. The Committee also performs the tasks of the Nomination and Remuneration Committee. It convened eight times in 2019.

## AUDIT COMMITTEE

The Audit Committee has been established as of April 20, 2012, in the framework of the provisions outlined in the Capital Markets Board Communiqué Serial: IV, No: 56 on the "Determination and Implementation of Corporate Governance Principles" which entered into force on December 30, 2011. The committee is comprised of at least two members, who are selected among the Independent Members of the Board of Directors of our Company. Except for obligatory cases, the Committee convenes at least quarterly or when deemed necessary.

In line with the capital markets legislation and relevant provisions, the Committee targets to ensure a healthy execution of the Company's financial and operational activities. The objective of the Committee is to supervise the efficacy and functioning of the independent auditing and internal control systems along with the accounting system of the Company and the efficiency of public disclosure of

financial statements. The Committee is also responsible for taking all necessary actions to maintain the sufficiency and transparency of all internal control and/or independent audit activities.

It convened 22 times in 2019. The Committee drafts a report including its activities and meeting results at the end of each quarterly period and submits it to the Board of Directors. Accordingly, it submitted four reports covering 2018 Q4, 2019 Q1, 2019 Q2, and 2019 Q3 periods to the Board of Directors in 2019. The Board was also informed on 51 matters the Committee reached resolutions on during these periods.

## EARLY DETECTION OF RISK COMMITTEE

Early Detection of Risk Committee has been established on October 20, 2012, within the framework of the provisions outlined in Paragraph 1- Article 378 of the Turkish Commercial Code No: 6102 which entered into force on July 1, 2012. It is also agreed as per Board decision dated May 24, 2014, that the committee will act as Early Detection of Risk Committee, which was required as per Capital Markets Board Communiqué Serial: IV No: 63. It consists of a chairman and a member.

The Committee is in charge of conducting activities aimed at early detection of risks that may jeopardize the Company's presence, development and continuity; implementation of necessary action regarding such risks; and effective management of risks. It is also responsible for assessing the situation as part of the reports it will issue every two months for the Board and revises the Risk Management Systems at least once in a year. The Committee convened six times in 2019.

## ASSESSMENT OF THE BOARD COMMITTEES BY THE BOARD OF DIRECTORS

Within Güneş Sigorta, "Audit Committee", "Early Detection of Risk Committee" and "Corporate Governance Committee" have been established. Corporate Governance Committee also carries out the duties of the "Nomination Committee" and "Remuneration Committee". Committees are able to get all kinds of resources and support from the Board of Directors as they carry out their duties. Committees meet at least as often as it is necessary under the conditions designated in the legislation and they periodically submit the results of their activities to the Board of Directors.

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**Committee Members and their Duties**


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<b>Committees</b>	<b>Committee Members Title</b>	<b>Duty within the Committee</b>
<b>Corporate Governance Committee</b>		
Serhat Yanık	Independent Member	Committee Chairman
Mikail Hıdır	Board Member	Committee Member
Fulden Pehlivan	Investor Relations Unit Manager	Committee Member
<b>Audit Committee</b>		
Serhat Yanık	Independent Member	Committee Chairman
Mustafa Ergen	Independent Member	Committee Member
<b>Early Detection of Risk Committee</b>		
Serhat Yanık	Independent Member	Committee Chairman
Hasan Emre	Board Member	Committee Member
S. Buğra Sürüel	Assistant General Manager	Committee Member

# ASSESSMENT OF THE BOARD OF DIRECTORS BY THE CORPORATE GOVERNANCE COMMITTEE



The Company's operations and management shall be carried out by a Board of Directors consisting of eight members, including a General Manager and 2 independent members to be elected by the General Assembly.

Where necessary, the Board of Directors convenes with the invitation of the Chairmanship as required by the business or the written request of one or several members and not less than once a month. The subjects to be discussed at the meeting are notified to all members within a reasonable period prior to the meeting.

The Board of Directors and the senior management are authorized to take decisions on all kinds of operations and transactions required for the realization of the field of operation of the Company, except for the ones which are subject to the authorization of the general assembly pursuant to the relevant legislation and the Articles of Association. For the board decisions to become valid, the majority of the members must attend the meeting. The members of the Board of Directors cannot vote on behalf of each other and they cannot participate in meetings by proxy. If the votes are equal, the subject is decided upon at the next meeting. In case the equality repeats at the second meeting, the proposal shall be deemed rejected. Decisions taken at the meeting are recorded on the board of directors' decision book.

The changes in position within the Board of Directors as well as the duties of the members of the Committees' under the Board of Directors are announced on the Public Disclosure Platform. Information on the Members' educational backgrounds, professional experiences and duties undertaken outside the company are specified in the annual report and the Public Disclosure Platform Company General Information Form. The resumes of the Board Members are also posted on the Company website, Central Securities Depository (MKK) portal and in the annual report.

## **PARTICIPATION INSURANCE ADVISORY COMMITTEE**

Tasks and operating principles of the Advisory Committee: Pursuant to Article 1 of the Annex to the Insurance Law no. 5684 dated 03.06.2007, and under the Regulation on the Operating Principles and Procedures of Participation Insurance issued by the Ministry of Treasury and Finance, the "Participation Insurance Advisory Committee" was established on June 21, 2019. The Advisory Committee is composed of a minimum of two members. The Chairman of the Advisory Committee is elected from outside the Board Members and should hold a graduate degree in the field of theology. Individuals with expertise in participation insurance, despite not being a board member, may assume a role in the Committee subject to the decision of the Board. The Committee convenes no less than two times in a year as necessary and reports directly to the Board of Directors. It held two meetings during the fiscal period of 2019.

The Committee is mainly in charge of monitoring and ensuring the compliance of participation insurance activities performed under the umbrella of the company with the principles of participation insurance and participation finance.

## **MEMBERS OF THE ADVISORY COMMITTEE**

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**Prof. İshak Emin Aktepe**

Chairman of the Advisory Committee

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**Ferhat Balci**

Member of the Advisory Committee

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## STATEMENT OF COMPLIANCE WITH PARTICIPATION INSURANCE ACTIVITIES



As the Participation Insurance Advisory Committee, we declare and represent that the participation insurance activities of Güneş Sigorta AŞ in 2019 were conducted in compliance with the principles of participation insurance pursuant to the "Regulation on the Operating Principles and Procedures of Participation Insurance" issued by the Ministry of Treasury and Finance and published in the Official Gazette no. 30186 on September 20, 2017.

**PROF. DR. İSHAK EMİN AKTEPE**  
Chairman of the Advisory Committee

**FERİŞT BALCI**  
Member of the Advisory Committee

## DISCLOSURES REGARDING PRIVATE AND PUBLIC AUDITS



Subject-based audit activities were performed within Güneş Sigorta during 2019 by the Ministry of Treasury and Finance Insurance Inspection Board. In 2019, the Insurance Inspection Board performed an audit on financial statements and accounting procedures of the Company. Furthermore, Güneş Sigorta is periodically subjected to subsidiary audit by the Inspection Board of Türkiye Vakıflar Bankası T.A.O. In 2019, the relevant department conducted audits on COBIT and other business processes and COBIT and inspection reports were drawn up based on the said audit activities.

# ACTIVITIES OF THE INSPECTION BOARD IN 2019



Internal audit activities at Güneş Sigorta are performed by the Inspection Board affiliated with the Board of Directors in accordance with the provisions of the "Regulation on Internal Systems of Insurance and Reinsurance and Pension Companies." As of the end of 2019, the number of the Inspection Board members is six, comprising one chairman and five inspectors.

The Inspection Board carries out the inspections within the framework of the relevant legislation of the individuals and organizations providing a support service with the inspection of Company's Head Office units, regional offices and representative offices to control whether their activities are compatible with the Insurance Law and other relevant legislation, as well as in-house strategies, policies, principles and objectives, the accuracy of the financial data, the sufficiency of the practices with regard to the protection of the assets, efficiency of internal control and risk management systems. The Inspection Board also conducts examinations and investigations related to the activities undertaken by the staff which are non-compliant and contradict with laws, as well as the acts of cheat, fraud or deceit performed against the company by third parties.

The inspection activities are performed in accordance with the Company's goals and strategies within the scope of a risk-oriented annual inspection plan prepared taking into consideration the resources available to the Inspection Board. The processes are closely followed to confirm whether the performed inspections and post-inspection reports are conforming with the "International Internal Audit Standards," are prepared as risk-based and add value to the Company and the necessary arrangements and updates are made accordingly.

The outcomes of the inspections, examinations and investigations undertaken by the Board are consolidated as findings and actions taken are continuously monitored via the Finding Follow-up System of the Inspection Board. Open findings, the risk level of the findings, actions taken, the latest status of findings, and related evaluations are periodically submitted to the Audit Committee.

As part of the audit plan, 17 head office functions and one regional office were subjected to audits in 2019. Furthermore, eight thematic audits were performed in the fields of Annual Agency Audit, Audit of Companies Providing Support Services, Audit of Legal Reports and Reports submitted to the Board, Reinsurance Audit on Catastrophic Risk Management, and Audit of Information Systems (COBIT). Observations and findings were gathered in a report and submitted. Two investigations and four examinations have also been finalized in 2019.

Internal and external training opportunities provided by the Inspection Board contribute to the professional development of the inspectors and support them to obtain internationally-recognized professional certificates. By this means, it also provides the Company with well-qualified and educated human resources.

# INTERNAL AUDIT AND INTERNAL CONTROL ACTIVITIES IN 2019



## INTERNAL CONTROL AND RISK MANAGEMENT DEPARTMENT

It was established within the framework of the procedures defined in the "Regulation on the Internal Systems of Insurance and Reinsurance and Pension Companies" published by the Ministry of Treasury and Finance in the Official Gazette dated June 21, 2008, and numbered 26913.

The purpose of the Internal Control System is to ensure the protection of company's assets, execution of activities in an efficient and effective manner in line with the laws and other relevant legislation, in-house policies and rules and insurance practices and to procure the reliability, integrity of accounting and financial reporting system and the procurement of information on time.

The objective of the Risk Management System is to ensure the identification, measurement, follow-up, and control of the risks exposed to, through the policies, implementing procedures and limits determined to monitor the risk and return structure contained in the future cash flows of the Company, the nature, and level of the activities in connection with this, to keep them under control and to change these when deemed necessary.

Güneş Sigorta's Internal Control and Risk Management Department operates under the General Manager. The Internal Control and Risk Management Department informs the Early Detection of Risk Committee regarding its activities.

## INTERNAL CONTROL PROCESSES

Control activities are carried out within the scope of the Internal Control Plan prepared within the framework of the risk assessment methodology implemented after having been approved by the General Manager. Control activities are coordinated based on three different methodologies including Process Control Report, Thematic Report and Periodic Control Report. All auditable processes were incorporated into the risk assessment process through the methodology applied in the Internal Control Plan. As for the activities of Güneş Sigorta, 84 business processes were determined to have risk exposure. Throughout 2019, internal control activities were carried out on control points within the processes including production, marketing, technical, reinsurance, claims, recourse, law, accounting, collection, human resources, and data processing. Within the scope of the studies carried out, the compliance of the activities with domestic-international legislation and the efficacy of existing controls were evaluated. Suggestions contained in the control reports issued by the Internal Control unit are monitored via the "Internal Control Suggestion Monitoring Platform." Internal Control unit enters these suggestions, actions to be taken by relevant business units, and deadlines for such actions into the platform. Seven reports were submitted to the Early Detection of Risk Committee in 2019.

## RISK MANAGEMENT PROCESSES

Six types of risks that may arise due to the nature of the business of Güneş Sigorta were determined in risk-prone processes: Insurance Risk, Market Risk, Liquidity Risk, Credit Risk, Operational Risk, and External Risk. Inherent risks in these processes were determined and the total inherent risk due to the nature of the business was calculated.

The control environment, risk assessment, control activities, information and communication, as well as monitoring activities (COSO components) were taken into account in the evaluation performed on the quality of the internal control system. As for processes, efforts are ongoing to identify final scores (Residual Risks).

As part of the Company's capital adequacy, the Risk Management Department periodically measures and evaluates the "Asset Risk," "Underwriting Risk," "Outstanding Claim Reserve Risk," "Reinsurance Risk," and "Exchange Rate Risk."

As part of agencies' failure to perform their contractual liabilities within the time period designated for collections, "Counterparty Agency Risk" is monitored. "Counterparty Reinsurer Risk" is also monitored for necessary action in case of reinsurers' failure to pay their outstanding debts.

"Operational Risks," which also involve legal risks, are measured for necessary action in case of any prospect of loss resulting from inadequate or failed internal processes, people, systems or external events.

Furthermore, Current Ratio, Liquidity Ratio, Liquid Assets/ Total Assets ratio, Liquid Assets/Insurance Technical Reserves ratio, and Liquid Assets/Current Assets ratio are periodically calculated and reported as part of the analyses on the Company's liquidity risk.

# LEGAL INFORMATION



## **FINANCIAL RIGHTS GRANTED TO THE BOARD MEMBERS AND SENIOR EXECUTIVES**

In 2019, the total attendance fee paid to the Board Members is TL 595 thousand. The total amount paid to senior executives including General Manager, Assistant General Managers and Group Managers is TL 6 million 381 thousand. This amount consists of salary, bonus, title bonus payments and language allowances, and other expenses such as transport benefits, food and fuel allowances, group individual retirement contributions and other paid benefits.

## **INFORMATION RELATED TO THE COMPANY'S ACQUIRED OWN SHARES**

The Company does not have own shares acquired.

## **LAWSUITS FILED AGAINST THE COMPANY AND POTENTIAL RESULTS**

Information about the lawsuits filed against the company and their potential results are presented in the footnote of the financial statements numbered 42 under the heading "Risks."

## **REMARKS ON THE ADMINISTRATIVE OR JUDICIAL SANCTIONS AGAINST THE COMPANY AND BOARD MEMBERS**

In 2019, no penalty or sanction of material nature has been issued against the Company and Board Members due to acts that contradict with applicable laws.

## **PROCEDURES CARRIED OUT BY THE COMPANY WITH THE RISK GROUP IT IS INVOLVED IN**

Güneş Sigorta carries out all insurance procedures within the framework of the service obligation rendered to third parties and companies within the risk group it is involved in. All of the remarks on the procedures carried out by the Company together with the risk group it is involved in during 2019 are provided in the footnote no. 45 of the financial statements.

## **INFORMATION ON THE TRANSACTIONS BOARD MEMBERS PERFORMED WITH THE COMPANY**

Within the framework of the consent of the General Assembly, the Board Members have not performed any transactions with the company on their or third parties' behalf that were subject to non-competition provisions.

## **INFORMATION ON THE CONFLICTS OF INTEREST WITH THE PROVIDERS OF OUTSOURCED SERVICES INCLUDING INVESTMENT CONSULTANCY AND RATING AND THE MEASURES TAKEN BY THE COMPANY TO PREVENT SUCH CONFLICTS OF INTEREST**

None.

## **INFORMATION ON CROSS-OWNERSHIPS WHERE DIRECT CAPITAL PARTICIPATION IS ABOVE 5%**

None.

## **LOYALTY REPORT ON TRANSACTIONS WITH THE HOLDING COMPANY AND SUBSIDIARY**

For the transactions carried out by Güneş Sigorta A.Ş. with its holding company Türkiye Vakıflar Bankası T.A.O. and the group of companies it is affiliated with, "Comparative Price Method," which is the most appropriate method for determining compliance with precedents, was utilized and there are no losses with regard to such transactions during 2019.

## **EVALUATIONS ON THE GOALS IN THE PREVIOUS PERIOD AND GENERAL ASSEMBLY DECISIONS**

The Company decided to postpone the meeting at the Ordinary General Assembly Meeting dated May 28, 2019. The Ordinary General Assembly Meeting was held on June 25, 2019, with the participation of shareholders representing 88.22% of the Company's capital. All of the items of the agenda were discussed, and all the resolutions taken in the meeting were put into practice.

The Company did not organize any Extraordinary General Assembly meetings in 2019.

## **AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

In 2019, amendments were made to the Articles of Association due to the capital increase at the Company. With regards to the capital increase procedures, Article 7 titled "Capital and Share Certificates" was amended. The amended Articles of Association was registered on September 18, 2019, and published in the Trade Registry Gazette dated September 24, 2019.

As for the amendments to Articles 4, 5, 16, 17 and 18 due to adjustments in corporate governance practices and miscellaneous activities, the Board authorized the Head Office on January 8, 2020, to file the necessary applications to the Capital Markets Board and other authorities prior to the approval of such amendments by the General Assembly.



# ANNUAL REPORT COMPLIANCE STATEMENT



We hereby declare and represent that our Annual Report covering our activities in 2019 was prepared in compliance with the procedures and principles outlined in the "Regulation on the Financial Structure of Insurance, Reinsurance, and Pension Companies" issued by the Ministry of Treasury and Finance and published in the Official Gazette no. 26606 on August 7, 2007.

Respectfully Yours,

**ABDİ SERDAR ÜSTÜNSALİH**  
Chairman of the Board of Directors

**ATILLA BENLİ**  
Board Member, General Manager

**SALTUK BUĞRA SÜRÜEL**  
Assistant General Manager

**MURAT SÜZER**  
Group Director

# ANNUAL REPORT COMPLIANCE OPINION



## INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the General Assembly of Güneş Sigorta A.Ş.

### 1. Opinion

We audited the annual report of Güneş Sigorta A.Ş. ("the Company") for the accounting period of 1 January 2019 - 31 December 2019.

In our opinion, the financial information included in the annual report of the Board of Directors and the Board of Directors' assessments performed using the information in the audited financial statements on the Company's situation are consistent in all material aspects with, and present a true view of, the full set of financial statements audited and the information we obtained during the independent audit and reflect the truth.

### 2. Grounds for the Opinion

Our independent audit was conducted in accordance with the Standards on Independent Auditing that are part of the Turkish Standards on Auditing (the "SIA") issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA") and the regulations on the principles of independent audit as set out in the insurance legislation. Our responsibilities under those standards are further described in detail in the Independent Auditor's Responsibilities Regarding the Independent Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our independent audit of the financial statements. Other ethical responsibilities arising from the Ethical Rules and relevant legislation were also fulfilled by us. We believe that the independent audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

### 3. Our Auditor's Opinion on the Full Set of Financial Statements

We expressed an unqualified opinion in the auditor's report dated 31 January 2020 on the full set of financial statements for the accounting period covering 1 January - 31 December 2019.

### 4. Board of Directors' Responsibility for the Annual Report

Company management's responsibilities related to the annual report according to Articles 514 and 516 of the Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communique Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communique") and "Regulation on the Financial Structure of Insurance, Reinsurance and Pension Companies" ("Regulation") published in the Official Gazette dated 7 August 2007 and no. 26606 are as follows:

- a) To prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) to prepare the annual report to reflect the Company's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report, the financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks that the Company may encounter are indicated. The assessments of the Board of Directors in regard to these matters are also included in the report.
- c) The annual report also includes:
  - Events of material nature which occurred within the Company after the end of the activity year,
  - Research and development activities of the Company,
  - Financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees paid to the members of the Board of Directors and senior executives.

When preparing the annual report, the Board of Directors considers secondary legislation regulations enacted by the Ministry of Customs and Trade and other relevant institutions.

### 5. Independent Auditor's Responsibility Regarding the Independent Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC, Communique and Regulation provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements of the Company and with the information we obtained during the course of the independent audit.

Our independent audit was conducted in accordance with the regulations on the applicable principles of independent audit as set out in the insurance legislation and the SIA. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements and with the information obtained during the course of the audit.

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

Adnan Akan, CBA  
Chief Auditor

Istanbul, February 14, 2020

# MESSAGE FROM THE BOARD OF DIRECTORS TO THE SHAREHOLDERS



Dear Shareholders,

Following a successful 2.9% growth despite the impact of ongoing trade wars in 2019, the world economy is expected to deliver 3.3% growth in 2020. The US economy saw the positive effects of the interest rate discounts introduced by FED throughout the year and maintained its robust performance with a 2.3% growth in 2019. The US economy is anticipated to maintain this trend and grow by 2% in 2020.

Concluding 2018 with moderate growth, Eurozone is expected to face weaker growth at 1.2% amid uncertainties looming over Brexit in 2019. Developing countries, led by China and India, continued to perform strongly thanks to the impact of solid internal and external demand in 2019. Turkey's economy, on the other hand, was marked by a re-balancing period in 2019, while inflation went down from 20.30% to 11.84%, a significant drop compared to the previous year. Turkey's economy is expected to grow by 0.5% in 2019. Under the New Economic Plan (NEP) for 2020 and 2021, the growth will come close to reaching its potential, which is 5%.

Güneş Sigorta, one of the most deep-rooted players in the Turkish insurance sector, preserved its successful performance in 2019. Our total assets grew by 40% to TL 3 billion 663 million, while our premium production reached TL 2 billion 265 million, representing a 19% increase. The equities of our company amounted to TL 1 billion 290 million and net profitability to TL 123.6 million.

Boasting 62 years of experience and expertise in the Turkish insurance sector, Güneş Sigorta was a standout in the fiscal period of 2019. The Company continued to deliver its broad range of insurance products to over 1.7 million customers through its agency network spanning the country. Focusing on its digital transformation process, Güneş Sigorta successfully continued its investments in information technologies for the digitalization of business processes.

We are committed to maintaining our robust performance also in 2020, tapping into our experience, expertise, customer-centric approach and innovative products. We hereby submit for your review the financial statements reflecting the 2019 financial tables of the Company together with the footnotes.

Respectfully Yours,

Board of Directors

# DRAFT AGENDA OF THE ORDINARY GENERAL ASSEMBLY



1. Opening and constituting the Assembly Chairmanship,
2. Reading and negotiating the 2019 Annual Report prepared by the Board of Directors
3. In the event that the permissions of the Capital Markets Board and the General Directorate of Domestic Trade affiliated the Ministry of Trade have been obtained, reading and discussing the former and amended versions of Articles 4, 5, 16, 17 and 18 of the Articles of Association, and the approval of the amended versions.
4. Approval of the Profit Distribution Policy;
5. Approval of the Donation Policy;
6. Reading the Information Policy;
7. Reading the Independent Auditor's Report regarding 2019 operations,
8. Reading, negotiation and approval of 2019 financial statements,
9. Determination of the methods of using the profit made in 2019,
10. Approval of changes in the Board of Directors during the year,
11. Release of the members of the Board of Directors,
12. Reading the resumes of the Board Members, who are to be re-elected, published in the Annual Report; reading the resumes of the nominated Board Members,
13. Election of the members of the Board of Directors,
14. Approval of the Board of Directors' decision regarding the selection of the Independent External Audit Company in accordance with the Turkish Commercial Code, Capital Markets Law and the relevant legislation.
15. Determination of the payments to be made to the members of the Board of Directors,
16. Providing information on the principles of remuneration of the members of the Board of Directors and senior executives,
17. Authorization of the members of the Board of Directors to carry out the transactions provided for in Articles 395 and 396 of the Turkish Commercial Code and the Corporate Governance Principles of the Capital Markets Board,
18. Determination of the upper limit for the donations to be made in 2020,
19. Wishes and regards.

# INFORMATION RELATED TO POWER OF INDEMNITY, PROFITABILITY AND FINANCIAL STANDING



The asset size of Güneş Sigorta grew by 40% YoY TL to 3 billion 663 million and premium production by 19% to TL 2 billion 266 million.

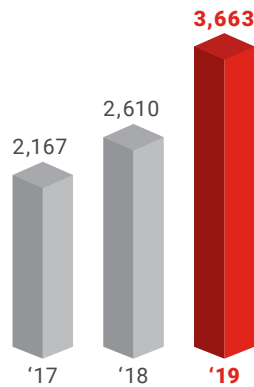
Thanks to the capital increase of TL 270 million and an effective collection performance in 2019, cash and cash equivalents rose by 58% to TL 1 billion 689 million. Income obtained from financial investments was increased by 51% since cash assets were effectively channeled to investments. The positive impact of profitability and asset growth is obvious in the balance sheet. Compared to the previous year, return on assets rose from 0.4% to 3.4% and return on equity from 1.4% to 9.6%.

In 2019, while the ratio of cash and cash equivalents and financial assets to current assets was 60%, the gross claims paid after the deduction of recourse and salvage income were recorded as TL 1 billion 118 million. Güneş Sigorta has met its legal and commercial obligations punctually without experiencing any financial trouble due to the strength of its liquid assets and the appropriate maturity distribution of its assets channeled into investments.

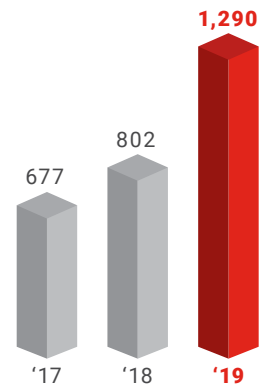
The shareholders' equity of Güneş Sigorta grew even stronger in 2019, especially due to the increase in the paid-in capital from TL 270 million to TL 540 million and appreciation of its financial assets (subsidiaries). Within this period, the amount of the "Required Shareholders' Equity" was determined to be TL 556,123,188. As of the same date, the Company's shareholders' equity which was taken into consideration is TL 1,318,213,081, and it was calculated by adding TL 762,089,893 to the Required Shareholders' Equity. The capital adequacy ratio stood at 237%.

In 2019, Güneş Sigorta's return on assets increased from 0.4% to 3.4% and return on equity from 1.4% to 9.6%.

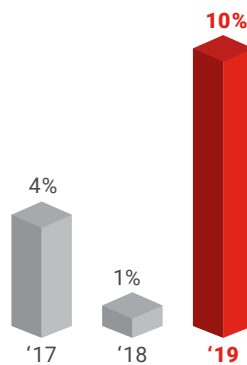
### Asset Size (TL million)



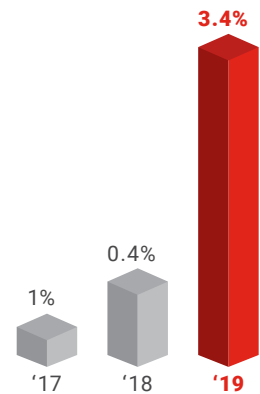
### Equity (TL million)



### Return on Equity (%)



### Return on Assets (%)



# FIVE-YEAR SUMMARY

## FINANCIAL INFORMATION

•••

The last 5-year summary of financial information including the reporting period are provided in the table below:

TL	2015	2016	2017	2018	2019
<b>Total Assets</b>	1,536,796,760	1,739,461,693	2,167,689,442	2,610,459,368	3,663,242,360
<b>Equity</b>	306,102,414	499,493,732	677,599,159	802,284,360	1,290,141,077
<b>Paid in Capital</b>	150,000,000	270,000,000	270,000,000	270,000,000	540,000,000
<b>Written Gross Premiums</b>	1,288,378,653	1,372,978,363	1,660,979,253	1,907,406,583	2,265,587,673
<b>Gross Claims Paid</b>	(696,390,840)	(757,106,144)	(839,528,421)	(1,091,341,380)	(1,117,927,737)
<b>Gross Outstanding Claims</b>	(921,743,589)	(942,205,353)	(1,201,948,725)	(1,657,238,933)	(1,878,740,857)
<b>Premium Retention Share</b>	724,034,071	750,809,359	884,253,507	1,002,816,122	1,264,900,214
<b>Technical Division Balance</b>	(142,886,269)	21,292,481	27,875,122	25,719,071	152,791,526
<b>Retention Ratio</b>	56%	55%	53%	53%	56%
<b>Net Loss Premium Ratio</b>	98%	82%	82%	88%	78%
<b>Operational Expenses</b>	(213,563,360)	(205,556,938)	(223,530,094)	(254,995,410)	(317,809,629)
<b>Investment Income</b>	100,241,570	82,849,995	173,061,749	361,695,776	344,613,556
<b>Investment Costs</b>	(91,510,436)	(89,647,014)	(156,094,603)	(325,504,667)	(286,381,203)
<b>Profit on Investment</b>	8,731,134	(6,797,019)	16,967,146	36,191,109	58,232,353
<b>Net Profit and Loss for the Period</b>	(162,568,880)	(48,065,707)	26,493,239	10,871,374	123,559,154
<b>Return on Equity %</b>	-53%	-12%	4%	1%	10%
<b>Return on Assets %</b>	-11%	-3%	1%	0.4%	3.4%
<b>Technical Division Balance/Written Premiums %</b>	11%	1%	2%	1%	7%
<b>Net Profit/Written Premiums %</b>	-11%	-4%	2%	0.6%	5.5%

# PROFIT DISTRIBUTION POLICY



The Profit Distribution Policy of Güneş Sigorta AŞ is governed by the provisions of the Turkish Commercial Code and Insurance Law, Capital Market Regulations, and other applicable legislation, as well as Article 24 of the Articles of Association.

The Company aims to distribute a minimum 10% of its net distributable profit as bonus shares and/or in cash. However, taking the Company's cash projections, investment plans, financial structure, and the capital market conditions into account, the Board of Directors makes a decision on the proposal for profit distribution at the end of every accounting period, while avoiding any harm in the balance between shareholders' expectations and the growth requirements of the company. The amount of profit distribution for persons other than shareholders is included in the Board's proposal for profit distribution in accordance with the provisions of the Articles of Association.

Profit distribution is made within the time period stipulated by the laws upon the approval of the Board's proposal for profit distribution by the General Assembly. The decision taken at the General Assembly Meeting regarding the profit distribution is announced to the public on KAP and the website of the company as material disclosure.

The Board of Directors may propose the General Assembly not to distribute dividends. Shareholders are informed on the reasons for not distributing the profit and the methods of using the undistributed profit at the General Assembly Meeting. This information is also announced to the public in the annual report and corporate website.

There is no privilege with regard to participating in the Company's profit. The provision on advance dividend distribution is incorporated in the Articles of Association, and such distribution is only applicable within the relevant accounting period being subject to the consent of the General Assembly.

The Board's proposal on profit distribution or decision on advance dividend distribution are disclosed to the public together with the profit distribution table or advance dividend distribution table drafted by the Board, pursuant to the regulations on material disclosures. The Company is obliged to disclose the profit distribution table no later than the date on which the agenda of the general assembly is announced.

Profit distribution starts on the date determined by the General Assembly provided that it is completed by the end of the year in which the General Assembly Meeting is held.

Profit Distribution Policy is submitted to the approval of shareholders at the General Assembly meeting. Any changes to this policy are updated by the Board and published on the corporate website upon approval of such changes at the General Assembly meeting.

# RISK MANAGEMENT POLICIES



Policies established for the risks which Güneş Sigorta is exposed to are reviewed regularly in parallel with the changes taking place in the market conditions.

Risks assessed during the risk management process are listed below:

## INSURANCE RISK

As there are risks arising from signed insurance contracts, the said risks may be exemplified as a risk concentration arising from not selecting the insured risks properly, not determining the level of insurance premiums at which potential damages are covered in the future and non-diversifiable risks.

While establishing the tariffs and applying an individual pricing policy, the market conditions, reinsurance agreements, Company's turnover, profitability and sustainable growth objectives must be considered as a whole.

It is determined and updated each year in Güneş Sigorta by technical service management which risks shall be covered under which conditions at the agency, regional office and head office level by making use of reinsurance treaties and past loss experiences within the scope of risk acceptance principles. Implementation fundamentals booklet, in which it is represented whether the insurance products can be sold or not under which conditions to whom and how including risk acceptance principles, is distributed to sales channels each year for informative purposes.

Considering the customer portfolio of the Company, previous claim statistics, the volume of business planned to be realized for the next year, equity structure and current market conditions; branch-based retentions and treaty conditions to be purchased are determined by the Reinsurance and Special Risks Management and Senior Management. Risks, which are not within the scope of reinsurance agreements, exceeding the treaty conditions and capacities or able to disrupt the treaty balance of the Company, are guaranteed by domestic and foreign voluntary reinsurance support.

## CREDIT RISK

Credit risk is defined as the probability of the parties, which have a material relationship with the Company, not meeting their obligations towards the company. Reinsurance transactions and premium receivables arising from agencies are the major areas that pose a credit risk for the Company. The Company follows the receivables arising from the insurance activities within the scope of collection policies and limits them through guarantee policies it has constituted. Credit notes are taken into consideration while selecting the reinsurer via the list of "Reinsurance Companies That Meet the Financial and Technical Criteria" issued by the Republic of Turkey Ministry of Treasury and Finance, and the effects of changes in market conditions on credit notes are followed.

## MARKET RISK

Potential losses to occur in the values of instruments that are included in the Company's portfolio as a result of changes taking place in interest rates and exchange rates are considered within the scope of market risk. Aforementioned risks are monitored through the reports prepared for foreign exchange positions and securities.

## LIQUIDITY RISK

Liquidity risk is the risk of not meeting the due obligations by the Company. An aforementioned risk especially occurs as a result of not being able to sell assets or liquidate assets in the periods when cash is needed. If the maturity of assets is longer than the maturity of liabilities, liquidity risk increases.

The cash flow of the Company is monitored daily, weekly and monthly; following maturity mismatches and foreign currency positions through the balance sheet and asset-liability management is performed.

## OPERATIONAL RISKS

It is the direct or indirect damage risk, which results from the insufficient or unsuccessful internal processes, from the staff and systems or external events.

The practices to be carried out during the activities conducted company-wide and processes implemented were turned into written materials with the prepared procedures and job descriptions of the employees taking part in the processes were determined formally. Authorities of the internal units, the users and approval mechanisms that need to be applied during the processes are determined by the Board of Directors, General Manager and Assistant General Managers, and defined within the scope of written regulations and procedures.

## FIGHT AGAINST LAUNDERING THE PROCEEDS OF CRIME AND FINANCING OF TERRORISM

In order to ensure compliance with the "Law on Prevention of Laundering Proceeds of Crime and Financing of Terrorism" and the regulations and communiqués issued pursuant to this law, the Legislation and Compliance Directorate was established and a compliance officer was appointed to this Directorate. Within the framework of the relevant Law, Prevention of Laundering of the Proceeds of Crime, Financing of Terrorism and Suspicious Transaction Monitoring announcement policies have been established and transmitted to the Financial Crimes Investigation Board (MASAK) after having the approval of the Board of Directors. Following the amendments to the legislation, our Corporate policy is regularly revised and communicated to our agencies and employees. In addition, e-trainings and face-to-face trainings are provided for all company personnel and agency employees to raise awareness and to fulfill our obligation to provide training. In order to make sure that face-to-face trainings are reviewed as per the assessment and evaluation results, written assessments are conducted at the end of such trainings.

The risks to which the Company is exposed on account of the use of the insurance services it provided for laundering the proceeds of crime and financing of terrorism as well as the findings obtained as a result of the monitoring and controlling activities are regularly reported to the Board of Directors through a Board Member authorized by the Board of Directors.



**GÜNEŞ SİGORTA A.Ş.**

**CONVENIENCE TRANSLATION OF  
STATUTORY FINANCIAL STATEMENTS FOR THE  
PERIOD 1 JANUARY - 31 DECEMBER 2019 AND  
THE INDEPENDENT AUDITOR'S REPORT**

**(ORIGINALLY ISSUED IN TURKISH)**



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

**INDEPENDENT AUDITOR'S REPORT**

To the General Assembly of Güneş Sigorta A.Ş.

**A. Audit of the Financial Statements**

**1. Opinion**

We have audited the accompanying financial statements of Güneş Sigorta A.Ş. (the "Company") which comprise the balance sheet as at 31 December 2019 and the statement of income, statement of changes in shareholders' equity and statement of cash flows for the year then ended and the notes to the financial statements and a summary of significant accounting policies and financial statement notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with accounting and financial reporting regulations enforced by insurance legislation and Turkish Financial Reporting Standards for the matters not regulated by insurance legislation "Regulation on Insurance Accounting and Financial Reporting Principles".

**2. Basis for Opinion**

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

**3. Key Audit Matters**

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

**Key audit matter**

**Estimation of claims incurred but not reported**

As explained in Notes 2 and 17, the Company has accounted for the net incurred but not reported claims provision amounting to TRY 512,840,166 as of 31 December 2019.

Abovementioned provision is calculated according to the best estimation methods determined within the opinion of the Company's actuary in accordance with "Circular on Outstanding Claim Provisions" dated 5 December 2014 and numbered 2014/16 published by the Ministry of Treasury and Finance. The reason we focus on this area during our audit is the significance of the incurred but not reported claims provision for the financial statements and the significant actuarial judgments and estimates required by the nature of provision in the financial statements.

**How our audit addressed the matter**

We tested the design and operational effectiveness of the key controls implemented by the Company's management in relation to the ultimate claims used in the calculation of incurred but not reported claims provision.

We tested the mathematical accuracy of the calculation of incurred but not reported claims for selected branches and reconciled with the information in the financial statement. We tested the appropriateness of the methods and assumptions used by branch in association with our own actuary experts by inquiring the Company's management and actuary. In addition, for selected branches, we made an independent assessment and defined reasonable ranges for the incurred but not reported claims provision and compared them with the Company's records.

We checked the conformity and accuracy of the disclosures in the financial statements related to such provisions against Regulation on Insurance Accounting and Financial Reporting Principles.

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

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

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

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



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

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

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

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

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

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

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

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

### B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2019 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 31 January 2020.

### Additional Paragraph for Convenience Translation into English

As discussed in Note 2 to the accompanying financial statements, the effects of differences between the accounting principles as set out by the related insurance laws and accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations and changes in financial position and cash flows in accordance with accounting principles generally accepted in such countries and IFRS.

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



ORIGINALLY ISSUED IN TURKISH

Adnan Akan, SMMM  
Partner

Istanbul, 31 January 2020

**FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2019**

We confirm that the financial statements, related disclosures and footnotes as at 31 December 2019 which were prepared in accordance with the accounting principles and standards in force as per the regulations of Republic of Turkey Ministry of Treasury and Finance are in compliance with the "Code Related to the Financial Reporting of Insurance, Reinsurance and Private Pension Companies" and the financial records of our Company.

Güneş Sigorta A.Ş.

31 January 2020



Atilla BENLİ  
Member of Board of Directors  
General Manager



Saltuk Buğra SÜRÜEL  
Assistant General Manager



Murat SÜZER  
Financial Affairs  
Group Manager



Orhun Emre ÇELİK  
Actuary  
Register Number: 40

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019



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# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE BALANCE SHEETS ON 31 DECEMBER 2019 AND 2018

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

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### ASSETS

	Notes	Audited Current Period 31 December 2019	Audited Prior Period 31 December 2018
<b>I- Current Assets</b>			
<b>A- Cash and Cash Equivalents</b>	<b>14</b>	<b>1,689,062,336</b>	<b>1,071,969,768</b>
1- Cash	14	-	1,744
2- Cheques Received		-	-
3- Cash at Banks	14	1,485,043,414	920,893,658
4- Cheques Given and Payment Orders		-	-
5- Bank Warrantied and Shorter Than 3 Months Credit Card Receivables	14	204,018,922	151,074,366
6- Other Cash and Cash Equivalents		-	-
<b>B- Financial Assets and Financial Investments with Risks on Policyholders</b>	<b>4.2 and 11</b>	<b>122,817,105</b>	<b>22,241,849</b>
1- Available-for-Sale Financial Asset		-	-
2- Held to Maturity Investments		-	-
3- Financial Assets Held for Trading	4.2 and 11	122,817,105	22,241,849
4- Loans		-	-
5- Provision for Loans		-	-
6- Financial Investments with Risks on Saving Life Policyholders		-	-
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments		-	-
<b>C- Receivables from Main Operations</b>	<b>4.2 and 12</b>	<b>688,927,359</b>	<b>531,686,102</b>
1- Receivables from Insurance Operations	12	688,705,281	535,712,640
2- Provision for Receivables from Insurance Operations (-)	4.2 and 12	(1,984,964)	(6,568,180)
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposits on Insurance and Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to Policyholders (-)		-	-
8- Receivables from Pension Operations		-	-
9- Doubtful Receivables from Main Operations	12	247,603,788	194,276,881
10- Provision for Doubtful Receivables from Main Operations	4.2 and 12	(245,396,746)	(191,735,239)
<b>D- Due from Related Parties</b>		<b>-</b>	<b>-</b>
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
<b>E- - Other Receivables</b>	<b>12,4.2 and 47</b>	<b>1,802,349</b>	<b>1,937,498</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income (-)		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables	12,4.2 and 47	1,802,349	1,937,498
5- Rediscount on Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables		423,504	421,964
7- Provision for Other Doubtful Receivables (-)		(423,504)	(421,964)
<b>F- Prepaid Expenses and Income Accruals</b>	<b>17</b>	<b>178,900,267</b>	<b>122,294,652</b>
1- Deferred Acquisition Costs	17	160,854,044	108,218,487
2- Accrued Interest and Rent Income		-	-
3- Income Accruals		-	-
4- Other Prepaid Expenses	17	18,046,223	14,076,165
<b>G- Other Current Assets</b>		<b>18,965,340</b>	<b>17,034,956</b>
1- Stocks to be used in the Following Months		-	-
2- Prepaid Taxes and Funds	4.2 and 12	18,516,745	16,140,828
3- Deferred Tax Assets		-	-
4- Business Advances		-	-
5- Advances Given to Personnel	4.2	61,590	96,337
6- Inventory Count Deficiency		-	-
7- Other Miscellaneous Current Assets	47	387,005	797,791
8- Provision for Other Miscellaneous Current Assets (-)		-	-
<b>I- Total Current Assets</b>		<b>2,700,474,756</b>	<b>1,767,164,825</b>

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

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE BALANCE SHEETS ON 31 DECEMBER 2019 AND 2018

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



### ASSETS

	Notes	Audited Current Period 31 December 2019	Audited Prior Period 31 December 2018
<b>II- Non-Current Assets</b>			
<b>A- Receivables from Main Operations</b>		-	-
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations (-)		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to Policyholders		-	-
7- Provision for Loans to the Policyholders (-)		-	-
8- Receivables from Pension Operations		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations (-)		-	-
<b>B- Due from Related Parties</b>		-	-
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties (-)		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-
<b>C- Other Receivables</b>	<b>4, 2, 12 and 47</b>	<b>73,792</b>	<b>153,399</b>
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income (-)		-	-
3- Deposits and Guarantees Given	4, 2, 12 and 47	73,792	153,399
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables (-)		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables (-)		-	-
<b>D- Financial Assets</b>	<b>9</b>	<b>703,729,404</b>	<b>612,901,553</b>
1- Investments in Equity Shares		721,188,788	632,102,438
2- Investments in Associates		-	-
3- Capital Commitments to Associates (-)		-	-
4- Investments in Subsidiaries		-	-
5- Capital Commitments to Subsidiaries (-)		-	-
6- Investments in Joint Ventures		-	-
7- Capital Commitments to Joint Ventures (-)		-	-
8- Financial Assets and Financial Investments with Risks on Policyholders		-	-
9- Other Financial Assets		-	-
10- Impairment in Value of Financial Assets (-)	9	(17,459,384)	(19,200,885)
<b>E- Tangible Assets</b>		<b>249,123,182</b>	<b>223,734,594</b>
1- Investment Property	7	17,442,990	17,162,000
2- Impairment in Value of Investment Properties (-)		-	-
3- Land and Buildings Held for Utilisation	6	208,535,000	204,120,000
4- Machinery and Equipments	6	17,643,199	6,426,609
5- Furnitures And Fixtures	6	6,431,764	6,335,304
6- Motor vehicles	6	11,315,970	414,561
7- Other Tangible Assets, Including Leasehold Improvements	6	1,524,437	1,535,635
8- Tangible Assets Acquired Through Finance Leases	6	10,320,330	8,819,487
9- Accumulated Amortizations	6	(24,090,508)	(21,079,002)
10- Advances for Tangible Assets, Including Construction in Progress		-	-
<b>F- Intangible Assets</b>		<b>9,841,226</b>	<b>6,504,997</b>
1- Rights	8	16,744,677	10,713,906
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets	8	16,507,653	16,507,653
6- Accumulated Amortization (-)	8	(23,507,570)	(20,813,028)
7- Advances Paid for Intangible Assets		96,466	96,466
<b>G- Prepaid Expenses and Income Accruals</b>		-	-
1- Deferred Acquisition Expenses		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses and Income Accruals		-	-
<b>H- Other Non-Current Assets</b>	<b>21</b>	-	-
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Stocks to be Used in the Following Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	-	-
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets (-)		-	-
8- Provision for Other Non-Current Assets (-)		-	-
<b>II- Total Non-Current Assets</b>		<b>962,767,604</b>	<b>843,294,543</b>
<b>TOTAL ASSETS</b>		<b>3,663,242,360</b>	<b>2,610,459,368</b>

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

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE BALANCE SHEETS ON 31 DECEMBER 2019 AND 2018

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

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### LIABILITIES

	Notes	Audited Current Period 31 December 2019	Audited Prior Period 31 December 2018
<b>III- Short-Term Liabilities</b>			
<b>A- Financial Liabilities</b>	<b>20</b>	<b>478,051</b>	-
1- Borrowings to Financial Institutions		-	-
2- Finance Lease Payables	20	615,146	-
3- Deferred Leasing Costs (-)	20	(137,095)	-
4- Current Portion of Long-Term Debts		-	-
5- Principal Instalments and Interests on Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued		-	-
8- Other Financial Liabilities		-	-
<b>B- Payables Arising from Main Operations</b>	<b>4.2 and 19</b>	<b>413,919,636</b>	<b>288,616,766</b>
1- Payables Arising from Insurance Operations	4.2 and 19	413,919,636	288,616,766
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Main Operations		-	-
6- Discount on Payables from Other Main Operations (-)		-	-
<b>C- Due to Related Parties</b>	<b>4.2</b>	<b>104,142</b>	<b>67,161</b>
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel	4.2	104,142	67,161
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	<b>4.2</b>	<b>52,607,892</b>	<b>27,328,499</b>
1- Deposits and Guarantees Received		-	-
2- Debts to SSI for treatment expenses	19	12,309,295	7,496,588
3- Other Miscellaneous Payables	19	40,510,499	20,097,291
4- Discount on Other Miscellaneous Payables (-)	19	(211,902)	(265,380)
<b>E- Insurance Technical Provisions</b>	<b>2</b>	<b>1,676,809,455</b>	<b>1,334,195,872</b>
1- Reserve for Unearned Premiums - Net	17	688,698,936	514,508,898
2- Reserve for Unexpired Risks- Net	2.24 and 17	5,924,936	17,999,626
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	4.2 and 17	929,848,348	757,657,673
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net	10 and 17	52,337,235	44,029,675
<b>F- Provisions for Taxes and Other Similar Obligations</b>	<b>4.2</b>	<b>38,427,676</b>	<b>31,148,209</b>
1- Taxes and Funds Payable		35,582,779	28,951,042
2- Social Security Premiums Payable		2,844,897	2,197,167
3- Overdue, Deferred or By Installment Taxes and Other Liabilities	-	-	-
4- Other Taxes and Liabilities Payable		-	-
5- Corporate Tax Liability Provision on Period Profit		12,509,362	-
6- Prepaid Taxes and Other Liabilities on Period Profit (-)		(12,509,362)	-
7- Provisions for Other Taxes and Liabilities		-	-
<b>G- Provisions for Other Risks</b>	<b>23</b>	<b>20,201,145</b>	<b>3,676,606</b>
1- Provision for Termination Indemnities		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	20,201,145	3,676,606
<b>H- Deferred Income and Expense Accruals</b>	<b>10 and 19</b>	<b>88,186,653</b>	<b>70,519,558</b>
1- Deferred Commission Income	10 and 19	88,186,653	70,519,558
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
<b>I- Other Short-Term Liabilities</b>		-	-
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities		-	-
<b>III - Total Short-Term Liabilities</b>		<b>2,290,734,650</b>	<b>1,755,552,671</b>

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



# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE BALANCE SHEETS ON 31 DECEMBER 2019 AND 2018

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

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### LIABILITIES

	Notes	Audited Current Period 31 December 2019	Audited Prior Period 31 December 2018
<b>IV- Long-Term Liabilities</b>			
<b>A- Financial Liabilities</b>	<b>20</b>	<b>508,373</b>	-
1- Borrowings to Financial Institutions		-	-
2- Finance Lease Payables	20	988,725	-
3- Deferred Leasing Costs (-)	20	(480,352)	-
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued (-)		-	-
7- Other Financial Liabilities		-	-
<b>B- Payables Arising from Main Operations</b>		-	-
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Individual Pension Business		-	-
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations (-)		-	-
<b>C- Due to Related Parties</b>		-	-
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
<b>D- Other Payables</b>	<b>4.2</b>	<b>3,920,571</b>	<b>3,419,421</b>
1- Deposits and Guarantees Received	4.2	3,920,571	3,419,421
2- Debts to SSI for treatment expenses		-	-
3- Other Miscellaneous Payables		-	-
4- Discount on Other Miscellaneous Payables (-)		-	-
<b>E- Insurance Technical Provisions</b>	<b>2.26 and 17</b>	<b>39,278,506</b>	<b>33,855,634</b>
1- Reserve for Unearned Premiums – Net		-	-
2- Reserve for Unexpired Risks - Net		-	-
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts – Net		-	-
6- Other Technical Provisions – Net	2.26 and 17	39,278,506	33,855,634
<b>F- Other Liabilities and Relevant Accruals</b>		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
<b>G- Provisions for Other Risks</b>	<b>23</b>	<b>18,297,942</b>	<b>14,225,735</b>
1- Provisions for Severance Pay	23	18,297,942	14,225,735
2- Provisions for Employee Pension Funds Deficits		-	-
<b>H- Deferred Income and Expense Accruals</b>		-	-
1- Deferred Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income and Expense Accruals		-	-
<b>I- Other Long-Term Liabilities</b>	<b>21</b>	<b>20,361,241</b>	<b>1,121,547</b>
1- Deferred Tax Liabilities	21	20,361,241	1,121,547
2- Other Long-Term Liabilities		-	-
<b>IV- Total Long-Term Liabilities</b>		<b>82,366,633</b>	<b>52,622,337</b>

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

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE BALANCE SHEETS ON 31 DECEMBER 2019 AND 2018

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

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### SHAREHOLDERS' EQUITY

	Notes	Audited Current Period 31 December 2019	Audited Prior Period 31 December 2018
<b>V- Shareholders' Equity</b>			
<b>A- Paid in Capital</b>	<b>2.13 and 15</b>	<b>540,000,000</b>	<b>270,000,000</b>
1- (Nominal) Capital	2.13 and 15	540,000,000	270,000,000
2- Unpaid Capital (-)		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences (-)		-	-
5- Capital to Be Registered		-	-
<b>B- Capital Reserves</b>	<b>15</b>	<b>87,000,311</b>	<b>79,411,294</b>
1- Share Premium	15	6,921,603	654,992
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Asset Sales That Will Be Transferred to Capital		-	-
4- Currency Translation Adjustments		-	-
5- Other Capital Reserves	15	80,078,708	78,756,302
<b>C- Profit Reserves</b>		<b>785,499,532</b>	<b>697,873,570</b>
1- Legal Reserves	15	4,949,441	4,949,441
2- Statutory Reserves		-	-
3- Extraordinary Reserves		-	-
4- Special Funds, Reserves		-	-
5- Revaluation of Financial Assets	15	615,259,947	529,808,797
6- Other Profit Reserves	15	165,290,144	163,115,332
<b>D- Retained Earnings</b>		<b>-</b>	<b>-</b>
1- Retained Earnings		-	-
<b>E- Accumulated Losses (-)</b>		<b>(245,917,920)</b>	<b>(255,871,878)</b>
1- Accumulated Losses (-)		(245,917,920)	(255,871,878)
<b>F- Net Profit/(Loss) for the Period</b>	<b>37</b>	<b>123,559,154</b>	<b>10,871,374</b>
1- Net Profit for the Year		123,501,994	9,548,969
2- Net Loss for the Year (-)		-	-
3- Net Profit That Is Not Subject to Distribution		57,160	1,322,405
<b>Total Equity</b>		<b>1,290,141,077</b>	<b>802,284,360</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,663,242,360</b>	<b>2,610,459,368</b>

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

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2019 AND 2018

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

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### I- TECHNICAL PART

	Notes	Audited 1 January- 31 December 2019	Audited 1 January- 31 December 2018
<b>A- Non-Life Technical Income</b>		<b>1,335,911,280</b>	<b>1,092,999,720</b>
1- Earned Premiums (Net of Reinsurer Share)		1,102,784,866	918,955,103
1.1- Written Premiums (Net of Reinsurer Share)	5, 17 and 24	1,264,900,214	1,002,816,122
1.1.1- Written Premiums, gross	17 and 24	2,265,587,673	1,907,406,583
1.1.2- Written Premiums, ceded	10 and 17	(965,895,003)	(870,151,643)
1.1.3- Premiums transferred to SSI	10 and 17	(34,792,456)	(34,438,818)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Share and Provision Carried Forward)	5 and 17	(174,190,038)	(67,046,053)
1.2.1- Reserve for Unearned Premiums, gross	17	(286,644,800)	(177,808,364)
1.2.2- Reserve for Unearned Premiums, ceded	10 and 17	108,480,142	106,687,146
1.2.3- SSI Share of Reserve for Unearned Premium	10 and 17	3,974,620	4,075,165
1.3- Changes in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	5 and 17	12,074,690	(16,814,966)
1.3.1- Reserve for Unexpired Risks, gross	17	5,468,864	(36,256,672)
1.3.2- Reserve for Unexpired Risks, ceded	10 and 17	6,605,826	19,441,706
2- Investment Income - Transferred from Non-Technical Section		183,277,699	140,777,407
3- Other Technical Income (Net of Reinsurer Share)		3,414,793	2,011,519
3.1- Other Technical Income, gross	5	3,414,793	2,011,519
3.2- Other Technical Income, ceded		-	-
4- Accrued salvage and subrogation income	5	46,433,922	31,255,691
<b>B- Non-Life Technical Expense</b>		<b>(1,183,119,754)</b>	<b>(1,067,280,649)</b>
1- Incurred Losses (Net of Reinsurer Share)		(859,887,253)	(806,511,133)
1.1- Claims Paid (Net of Reinsurer Share)		(687,696,578)	(678,768,212)
1.1.1- Claims Paid, gross		(1,117,927,737)	(1,091,341,380)
1.1.2- Claims Paid, ceded	10	430,231,159	412,573,168
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Provision Carried Forward)	17	(172,190,675)	(127,742,921)
1.2.1- Change in Provisions for Outstanding Claims, gross	17	(221,501,924)	(455,290,208)
1.2.2- Change in Provisions for Outstanding Claims, ceded	10 and 17	49,311,249	327,547,287
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Provision Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	5 and 17	(5,422,872)	(5,774,106)
4- Operating Expenses	5 and 32	(317,809,629)	(254,995,410)
5- Change in mathematical provisions (net off circulating part) (Net off Circulating Part)		-	-
5.1- Mathematical Provisions		-	-
5.2- Mathematical Provisions, ceded		-	-
6- Other Technical Expenses		-	-
6.1- Other Technical Expenses, gross		-	-
6.2- Gross Other Technical Expenses, ceded		-	-
<b>C- Net Technical Income-Non-Life (A - B)</b>	<b>5</b>	<b>152,791,526</b>	<b>25,719,071</b>
<b>D- Life Technical Income</b>		-	-
1- Earned Premiums (Net of Reinsurer Share)		-	-
1.1- Written Premiums (Net of Reinsurer Share)		-	-
1.1.1- Written Premiums, gross		-	-
1.1.2- Written Premiums, ceded		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)		-	-
1.2.1- Reserve for Unearned Premiums, gross		-	-
1.2.2- Reserve for Unearned Premiums, ceded		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.3.1- Reserve for Unexpired Risks, gross		-	-
1.3.2- Reserve for Unexpired Risks, ceded		-	-
2- Investment Income		-	-
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		-	-
4.1- Other Technical Expenses, gross		-	-
4.2- Gross Other Technical Expenses, reinsurer share		-	-
5- Accrued subrogation income		-	-

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

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2019 AND 2018

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



### I- TECHNICAL PART

	Notes	Audited 1 January- 31 December 2019	Audited 1 January- 31 December 2018
<b>E- Life Technical Expense</b>		-	-
1- Incurred Losses (Net of Reinsurer Share)		-	-
1.1- Claims Paid (Net of Reinsurer Share)		-	-
1.1.1- Claims Paid, gross		-	-
1.1.2- Claims Paid, ceded		-	-
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.2.1- Change in Provisions for Outstanding Claims, gross		-	-
1.2.2- Change in Provisions for Outstanding Claims, ceded		-	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Life Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
3.1- Mathematical Reserves (-)		-	-
3.1.1- Actuarial Mathematical Reserves (+/-)		-	-
3.1.2- Profit Share Reserve (For Permanent Life Insurance Policies)		-	-
3.2- Reinsurers' Share of Mathematical Reserves (+)		-	-
3.2.1- Reinsurer's Share of Actuarial Mathematical Reserves (+)		-	-
3.2.2- Reinsurer's Share of Profit Share Reserve- (for Permanent Life Insurance Policies) (+)		-	-
4- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
5- Operating Expenses		-	-
6- Investment Expenses		-	-
7- Unrealized Losses on Investments		-	-
8- Investment Income Transferred to the Non-Life Technical Section		-	-
<b>F- Net Technical Income- Life (D - E)</b>		-	-
<b>G- Pension Business Technical Income</b>		-	-
1- Fund Management Income		-	-
2- Management Fee		-	-
3- Entrance Fee Income		-	-
4- Management Expense Charge in case of Suspension		-	-
5- Income from Individual Service Charges		-	-
6- Increase in Value of Capital Allowances Given as Advance		-	-
7- Other Technical Expense		-	-
<b>H- Pension Business Technical Expense</b>		-	-
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
<b>I- Net Technical Income - Pension Business (G - H)</b>		-	-

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

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2019 AND 2018

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

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### II - NON TECHNICAL PART

	Notes	Audited 1 January- 31 December 2019	Audited 1 January- 31 December 2018
<b>C- Net Technical Income – Non-Life (A-B)</b>		<b>152,791,526</b>	<b>25,719,071</b>
<b>F- Net Technical Income – Life (D-E)</b>		-	-
<b>I - Net Technical Income – Pension Business (G-H)</b>		-	-
<b>J- Total Net Technical Income (C+F+I)</b>		<b>152,791,526</b>	<b>25,719,071</b>
<b>K- Investment Income</b>		<b>344,613,556</b>	<b>361,695,776</b>
1- Income from Financial Assets	26	218,660,663	144,919,637
2- Income from Disposal of Financial Assets		-	-
3- Valuation of Financial Assets	26	5,281,597	5,150,960
4- Foreign Exchange Gains	26	89,232,622	184,655,484
5- Income from Associates	26	29,515,753	20,569,367
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment	26	1,205,318	6,400,328
8- Income from Derivative Transactions		-	-
9- Other Investments		717,603	-
10- Income Transferred from Life Section		-	-
<b>L- Investment Expense</b>	<b>4.2 and 5</b>	<b>(286,381,203)</b>	<b>(325,504,667)</b>
1- Investment Management Expenses (Inc. interest)	4.2	(5,328,184)	(5,635,884)
2- Diminution in Value of Investments		-	(717,603)
3- Loss from Disposal of Financial Assets		(782)	-
4- Investment Income Transferred to Non-Life Technical Section	4.2	(183,277,699)	(140,777,407)
5- Loss from Derivative Transactions		-	(2,647,500)
6- Foreign Exchange Losses	4.2	(75,922,462)	(158,725,233)
7- Depreciation and Amortization Expenses	4.2, 6 and 8	(7,448,696)	(6,861,268)
8- Other Investment Expenses	4.2	(14,403,380)	(10,139,772)
<b>M- Income and Expenses from Other and Extraordinary Operations</b>		<b>(74,955,363)</b>	<b>(51,038,806)</b>
1- Provisions	47	(64,121,125)	(50,679,556)
2- Rediscounts		3,085,080	(3,108,264)
3- Monetary Gains and Losses		-	-
4- Inflation Adjustment Account		-	-
5- Deferred Taxation (Deferred Tax Assets)	21 and 35	(13,982,596)	1,512,840
6- Deferred Taxation (Deferred Tax Liabilities)		-	-
7- Other Income		1,590,159	1,593,129
8- Other Expenses and Losses		(1,526,881)	(356,955)
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
<b>N- Net Profit for the Year</b>	<b>37</b>	<b>123,559,154</b>	<b>10,871,374</b>
1- Profit for the Year	5 and 37	136,068,516	10,871,374
2- Corporate Tax Provision and Other Fiscal Liabilities		(12,509,362)	-
3- Net Profit for the Year	5 and 37	123,559,154	10,871,374
4- Monetary Gains and Losses		-	-

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

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE STATEMENTS OF CASH FLOW FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2019 AND 2018

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

	Notes	Audited Current Period 31 December 2019	Audited Prior Period 31 December 2018
<b>A. CASH GENERATED FROM MAIN OPERATIONS</b>			
1. Cash provided from insurance activities		2,936,442,681	2,424,194,704
2. Cash provided from reinsurance activities		-	-
3. Cash provided from pension business		-	-
4. Cash used in insurance activities		(2,681,181,743)	(2,345,442,509)
5. Cash used in reinsurance activities		-	-
6. Cash used in pension business		-	-
<b>7. Cash Provided from Operating Activities</b>		<b>255,260,938</b>	<b>78,752,195</b>
8. Interest paid		-	-
9. Income taxes paid		(18,516,745)	(16,140,828)
10. Other cash inflows		1,624,906	1,534,030
11. Other cash outflows		(40,089,768)	(8,117,872)
<b>12. Net Cash Provided from Operating Activities</b>		<b>198,279,331</b>	<b>56,027,525</b>
<b>B. CASH FLOWS FROM INVESTING OPERATIONS</b>			
1. Disposal of tangible and intangible assets		484,319	2,265,967
2. Acquisition of tangible and intangible assets	6 and 8	(28,583,756)	(2,072,415)
3. Acquisition of financial assets	11	(203,335,000)	(41,999,999)
4. Disposal of financial assets		107,335,000	18,970,849
5. Interests received		218,660,664	144,919,637
6. Dividends received	26	29,515,753	20,569,367
7. Other cash inflows		20,389,692	433,857
8. Other cash outflows		(18,316,716)	(5,635,884)
<b>9. Net Cash Provided by Investing Activities</b>		<b>126,149,956</b>	<b>137,451,379</b>
<b>C. CASH FLOWS FROM FINANCING OPERATIONS</b>			
1. Equity shares issued		6,266,611	-
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments	20	(375,602)	-
4. Dividends paid		-	-
5. Other cash inflows		270,000,000	-
6. Other cash outflows		-	-
<b>7. Net Cash Used in Financing Activities</b>		<b>275,891,009</b>	<b>-</b>
<b>D. EFFECT OF EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>			
		<b>13,310,160</b>	<b>2,990,987</b>
<b>E. Net increase/ (decrease) in cash and cash equivalents</b>		<b>613,630,456</b>	<b>196,469,891</b>
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>14</b>	<b>926,159,493</b>	<b>729,689,602</b>
<b>G. Cash and cash equivalents at the end of the period</b>	<b>14</b>	<b>1,539,789,949</b>	<b>926,159,493</b>

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

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2019 AND 2018

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



Statements of Changes in Equity - Audited (*)											
	Share Capital	Own Shares of the Company (-)	Value Increase/ (Decrease) In Assets	Inflation Adjustment Differences in Shareholders	Currency Translation Adjustments	Legal Reserves	Statutory Reserve	Other Reserves and Retained Profit	Net Profit (Loss) For the Period	Retained Earnings	Total
<b>I - Balance at the Prior Period End - 31 December 2017</b>	<b>270,000,000</b>	-	<b>425,220,441</b>	-	-	<b>4,949,441</b>	-	<b>233,659,807</b>	<b>26,493,239</b>	<b>(282,723,769)</b>	<b>677,599,159</b>
<b>II - Change in accounting standards</b>	-	-	-	-	-	-	-	-	-	-	-
<b>III - New balances - 31 December 2017</b>	<b>270,000,000</b>	-	<b>425,220,441</b>	-	-	<b>4,949,441</b>	-	<b>233,659,807</b>	<b>26,493,239</b>	<b>(282,723,769)</b>	<b>677,599,159</b>
A - Capital increase	-	-	-	-	-	-	-	-	-	-	-
B - Own Shares of the Company	-	-	-	-	-	-	-	-	-	-	-
C - Gain and losses not recognized in the statement of income	-	-	-	-	-	-	-	-	-	-	-
D - Change in the value of financial assets (Note 6)	-	-	104,588,356	-	-	-	-	(787,230)	-	-	103,801,126
E - Currency translation adjustments	-	-	-	-	-	-	-	16,274,956	-	-	16,274,956
F - Other gains or losses (Note 6)	-	-	-	-	-	-	-	(6,973,127)	-	710,872	(6,262,255)
G - Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H - Net profit for the period	-	-	-	-	-	-	-	-	10,871,374	-	10,871,374
I - Dividends paid	-	-	-	-	-	-	-	-	-	-	-
J - Transfer	-	-	-	-	-	-	-	352,220	(26,493,239)	26,141,019	-
<b>IV - Balance at - 31 December 2018</b>	<b>270,000,000</b>	-	<b>529,808,797</b>	-	-	<b>4,949,441</b>	-	<b>242,526,626</b>	<b>10,871,374</b>	<b>(255,871,878)</b>	<b>802,284,360</b>
<b>I - Balance at the Prior Period End - 31 December 2018</b>	<b>270,000,000</b>	-	<b>529,808,797</b>	-	-	<b>4,949,441</b>	-	<b>242,526,626</b>	<b>10,871,374</b>	<b>(255,871,878)</b>	<b>802,284,360</b>
<b>II - Change in accounting standards</b>	-	-	-	-	-	-	-	-	-	-	-
<b>III - New balances - 31 December 2018</b>	<b>270,000,000</b>	-	<b>529,808,797</b>	-	-	<b>4,949,441</b>	-	<b>242,526,626</b>	<b>10,871,374</b>	<b>(255,871,878)</b>	<b>802,284,360</b>
A - Capital increase	-	-	-	-	-	-	-	6,266,611	-	-	276,266,611
B - Own Shares of the Company	-	-	-	-	-	-	-	-	-	-	-
C - Gain and losses not recognized in the statement of income	-	-	-	-	-	-	-	-	-	-	-
D - Change in the value of financial assets (Note 6)	-	-	85,451,150	-	-	-	-	(2,056,887)	-	-	83,394,263
E - Currency translation adjustments	-	-	-	-	-	-	-	5,343,919	-	-	5,343,919
F - Other gains or losses (Note 6)	-	-	-	-	-	-	-	(1,112,219)	-	404,989	(707,230)
G - Inflation adjustment differences	-	-	-	-	-	-	-	-	-	-	-
H - Net profit for the period	-	-	-	-	-	-	-	-	123,559,154	-	123,559,154
I - Dividends paid	-	-	-	-	-	-	-	-	-	-	-
J - Transfer	-	-	-	-	-	-	-	1,322,405	(10,871,374)	9,548,969	-
<b>IV - Balance at - 31 December 2019</b>	<b>540,000,000</b>	-	<b>615,259,947</b>	-	-	<b>4,949,441</b>	-	<b>252,290,455</b>	<b>123,559,154</b>	<b>(245,917,920)</b>	<b>1,290,141,077</b>

(\*) Detailed explanations for the shareholders' equity items are disclosed in Note 15.

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

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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

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### 1. GENERAL INFORMATION

#### 1.1 Name of the Company and the ultimate parent of the group

As 31 December 2019 the major shareholder of Güneş Sigorta A.Ş. (the "Company") is Türkiye Vakıflar Bankası TAO ("Vakıflar Bankası") (Note 2.13). As of 31 December 2019, 19.42% of the company's share are publicly traded at Borsa İstanbul.

The company's major shareholder Türkiye Vakıflar Bankası T.A.O on 13 December 2019, in Public Disclosure Platform as announced negotiations started with the Türkiye Wealth Fund ManCo acquisition about the shareholding of 56.39% of the Company's equity securities and Vakıf Emeklilik ve Hayat A.Ş., which is the securities of the Company's with a share of 53.90% by a company.

As of the balance sheet date, the major shareholder is Türkiye Vakıflar Bankası T.A.O with a share of 56.10%.

#### 1.2 Location and the legal structure of the Company, country and the address of the registered office (address of the operating center if it is different from the registered office)

The Company has been registered in İstanbul, Turkey in 1957 and operates as a joint stock company in accordance with Turkish Commercial Code ("TCC"). The Headquarter of the Company is located in "Güneş Plaza, Büyükdere Cad. No: 110 Esentepe Şişli 34394".

Excepting İstanbul - Headquarter office, the Company has regional offices, İstanbul Anatolia, İstanbul Europe, Middle Anatolia, Marmara, Aegean, Mediterranean, Cukurova, Blacksea, East and Southeast Anatolia, and Turkish Republic of Northern Cyprus, the Company has bancassurance regional offices, İstanbul Anatolia, İstanbul Europe, Middle Anatolia, Aegean, Cukurova, Blacksea, East and Southeast Anatolia. The Company has also representative offices in Kayseri and Samsun.

#### 1.3 Nature of operations

The Company operates in non-life insurance branches consisting of automotive and non-automotive accident, fire, transportation, engineering, health, agriculture, liabilities, financial losses, loan and legal protection.

#### 1.4 Description of the main operations of the Company

The Company conducts its operations as stated in Note 1.3 above in accordance with the Insurance Law No.5684 issued in the Official Gazette dated 14 June 2007 and numbered 26552 ("the Insurance Law") and the communiqués and other regulations in effect issued by Republic of Turkey Ministry of Treasury and Finance ("Ministry of Treasury and Finance"). As at 31 December 2019, the Company has 1,412 agencies (31 December 2018: 1,418 authorized agencies).

#### 1.5 The average number of the personnel during the period in consideration of their categories

The average number of the personnel during the period was as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Senior Management <sup>(*)</sup>	25	14
Other personnel	595	596
<b>Total</b>	<b>620</b>	<b>610</b>

<sup>(\*)</sup> The chairman and members of the board of directors, general manager, assistant general managers, group managers and the chairman of the inspection board are grouped in the senior management class.



# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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

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### 1.6 The total amount of the salaries and similar benefits provided to the senior management including Chairman, Member of the Board of Directors, General Manager, Inspection Manager, Group Managers, and Assistant General Managers:

	1 January - 31 December 2019	1 January - 31 December 2018
Salaries	3,716,664	3,393,503
Bonuses	1,075,025	851,919
Title and license compensations	102,381	494,160
Group and individual pension contributions	76,370	67,151
Transportation, food and fuel contributions	30,984	26,382
Other paid benefits	1,379,493	593,936
<b>Total benefits provided to senior management</b>	<b>6,380,917</b>	<b>5,427,051</b>
<b>Provision for employment termination benefits</b>	<b>234,909</b>	<b>94,366</b>

### 1.7 Criteria set for the allocation of investment income and operating expenses (personnel, management, research and development, marketing and sales, outsourcing utilities and services and other operating expenses) in the financial statements

Procedures and principles related to keys used in the distribution of investment income and operating expenses in the financial statements are determined in accordance with "Communiqué on the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In accordance with Insurance Accounting Plan" dated 4 January 2008 and numbered 2008/1 issued by Ministry of Treasury and Finance.

In accordance with the related communiqué, all income that is generated by the Company assets invested for non-life technical provisions is transferred from non-technical to technical part. The other investment income is classified under non-technical part. The Company allocates general expenses transferred to technical part to branches based on the weighted average of the number of policies, amount of premium production and number of claim notifications in last three years.

### 1.8 Information on the financial statements as to whether they comprise an individual company or a group of companies

The financial statements include only one company (Güneş Sigorta A.Ş.).

### 1.9 Name or other identity information about the reporting entity and the changes in this information after previous reporting date

Name of the Company	:	Güneş Sigorta Anonim Şirketi
Registered address of the head office	:	Güneş Plaza, Büyükdere Cad. No:110 Esentepe Şişli 34394 İstanbul
The website of the Company	:	www.gunessigorta.com.tr

### 1.10 Subsequent Events

Financial statements of 1 January - 31 December 2019 are approved by Board of Directors at 31 January 2020 and signed by General Manager Atilla Benli and Deputy General Manager Saltuk Buğra Sürüel. Explanations related to subsequent events are disclosed in detail in Note 46.

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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



### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Preparation

##### 2.1.1 Information about the principles and the special accounting policies used in the preparation of the financial statements

The Company prepares its financial statements in accordance with the Insurance Law numbered 5684 and the regulations issued for insurance and reinsurance companies by Ministry of Treasury and Finance.

The financial statements are prepared in accordance with the Insurance Chart of Accounts included in the communiqué issued by Ministry of Treasury and Finance regarding the Insurance Chart of Accounts and Prospects, published in the Official Gazette (No: 25686) dated 30 December 2004 (Insurance Accounting System Communiqué No.1) and 27 December 2011 dated and 2011/14 numbered Notice regarding to the Opening of New Account Codes In Insurance Account Plan. 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 18 April 2008 and numbered 2012/7 and dated 31 May 2012 Notice regarding to the Presentation of the New Account Codes and Financial Statements.

The financial statements were prepared as in a TRY and historical cost basis, being adjusted for inflation until 31 December 2004, except for the financial assets and investment properties and properties held for use measured at their fair value.

In accordance with the "Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" issued on 14 July 2007 and effective from 1 January 2008, and also in accordance with the communiqués which may be issued by Ministry of Treasury and Finance, operations of insurance companies shall be accounted for in accordance with the Turkish Financial Reporting Standards ("TFRS") as issued by the Turkish Accounting Standards Board ("TASK") and other regulations, communiqués and explanations issued by Ministry of Treasury and Finance regarding accounting and financial reporting issues. With reference to the notice of Ministry of Treasury and Finance No. 9 dated 18 February 2008, "TAS 1 - Financial Statements and Presentation", "TAS 27- Consolidated and Unconsolidated Financial Statements", "TFRS 1 - Transition to TFRS" and "TFRS 4- Insurance Contracts" have been scoped out of this application. In addition, insurance companies are not required to prepare consolidated financial statements pursuant to the official statement on Regulation of Consolidated Financial Statements of Insurance and Reinsurance Companies and Pension Companies issued in the Official Gazette, dated on 31 December 2008 and numbered 27097. The Company does not have any subsidiaries to be consolidated on its financial statements.

The Company accounts and recognizes its insurance technical reserves in its financial statements as of 31 December 2019 in accordance with the "Regulation on Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested" ("Regulation on Technical Reserves") dated 28 July 2010 published in official gazette numbered 27655 and changes on this regulation on 17 July 2012 and numbered 28356 and other regulations issued for insurance and reinsurance companies by Ministry of Treasury and Finance (Note 2.23, 2.24, 2.25 and 2.26).

##### 2.1.2 Other accounting policies appropriate for the understanding of the financial statements

###### Accounting in hyperinflationary countries

Financial statements of the Turkish entities have been restated for the changes in the general purchasing power of the Turkish Lira based on "TAS 29 - Financial Reporting in Hyperinflationary Economies" as at 31 December 2004. TAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date, and that corresponding figures for previous years be restated in the same terms.

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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



It was announced with the article of Ministry of Treasury and Finance numbered 19387, dated 4 April 2005, insurance companies are required to restate their financial statements as of 31 December 2004 in accordance with "Financial Reporting in Hyperinflationary Economies" included in the regulations of Capital Markets Board ("CMB") Communiqué XI No.25 (which came into force as published in the Official Gazette No: 25290 dated 15 January 2003). In line with the decree of CMB dated 17 March 2005, Ministry of Treasury and Finance also announced that inflation accounting is not required effective from 1 January 2005. Based on the above-mentioned notification of Ministry of Treasury and Finance, the Company has restated its financial statements as of 31 December 2019 in accordance with the regulations on "Financial Reporting in Hyperinflationary Economies" and not continued to apply TAS 29 "Financial Reporting in Hyperinflationary Economies".

### 2.1.3 Functional and presentation currency

The accompanying financial statements are presented in TRY, which is the Company's functional currency.

### 2.1.4 Rounding of the amounts presented in the financial statements

The financial information presented in TRY has been rounded to the nearest TRY values.

### 2.1.5 Basis of measurement used in the preparation of the financial statements

The accompanying financial statements are prepared on the historical cost basis as adjusted for the effects of inflation that lasted until 31 December 2004, except for the financial assets held for trading, available for sale financial assets, investment property, owner occupied property of the Company and investments in associates which are stated at their fair values.

### 2.1.6 Accounting policies, changes in accounting estimates and errors

There is no change or misstatement in the current period accounting policies and estimates.

Accounting estimates are stated in Notes 3.

### 2.1.7 Comparative Information

Where necessary, comparative information has been reclassified so that provide the compatibility to the presentation of financial statements for the current period.

## 2.2 Consolidation

"Circular on the Preparation of the Consolidated Financial Statements of Insurance, Reinsurance and Individual Pension Companies" issued by Ministry of Treasury and Finance in the Official Gazette dated 31 December 2008 and numbered 27097 ("the Circular for Consolidation") requires that insurance, reinsurance and individual pension companies issue consolidated financial statements starting from 31 March 2009. The Company has no subsidiaries or joint ventures that fall within the scope of consolidation as of 31 December 2019.

## 2.3 Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Since the main economic environment, where the Company operates, is Turkey, a geographical segment reporting has not been presented.

Information about the Company's business reports regarding all branches are explained in the context of TFRS 8 - Business segments in Note 5.

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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



### 2.4 Foreign currency transactions

Transactions are recorded in TRY, which is the Company's functional currency. Transactions in foreign currencies are recorded at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date and all exchange differences, except for those arising on the translation of the fair value change of available-for-sale financial assets, are offset and are recognized as foreign exchange gains or losses.

Changes in the fair value of financial assets denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the asset and other changes in the carrying amount of the asset. 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 are accounted for.

### 2.5 Tangible Assets

All tangible assets except for buildings for operational use are carried at cost by deducting accumulated depreciation. Properties for operational use are recorded at their fair value on the basis of a valuation made by an independent valuation expert less subsequent accumulated depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net carrying amount is restated to the revalued amount.

Increases in the carrying amounts arising on revaluation of property, net of tax effects, are credited to "Other Capital Reserves" under shareholders' equity. Any subsequent decrease in value offsetting previous increases in the carrying amount of the same asset is charged against the funds in the equity; and all other decreases are charged to profit or loss. At each reporting date, the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost is transferred from "Other Capital Reserves" to retained earnings.

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price and reflected to the statement of income of the related period. Maintenance and repair costs incurred in the ordinary course of the business are recorded as expense.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the costs or revalued amounts of tangible assets. Depreciation rates and estimated useful lives are below.

	<b>Estimated Useful Lives (Years)</b>	<b>Depreciation Rates (%)</b>
Buildings (Land and buildings held for utilisation)	50	2
Furniture and fixtures	4 - 50	25 - 2
Motor vehicles	4 - 5	25 - 20
Other tangible assets, Including leasehold improvements	3 - 5	33 - 20

An investigation is to be performed to determine the possible impairment in case of there are existing conditions which point out impairment of tangible assets except properties for operational use and as a result of that investigation; accrual is to be booked to reduce net book value of tangible assets in case of recoverable value amount is less than net book value of related tangible asset. Profits and losses arising from disposal of tangible assets will be kept in "Other income and expense" account. In case of disposal of revalued assets; amount on "Other Capital Reserves" account related to that assets are to be transferred to retained earnings account (Note 6).

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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



### Right of Use Assets

The Company accounts for its rights-to-use assets on the date the financial lease contract commences (for example, as of the date the relevant asset is available for use). The right of use assets is calculated by deducting the accumulated depreciation and impairment losses from the cost value. In case the financial leasing debts are revalued, this figure will be corrected.

Right of use assets are measured at cost comprising the following:

- (a) The amount of the initial measurement of lease liability,
- (b) Any lease payments made at or before the commencement date less any lease incentives received
- (c) Any initial direct costs and restoration costs.

Unless the transfer of ownership of the asset to the Company at the end of the lease is reasonably finalized, the Company depreciates its asset right to use until the end of the useful life of the underlying asset. Right of use assets are subject to impairment assessment.

### Lease Liability

The company measures the lease obligation at the present value of the lease payments that were not paid on the date the lease started.

The lease payments included in the measurement of the lease obligation will be made for the right of use of the asset throughout the lease term, at the date when the lease started. It consists of the following payments, which were not paid on the date when the rent started:

- (a) Fixed payments,
- (b) Rent payments made using an index or rate at the date when the first measurement was started. variable lease payments based on an index or rate
- (c) Amounts expected to be paid by the Company/Group within the scope of residual value commitments
- (d) The price of use of this option if the Company is reasonably sure that it will use the purchase option
- (e) If the rental period indicates that the Company/Group will use an option to terminate the lease, penalties for termination of the lease.

Variable lease payments that do not depend on an index or rate are recorded as expenses in the period when the event or condition that set off the payment occurred.

The Company determines the revised discount rate for the remainder of the lease period as the rate in which the implicit interest rate in the lease can be easily determined. In case it cannot be determined easily, the Company determines the alternative borrowing interest rate on the date of re-evaluation.

The company measures the lease obligation as follows the lease starts:

- (a) Increases the carrying value to reflect the interest on the lease obligation,
- (b) Reduces the carrying value to reflect the rent payments made.

In addition, if there is a change in the lease period, a change in fixed lease payments or a change in the assessment of the option to purchase the asset, the value of the lease liability is re-measured.

In short-term leases and low-value leases, the company applies the short-term lease registration exemption to short-term machinery and equipment lease contracts (an asset with a rental period of 12 months or less from the start date and without a purchase option). At the same time, it applies the exemption of accounting for the low value asset to office equipment, the rental value of which is considered to be of low value. Short term lease agreements and lease agreements of low value assets are recorded as expense according to the linear method during the lease period.

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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



The Company has applied TFRS 16 "Leases" standard which replaces TAS 17 "Leases" as of 1 January 2019. The Company has not restated comparable amounts for the previous year using the simplified transition application. With this method, all right-of-use assets are measured at the amount of the lease payables (adjusted for the prepaid or accrued lease costs) at the time of application.

During the initial application, the Company recognized a lease liability for leases previously classified as operational leases in accordance with TAS 17. These liabilities are measured at the present value of the remaining lease payments discounted using the alternative borrowing interest rates as of 1 January 2019. The right of use assets is accounted for at an amount equal to the lease liabilities (adjusted according to the amount of the prepaid or accrued lease payments) within the scope of the simplified transition application in the related standard. The weighted average of alternative borrowing rates used for the same period is 18%.

	<b>1 January 2019</b>
Lease liabilities under TAS 17	1,979,474
- Short - term leases (-)	(669,053)
<b>Total</b>	<b>1,310,421</b>
Total lease liabilities under TFRS 16 (Undiscounted)	1,979,474
Total lease liabilities under TFRS 16 (discounted with alternative borrowing rate)	1,184,876
Short - term lease liabilities	487,075
Long - term lease liabilities	697,801

The recognised right of use assets relate to the following types of assets:

	<b>31 December 2019</b>	<b>1 January 2019</b>
Property	386,940	785,636
Vehicles	159,362	399,240
<b>Total right of use assets</b>	<b>546,302</b>	<b>1,184,876</b>

The company has TRY638,574 depreciation expense for 12 months with regards to booked right of use assets and between 1 January - 31 December 2019.

### 2.6 Investment Property

The lands and buildings, which are obtained either to earn income or for capital appreciation or for both, instead of either for the Company's operations or for management purposes or for sale during the regular operations, are classified under investment properties. Investment properties are reflected in the financial statement at fair value. Changes in fair values of investment properties are recognized in the income statement under investment income (Note 7).

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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



### 2.7 Intangible Assets

The Company's intangible assets consist of rights and computer software. Intangible assets are accounted at cost accounting for intangible assets.

The Company record the amortization amount for intangible assets on a straight-line basis over their estimated useful lives. The useful lives of intangible assets vary between 5 and 10 years (Note 8).

### 2.8 Financial Assets

#### Classification and measurement

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity. Financial assets are classified in two categories; as, available-for-sale financial assets and loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables those are not interest earning are measured by discounting of future cash flows less impairment losses, and interest earning loans and receivables are measured at amortized cost less impairment losses.

Available-for-sale financial assets are the financial assets other than loans and receivables. Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. However, assets that are not traded in an active market are measured by using valuation techniques, including recent market transactions in similar financial instruments, adjusted for factors unique to the instrument being valued; or discounted cash flow techniques for the assets which do not have a fixed maturity. Unrecognized gains or losses derived from the difference between their fair value and the discounted values calculated per effective interest rate method are recorded in "Revaluation of financial assets" under shareholders' equity. Upon disposal, the realized gain or losses are recognized directly in the profit or loss. During the available-for-sale asset is first recognized, additional costs of recognition will be added to fair value.

*Financial assets classified as held for trading;* If a financial instrument is held for trading after the initial recognition, the financial asset is classified as financial assets at fair value through profit or loss. If the company manages related investments and decides to purchase and sell the fair value of these investments in accordance with the company's written risk management and investment strategies, the financial assets are recognized as financial assets at fair value through profit or loss. After the initial recognition, all kind of transaction costs are recognized in profit or loss. Financial assets at fair value through profit or loss are measured at fair value and changes in fair value are recognized in profit or loss. Best expected purchase price as of the balance sheet date is used as a base in the determination of fair value. The fair value represents the best purchase order amount current pending orders at Borsa Istanbul A.Ş., the price of most recent transaction realized in the absence of these orders and the cost price which is forwarded by effective interest rate (the ratio which equalize the future cash flows of a financial asset or liability to its current net book value) in the absence of all other method.

#### Derecognition

A financial asset is derecognized when the control over the contractual rights that comprise that asset is lost. This occurs when the rights are realized, expire or are surrendered.

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### 2.9 Impairment of Assets

#### Impairment of financial assets

Financial assets or group of financial assets are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, the Company estimates the amount of impairment. A financial asset is impaired; if and only, there is objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) ("loss event(s)") incurred subsequent to recognition. The losses expected to be incurred due to future events are not recognized even if the probability of loss is high.

Receivables are presented net of specific allowances for uncollectibility. Specific allowances are made against the carrying amounts of loans and receivables that are identified as being impaired based on regular reviews of outstanding balances to reduce these loans and receivable to their recoverable amounts.

The recoverable amount of an equity instrument is its fair value. The recoverable amount of debt instruments and purchased loans measured to fair value is calculated as the present value of the expected future cash flows discounted at the current market rate of interest.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale and trading financial assets that are debt securities, the reversal is recognized in the statement of income. Impairment provisions arising from investments for equity instruments classified as available-for-sale financial assets and accounted in the income statement cannot be reversal from the income statement in the following periods.

#### Impairment on tangible assets

On each reporting date the Company evaluates whether there is an indication of impairment of tangible and intangible assets. If there is an objective evidence of impairment, the asset's recoverable amount is estimated and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made. Discount and provision expenses of the period are detailed in Note 47.

### 2.10 Derivative financial instruments

As at the reporting date, the Company does not have any derivative financial instruments (31 December 2018: None.)

### 2.11 Offsetting of financial assets

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the Turkish Financial Reporting Standards, or for gains and losses arising from a group of similar transactions included in the Company's trading activities.

### 2.12 Cash and Cash Equivalents

Cash and cash equivalents, which is the basis for preparation of the statement of cash flows includes cash on hand, cheques received, other cash and cash equivalents, demand deposits and time deposits at banks having an original maturity less than three months and readily to be used by the Company or not blocked for any other purpose (Note 14).



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### 2.13 Share Capital

As of 31 December 2019, and 2018, the share capital and ownership structure of the Company is as follows:

Name of Shareholders	31 December 2019		31 December 2018	
	Share Amount (TRY)	Share (%)	Share Amount (TRY)	Share (%)
Türkiye Vakıflar Bankası T.A.O.	302,939,697	56.10	129,642,844	48.02
Groupama Holding Filiales et Participations	54,000,000	10.00	54,000,000	20.00
Publicly Traded Shares	104,856,303	19.42	45,830,156	16.97
Türkiye Vakıflar Bankası Vakıfbank Personeli Özel Sosyal Güvenlik Hizmetleri Vakfı	52,400,000	9.70	27,000,000	10.00
Türkiye Vakıflar Bankası T.A.O. Memur ve Hiz. Emekli ve Health Yardım Sandığı Vak.	25,804,000	4.78	13,527,000	5.01
<b>Paid-in Capital</b>	<b>540,000,000</b>	<b>100.00</b>	<b>270,000,000</b>	<b>100.00</b>

### Privileges to the different class of shares

None (31 December 2018: None).

### The Company's registered share capital

The Company's limit of registered paid-in capital is TRY 540,000,000 and divided 540,000,000 shares with a nominal value of TRY 1. Allowance of equity ceiling for registered share capital is valid between 2017 - 2021. Even if it cannot be reached to permissible written ceiling capital amount by the end of 2021 it is still mandatory to take permission from general assembly to let the board of directors give the decision of capital increase for either renewing previous ceiling price or setting a new ceiling amount within the permission of Capital Market Boards. In the case of the not taking the authority mentioned above the Company is considered as out of the registered share capital system. As at 31 December 2019, the paid in share capital of the Company consists of 540,000,000 issued shares with the total amount of TRY 540,000,000 (31 December 2018: 270,000,000 shares).

The Company has decided to increase its paid-in capital amounting to TRY 270,000,000 in accordance with the decision of the Board of Directors dated 8 May 2019, and its application regarding cash capital increasing was accepted by the Capital Markets Board on 11 July 2019. The mentioned cash capital increase was registered in the Official Gazette on September 24, 2019.

### 2.14 Insurance and investments contracts - classification

An insurance contract is a contract under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk covers all risk except for financial risks. All premiums have been received within the coverage of insurance contracts recognized as revenue under the account caption "written premiums".

Investment contracts are those contracts which transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided, that it is not specific to a party to the contract, in the case of a non-financial variable.

As of reporting date, the Company does not have a predetermined risk guaranteeing contract which is classified as an investment contract.

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### 2.15 Insurance contracts and investment contracts with discretionary participation feature

Discretionary participation feature ("DPF") within insurance contracts and investment contracts is the right to have following benefits in addition to the guaranteed benefits.

- (i) Those are likely to comprise a significant portion of the total contractual benefits,
- (ii) Whose amount or timing is contractually at the discretion of the Issuer,
- (iii) Those are contractually based on:

- (1) The performance of a specified pool of contracts or a specified type of contract,
- (2) Realized and/or unrealized investments returns on a specified pool of assets held by the Issuer;
- (3) The profit or loss of the Company, Fund or other entity that issues the contract.

As at the reporting date, the Company does not have any insurance or investment contracts that contain a DPF.

### Investment contracts without DPF

As at the reporting date, the Company does not have any insurance contracts and investment contracts without DPF.

### 2.16 Liabilities

Financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity. Financial liabilities of the Company are measured at their discounted values. A financial liability is derecognized when it is extinguished.

### 2.17 Taxes

#### Corporate tax

Statutory income is subject to corporate tax at a rate of 22%. Corporate tax rate is applied on tax base which the net income for the periods, that is modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax-deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

Within the scope of the "Law on Amendments to Certain Tax Laws and Some Other Laws" numbered 7061, which was published in the Official Gazette dated 5 December 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%. Under the said law, deferred tax assets and liabilities are recognized on the financial statements as of 31 December 2018 with a tax rate of 22% for the portion of temporary differences that will have tax effect in the years 2019 and 2020, 20% for temporary differences and 20% respectively.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

Prepaid taxes are calculated and paid at the rates valid for the earnings of the related quarterly periods. The payments can be deducted from the annual corporate tax calculated for the whole year earnings.

According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the period's corporate income provided unless they do not exceed 5 years. However, financial losses cannot be offset against previous years' profits. The Company has no accumulated financial losses as of 31 December 2019. (31 December 2018: TRY 76,497,931) (Note 21).

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In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. In accordance with the regulation "Statute for Restructuring of Certain Receivables" numbered 6736 which was published in Trade Registry Gazette dated 19 August 2016 and numbered 29806, the Company has been exempted from tax investigation of the relevant year's income items as a result of increase in the tax bases for the years 2011, 2012, 2013, 2014 and 2015 by considering the minimum tax bases. However, based on the article 5, paragraph 1 and section (ğ) of the regulation numbered 6736, the Company will not be able to offset the carry forward tax losses of the years for which the tax base is increased, against future taxable profits.

According to the Decision of the President on the Amendment to the Decision of the Council of Ministers, enumerated as 30521, dated 22 July 2006 and published in the Official Gazette enumerated as 30521 and dated 31 August 2018; as of 1 September 2018, withholding tax rates applied to foreign exchange deposit accounts, foreign exchange participation accounts, deposit rates and participation accounts have been changed to be valid for 3 months. In this framework, withholding tax rates for time deposit for TRY up to 6 months (including 6th month) are reduced from 15% to 5%, up to 1 year (including 12th month) are reduced from 12% to 3%. Withholding tax rates for interest incomes from foreign currency time deposit and dividend incomes from participating demand deposit accounts in participating banks, up to 6 months are increased from 18% to 20%, up to 1 year are increased from 15% to 16%. The tax rate used for foreign currency time deposit more than 1 year is 13% and it has not changed.

### Deferred income taxes

Deferred income tax assets and liabilities are recognized according to using the balance sheet method, on all taxable temporary differences arising between the tax bases and carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

Deferred income tax assets and liabilities are reported as net in the financial statements if, and only if, the Company has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity.

If transactions and events are recorded in the statement of income, then the related tax effects are also recognized in the statement of income. However, if transactions and events are recorded directly in the shareholders' equity, the related tax effects are also recognized directly in the shareholders' equity (Note 21).

### Transfer pricing

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

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### 2.18 Employee benefits

#### *Reserve for severance indemnity:*

In accordance with existing Turkish Labor Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. As of 31 December 2019, the applicable ceiling amount as at 6,379.86 TRY (31 December 2018: 5,434.42 TRY).

The fundamental assumption is that maximum ceiling for the yearly services increases in line with the inflation; therefore, the discount rate reflects the real rate after netting of the effects of inflation. The provision for termination benefits and severance payment has been calculated by using the ceiling amounting to 6,730.15 which is applicable starting from 1 January 2020, as it is adjusted yearly (1 January 2019: TRY 6,017.60)

The Company are calculated provision for employee severance indemnities using actuarial methods. The major statistical assumptions used in the calculation of the total liability as at 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Discount rate	%3.70	%4.89
Expected rate of salary/Limit increase	%8.00	%10.00
Estimated employee turnover rate	%4.77	%4.70

The specified expected rate of salary/limit increase is defined according to inflation estimation of Central Bank of Turkey.

#### *Other employee benefits:*

The Company has provided for undiscounted short-term employee benefits earned during the financial period as per services in the accompanying financial statements (Note 23).

### 2.19 Provisions

A provision is allocated for an existing obligation resulting from past events if it is probable that the commitment will be settled, and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as of the reporting date and, if material, such expenses are discounted to their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Company to settle the liability, the related liability is considered as "contingent" and disclosed in the notes to the financial statement.

A contingent asset is a possible asset 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 Company. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Company discloses the contingent asset (Note 23).

### 2.20 Revenue Recognition

#### Written Premiums

Written premiums represent premiums on policies written during the year net of taxes, premiums of the cancelled policies which were produced in prior years and premiums ceded to reinsurance companies. Premiums ceded to reinsurance companies on gross premiums are booked in "premiums ceded to reinsurance companies" account of statement of income (Note 24).

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### Claim recovery and salvage income and related receivable

In the calculations related to provisions for outstanding claims accrued and identified, accrued or collected subrogation, salvage or similar income items cannot be deducted. However, accrued subrogation, salvage, and similar income items can be recognized in the assets section of the balance sheet and income statement.

In order to accrue receivable or income of subrogation, salvage; acquisition of the right of subrogation, determination of the amount certainly, and must not have been charged by the end of the period are needed. In accordance with Turkish Commercial Code, the compensation must be paid for getting the right of subrogation.

In accordance with the Circular 2010/13 dated 20 September 2010 of Ministry of Treasury and Finance; the Company can account for income accrual for subrogation receivables up to the guarantee limit of insurance companies without any voucher for insurance companies after the completion of the claim payments made to the insuree and receipt of voucher (bank statement related to the claim payment) from third parties other than insurance companies and notice of the insurance companies or third parties. If the amount cannot be collected from the counterparty insurance company, the Company provides provision for uncollected amounts due for six months. If the counter party is not an insurance company, the provision is provided after four months.

On the other hand, if there is an agreement with the insurance company or third parties; where there is a payment plan up to one year, or receipt of cheques, bills or similar documents, the Company is not required to provide provision for subrogation receivables that overdue six months from insurance and four months from other counterparties are under the instalment plan.

At the reporting date, in accordance with the related circular, the Company recognized TRY 10,818,279 (31 December 2018: TRY 12,519,081) net salvage and subrogation receivables in the receivables from main operations and provided TRY 128,394 (31 December 2018: TRY 218,925) allowance for salvage and subrogation receivables that are overdue as described in the related circular (Note 4.2 and 12).

When the subrogation is subject to a court case, the amount is recorded on the date of the transaction and the same amount of provision is provided on the same day.

The Company provided a provision for net subrogation receivables under legal follow up and TRY 226,083,295 (31 December 2018: TRY 178,120,136) that is presented under doubtful receivables under main operations (Note 4.2 and 12).

In order to account for salvage income expected from the sale of the assets, the claim amount should be paid to the insuree and the ownership of the related assets should be transferred to the Company. When the assets are transferred to the insuree, sold to third parties by the Company or by an intermediary; salvage income is recorded and should not be recorded as a deduction from provisions for outstanding claims and paid claims.

For the years ended 31 December 2019 and 2018, accrued salvage and subrogation income per branches is as follows:

	<b>31 December 2019</b>	<b>31 December 2018</b>
Motor own damage	7,986,364	10,636,875
Commodity	1,257,989	109,974
Motor third party liability	1,210,107	1,341,531
Other	363,819	430,701
<b>Total</b>	<b>10,818,279</b>	<b>12,519,081</b>

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For the period 1 January - 31 December 2019 and 2018, salvage and subrogation collections are as follows:

	<b>1 January - 31 December 2019</b>	<b>1 January - 31 December 2018</b>
Motor own damage	123,871,780	151,302,811
Motor third party liability	7,259,695	6,655,519
Other	8,816,199	7,840,403
<b>Total</b>	<b>139,947,674</b>	<b>165,798,733</b>

### Commission income and expense

As further detailed in Note 2.23, commissions paid to the agencies related to the production of the policies and the commissions received from the reinsurance firms related to the premiums ceded are recognized over the life of the contract by deferring commission income and expenses within the calculation of reserve for unearned premiums and they are recognized in "Deferred commission income" and "Deferred commission expense".

### Interest income and expense

Interest income and expense are recognized using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

### Dividend

Dividend income is accounted when related dividend right arises.

### 2.21 Leasing transactions

Tangible assets acquired through of finance leases are recorded in tangible assets and the obligations under finance leases arising from the lease contracts are presented under "Finance Lease Payables" account in the balance sheet. In the determination of the related asset and liability amounts, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs on leasing agreements are expense in lease periods at a fixed interest rate.

If there is impairment in the value of the assets obtained through finance lease and in the expected future benefits, the leased assets are measured at net realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as respective class at tangible assets.

Payments made under operational leases are recognized in the statement of income on a straight-line basis over the term of the lease.

### 2.22 Dividend distribution

As of reporting date, no dividend distribution is declared by the Company.

### 2.23 Reserve for unearned premiums

Reserve for unearned premiums, effective insurance contracts premiums occur from gross amounts without any commission or other discount and based on daily premium calculations for the following period or periods. For the goods transportation insurance contracts without a specific expire date, the premiums accrued from the last three months, 50% of the remaining amount is allocated as reserve for unearned premium.

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The reserve for unearned premiums during the day basis evaluation while following sections of the extended periods are being evaluated it is assumed that in general implementation, the policy starts at noon 12:00 and ends again at noon 12:00.

Unearned portion of the commissions paid to the intermediaries for written premiums and commissions received from reinsurers for the premiums ceded are recognized in short term Prepaid Expenses and Income Accruals and Deferred Income and Expense Accruals respectively in the balance sheet. They are also recognized in the operating expenses after netting off.

In accordance with the Communiqué on Technical Reserves, for the calculation of reserve for unearned premium of foreign currency indexed insurance agreements, foreign currency selling exchange rates announced by Turkish Central Bank are used, unless there is a specified exchange rate in the agreement (Note 17).

### 2.24 Reserve for unexpired risks

Within the framework of Regulation on Technical Reserves, insurance companies are required to account for an unexpired risk reserve against the probability that future losses incurred from in force policies may exceed the unearned premium reserve accounted for the related policies considering expected loss ratios. Expected loss ratio is calculated by dividing the incurred losses to earned premiums, above the mentioned expected loss ratio is calculated on the basis of main branches as of 31 December 2019, in accordance with the "Regulation regarding the Changes in the Calculation of Unexpired Risk Reserve" dated 13 December 2012 and numbered 2012/15 published by Ministry of Treasury and Finance. In case where the expected loss ratio is higher than 95% net unexpired risks 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 risks 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 amount and net amount is recognized as reinsurers' share.

In addition, with the 2019 Circular No. 2019/5 issued by the Ministry of Treasury and Finance (Circular No. 2019/5), the gross loss premium rate to be used in the calculation of the provisions for the unexpired risks to the insurance companies, the year of the accident the basis of the current period, in the the current period, the opportunity to calculate the final loss amount found for each quarter of the last year (including indirect works) by dividing it into the earned premium. In accordance with the circular no. 2019/5, if the gross claim premium calculated in the motor third party liability and general liability branches is over 85% for 2019, the gross unexpired risks are multiplied by the excess of the gross unearned premiums. As a result of multiplying net unearned premiums reserve, net unexpired risks reserve is calculated.

Also, according to 2020/1 No. "2019/5 Unexpired Risks Circular Amending the Circular on provisions"; if the direct production which is transferred 100% of Turkey pools; the companies can make separate calculations for Unexpired Risks in accordance with %100 gross claim/premium ratio. For other works, if the gross loss premium rate exceeds 85%, the gross Unexpired Risks are calculated as a result of multiplying the exceeding portion by the gross unearned premium provision. As a result of multiplying the net unearned premiums reserve, it is possible to calculate the net Provisions for Unexpired Risks. The company, 100% of the its direct production of make separate calculations for work that is transferred to in Turkey pools. If the gross loss premium rate exceeds 100% and the gross loss premium rate for other works exceeds 85%, the gross Unexpired Risks Reserve is calculated as a result of multiplying the excess by the gross unearned premium provision. Also the Company calculates net Reserve for Unexpired Risks as a result of multiplying net unearned premiums reserve.

As of 31 December 2019, the Company has calculated a net unexpired risk reserve of TRY 5,924,936 and booked (31 December 2018: TRY 17,999,626) (Note 17).

### 2.25 Provision for outstanding claims

The Company accounts for outstanding claim provision for ultimate cost of the claims incurred, but not paid in the current or previous periods or, for the estimated ultimate cost if the cost is not certain yet and for the incurred but not reported claims. Claim provisions are accounted for based on reports of experts or initial assessments of policyholders and experts, and in the calculations related to the claim provisions, claim recoveries, salvage and similar gains are not deducted.

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In accordance with the Communiqué on Technical Reserves and 2011/1 and dated 14 January 2011, starting from 1 July 2012, the Company provided provision for the files that there is uncertainty about their amount and/or which are defined as pilot case based on the average amounts of which the calculation procedure and methods defined by Ministry of Treasury and Finance and updated the provision based on the further court decision and the expert reports.

As of 31 December 2019, the difference between the provision for outstanding claim that is accrued and the amount that is calculated by using the actuarial chain ladder method, of which the content and implementation fundamentals are determined on the Legislation for Technical Provision and the "Circular on Provision for Outstanding Claim" numbered. 2014/16 and dated 5 December 2014 and is effective from 1 January 2015, is accounted for as incurred but not reported claims provision.

In accordance with "the Circular on Provision for Outstanding Claim" dated 5 December 2014 and numbered 2014/16 published by Ministry of Treasury and Finance, since 1 January 2015, the calculation of incurred but not reported claim provision for outstanding claim considering that best estimations of the Company's actuary has been adjudicated. Based on mentioned circular letter, the data selection on incurred but not reported claim provision calculations, the amendments and adjustments and the selection of the best method and interference with development factor are done by the Company's actuaries based on actuarial methods. In this related circular letter, on the calculation of incurred but not reported provision for outstanding claim amount, the Company has been given the right to choose Actuarial Chain Ladder Methods (ACLM) for each branch of Chain Ladder Method, Loss Ratio, Cape Cod, Frequency-Severity Techniques, Munich Chain Ladder Method and Bornhuetter - Ferguson. The Company has chosen Chain Ladder Method for incurred but not reported claim provisions for outstanding claims of all branches except for the general liability, air vehicle and air vehicle liability. It has been chosen Loss Ratio Method for general liability and air vehicle branches and Cape Cod as for air vehicle liability in compliance with the Company's actuary. The large claim limits and the files over the limits of these large claims on the basis of branches are determined by statistical analysis of Company's actuary; the data set used to ACLM calculations are considered without these files. The actuarial methods that has been used to calculate ACLM and large claims on the basis of branches are presented in Note 17.

The data related accrued claim recoveries, salvage and equivalent income in the balance sheet are taken into consideration in the ACLM calculations with collections. In addition, for the branches with a negative ACLM result, the incurred but not reported claim provision was calculated considering the total amount of the negative ACLM result. The ACLM calculations are performed on a gross basis and the net amounts are determined in accordance with in-forced reinsurance agreements of the Company. The gross and net incurred but not reported claim provision to be added or to be deducted for each branch and the calculation methodology as at 31 December 2019 and 2018 are explained in the Note 17.

In accordance with the Circular numbered 2011/18, paid claims, outstanding claims, claim recovery, salvage and similar incomes related to treatment expense within the scope of the law, are excluded from the previous year's statistics for the "Compulsory motor third party liability", "Compulsory Financial Liability Insurance for Transportation on Road", "Compulsory personal accident for bus passengers" branches, in the calculations related to ACLM development triangles prepared to determine the incurred but not reported claim provision as of 31 December 2019.

According to "Circular on Amendment to the Circular on Provision for Outstanding Claims" dated 17 March 2015, 27 July 2015 and 29 February 2016, issued by the Ministry of Treasury and Finance regarding the calculation of the incurred but not reported (IBNR) claim provisions amount, the effects of the application amendment introduced by the "Circular on Provision for Outstanding Claims" numbered 2014/16 on 5 December 2014 have been allowed to be gradually accounted for quarterly in 2015, 2016, 2017, 2018 and 2019. As of 31 December 2019, the Company calculated the incurred but not reported claims provision amounts reflected in the records for the compulsory traffic branch in the quarterly periods of 25%, 2.5%, 5% and 10% in 2015, respectively. increase amounts to 7.5%, 7.5%, 10% and 10% respectively in 2016, 12.5%, 12.5, 15% and 15% for the quarterly periods of 2017, 20% for the first and second quarters %25 for the third and fourth quarters of 2018, 40% for the first and second quarters of 2019, and 100% for the third and fourth quarters of 2019. As of 31 December 2019, the gradual transition has ended and the Company has made a net additional incurred but not reported claims provisions amounting to TRY 512,840,166 in its financial statements (31 December 2018: 326,830,893 TRY).



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As of 31 December 2019, Outstanding Claim Provision discount is calculated as TRY 177,848,316 (31 December 2018: TRY 113,736,849) for General Liability and Motor Third Party Liability branches within the framework of "the Circular on Discount of Net Cash Flows Related to Outstanding Claim Reserve" numbered 2016/22 and dated 10 June 2016 and within the framework of "the amendment to the Circular on Discount of Net Cash Flows Related to Outstanding Claim Reserve" published by Treasury.

As of December 31, 2019, and 2018, the Company's net outstanding indemnity provisions on the basis of branches are as follows before and after discount.

31 December 2019 Branch	Net outstanding claims before discount	Discount amount	Discounted net Outstanding claims provisions
Motor Third Party Liability	(919,497,872)	165,339,691	(754,158,181)
General Liability	(66,855,298)	12,508,625	(54,346,673)
<b>Total</b>	<b>(986,353,170)</b>	<b>177,848,316</b>	<b>(808,504,854)</b>

31 December 2018 Branch	Net outstanding claims before discount	Discount amount	Discounted net Outstanding claims provisions
Motor Third Party Liability	(707,968,099)	104,940,323	(603,027,776)
General Liability	(55,639,000)	8,796,526	(46,842,474)
<b>Total</b>	<b>(763,607,099)</b>	<b>113,736,849</b>	<b>(649,870,250)</b>

The methods applied to estimate the net cash flows of the Company as at 31 December 2019 and 2018 and the estimated net cash flows for each major branch are as follows.

31 December 2019 Branch	Methods Applied	2020	2021	2022	2023	2024	2025	2026	2027	Total
Motor Third Party Liability	Table 57	269,411,636	183,422,933	146,836,957	116,757,234	89,570,568	67,396,894	35,461,367	10,640,283	919,497,872
General Liability	Table 57	15,640,428	12,910,878	12,458,525	11,180,659	9,014,546	5,111,611	538,651	-	66,855,298

31 December 2018 Branch	Methods Applied	2019	2020	2021	2022	2023	2024	2025	Total
Motor Third Party Liability	Table 57	252,024,963	157,208,165	118,550,471	84,418,129	58,060,638	32,032,250	5,673,483	707,968,099
General Liability	Table 57	16,504,579	13,535,495	10,208,894	7,959,863	5,308,420	1,985,848	135,901	55,639,000

In accordance with "The Communiqué on the Calculation of Provision for Incurred But Not Reported Claims" dated 26 December 2011 and numbered 2011/23 (the "Communiqué numbered 2011/23"), insurance companies are allowed to calculate a winning ratio over the amounts of legal cases opened against the Company which are closed in the past 5 years on a sub-branch basis and to reduce a certain portion of the outstanding claim files under legal follow-up using the calculated winning ratio as of 31 December 2019 and 2018. The Company has calculated the winning ratio on a sub-branch basis by dividing the amount of the cases closed in favor of the Company to the total amount of the legal cases of which legal processes have been completed in the past 5 years' time as of 31 December 2019 and 2018. The principal amounts have been taken into consideration and interest and other charges have been excluded from winning ratio calculations. In accordance with the Communiqué numbered 2011/23, the deduction from the outstanding claims under legal follow-up has been made using the ratio 25% for the branches with winning ratios over 25% and other branches % 15. The Company has calculated win ratio over gross amounts and has determined reinsurance share of discount amount considering reinsurance share of related files. The net deduction amount from outstanding claim files using the winning ratios calculated on a sub - branch basis is TRY 116,488,537 (31 December 2018: TRY 62,135,463) (Note 17).

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The calculated and used winning ratios as at 31 December 2019 and 2018 are as follows:

Branch	31 December 2019		31 December 2018	
	Calculated Winning Ratio (%)	Used Winning Ratio (%)	Calculated Winning Ratio (%)	Used Winning Ratio (%)
Occupational responsibility	89	25	100	25
Health	86	25	14	14
Erection All Risks	66	25	38	25
Marine Hull and Machinery	58	25	60	25
Personal Accident	57	25	38	25
Compulsory Financial Liability				
Insurance for Transportation on Road	41	25	26	25
Third party financial liability	40	25	45	25
Motor vehicles - own damage	40	25	37	25
MTPL - facultative	35	25	27	25
Marine Cargo	31	25	26	25
Construction All Risk	31	25	20	20
Flood	28	25	28	25
Fire	24	24	54	25
Employer financial liability	23	23	17	17
Machinery breakdown	20	20	20	20
Motor third party liability	20	20	12	12
Compulsory personal accident for bus passengers	18	18	16	16
Electronic Equipment	12	12	9	9
Compulsory Product Liability for LPG	17	17	3	3
Compulsory Third Party Liability for				
Dangerous Materials And Hazardous Waste	5	5	17	17

### 2.26 Equalization provision

In accordance with the Communiqué on Technical Reserves, the Insurance Companies should provide equalization provision in credit insurance and earthquake branches to equalize the fluctuations in future possible claims and for catastrophic risks. Provision is calculated as 12% of net premiums written in credit insurance and earthquake branches. In the calculation of net premiums, fees paid for un-proportional reinsurance agreements are considered as premiums ceded to the reinsurance firms.

The insurance companies are allowed to deduct claim payments and outstanding claims evidenced by expertise reports or official documents received from public institutions due to earthquake losses from the equalization reserve, provided that no deduction has been made from current year charge to the reserve.

As of 31 December 2019, equalization provision amounting to TRY 39,278,506 (31 December 2018: TRY 33,855,634) is presented under "Other Technical Reserves" under the long term-liabilities in the accompanying financial statements (Note 17).

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### 2.27 Related Parties

For the purpose of the accompanying financial statements, shareholders, key management and members of board of directors together with their families and companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties (Note 45).

### 2.28 Earnings per share

Earnings per share are determined by dividing the net income by the weighted average number of shares outstanding during the year attributable to the shareholders of the Company. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus shares issued are regarded as issued shares (Note 37).

### 2.29 Subsequent events

Post-balance sheet events that provide additional information about the Company's position at the reporting dates (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material (Note 46).

### 2.30 New standards and interpretations not yet adopted

#### a) Standards, amendments and interpretations applicable as at 31 December 2019:

- Amendment to TFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2019. This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from TAS 39.

Until TFRS 17 is effective, the company will benefit from the temporary exemption for TFRS 9 included in TFRS 4.

- **Amendment to TAS 28, 'Investments in associates and joint venture'**; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using TFRS 9.
- **TFRS 16, 'Leases'**; effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if TFRS 15 'Revenue from Contracts with Customers' is also applied. This standard replaces the current guidance in TAS 17 and is a far-reaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The TASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the TASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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- **IFRIC 23, 'Uncertainty over income tax treatments';** effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of TAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The TFRS IC had clarified previously that TAS 12, not TAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.
- **Annual improvements 2015-2017;** effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:
  - TFRS 3, 'Business combinations', - a company remeasures its previously held interest in a joint operation when it obtains control of the business.
  - TFRS 11, 'Joint arrangements', - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - TAS 12, 'Income taxes' - a company accounts for all income tax consequences of dividend payments in the same way entity accounts for the income tax effects of dividends in the same way.
  - TAS 23, 'Borrowing costs' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
- **Amendments to TAS 19, 'Employee benefits' on plan amendment, curtailment or settlement';** effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:
  - Use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement,
  - Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

*b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2019:*

- Amendments to TAS 1 and TAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, 'Presentation of financial statements', and TAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other TFRSs:
  - i) Use a consistent definition of materiality throughout TFRSs and the Conceptual Framework for Financial Reporting;
  - ii) Clarify the explanation of the definition of material; and
  - iii) Incorporate some of the guidance in TAS 1 about immaterial information.
- **Amendments to TFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the TASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- **Amendments to TFRS 9, TAS 39 and TFRS 7 - Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.
- **TFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The effects of this standard on the Company's financial status and performance are evaluated.

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### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The notes given in this section are provided to addition/supplement the commentary on the management of insurance risk (Note 4.1) and management of financial risk (Note 4.2).

Preparation of financial statements requires the use of estimations and assumptions which may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the balance sheet date and reported amounts of income and expenses during the financial period. Accounting estimates and assumptions are continuously evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Although the estimations and assumptions are based on the best knowledge of the management for existing events and operations, they may differ from the actual results.

The estimation of the ultimate liability for technical expenses that can be incurred for the existing insurance contracts is the one of the most critical accounting estimates. Estimation of the insurance liabilities, by nature, includes the evaluation of several uncertainties

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas at estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note 4.1 - Management of insurance risk
- Note 4.2 - Financial risk management
- Note 6 - Tangible assets
- Note 7 - Investment properties
- Note 8 - Intangible assets
- Note 9 - Investments in associates
- Note 10 - Reinsurance assets and liabilities
- Note 11 - Financial assets
- Note 12 - Loans and receivables
- Note 21 - Deferred taxes
- Note 42 - Risks

### 4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

#### 4.1 Management of insurance risk

The risk under an insurance contract is the probability of an insured event's occurring including the uncertainty of the amount of any resulting claim. This risk is impossible to estimate because of its structure. The principal risk the Company faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities.

In accordance with Code of Risk Acceptance of the Company, risks are allocated in terms of their branches and potential effects. The main part of this risk management is the evaluation of all possibilities to eliminate, control or reinsure the risk by defining in all parts of the insurance operations.

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According to risk types, the Company makes some analysis to decide about which branches it can operate in which city or region by using the analysis of district-city actuarial methods.

These analyses are updated about the new information received and so that policies will change about the priorities of the operations.

With the risk policies developed by these methods, it is aimed to increase the Company's profitability on the basis of branches, regions and cities.

Risks are divided into branches and sizes in terms of the Company's Risk Acceptance Regulations. Acceptance or rejection according to the result of risk examination's evaluations is decided by the Company's Risk Engineers, Related Branch Managers and Technical Unit Assistant of General Manager after evaluation.

The Company determines annual "risk acceptance policies" regarding the products of the Company and revise these policies during the year, if necessary. Based on the mentioned risk acceptance policies, the maximum and minimum limits for risk analysis during the period from order process to the issuance of the policy and the risks which will be excluded are determined for each product. Furthermore, the Company, by considering its financial structure, obtains coverage for the significant risks and catastrophic losses through the use of reinsurance agreements.

The most common method to manage insurance risk is to arrange reinsurance agreements. But the transfer of insurance risk through reinsurance agreements is not eliminating the liability of the Company as the first one made the insurance. If reinsurance company does not pay the loss, Company's liability towards the policyholder continues. The company evaluates the reliability of reinsurance company by analyzing the financial condition before annual contract.

The Company not only creates new policies within the context of risk evaluation as mentioned above, also transfers the risks to reinsurer companies with reinsurance agreements. The Company transfers the risks with special acceptance of excess loss insurance and quota surplus reinsurance within the context of the agreements.

Reinsurance agreements contains claim excess (quota surplus reinsurance, excess loss insurance) catastrophic guarantee (provision). In addition, at the jobs, excess of special acceptance capacity which are at different levels for branches, arbitrary reinsurance are done by related technical departments.

Generally, the Company has agreements of fire and natural disasters, transportation, accident, transportation vehicles (land), transportation vehicles (air), transportation vehicles (sea), general losses, transportation vehicles (land) liability, transportation vehicles (sea) liability, general liability, financial losses, legal protection and health branches. Insurance guarantee amounts are also explained in Note 17.

Reinsurance agreements are the agreements signed, paid by the company and are also carried out by the both The Company and Reinsurance Company. These agreements have the sufficient conditions to be able to classify as insurance agreements which are used in purpose of losses result from one or more insurance agreements.

As of 31 December 2019, Everest Reinsurance ("Everest Re") is the leader reinsurer of the Company in branches such as fire, assorted accident, transportation and machinery breakings with quota-shared, excess loss-shared and catastrophe-cover agreements. Other following reinsurers are Milli Re, QBE, Munich Re, Scor, Odyssey Re and Hannover Re.

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The last credit-scaling notes prepared by AM BEST as follows in the table;

Reinsurer	Scale	Outlook	Date
QBE Re	A	AM Best	5 July 2019
AXA XL	A+	AM Best	12 December 2019
Everest Re	A+	AM Best	2 May 2019
Swiss Re	A+	AM Best	20 December 2019
Odyssey Re	A	AM Best	30 April 2019
China Re.	A	AM Best	22 November 2019
Mapfre Re	A	AM Best	4 October 2019
Milli Reasürans T.A.Ş.	A+	S&P	7 August 2019
Scor	AA-	S&P	25 July 2019

The company has annual excess treaty in fire, machinery breakdown, diverse accident, and branches, as for quota share agreements for motor insurance and compulsory traffic insurance branches as of the date 31 December 2019.

### Premiums transferred to the 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 published in the Official Gazette dated 25 February 2011. In this context, all the traffic accident related medical care services provided by any public or private health institution will be covered by Social Security Institution ("SSI") regardless of social security status of the injured. Besides, in accordance with the temporary Article 1 of the Law, all of the expenses with respect to the traffic accident related medical care services provided before enforcement of the Law, will also be covered by SSI.

The liability of the insurance companies with respect to the service costs to be incurred in the context of abovementioned articles has been determined in accordance with the provisions of "The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated 27 August 2011 ("The Regulation"), "The Communiqué on the Principles of the Implementation of the Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated 15 September 2011 and numbered 2011/17 (the "Communiqué numbered 2011/17") and "The Communiqué on the Accounting of Payments to Social Security Institution ("SSI") with respect to Treatment Expenses and Introduction of New Account Codes to Insurance Account Chart" dated 17 October 2011 (the "Communiqué numbered 2011/18"), the regulation ("2012/3 numbered notice) making changes in "The Regulation on the Principles of Collection of the Costs of the Health Services Provided due to the Traffic Accidents" dated 16 March 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 30 April 2012 and numbered 2012/6 (the "Communiqué numbered 2012/6"). Within this framework, the Company 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 25 February 2011, the notice numbered 2012/3 and the communiqué numbered 2012/6 in "Compulsory Transportation", "Compulsory Traffic" and "Compulsory Motor Personal Accident" branches regarding the expenses with respect to the traffic accident related medical care services provided after enforcement of the Law. Based on the aforementioned regulations, the Company has calculated the amount of the premiums to be ceded to SSI in 1 January - 31 December 2019 account period as TRY 34,792,456 under the account of "premiums transferred to SSI" (1 January - 31 December 2018: TRY 34,438,818).

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### Premiums and claims transferred to the Risky Insured Pool

12 April 2017 for high level of damage frequency and/or vehicle groups as determined by the "Regulation on the Amendment of the Regulation on Tariff Implementation Principles in the Compulsory Financial Liability Insurance for Motor Vehicles", published by Ministry of Treasury and Finance in the Official Gazette dated 11 July 2017 and numbered 30121 The "Risk Insured Pool" ("Pool") was established to be valid for the traffic insurance policies written since 12 April 2017. According to the risk insured Pool Work Essentials enacted with the regulation in question, the premium for the pool covered by traffic insurance policy and damage Turkey Motor Vehicle Bureau ("TMTB") to be calculated in two stages. Accordingly, 50% of the premiums and damages are shared equally among the insurance companies; while the remaining 50% is distributed considering the share of insurance companies in the last 3 years of traffic insurance premiums.

The Company has recorded the premiums, indemnities and commission amounts transferred from the Risky Insurance Pool within the scope of the Company's share within the scope of the regulation, taking into consideration the estimated amounts of the unreported periods at the closing date of the accounts and the monthly receipts finalized by TMTB. As of 31 December 2019, the Company has transferred TRY 108,808,303 premium and TRY 25,942,443 paid compensation and TRY 274,869 recovery income to the Pool. TRY 81,341,609 premium, TRY 15,893,748 commission, TRY 40,113,071 paid as compensation and TRY 362,220 recovery income from Pool to the Company were recognized in accordance with the relevant legislation.

The "Compulsory Medical Malpractice Law" which is annexed to the "Procedures and Principles Regarding the Contribution of the Institution in the Compulsory Financial Liability Insurance for Medical Malpractice" (2010/1) published by Ministry of Treasury and Finance in the Official Gazette dated 7 October 2017 and numbered 30203 Liability Insurance Tariff and Instruction "B. INCIDENT", the Premiums and Claims Sharing Basis for the Medical Malpractice Insurance Liability Insurance, the premiums and damages related to the financial liability policies in the application are calculated in two stages by the company appointed by the Evaluation Committee. Accordingly, 50% of the premiums and damages are shared equally among the insurance companies; and the remaining 50% is distributed considering the share of insurance companies' medical liability insurance premiums in the last three years.

The Company has accounted the amounts of premiums, claims and commissions that are taken over from the Pool within the scope of the Company's market share and ceded to the Medical Malpractice Liability Pool within the scope of the regulation, considering the amounts in the monthly statements that is finalized by other insurance companies. As of 31 December 2019, The Company has ceded TRY 1,673,201 premium to the Pool and accounted TRY 1,450,700 premium, TRY 98,359 compensation and TRY 200,784 commission income; based on its share which are reported by the Pool, on the financial statements in accordance with the legislation.

### 4.2 Management of financial risk

#### Introduction and overview

This note presents information about the Company's exposure to each of the below risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors monitors the effectiveness of the risk management system through the internal audit department.



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The Company's risk management policies are established to identify and analysed the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

### Credit risk

Credit risk is basically defined as the possibility that counterparty will fail to meet its obligations in accordance under agreed terms of a contract. The balance sheet items that the Company is exposed to credit risk are as follows:

- Banks
- Other cash and cash equivalents (excluding cash on hand)
- Financial assets held for trading
- Premium receivables from policyholders
- Receivables from intermediaries (agencies)
- Receivables from reinsurance companies related to commissions and claims paid
- Reinsurance shares of insurance liability
- Other receivable

Financial assets of the Company, subject to credit risk are mainly demand and time deposits held at banks in Turkey and other financial intermediaries, and credit card receivables. All these receivables are assumed that they do not have a high credit risk.

Net carrying value of the assets that are exposed to credit risk is shown in the table below.

	<b>31 December 2019</b>	<b>31 December 2018</b>
Cash equivalents (Note 14)	1,689,062,336	1,071,968,024
Reinsurer's share in provision for outstanding claims (Note 10)	948,892,509	899,581,260
Receivables from operating activities (Note 12)	688,927,359	531,686,102
Financial assets held for trading (Note 11)	122,817,105	22,241,849
Prepaid taxes and funds (Note 12)	18,516,745	16,140,828
Other receivables (Notes 12 and 47)	1,876,141	2,090,897
Advances given to personnel	61,590	96,337
<b>Total</b>	<b>3,470,153,785</b>	<b>2,543,805,297</b>

Details of guarantees and securities taken for the receivables are as follows:

	<b>31 December 2019</b>	<b>31 December 2018</b>
Notes received	57,103,101	58,728,201
Letter of guarantee	30,455,012	33,246,587
Cash guarantees	3,875,573	3,517,803
Treasury and government bonds taken as guarantee	389,213	387,237
Other guarantee and commitments	8,392,925	2,169,205
<b>Total</b>	<b>100,215,824</b>	<b>98,049,033</b>

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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



As at 31 December 2019 and 2018, the aging of the receivables from operating activities and related provisions are as follows:

	31 December 2019		31 December 2018	
	Gross amount	Provision	Gross amount	Provision
Undue receivables	661,862,792	-	503,975,236	-
Past due 0-30 days	8,584,312	-	6,860,145	-
Past due 31-60 days	3,328,814	-	1,408,197	-
Past due 61-180 days	2,618,587	-	1,704,368	-
Past due 181-365 days	415,259	(355,843)	2,334,474	(1,216,941)
More than one-year receivables	1,077,238	(1,500,727)	6,911,139	(5,132,315)
Doubtful receivables under legal follow-up	21,520,493	(19,313,451)	16,156,745	(13,615,103)
	<b>699,407,495</b>	<b>(21,170,021)</b>	<b>539,350,304</b>	<b>(19,964,359)</b>
Subrogation and salvage receivables	10,818,279	(128,394)	12,519,081	(218,925)
Doubtful receivables from main operations				
Subrogation under legal follow up (Note 12)	226,083,295	(226,083,295)	178,120,136	(178,120,135)
<b>Total</b>	<b>936,309,069</b>	<b>(247,381,710)</b>	<b>729,989,521</b>	<b>(198,303,419)</b>

The movement in the allowance for impairment in respect of premium receivables during the period is as follows:

	2019	2018
<b>Beginning of the period – 1 January</b>	<b>(198,303,419)</b>	<b>(167,896,646)</b>
Change in provision for recovery receivables under legal follow-up (Note 47)	(47,963,160)	(29,809,936)
Change in provision for premium receivables Doubtful receivables under legal follow-up	(5,748,127)	136,689
Collections in the period (Note 47)	49,780	753,806
Change in provision from premium Receivables under management bias (Note 47)	4,492,685	(1,444,563)
Change in provision from recovery Receivables under management bias (Note 47)	90,531	(42,769)
<b>Period ending - December 31</b>	<b>(247,381,710)</b>	<b>(198,303,419)</b>

### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash commitments associated with financial instruments.

### Managing Liquidity Risk

The Company considers the maturity match between assets and liabilities for the purpose of avoiding liquidity risk and ensures that it will always have sufficient liquidity to meet its liabilities when due.

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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

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Monetary asset and liabilities' remaining periods to maturity:

31 December 2019	Book value	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years
<b>Assets</b>						
Cash and cash equivalents	1,689,062,336	1,197,992,990	491,069,346	-	-	-
Receivables from operating activities	688,927,359	120,426,662	192,120,099	369,960,060	6,420,538	-
Financial assets held for trading	122,817,105	-	30,991,652	75,658,383	-	16,167,070
Other receivables	1,876,141	1,802,349	-	-	73,792	-
<b>Total monetary assets</b>	<b>2,502,682,941</b>	<b>1,320,222,001</b>	<b>714,181,097</b>	<b>445,618,443</b>	<b>6,494,330</b>	<b>16,167,070</b>
<b>Liabilities</b>						
Payables from operating activities	413,919,636	49,680,331	242,223,738	122,015,567	-	-
Due to related parties	104,142	104,142	-	-	-	-
Other payables	56,528,463	17,073,249	35,534,643	-	3,920,571	-
Provision for outstanding claims, net	929,848,348	139,477,252	483,521,141	204,566,637	92,984,835	9,298,483
Provision for tax and Other similar liabilities	38,427,676	35,582,779	2,844,897	-	-	-
Financial liabilities	986,424	-	-	478,051	508,373	-
<b>Total monetary liabilities</b>	<b>1,439,814,689</b>	<b>241,917,753</b>	<b>764,124,419</b>	<b>327,060,255</b>	<b>97,413,779</b>	<b>9,298,483</b>
<b>31 December 2018</b>						
<b>Assets</b>						
Cash and cash equivalents	1,071,969,768	154,590,739	917,379,029	-	-	-
Receivables from operating activities	531,686,102	55,734,941	183,129,868	282,746,755	10,074,538	-
Financial assets held for trading	22,241,849	-	-	-	22,241,849	-
Other receivables	2,090,897	1,937,498	-	-	153,399	-
<b>Total monetary assets</b>	<b>1,627,988,616</b>	<b>212,263,178</b>	<b>1,100,508,897</b>	<b>282,746,755</b>	<b>32,469,786</b>	<b>-</b>
<b>Liabilities</b>						
Payables from operating activities	288,616,766	30,846,821	182,761,606	75,008,339	-	-
Due to related parties	67,161	67,161	-	-	-	-
Other payables	30,747,920	9,107,376	18,221,123	-	3,419,421	-
Provision for outstanding claims, net	757,657,673	113,648,651	393,981,990	166,684,688	83,342,344	-
Provision for tax and other similar liabilities	31,148,209	28,951,042	2,197,167	-	-	-
<b>Total monetary liabilities</b>	<b>1,108,237,729</b>	<b>182,621,051</b>	<b>597,161,886</b>	<b>241,693,027</b>	<b>86,761,765</b>	<b>-</b>

### Market risk

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and credit spreads will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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

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### Currency risk

The Company is exposed to currency risk through insurance and reinsurance transactions in foreign currencies.

Foreign exchange gains and losses arising from foreign currency transactions are recorded at transaction dates. At the end of the periods, foreign currency assets and liabilities evaluated by the Central Bank of the Republic of Turkey's spot purchase rates and the differences arising from foreign currency rates are recorded as foreign exchange gain or loss in the statement of income.

The Company's exposure to foreign currency risk is as follows:

31 December 2019	US Dollar	Euro	Other currencies	Total
<b>Assets:</b>				
Cash and cash equivalents	23,178,120	8,686,080	93,294	31,957,494
Receivables from operating activities	345,046,738	52,516,718	1,228,285	398,791,741
<b>Total foreign currency assets</b>	<b>368,224,858</b>	<b>61,202,798</b>	<b>1,321,579</b>	<b>430,749,235</b>
<b>Liabilities:</b>				
Payables arising from operating activities	(272,267,550)	(16,257,557)	(247,524)	(288,772,631)
Provision for outstanding claims	(3,440,739)	(3,334,409)	(1,616,798)	(8,391,946)
Deposits and collaterals received	(1,567,905)	(426,331)	-	(1,994,236)
<b>Total foreign currency liabilities</b>	<b>(277,276,194)</b>	<b>(20,018,297)</b>	<b>(1,864,322)</b>	<b>(299,158,813)</b>
<b>Balance sheet position</b>	<b>90,948,664</b>	<b>41,184,501</b>	<b>(542,743)</b>	<b>131,590,422</b>
<b>31 December 2018</b>				
<b>Assets:</b>				
Cash and cash equivalents	28,642,224	14,241,127	834	42,884,185
Receivables from operating activities	235,362,961	41,705,054	1,606,616	278,674,631
<b>Total foreign currency assets</b>	<b>264,005,185</b>	<b>55,946,181</b>	<b>1,607,450</b>	<b>321,558,816</b>
<b>Liabilities:</b>				
Payables arising from operating activities	(171,534,835)	(13,985,101)	(451,016)	(185,970,952)
Provision for outstanding claims	(5,108,870)	(1,785,760)	(106,996)	(7,001,626)
Deposits and collaterals received	(1,166,195)	(292,483)	-	(1,458,678)
<b>Total foreign currency liabilities</b>	<b>(177,809,900)</b>	<b>(16,063,344)</b>	<b>(558,012)</b>	<b>(194,431,256)</b>
<b>Balance sheet position</b>	<b>86,195,285</b>	<b>39,882,837</b>	<b>1,049,438</b>	<b>127,127,560</b>

TRY equivalents of the related monetary amounts denominated in foreign currencies are presented above.

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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Foreign currency rates used for the translation of foreign currency denominated monetary assets and liabilities as at 31 December 2019 and 2018 are as follows:

	USD	EUR
31 December 2019	5.9402	6.6506
31 December 2018	5.2609	6.0280

### Exposure to currency risk

20 percent devaluation of the TRY against the following currencies as at 31 December 2019 and 2018 would have increased equity and profit or loss (excluding tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. A 20 percent appreciation of the TRY against the following currencies' effect will be in opposite direction.

	1 January - 31 December 2019		1 January - 31 December 2018	
	Profit or loss	Equity	Profit or loss	Equity
USD	18,189,733	18,189,733	17,239,057	17,239,057
Euro	8,236,900	8,236,900	7,976,567	7,976,567
Other currencies	(108,549)	(108,549)	209,888	209,888
<b>Total, net</b>	<b>26,318,084</b>	<b>26,318,084</b>	<b>25,425,512</b>	<b>25,425,512</b>

### Exposure to interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for re-pricing bands.

As at 31 December 2019 and 2018, the interest rate profile of the Company's interest earning financial assets and interest bearing financial liabilities are detailed below:

	31 December 2019	31 December 2018
<b>Financial assets with fixed interest rate:</b>		
Deposits in banks (Note 14)	1,474,202,342	917,379,027
Financial assets held for trading (Note 11)	122,817,105	22,241,849
<b>Financial assets with fixed interest rate:</b>		
Liabilities from financial leasing transactions (Note 20)	986,424	-

### Interest rate sensitivity of the financial instruments

The Company does not have any interest sensitive financial instrument as of 31 December 2019.

### Fair value information

The estimated fair values of financial instruments have been determined using available market information, and where it exists, appropriate valuation methodologies.

Available-for-sale financial assets are measured at their fair values based on their quoted prices in the accompanying financial statement. To measure the fair values of the debt securities which has no quoted prices in the financial markets, a valuation technique is applied, which all inputs are based on the observable information.

Management estimates that the fair value of other financial assets and liabilities are not materially different than their carrying amounts.

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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### Classification of fair value measurement

"IFRS 7 - Financial Instruments: Disclosures requires the measurements of fair value of financial instruments to be classified in a hierarchy that reflects the significance of the valuation inputs used. This classification prioritizes observable data, using market data obtained from independent sources, in preference to unobservable data that relies, for example on the use of predictions and assumptions about market prices by the Company. This sort of categorization generally results in the classifications below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

Classification requires the utilization of observable market data, if available.

Classification of financial assets and liabilities' fair values is as follows:

31 December 2019	Level 1	Level 2	Level 3	Total
<b>Financial Assets:</b>				
Financial assets held for trading (Note 11)	-	122,817,105	-	122,817,105
Investment in equity shares <sup>(*)</sup>	47,211,475	-	654,712,897	701,924,372
Properties held for use (Note 6)	-	208,535,000	-	208,535,000
Investment Properties (Note 7)	-	17,442,990	-	17,442,990
<b>Total Financial Assets</b>	<b>47,211,475</b>	<b>348,795,095</b>	<b>654,712,897</b>	<b>1,050,719,467</b>

31 December 2018	Level 1	Level 2	Level 3	Total
<b>Financial Assets:</b>				
Financial assets held for trading (Note 11)	-	22,241,849	-	22,241,849
Investment in equity shares <sup>(*)</sup>	34,898,933	-	576,197,588	611,096,521
Properties held for use (Note 6)	-	204,120,000	-	204,120,000
Investment Properties (Note 7)	-	17,162,000	-	17,162,000
<b>Total Financial Assets</b>	<b>34,898,933</b>	<b>243,523,849</b>	<b>576,197,588</b>	<b>854,620,370</b>

<sup>(\*)</sup> There are no TARSİM & Turk P&I Sigorta A.Ş. carried out from the cost value in the investment in equity shares.

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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The reconciliation of the balance at the beginning and balance at the ending for Level 3 in terms of fair value measurements are presented in the table below.

	2019	2018
<b>Beginning - January 1</b>	<b>576,197,588</b>	<b>460,879,004</b>
<i>Total gains and loss</i>		
- Recognized in other comprehensive income	78,515,309	115,318,584
<b>Period ending - December 31</b>	<b>654,712,897</b>	<b>576,197,588</b>

Fair values of affiliates and subsidiaries are determined in accordance with discounted cash flow and comparative value method in valuation reports prepared by independent valuation companies.

### *Sensitivity of fair value of equity shares*

Equity share price risk is defined as the risk of decreasing the market price of equity shares as a result of a change in index.

Borsa Istanbul (the "BIST") is traded in the financial statements term securities shown between the market value and the measured stocks, indexes of possible fluctuations due to fair value changes in (all other variables held constant with) the Company's equity the effect on (excluding tax effects) is as follows:

		31 December 2019	31 December 2018
	Change in Index	Equity	Equity
BIST - 100	%20	9,442,505	6,980,070

### Capital Management

The Company's major capital management policies include the following:

- To comply with the insurance capital requirements required by Ministry of Treasury and Finance
- To safeguard the Company's ability to continue as going concern
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk assumed

In accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy of Insurance, Reinsurance and Individual Pension Companies" dated 19 January 2008 and numbered 26761 issued by Ministry of Treasury and Finance; as of 31 December 2019, the Company measured its minimum capital requirement as TRY 556,123,188 (31 December 2018: TRY 450,822,657). As of 31 December 2019, the Company's total equity calculated in accordance with the related communiqué is equal to TRY 1,318,213,081 which is more than the minimum capital requirement by TRY 762,089,893 (31 December 2018: TRY 374,110,838 more).

The Company has taken following actions to increase profitability and sustain a structure;

- The company makes production and risk selection in accordance with the new legal regulations in traffic insurances.
- The actuarial schedules related to motor vehicles and traffic branches are regularly reviewed and revised. The company intends to increase its profitability and production in the motor vehicles and to reduce the harm caused by balanced production in the traffic branch.
- In order to set an individual profitable portfolio, the Company operates by adopting adequate price and accurate conditions policy
- The Company has adopted the policy of increasing the treaty capacity in Fire and Construction branches to constitute a profitable portfolio.

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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Information about earnings from financial assets is indicated in Note 26. The details of financial expenses are as follows:

	<b>1 January - 31 December 2019</b>	<b>1 January - 31 December 2018</b>
Investment income transferred to non-life technical section	183,277,699	140,777,407
Foreign exchange losses	75,922,462	158,725,233
<i>Fx losses from current account transactions</i>	38,622,452	122,581,560
<i>Fx losses from cash and cash equivalent transactions</i>	37,300,010	36,143,673
Losses Due to Derivatives	-	2,647,500
Amortization expenses	7,448,696	6,861,268
Investment management expenses - including interest	5,328,184	5,635,884
Investments Value (increases)/decreases	-	717,603
Losses Caused by Turning Investments into Cash	782	-
Other financial expenses	14,403,380	10,139,772
<b>Financial expenses</b>	<b>286,381,203</b>	<b>325,504,667</b>

The details of financial gains and losses recognized in equity are as follows:

	<b>1 January - 31 December 2019</b>	<b>1 January - 31 December 2018</b>
Changes in fair value of Investments at associates (Note 15)	85,451,150	104,588,356
<b>Total</b>	<b>85,451,150</b>	<b>104,588,356</b>

### 5. SEGMENT REPORTING

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

#### Business Segments

Information about the Company's segment reporting is explained in this section within the context of TFRS 8 - Business Segments Standards.

Not only reports given to upper level management to give a decision about reporting sub-operating segments, also numerical sub limits within the context of TFRS 8 - Business Segments Standards are taken into consideration and premium production, and technical profitability are evaluated as a different business segments.



# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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### Fire Insurance

With this insurance; damages on the insured goods as a result of fire, lightning, blast, fume, steam, and fever are insured up to the insurance coverage.

### Other Accident Insurance

This section contains insurance in branches Motor own damage, personal accident insurance and broken glass. The company provide physical damage thereby danger and invasion by motor own damage policyholder motor can be used in road, from non-motorized vehicles , and the trailer or caravan with backhoe, advantage arising from the tractor wheel; can be used in highway motor vehicle, struggle with non-motorized transport, on the move or pause position involuntarily policyholder or user of the car, strike of an object which was moving or the car striking to object tipping, falling, rolling, such as accidents, or movements with bad faith by third party, vehicle's combustion, be stealing of car or attempt to steal.

### Motor Vehicles (Land) Liability Insurance

The Company described the policy that if the mentioned motor vehicle, during the operation, will cause a person's death or injury or damage a thing, in accordance with No. 2918 Road Traffic Act, the operator's legal responsibility will be provided up to insurance limits.

The damages occurred by trailers, or semi-trailers (including light trailers) will be covered by the trailer's insurance policy. Trailers to carry people will be covered if there is an additional liability insurance, specified the special conditions

In order to prevent or minimize the damage after an accident, the Insuree's reasonable and necessary expenses will be covered by the Company. This insurance is the operator (the Insuree) to ensure the defence against unjustified claims.

### Health Insurance

Health insurance; during the period of insurance, provides the treatment costs if the insuree got illness, accident, if also there is, daily paid claims up to written amounts in the insurance policy. The policy's geographical borders are mentioned in the policy.

### Geographical Reporting

The main geographical segment the Company operates is in Turkey, so the Company does not disclose geographical segment reporting.

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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As of 1 January - 31 December 2019 segment results are as follows:

	Motor Third Party Liability	Motor Vehicles	Health	Fire	Other	Undistributed	Total
<b>Technical Income</b>	<b>373,872,378</b>	<b>342,677,713</b>	<b>263,016,312</b>	<b>159,684,234</b>	<b>196,660,643</b>	-	<b>1,335,911,280</b>
1 - Eamed premiums (net off reinsurers' share)	327,437,810	299,959,463	207,079,928	122,751,107	145,556,558	-	1,102,784,866
1.1 - Written premiums (net off reinsurers' share)	311,520,474	325,764,768	281,347,687	141,020,530	205,246,755	-	1,264,900,214
1.2 - Change in reserve for unearned premiums	1,203,935	(25,805,305)	(74,267,759)	(18,269,423)	(57,051,486)	-	(174,190,038)
1.3 - Change in reserve for unexpired risk	14,713,401	-	-	-	(2,638,711)	-	12,074,690
2 - Other technical incomes and accrued salvage and Subrogation receivables (net off reinsurer's share)	31,025,137	8,571,698	1,074,188	5,147,299	4,030,393	-	49,848,715
3 - -- Investment Income Transferred from Non-Technical Part	15,409,431	34,146,552	54,862,196	31,785,828	47,073,692	-	183,277,699
<b>Technical Expense</b>	<b>(471,198,103)</b>	<b>(309,883,087)</b>	<b>(209,332,845)</b>	<b>(109,223,689)</b>	<b>(83,482,030)</b>	-	<b>(1,183,119,754)</b>
1 - Damages accrued (net off reinsurers' share)	(417,792,919)	(222,363,933)	(127,526,149)	(53,419,105)	(38,785,147)	-	(859,887,253)
1.1 - Claims paid (net off reinsurers' share)	(266,662,514)	(225,527,733)	(120,299,979)	(47,713,387)	(27,492,965)	-	(687,696,578)
1.2 - Change in provision for outstanding claims (net off reinsurers' share and deferred part) (+/-)	(151,130,405)	3,163,800	(7,226,170)	(5,705,718)	(11,292,182)	-	(172,190,675)
2- Change in other technical provisions	-	(660,266)	-	(4,351,977)	(410,629)	-	(5,422,872)
3- Operating expenses	(53,405,184)	(86,858,888)	(81,806,696)	(51,452,607)	(44,286,254)	-	(317,809,629)
<b>Profit/(loss)</b>	<b>(97,325,725)</b>	<b>32,794,626</b>	<b>53,683,467</b>	<b>50,460,545</b>	<b>113,178,613</b>	-	<b>152,791,526</b>
Investment income						344,613,556	344,613,556
Investment expenses						(286,381,203)	(286,381,203)
Other operating expenses						(74,955,363)	(74,955,363)
Period income tax and other legal liability provisions						(12,509,362)	(12,509,362)
<b>Net period profit</b>							<b>123,559,154</b>

# GÜNEŞ SİGORTA A.Ş.

## CONVIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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



As of 1 January - 31 December 2018 segment results are as follows:

	Motor Third Party Liability	Motor Vehicles	Health	Fire	Other	Undistributed	Total
<b>Technical Income</b>	<b>362,391,776</b>	<b>320,019,090</b>	<b>163,606,792</b>	<b>132,046,463</b>	<b>114,935,599</b>	<b>-</b>	<b>1,092,999,720</b>
1 - Earned premiums (net off reinsurers' share)	297,355,929	293,952,918	147,411,500	97,757,007	82,477,749	-	918,955,103
1.1 - Written premiums (net off reinsurers' share)	354,212,017	298,658,673	153,221,918	106,269,972	90,453,542	-	1,002,816,122
1.2 - Change in reserve for unearned premiums	(42,066,596)	(4,705,755)	(5,810,418)	(8,512,965)	(5,950,319)	-	(67,046,053)
1.3 - Change in reserve for unexpired risk	(14,789,492)	-	-	-	(2,025,474)	-	(16,814,966)
2 - Other technical incomes and accrued salvage and Subrogation receivables (net off reinsurers' share)	17,209,607	9,498,146	101,611	4,529,806	1,928,040	-	33,267,210
3 - -- Investment Income Transferred from Non-Technical Part	47,826,240	16,568,026	16,093,681	29,759,650	30,529,810	-	140,777,407
<b>Technical Expense</b>	<b>(399,086,344)</b>	<b>(353,825,107)</b>	<b>(165,616,478)</b>	<b>(85,298,331)</b>	<b>(63,454,389)</b>	<b>-</b>	<b>(1,067,280,649)</b>
1 - Damages accrued (net off reinsurers' share)	(346,435,096)	(269,006,195)	(113,807,302)	(37,674,698)	(39,587,842)	-	(806,511,133)
1.1 - Claims paid (net off reinsurers' share)	(244,212,922)	(260,396,725)	(116,055,415)	(37,575,311)	(20,527,839)	-	(678,768,212)
1.2 - Change in provision for outstanding claims (net off reinsurers' share and deferred part) (+/-) (+/-)	(102,222,174)	(8,609,470)	2,248,113	(99,387)	(19,060,003)	-	(127,742,921)
2 - Change in other technical provisions	-	(999,848)	-	(4,257,593)	(516,665)	-	(5,774,106)
3 - Operating expenses	(52,651,248)	(83,819,064)	(51,809,176)	(43,366,040)	(23,349,882)	-	(254,995,410)
<b>Profit/(loss)</b>	<b>(36,694,568)</b>	<b>(33,806,017)</b>	<b>(2,009,686)</b>	<b>46,748,132</b>	<b>51,481,210</b>	<b>-</b>	<b>25,719,071</b>
Investment income	-	-	-	-	-	361,695,776	361,695,776
Investment expenses	-	-	-	-	-	(325,504,667)	(325,504,667)
Other operating expenses	-	-	-	-	-	(51,038,806)	(51,038,806)
Period income tax and other legal liability provisions	-	-	-	-	-	-	-
<b>Net period profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,871,374</b>

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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

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### 6. TANGIBLE ASSETS

Movements of tangible assets in the period from 1 January to 31 December 2019:

	1 January 2019	Additions	Disposals	Valuation Increase	31 December 2019
<b>Cost:</b>					
Real estate property held for use	204,120,000	-	-	4,415,000	208,535,000
Machinery and equipment	6,426,609	11,275,846	(59,256)	-	17,643,199
Furniture and fixtures	6,335,304	96,460	-	-	6,431,764
Motor vehicles	414,561	11,180,679	(279,270)	-	11,315,970
Other tangibles (include leasehold improvements)	1,535,635	-	(11,198)	-	1,524,437
Leased assets	8,819,487	-	(79,275)	-	8,740,212
	<b>227,651,596</b>	<b>22,552,985</b>	<b>(428,999)</b>	<b>4,415,000</b>	<b>254,190,582</b>
<b>Accumulated depreciation:</b>					
Real estate property held for use	-	(1,333,907)	1,333,907	-	-
Machinery and equipment	(5,353,130)	(1,383,137)	41,632	-	(6,694,635)
Furniture and fixtures	(5,791,650)	(147,132)	-	-	(5,938,782)
Motor vehicles	(407,494)	(556,509)	279,270	-	(684,733)
Other tangibles (include leasehold improvements)	(1,525,192)	(2,948)	11,198	-	(1,516,942)
Leased assets	(8,001,536)	(691,947)	76,641	-	(8,616,842)
	<b>(21,079,002)</b>	<b>(4,115,580)</b>	<b>1,742,648</b>	<b>-</b>	<b>(23,451,934)</b>
<b>Net book value</b>	<b>206,572,594</b>				<b>230,738,648</b>

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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

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Movements of tangible assets in the period from 1 January to 31 December 2018:

	1 January 2018	Additions	Disposals	Valuation Increase	31 December 2018
<b>Cost:</b>					
Real estate property held for use	188,775,000	-	-	15,345,000	204,120,000
Machinery and equipment	6,346,054	123,763	(43,208)	-	6,426,609
Furniture and fixtures	6,242,902	97,302	(4,900)	-	6,335,304
Motor vehicles	414,561	-	-	-	414,561
Other tangibles (include leasehold improvements)	1,535,635	-	-	-	1,535,635
Leased assets	8,840,627	-	(21,140)	-	8,819,487
	<b>212,154,779</b>	<b>221,065</b>	<b>(69,248)</b>	<b>15,345,000</b>	<b>227,651,596</b>
<b>Accumulated depreciation:</b>					
Real estate property held for use	-	(1,640,823)	1,640,823	-	-
Machinery and equipment	(4,824,531)	(570,007)	41,408	-	(5,353,130)
Furniture and fixtures	(5,639,553)	(156,997)	4,900	-	(5,791,650)
Motor vehicles	(392,501)	(14,993)	-	-	(407,494)
Other tangibles (include leasehold improvements)	(1,510,475)	(14,717)	-	-	(1,525,192)
Leased assets	(6,119,147)	(1,897,526)	15,137	-	(8,001,536)
	<b>(18,486,207)</b>	<b>(4,295,063)</b>	<b>1,702,268</b>	<b>-</b>	<b>(21,079,002)</b>
<b>Net book value</b>	<b>193,668,572</b>				<b>206,572,594</b>

As of 1 January 2019, the movement table of asset usage rights that the Company registered for the first time under TFRS 16 is as follows:

Right of use assets	1 January 2019	Additions	Disposals	31 December 2019
Buildings	1,180,878	-	-	1,180,878
Vehicles	399,240	-	-	399,240
<b>Total</b>	<b>1,580,118</b>	<b>-</b>	<b>-</b>	<b>1,580,118</b>
Accumulated Depreciation (-)	1 January 2019	Additions	Disposals	31 December 2019
Buildings	-	(398,696)	-	(398,696)
Vehicles	-	(239,878)	-	(239,878)
<b>Total</b>	<b>-</b>	<b>(638,574)</b>	<b>-</b>	<b>(638,574)</b>
<b>Net book value</b>	<b>1,580,118</b>			<b>941,544</b>

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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The Company's properties held for use is recognized at fair value. As of 31 December 2019, the properties are carried at their fair values identified by the peer comparison method as stated in the appraisal reports prepared by CMB certified independent expertise companies:

	<b>Appraisal Company</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Güneş Plaza	Avrupa Gayrimenkul Değerleme ve Danışmanlık A.Ş.	195,000,000	190,000,000
Kabataş Building	Avrupa Gayrimenkul Değerleme ve Danışmanlık A.Ş.	4,200,000	3,750,000
Ankara Building	Avrupa Gayrimenkul Değerleme ve Danışmanlık A.Ş.	3,750,000	4,895,000
Antalya Building	Avrupa Gayrimenkul Değerleme ve Danışmanlık A.Ş.	2,675,000	3,050,000
Trabzon Building	Avrupa Gayrimenkul Değerleme ve Danışmanlık A.Ş.	1,150,000	900,000
Adana Building	Avrupa Gayrimenkul Değerleme ve Danışmanlık A.Ş.	1,175,000	780,000
Samsun Building	Avrupa Gayrimenkul Değerleme ve Danışmanlık A.Ş.	285,000	445,000
Erzurum Building	Avrupa Gayrimenkul Değerleme ve Danışmanlık A.Ş.	300,000	300,000
<b>Total</b>		<b>208,535,000</b>	<b>204,120,000</b>

Revaluation increases arising from valuation of land and buildings, net of deferred tax effects, are credited to "Other Profit Reserves" under shareholders' equity. Revaluation decreases arising from valuation of land and buildings are charged against "Other Profit Reserves" for the corresponding asset under shareholders' equity. Fair value decreases per revaluation fund recorded in "Other Profit Reserves" are charged to the income statement.

The movements of the revaluation increases for the land and buildings accounted for using revaluation model is below:

	<b>2019</b>	<b>2018</b>
<b>Beginning - 1 January</b>	<b>148,899,087</b>	<b>139,597,258</b>
Increase in value arising from revaluation	5,748,908	16,985,828
Depreciation differences recognized in retained earnings, net	(404,989)	(710,872)
Increase in value arising from revaluation Deferred tax effect (Note 21)	(1,112,219)	(6,973,127)
<b>Period ending - 31 December (Note 15)</b>	<b>153,130,787</b>	<b>148,899,087</b>

Cost and accumulated depreciations of the buildings as at 31 December 2019 and 2018 are as follows:

	<b>31 December 2019</b>	<b>31 December 2018</b>
Cost	55,943,389	55,943,389
Accumulated depreciation	(18,178,346)	(17,249,404)
<b>Net book value</b>	<b>37,765,043</b>	<b>38,693,985</b>

As of 31 December 2019, and 2018, reconciliation between net book value, calculated by costs of properties held for own use and revalued amounts are as follows:

	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>Revalued amount</b>	<b>208,535,000</b>	<b>204,120,000</b>
Net book values calculated on cost values	(37,765,043)	(38,693,985)
<b>Revaluation fund before tax</b>	<b>170,769,957</b>	<b>165,426,015</b>
Calculated deferred tax liability (Note 21)	(17,639,170)	(16,526,928)
<b>Revaluation fund, (net) (Note 15)</b>	<b>153,130,787</b>	<b>148,899,087</b>

There is no commitment on the properties held for use (31 December 2018: None).

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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### 7. INVESTMENT PROPERTY

As at 31 December 2019 and 2018, movements of the investment properties are as follows:

	1 January 2019	Additions	Disposals	Valuation Increase	31 December 2019
Investment properties	17,162,000	475,000	(210,000)	15,990	17,442,990
	<b>17,162,000</b>	<b>475,000</b>	<b>(210,000)</b>	<b>15,990</b>	<b>17,442,990</b>
	1 January 2018	Additions	Disposals	Valuation Increase	31 December 2018
Investment properties	14,866,000	-	(1,967,000)	4,263,000	17,162,000
	<b>14,866,000</b>	<b>-</b>	<b>(1,967,000)</b>	<b>4,263,000</b>	<b>17,162,000</b>

The lands and buildings for getting rental income or holding for appreciation or for both instead of using in the operations of the Company, administrative purposes or sailing in the ordinary course of business, are classified as investment properties.

As of 31 December 2019, and 2018, investment properties are reflected into the financial statements at their fair values obtained from appraisal reports prepared by independent professional valuation experts.

	31 December 2019	31 December 2018
İzmir Konak Land (*)	11,285,990	11,100,000
Tekirdağ Farm (*)	4,550,000	4,720,000
Other land and buildings (*)	1,607,000	1,342,000
<b>Total</b>	<b>17,442,990</b>	<b>17,162,000</b>

(\*) The value of these properties has been determined by the peer comparison method, specified in appraisal report dated 8 January 2020.

Costs and accumulated depreciation of investment properties as at 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Cost	10,254,760	10,361,760
Accumulated depreciation	(6,956,108)	(6,766,057)
<b>Net book value</b>	<b>3,298,652</b>	<b>3,595,703</b>

There is no rental income from investment properties (31 December 2018: None).

There are no pledges on the investment properties (31 December 2018: None).

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## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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### 8. INTANGIBLE ASSETS

Movements in intangible assets in the period from 1 January to 31 December 2019 and 2018 are as follows:

	1 January 2019	Additions	Disposals	31 December 2019
<b>Cost:</b>				
Rights	10,713,906	6,030,771	-	16,744,677
Computer software	16,507,653	-	-	16,507,653
	<b>27,221,559</b>	<b>6,030,771</b>	<b>-</b>	<b>33,252,330</b>
<b>Accumulated amortization:</b>				
Rights	(8,982,545)	(1,043,777)	-	(10,026,322)
Computer software	(11,830,483)	(1,650,765)	-	(13,481,248)
	<b>(20,813,028)</b>	<b>(2,694,542)</b>	<b>-</b>	<b>(23,507,570)</b>
<b>Net book value</b>	<b>6,408,531</b>			<b>9,744,760</b>
	1 January 2018	Additions	Disposals	31 December 2018
<b>Cost:</b>				
Rights	8,862,556	1,851,350	-	10,713,906
Computer software	16,507,653	-	-	16,507,653
	<b>25,370,209</b>	<b>1,851,350</b>	<b>-</b>	<b>27,221,559</b>
<b>Accumulated amortization:</b>				
Rights	(8,067,105)	(915,440)	-	(8,982,545)
Computer software	(10,179,718)	(1,650,765)	-	(11,830,483)
	<b>(18,246,823)</b>	<b>(2,566,205)</b>	<b>-</b>	<b>(20,813,028)</b>
<b>Net book value</b>	<b>7,123,386</b>			<b>6,408,531</b>



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## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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### 9. INVESTMENT IN EQUITY SHARES

	Participation Rate(%)	31 December 2019		31 December 2018	
		Cost	Carrying Value	Cost	Carrying Value
Vakıf Finansal Kiralama A.Ş.	15.65	13,614,690	32,947,375	13,614,690	24,234,019
Vakıf Gayrimenkul Yatı. Ort. A.Ş. <sup>(*)</sup>	1.74	8,060,517	9,160,100	8,060,517	7,342,914
Vakıf Menk. Kıy. Yat. Ort. A.Ş.	11.00	2,200,000	5,104,000	2,200,000	3,322,000
<b>Publicly traded investment in equity shares</b>		<b>23,875,207</b>	<b>47,211,475</b>	<b>23,875,207</b>	<b>34,898,933</b>
Vakıf Emeklilik ve Hayat A.Ş. <sup>(1)</sup>	37.10	27,260,175	602,031,607	27,260,175	533,464,441
Vakıf Pazarlama Sanayi ve Ticaret A.Ş. <sup>(2) (*)</sup>	9.76	13,989,682	5,797,099	13,989,682	4,831,293
Vakıf Finans Faktoring A.Ş. <sup>(2)</sup>	13.71	7,229,553	38,290,782	7,229,553	29,755,128
Vakıf İnşaat Restorasyon Tic. A.Ş. <sup>(3) (*)</sup>	2.92	5,919,833	900,801	5,919,833	900,801
Taksim Otelcilik A.Ş. <sup>(2)</sup>	1.43	5,628,206	6,502,172	5,628,206	6,187,125
Vakıf Enerji ve Madencilik A.Ş. <sup>(2) (*)</sup>	1.77	4,703,224	455,454	4,703,224	397,363
Türk P ve I Sigorta A.Ş. <sup>(4)</sup>	16.67	1,375,000	1,375,000	1,375,000	1,375,000
Tarım Sigortaları Havuz İşl. A.Ş. <sup>(4)</sup>	4.17	430,032	430,032	430,032	430,032
Vakıf Yatırım Menkul Değerler A.Ş. <sup>(2)</sup>	0.25	130,801	734,982	130,801	661,437
<b>Other investments in equity shares</b>		<b>66,666,506</b>	<b>656,517,929</b>	<b>66,666,506</b>	<b>578,002,620</b>
<b>Financial assets total</b>		<b>90,541,713</b>	<b>703,729,404</b>	<b>90,541,713</b>	<b>612,901,553</b>

<sup>(1)</sup> Vakıf Emeklilik A.Ş., %37.10 of its shares owned by the Company, is classified as securities and carried at its fair value considering that there is no significant influence of the Company in accordance with "TAS 28 - Investments in Associates and Joint Ventures". As of 31 December 2019, and 2018, its fair value was determined based on valuation report dated 23 January 2020 prepared by a CMB licensed company

<sup>(2)</sup> As at 31 December 2019 and 2018 the fair value determined based on valuation reports held.

<sup>(3)</sup> As at 31 December 2019 and 2018 the fair value determined based on valuation report prepared by a CMB licensed appraisal Company in 2008.

<sup>(4)</sup> The financial assets recognized with cost, due to lack of market price of the financial asset or valuation report.

<sup>(\*)</sup> As of 31 December 2019, the Company has allocated TRY 17,459,384 provision for related investments. (31 December 2018: TRY 19,200,885).

Movements of financial assets during the period as follows:

	2019	2018
<b>Beginning of the period - 1 January</b>	<b>612,901,553</b>	<b>503,114,597</b>
Purchases and capital increases	-	392,201
Fair value increases, recognized in equity (Note 15)	90,110,248	110,045,739
Value increase/(decrease) reflected in the income statement	717,603	(717,603)
Other	-	66,619
<b>Period ending - 31 December</b>	<b>703,729,404</b>	<b>612,901,553</b>

As of 31 December 2019 and 2018 there are no financial assets given as a guarantee.

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## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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The table within the company's equity share and associates as it is below:

Thousand TRY	Total Assets	Total Equity	Current Year Profit/(Loss)	Prior Profit/(Loss)	Audited/Unaudited	Period
Vakıf Emeklilik ve Hayat A.Ş.	11,495,990	614,118	230,099	155,840	Unaudited	30.09.2019
Vakıf Finansal Kiralama A.Ş.	2,885,815	283,183	15,915	40,055	Restricted	30.09.2019
Vakıf Finans Factoring Hizmetleri A.Ş.	2,139,839	307,121	65,742	94,928	Restricted	30.06.2019
Vakıf Gayrimenkul Yat. Ort. A.Ş.	1,655,112	967,257	(267)	27,178	Unaudited	30.09.2019
Vakıf Yatırım Menkul Değerler A.Ş.	561,696	231,315	26,186	34,197	Restricted	30.09.2019
Vakıf Enerji ve Madencilik A.Ş.	305,391	231,027	(2,533)	(19,341)	Audited	31.12.2018
Taksim Otelcilik A.Ş.	373,317	364,507	15,080	2,890	Audited	31.12.2018
Vakıf Paz. Sanayi ve Ticaret A.Ş.	72,677	55,976	4,433	3,666	Audited	31.12.2018
Türk P ve I Sigorta A.Ş.	71,981	19,513	5,205	5,571	Unaudited	30.09.2019
Tarım Sigortaları Havuz İşl. A.Ş.	23,651	13,207	(1,199)	4,772	Audited	31.12.2018
Vakıf Menk. Kıy. Yat. Ort. A.Ş.	19,150	18,465	936	102	Restricted	30.09.2019

### 10. REINSURANCE ASSETS AND LIABILITIES

As a ceding company, outstanding reinsurance assets and liabilities of the Company shown in details as follows:

	31 December 2019	31 December 2018
<b>Reinsurance Assets/(Liabilities)</b>		
Provision for outstanding claims, ceded (Note 17)	948,892,509	899,581,260
Reserve for unearned premiums, ceded (Note 17)	630,007,347	521,527,205
Equalization provision reinsurance share (Note 17)	96,730,254	77,843,764
Reserve for unexpired risks reinsurance share (Note 17)	33,608,051	27,002,225
Unearned premiums SSI share (Note 17)	22,705,951	18,731,331
Deferred commission income (Note 19)	(88,186,653)	(70,519,558)
Current account net debts of reinsurance companies (Note 19)	(350,530,977)	(258,346,265)

As of 31 December 2019, the Company accounted for a provision amounting to TRY 52,337,235 in short term "other technical provisions" for the claim receivables from several reinsurance companies and reinsurance share of certain outstanding claim files considering that they are under arbitration process or impaired (31 December 2018: TRY 44,029,675) (Note 17).

	1 January - 31 December 2019	1 January - 31 December 2018
<b>Reinsurance Income/(Expenses)</b>		
Paid Claims - Reinsurer Share	430,231,159	412,573,168
Commissions received from reinsurers, net (Note 32)	123,211,167	130,199,406
Change in Unearned premium reserve- Reinsurer Share	108,480,142	106,687,146
Outstanding claim provision- Reinsurer Share	49,311,249	327,547,287
Equalization provision - Reinsurer Share	18,886,490	16,326,258
Unexpired risk Reserve - Reinsurer Share	6,605,826	19,441,706
Change in Unearned premium reserve SSI Share	3,974,620	4,075,165
Ceded premiums to SSI	(34,792,456)	(34,438,818)
Ceded premiums to reinsurers	(965,895,003)	(870,151,643)

Detailed explanations about reinsurance agreements are disclosed in Note 2.14

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## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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### 11. FINANCIAL ASSETS

	31 December 2019	31 December 2018
Financial assets held for trading	122,817,105	22,241,849
	<b>122,817,105</b>	<b>22,241,849</b>

As of 31 December 2019, the details of the Company's trading financial assets are as follows:

31 December 2019	Nominal Value	Cost	Fair Value	Book Value
Private sector bond	118,000,000	118,000,000	122,817,105	122,817,105
<b>Total</b>	<b>118,000,000</b>	<b>118,000,000</b>	<b>122,817,105</b>	<b>122,817,105</b>

31 December 2018	Nominal Value	Cost	Fair Value	Book Value
Asset - backed securities	22,000,000	22,000,000	22,241,849	22,241,849
<b>Total</b>	<b>22,000,000</b>	<b>22,000,000</b>	<b>22,241,849</b>	<b>22,241,849</b>

	1 January 2019	Additions	Disposals	Valuation increase	31 December 2019
Financial assets held for trading	22,241,849	203,335,000	(107,335,000)	4,575,256	122,817,105
	<b>22,241,849</b>	<b>203,335,000</b>	<b>(107,335,000)</b>	<b>4,575,256</b>	<b>122,817,105</b>

	1 January 2018	Additions	Disposals	Valuation increase	31 December 2018
Financial assets held for trading	-	41,999,999	(21,618,349)	1,860,199	22,241,849
	<b>-</b>	<b>41,999,999</b>	<b>(21,618,349)</b>	<b>1,860,199</b>	<b>22,241,849</b>

### 12. LOANS AND RECEIVABLES

	31 December 2019	31 December 2018
Receivables from operating activities (Note 4.2)	688,927,359	531,686,102
Prepaid taxes and funds (Note 4.2)	18,516,745	16,140,828
Other receivables (Note 4.2)	1,876,141	2,090,897
<b>Total</b>	<b>709,320,245</b>	<b>549,917,827</b>
Short - term receivables	709,246,453	549,764,428
Medium and long-term receivables	73,792	153,399
<b>Total</b>	<b>709,320,245</b>	<b>549,917,827</b>

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## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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As at 31 December 2019 and 2018, receivables from operating activities are detailed as follows:

	31 December 2019	31 December 2018
Receivables from agencies, brokers and intermediaries	656,129,483	342,750,925
Receivables from policyholders	21,757,519	180,442,634
Salvage and subrogation (Note 2.20)	10,818,279	12,519,081
<b>Total receivables from main insurance operations</b>	<b>688,705,281</b>	<b>535,712,640</b>
Provision for salvage and subrogation receivables (Note 2.20)	(128,394)	(218,925)
Provision for premium receivables	(1,856,570)	(6,349,255)
<b>Provisions for receivables from insurance operations</b>	<b>(1,984,964)</b>	<b>(6,568,180)</b>
<b>Total receivables from main insurance operations -net</b>	<b>686,720,317</b>	<b>529,144,460</b>
Salvage and subrogation receivables under administrative and legal follow up - net	226,083,295	178,120,136
Doubtful receivables from main operations	21,520,493	16,156,745
<b>Doubtful receivables from main operations</b>	<b>247,603,788</b>	<b>194,276,881</b>
<b>Receivables from main operations - gross</b>	<b>934,324,105</b>	<b>723,421,341</b>
Provisions for salvage and subrogation receivables under administrative and legal follow up	(226,083,295)	(178,120,136)
Provisions for doubtful receivables from main operations	(19,313,451)	(13,615,103)
<b>Allowances for doubtful receivables from main operating activities</b>	<b>(245,396,746)</b>	<b>(191,735,239)</b>
<b>Receivables from main operations</b>	<b>688,927,359</b>	<b>531,686,102</b>

Details of salvage and subrogation receivables are as follows:

	31 December 2019	31 December 2018
Salvage and subrogation receivables - gross	392,337,182	320,154,784
Salvage and subrogation receivables - reinsurance share	(155,435,608)	(129,515,567)
<b>Salvage and subrogation</b>	<b>236,901,574</b>	<b>190,639,217</b>
Provisions for salvage and subrogation receivables under administrative and legal follow up	(226,083,295)	(178,120,136)
Provision of salvage and subrogation receivables	(128,394)	(218,925)
<b>Accruals of net salvage and subrogation receivables</b>	<b>10,689,885</b>	<b>12,300,156</b>

The related party transactions of the Company are presented in Note 45 in detail.

The receivables and payables denominated in foreign currencies and detailed analyses of foreign currency balances are presented in Note 4.2.

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### 13. DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2019 and 2018, the Company does not have any derivative financial instruments.

### 14. CASH AND CASH EQUIVALENT ASSETS

As of 31 December 2019 and 2018, cash and cash equivalents are as follows

	31 December 2019		31 December 2018	
	At the end of the period	At the beginning of the period	At the end of the period	At the beginning of the period
Cash	-	1,744	1,744	2,291
Banks	1,485,043,414	920,893,658	920,893,658	739,177,481
Receivables from Credit Cards	204,018,922	151,074,366	151,074,366	125,333,334
Mail Cheques	-	-	-	13,255
	<b>1,689,062,336</b>	<b>1,071,969,768</b>	<b>1,071,969,768</b>	<b>864,526,361</b>
Blocked amounts	(138,909,326)	(136,153,554)	(136,153,554)	(130,089,149)
Accrued interest on bank deposits	(10,363,061)	(9,656,721)	(9,656,721)	(4,747,610)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>1,539,789,949</b>	<b>926,159,493</b>	<b>926,159,493</b>	<b>729,689,602</b>

As at 31 December 2019 and 2018, bank balances are detailed as follows

	31 December 2019	31 December 2018
Foreign currency denominated bank deposit		
- Time deposit	30,318,254	42,288,349
- Demand deposit	1,639,240	595,836
Bank deposit in Turkish Lira		
- Time deposit	1,443,884,088	875,090,678
- Demand deposit	9,201,832	2,918,795
<b>Banks</b>	<b>1,485,043,414</b>	<b>920,893,658</b>

As of 31 December 2019, the Company has blocked bank deposits in favor of Ministry of Treasury and Finance in the amount of TRY 131,450,000 (31 December 2018: TRY 129,300,000), Tarım Sigortaları Havuz İşletmeleri A.Ş.'s (TARSİM) the amount of TRY 6,209,326 (31 December 2018: TRY 5,603,554), and Central Bank of Turkish Republic of Northern Cyprus in the amount of TRY 1,250,000 (31 December 2018: TRY 1,250,000).

As of 31 December 2019, maturity distributions of time deposits are between 2 days and 92 days (31 December 2018: 2-92 days). Interest rates of time deposits are as follows.

	31 December 2019	31 December 2018
TRY	%10.00 - %13.00	%20.00 - %24.15
USD	%1.30	%0.60 - %1.75
EUR	%0.15	%0.20

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### 15. SHAREHOLDERS EQUITY

#### Paid in capital

As explained in Note 2.13, the company capital was increased by TRY 270,000,000 to TRY 540,000,000, and the capital increase was registered in the Official Gazette on 24 September 2019.

There are no privileges to any class of shares.

As of 31 December 2019, the capital group controlled directly concerned with 56.10% share capital by Türkiye Vakıflar Bankası T.A.O on the Company (31 December 2018: 48.02%).

The company's major shareholder Türkiye Vakıflar Bankası T.A.O on 13 December 2019, in Public Disclosure Platform as announced negotiations started with the Turkey Wealths Fund Managements acquisition about the shareholding of 56.39% of the Company's equity securities and Vakıf Emeklilik ve Hayat A.Ş., which is the securities of the Company's with a share of 53.90% by a company.

As of the balance sheet date, the major shareholder is Türkiye Vakıflar Bankası T.A.O with a share of 56.10%.

There is no treasury shares held by the Company itself or by its subsidiaries or associates.

There is no shares issued which will be subject to sale in accordance with forward transactions and contracts.

#### Other capital reserves

As at 31 December 2019 and 2018, the detail of other capital reserves in accompanying the financial statements are as follows:

	<b>31 December 2019</b>	<b>31 December 2018</b>
Funds of profit from sale of properties	80,078,708	78,756,302
Premium on issued shares	6,921,603	654,992
<b>Capital Reserves</b>	<b>87,000,311</b>	<b>79,411,294</b>

In accordance with tax legislation, 75% of profits from sales of land and buildings and participation shares included in the assets of companies is exempted from corporate tax on a condition that it is classified under a special fund for five years. The exempted gains cannot be transferred to another account except for capital expenditure or cannot be paid as dividend for five years. In accordance with the 27 October 2008 dated and 2008/41 numbered sector announcement by Ministry of Treasury and Finance, 75% of TRY 104,608,403 sales gain amounting to TRY 78,756,302 arising from sales of the other investment properties in 2010, 2014 and 2015, are recognized under "other capital reserve" account. In line with the same explanations, equity capital of TRY 80,078,707, including

TRY 1,322,405, corresponding to 50% of the building sales profit of TRY 2,644,810 calculated from the investment property owned by the Company and calculated according to the Tax Procedure Law. It is classified as "Other Capital Reserves" in the "Capital Reserves" accounting groups

In accordance with the same disclosures, the Company acquired 50% of the building sales profit of TRY 114,320, which is calculated from the sale of investment property owned by the Company in accordance with the Tax Procedural Law is amounting to TRY 57,160; "Net Profit" is classified as "Non-Distribution Profit" within the account group. TRY 55,320 of sales profit, which is calculated by taking into consideration the book value determined according to TAS, has been accounted under tab Investment Revenues sales in the income statement (31 December 2018: TRY 1,092,710).

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## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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### Legal Reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the TCC. The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5%, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

The movement of legal reserves in the period is as follows:

	31 December 2019	31 December 2018
Legal Reserves	4,949,441	4,949,441
<b>Legal Reserves</b>	<b>4,949,441</b>	<b>4,949,441</b>

### Valuation of financial assets

As at 31 December 2019 and 2018, financial assets classified as available for sale securities, investments and equity securities resulting from changes in the fair value of the details are as follows:

	31 December 2019	31 December 2018
Investment in equity shares	615,259,947	529,808,797
<b>Valuation of financial assets</b>	<b>615,259,947</b>	<b>529,808,797</b>

The movements of change in fair value of investment in equity shares are given below:

	2019	2018
<b>Beginning of the period - 1 January</b>	<b>529,808,797</b>	<b>425,220,441</b>
Fair value increase (Note 9)	90,110,248	110,045,739
Tax effect on fair value increase (Note 21)	(4,659,098)	(5,524,002)
Other	-	66,619
<b>Period ending - 31 December</b>	<b>615,259,947</b>	<b>529,808,797</b>

The value increase in financial assets in last 3 years (with the effect of related tax effect) is as follows:

2019	85,451,150
2018	104,588,356
2017	139,073,733

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### Other profit reserves

In accordance with the 4 July 2007 dated and 2007/3 numbered Compliance Circular issued by Ministry of Treasury and Finance, it was stated that the companies would not further provide earthquake provision for the year 2007. However, it was also stated that earthquake provisions provided in previous periods (earthquake provision in the financial statements as at 31 December 2006) should be transferred to the reserve accounts under equity in accordance with the 5th Temporary Article of the Insurance Law. The companies had to transfer total amount of provisions, including earthquake provisions reserved as at 31 December 2006 and related gains obtained from investment of these amounts, to the account called as "549.01 - transferred earthquake provisions" which would be opened as at 1 September 2007 within Uniform Chart of Account and the reserves amount should not be subject to dividend distribution or should not be transferred to other accounts. In accordance with the related laws and regulations as of 30 June 2007 TRY 12,464,935 amount of earthquake provisions has been transferred to other profit reserves under equity accounts at 3 September 2007.

Details of other profit reserves are as follows:

	<b>31 December 2019</b>	<b>31 December 2018</b>
Revaluation fund (Note 6)	153,130,787	148,899,087
Earthquake claim fund transferred to shareholder's equity	12,464,935	12,464,935
Transferred reserves from profits of prior years	6,592,946	6,592,946
Actuarial loss	(6,898,524)	(4,841,636)
<b>Other profit reserves</b>	<b>165,290,144</b>	<b>163,115,332</b>

The movement of the revaluation funds is as follows:

	<b>2019</b>	<b>2018</b>
Beginning of the period - 1 January	148,899,087	139,597,258
Increase/(decrease) in the revaluation fund, net (Note 6)	4,231,700	9,301,829
<b>End of the period - 31 December (Note 6)</b>	<b>153,130,787</b>	<b>148,899,087</b>

In accordance with "TAS 16 - Tangible Assets", the Company accounts for property (land and buildings) using the revaluation model. Increases in the carrying amounts arising on revaluation of land and buildings, net of tax, are accounted for in "Other capital reserves" under shareholders' equity. At each accounting period, the difference between depreciation based on the revalued carrying amount of the asset (charged to the statement of income) and the depreciation based on the asset's original cost is transferred from "Other Capital reserves" to retained earnings. In accordance with the current regulation, revaluation increases arising from the revaluation of property held for use are not allowed to be used in capital increases. The movements in the current period related to revaluation increases are disclosed in Note 6.



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### 16. OTHER RESERVES AND EQUITY COMPONENT OF DISCRETIONARY PARTICIPATION FEATURE

The information about other reserves which are within the share holders' equity is at Note 15.

### 17. INSURANCE LIABILITIES AND REINSURANCE ASSETS

As of 31 December 2019, and 2018, details of technical provisions are as follows:

	31 December 2019	31 December 2018
Reserve for unearned premiums, gross	1,341,412,234	1,054,767,434
Reserve for unearned premiums, ceded (Note 10)	(630,007,347)	(521,527,205)
Reserve for unearned premiums, SSI ceded (Note 10)	(22,705,951)	(18,731,331)
<b>Reserve for unearned premiums, net</b>	<b>688,698,936</b>	<b>514,508,898</b>
Provision for outstanding claims, gross	1,878,740,857	1,657,238,933
Provision for outstanding claims, ceded (Note 10)	(948,892,509)	(899,581,260)
<b>Provision for outstanding claims, net</b>	<b>929,848,348</b>	<b>757,657,673</b>
Reserve for unexpired risks, gross	39,532,987	45,001,851
Reserve for unexpired risks, ceded (Note 10)	(33,608,051)	(27,002,225)
<b>Reserve for unexpired risks, net</b>	<b>5,924,936</b>	<b>17,999,626</b>
Equalization provision, gross	136,008,760	111,699,398
Equalization provision ceded (Note 10)	(96,730,254)	(77,843,764)
<b>Equalization provision, net</b>	<b>39,278,506</b>	<b>33,855,634</b>
<b>Other technical provisions, net (Note 10)</b>	<b>52,337,235</b>	<b>44,029,675</b>
<b>Total technical provisions, net</b>	<b>1,716,087,961</b>	<b>1,368,051,506</b>

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In accordance with the 5 December 2014 dated and 2014/16 numbered "Circular on Provision for Outstanding Claim" by Ministry of Treasury and Finance, the Company decided ACLM methods for each branch depending on the actuary's recommendation. Same methods implemented along with previous periods for ACLM calculations of all branches except Air Vehicle and Air Vehicle Liability branches. The development factors used on Compulsory Traffic was calculated by considering on incurred claim triangles that was excluded large claims to remove the misleading effect of them and those development factors was applied to the incurred claim triangles which include all claims. In addition, development and tail factors has been determined by using statistical methods and implemented to ACLM triangles in accordance with actuary's opinion. Loss ratio method implemented to ACLM triangles for General Liability branch as a result of large claim elimination pursuant to actuary's opinion. The ACLM calculations are performed on a gross basis and the net amounts are determined in accordance with the methods presented below. As of 31 December 2019 and 2018, ACLM calculation methods for branches and as a result of these calculations, additional gross or net reserves that will be reserved or that will be reduced from reserves are described below:

Branches	31 December 2019			31 December 2018		
	Method Used	Provision Gross Add	Provision Net Add	Method Used	Provision Gross Add	Provision Net Add
Compulsory Traffic	Standard	548,687,475	479,995,654	Standard	320,722,728	304,550,032
General Liability	Claim/Premium	211,082,679	27,344,769	Claim/Premium	202,161,384	25,816,009
Air Vehicles	Claim/Premium	164,386,277	-	Claim/Premium	129,341,762	-
Air vehicles Liability	Cape Cod	51,549,656	-	Cape Cod	38,558,435	-
Facultative Financial Liability	Standard	13,644,106	13,453,530	Standard	9,876,367	9,716,370
Accident	Standard	3,733,089	2,002,801	Standard	3,202,065	1,802,442
Water Vehicles	Standard	3,687,227	489,295	Standard	2,022,535	255,851
Breach of Trust	Standard	1,678,738	114,994	Standard	7,468,789	450,368
General Loses	Standard	771,980	71,331	Standard	11,001,201	991,208
Legal Protection	Standard	200,980	63,027	Standard	180,133	67,082
Financial Losses	Standard	(215,948)	(111,969)	Standard	(106,879)	(6,391)
Marine	Standard	2,572,472	989,373	Standard	(1,804,840)	(649,562)
Health	Standard	(1,464,457)	(1,464,457)	Standard	(1,120,847)	(1,120,847)
Fire and Natural Disasters	Standard	(1,157,770)	(682,621)	Standard	(3,329,062)	(1,895,901)
Motor Vehicles	Standard	(9,522,693)	(9,425,561)	Standard	(13,296,012)	(13,145,768)
<b>Total</b>		<b>989,633,811</b>	<b>512,840,166</b>		<b>704,877,759</b>	<b>326,830,893</b>

Below are the details of methods used to calculate net amount of provisions with additional gross, as a result of ACLM calculations for branches:

Branches	Used Net Off Method
Compulsory Traffic	Conservation rate of related reinsurance agreement
General Liability	Conservation rate of last period outstanding claim (after large claim elimination)
Facultative Financial Liability	Conservation rate of related reinsurance agreement
Air vehicles Liability	Conservation rate of incurred claims in ACLM table (after large claim elimination)
General Loses	Conservation rate of incurred claims in ACLM table (after large claim elimination)
Accident	Conservation rate of incurred claims in ACLM table (after large claim elimination)
Health	Conservation rate of related reinsurance agreement
Fire and Natural Disasters	Conservation rate of incurred claims in ACLM table (after large claim elimination)
Breach of Trust	Conservation rate of incurred claims in ACLM table (after large claim elimination)
Marine	Conservation rate of incurred claims in ACLM table (after large claim elimination)
Air Vehicles	Conservation rate of incurred claims in ACLM table (after large claim elimination)
Legal Protection	Conservation rate of incurred claims in ACLM table (after large claim elimination)
Motor Vehicles	Conservation rate of related reinsurance agreement
Water Vehicles	Conservation rate of incurred claims in ACLM table (after large claim elimination)
Financial Losses	Conservation rate of incurred claims in ACLM table (after large claim elimination)

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The Company, while doing the ACLM calculations, eliminated the major 3 claims in a separate file to have a more homogeneous data set of calculations with the statistical methods, accepted by circular. The major claim limits to extract the major claims for branches which are as a result of the calculations are described below:

<b>Branches</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Air Vehicles	25,730,514,459	9,009,026,228
General Liability	14,213,937,364	4,340,660,568
Breach of Trust	2,362,511,375	3,820,746,494
Marine	663,405,799	331,125,434
Air vehicles Liability	288,038,086	148,441,657
Water Vehicles	130,278,324	90,544,876
Accident	27,722,143	50,035,898
General Loses	17,680,956	13,007,176
Facultative Financial Liability	4,519,872	2,721,710
Motor Vehicles	900,757	870,513
Fire and Natural Disasters	377,423	348,381
Legal Protection	72,233	62,511
Health	36,414	39,126
Financial Losses	Not eliminated	16,438,859
Compulsory Traffic <sup>(*)</sup>	-	-

<sup>(\*)</sup> The large damage limits used for Compulsory Traffic have been used for the selection of coefficients of development, and files that exceed these limits have not been eliminated.

As of 31 December 2019, and 2018, movements of insurance liabilities and reinsurance assets are as follows:

Reserve for unearned premiums:

	<b>2019</b>			
	<b>Gross</b>	<b>Reinsurer's Share</b>	<b>SSI Ceded</b>	<b>Net</b>
Beginning of the period - 1 January	1,054,767,434	(521,527,205)	(18,731,331)	514,508,898
Written premium during the period	2,265,587,673	(965,895,003)	(34,792,456)	1,264,900,214
Earned premiums during the period	(1,978,942,873)	857,404,861	30,827,836	(1,090,710,176)
<b>Period ending - 31 December</b>	<b>1,341,412,234</b>	<b>(630,017,347)</b>	<b>(22,695,951)</b>	<b>688,698,936</b>

Reserve for unearned premiums:

	<b>2018</b>			
	<b>Gross</b>	<b>Reinsurer's Share</b>	<b>SSI Ceded</b>	<b>Net</b>
Beginning of the period - 1 January	876,959,070	(414,840,059)	(14,656,166)	447,462,845
Written premium during the period	1,907,406,583	(870,151,643)	(34,438,818)	1,002,816,122
Earned premiums during the period	(1,729,598,219)	763,464,497	30,363,653	(935,770,069)
<b>Period ending - 31 December</b>	<b>1,054,767,434</b>	<b>(521,527,205)</b>	<b>(18,731,331)</b>	<b>514,508,898</b>

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Provision for outstanding claims:

	<b>2019</b>		
	<b>Gross</b>	<b>Reinsurer's Share</b>	<b>Net</b>
<b>Beginning of the period - 1 January</b>	<b>1,276,954,484</b>	<b>(670,255,392)</b>	<b>606,699,092</b>
Claims paid during the period	(315,952,443)	182,094,298	(133,858,145)
Change			
- Indirect claims	15,034,352	(14,956,856)	77,496
- Current period outstanding claims	593,343,037	(272,821,954)	320,521,083
- Prior years outstanding claims	(180,328,045)	98,233,554	(82,094,491)
<b>Total reported claims end of the period</b>	<b>1,389,051,385</b>	<b>(677,706,350)</b>	<b>711,345,035</b>
Deduction amount calculated in accordance with winning ratio <sup>(*)</sup>	(223,206,158)	106,717,621	(116,488,537)
Incurred but not reported claims <sup>(*)</sup>	989,633,811	(476,793,645)	512,840,166
Discount adjustment for outstanding claim reserve <sup>(*)</sup>	(276,738,181)	98,889,865	(177,848,316)
<b>Period ending - 31 December</b>	<b>1,878,740,857</b>	<b>(948,892,509)</b>	<b>929,848,348</b>

<sup>(\*)</sup> Note 2.25.

	<b>2018</b>		
	<b>Gross</b>	<b>Reinsurer's Share</b>	<b>Net</b>
<b>Beginning of the period - 1 January</b>	<b>1,001,173,374</b>	<b>(483,068,120)</b>	<b>518,105,254</b>
Claims paid during the period	(265,279,639)	176,980,644	(88,298,995)
Change			
- Indirect claims	17,342,542	(11,609,104)	5,733,438
- Current period outstanding claims	415,160,388	(210,479,548)	204,680,840
- Prior years outstanding claims	108,557,819	(142,079,264)	(33,521,445)
<b>Total reported claims end of the period</b>	<b>1,276,954,484</b>	<b>(670,255,392)</b>	<b>606,699,092</b>
Deduction amount calculated in accordance with winning ratio <sup>(*)</sup>	(142,648,972)	80,513,509	(62,135,463)
Incurred but not reported claims <sup>(*)</sup>	704,877,759	(378,046,866)	326,830,893
Discount adjustment for outstanding claim reserve <sup>(*)</sup>	(181,944,338)	68,207,489	(113,736,849)
<b>Period ending - 31 December</b>	<b>1,657,238,933</b>	<b>(899,581,260)</b>	<b>757,657,673</b>

<sup>(\*)</sup> Note 2.25.

### Claim Development Tables

The basic assumption used in estimation of the provision for outstanding claims is the Company's past experience of claims development. In determining the effect of external factors like court decisions and legal changes provision for outstanding claims; The Company management uses its own judgments. Sensitivity of estimations caused by legal changes and other ambiguities in the process of estimation is not measurable. Also, the long intervals between the time claim happens and the payment time prevent the provision for outstanding claims to be determined clearly. Consequently, total liabilities can change according to subsequent events and differences occurred by this re-estimation of the total liabilities are booked in financial statements in succeeding periods

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## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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Development of insurance liabilities allows measuring the performance of the Company in estimating the total claims liability. The amounts in the upper part of the tables below show the changes in the Company's estimations of aggregate claims from the time that claims happened, whereas the amounts in the lower part of the table gives the reconciliation of the total liabilities with the provision for outstanding claim that is presented on the financial statements.

### 31 December 2019

Claim Period	1 January - 31 December 2013	1 January - 31 December 2014	1 January - 31 December 2015	1 January - 31 December 2016	1 January - 31 December 2017	1 January - 31 December 2018	1 January - 31 December 2019	Total
<b>Claim year</b>								
1 year later	525,464,405	655,168,413	697,264,903	660,252,953	815,461,595	926,563,705	820,686,951	5,100,862,925
2 year later	209,411,891	358,339,172	333,447,583	307,188,756	508,078,551	475,435,119	-	2,191,901,072
3 year later	116,723,999	208,808,687	211,730,982	180,332,615	281,422,098	-	-	999,018,381
4 year later	119,828,978	186,636,362	250,233,932	177,985,732	-	-	-	734,685,004
5 year later	129,077,679	202,110,280	221,952,755	-	-	-	-	553,140,714
6 year later	147,182,088	185,355,133	-	-	-	-	-	332,537,221
7 year later	146,661,190	-	-	-	-	-	-	146,661,190
<b>Total incurred Los- gross</b>	<b>1,394,350,230</b>	<b>1,796,418,047</b>	<b>1,714,630,155</b>	<b>1,325,760,056</b>	<b>1,604,962,244</b>	<b>1,401,998,824</b>	<b>820,686,951</b>	<b>10,058,806,507</b>

Claim Period	1 January - 31 December 2013	1 January - 31 December 2014	1 January - 31 December 2015	1 January - 31 December 2016	1 January - 31 December 2017	1 January - 31 December 2018	1 January - 31 December 2019	TotalClaim year
1 year later	444,682,849	525,464,405	655,168,413	697,264,903	660,252,953	815,461,595	926,563,705	4,724,858,823
2 year later	184,754,259	209,411,891	358,339,172	333,447,583	307,188,756	508,078,551	-	1,901,220,212
3 year later	96,412,663	116,723,999	208,808,687	211,730,982	180,332,615	-	-	814,008,946
4 year later	96,954,654	119,828,978	186,636,362	250,233,932	-	-	-	653,653,926
5 year later	107,604,388	129,077,679	202,110,280	-	-	-	-	438,792,347
6 year later	109,040,846	147,182,088	-	-	-	-	-	256,222,934
7 year later	123,050,927	-	-	-	-	-	-	123,050,927
<b>Total incurred Los- gross</b>	<b>1,162,500,586</b>	<b>1,247,689,040</b>	<b>1,611,062,914</b>	<b>1,492,677,400</b>	<b>1,147,774,324</b>	<b>1,323,540,146</b>	<b>926,563,705</b>	<b>8,911,808,115</b>

Total amount of guarantee that should be placed by the Company for life and non-life branches and guarantees placed for the life and non-life branches in respect of related assets

	31 December 2019		31 December 2018	
	Should be Placed (*)	Placed	Should be Placed (*)	Placed
Non-life:				
Banks deposits (Note 14)	-	152,700,000	-	130,550,000
	<b>150,274,219</b>	<b>152,700,000</b>	<b>125,687,340</b>	<b>130,550,000</b>

(\*) Under the article 4 of the "The Communiqué on the Financial Structure of Insurance, Reinsurance and Pension Companies", published in accordance with the Insurance Law, in the Official Gazette dated 7 August 2007 and numbered 26606, the insurance companies and private pension companies operating in life and personal accident branches are required to provide guarantees that equal to one third of required capital amount as determined by capital adequacy calculation, as Minimum Guarantee Fund, in each capital adequacy calculation period.

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### Total amount of insurance risk on a branch basis

	<b>31 December 2019</b>	<b>31 December 2018</b>
Motor Vehicles Liability	1,770,074,128,490	2,205,157,454,910
Fire and Natural Disasters	278,422,872,247	256,503,610,319
Health	216,018,625,297	147,824,927,376
General Losses	91,874,306,742	85,471,004,791
General Liability	57,481,845,447	41,257,809,654
Air Vehicles Liability	37,769,320,975	34,186,676,000
Motor Vehicles	22,881,921,608	20,531,075,997
Accident	11,002,276,611	8,367,609,412
Financial Losses	10,708,045,059	5,685,019,174
Air Vehicles	10,659,628,987	9,731,813,492
Marine	6,928,392,402	3,499,046,381
Water Vehicles	6,140,028,143	5,351,094,486
Legal Protection	1,092,053,823	1,108,826,816
<b>Total</b>	<b>2,521,053,445,831</b>	<b>2,824,675,968,808</b>

### Company's number of life insurance policies, additions, disposals during the year and the related mathematical reserves

None (31 December 2018: None).

### Distribution of new life insurance policyholders in terms of numbers and gross and net premiums as individual or group during the period

None (31 December 2018: None).

### Distribution of mathematical reserves for life insurance policyholders who left the Company's portfolio as individual or group during the period

None (31 December 2018: None).

### Deferred commission expenses

Deferred portion of commissions paid to the intermediaries in relation to the policy production are capitalized under the account of "short-term prepaid expenses" in the accompanying financial statements. Total prepaid expenses amounting to TRY 178,900,267 (31 December 2018:

TRY 122,294,652) is composed of deferred commission expenses amounting to TRY 160,854,044 (31 December 2018: TRY 108,218,487) and other prepaid expenses amounting to TRY 18,046,223 (31 December 2018: TRY 14,076,165)

As at 31 December 2019 and 2018, the movements of deferred commission expenses are presented below:

	<b>2019</b>	<b>2018</b>
<b>Beginning of the period - 1 January</b>	<b>108,218,487</b>	<b>97,786,422</b>
Commissions accrued during the period	310,775,392	238,761,305
Commissions expensed during the period (Note 32)	(258,139,835)	(228,329,240)
<b>Period ending - 31 December</b>	<b>160,854,044</b>	<b>108,218,487</b>

### Individual pension funds

None (31 December 2018: None).

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## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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### 18. INVESTMENT CONTRACT LIABILITIES

None (31 December 2018: None).

### 19. TRADE AND OTHER PAYABLES DEFERRED INCOME

	31 December 2019	31 December 2018
Payables arising from operating activities	413,919,636	288,616,766
Deferred Commission Incomes (Note 10)	88,186,653	70,519,558
Payables to SSI	12,309,295	7,496,588
Other various payables	40,298,597	19,831,911
	<b>554,714,181</b>	<b>386,464,823</b>

As of 31 December 2019, payables arising from operating activities are debts to reinsurance companies amounting to TRY 350,530,977 (31 December 2018: TRY 258,346,265) (Note 10).

As of 31 December 2019, and 2018, details of other payables are as follows:

	31 December 2019	31 December 2018
Accounts payable	31,416,239	13,855,099
Payables to Turkish Natural Catastrophe Insurance Pool (TCIP)	5,492,507	5,123,828
Payables to contracted repair shops	3,313,309	982,033
Other various payables	288,444	136,331
Other payables discounts	(211,902)	(265,380)
	<b>40,298,597</b>	<b>19,831,911</b>

### Total amount of investment discount for the current and future periods

None (31 December 2018: None).

### 20. FINANCIAL PROPERTIES

As of 31 December 2019, and 1 January 2019, the Company's total lease obligation and lease liabilities, which are recognized as part of the transition to TFRS 16 Leases, are as follows:

	31 December 2019	1 January 2019
Short - term leases liabilities	615,146	669,052
Long - term lease liabilities	988,725	1,310,421
Alternative borrowing rate and discount amount	(617,447)	(794,597)
<b>Total Lease Liabilities</b>	<b>986,424</b>	<b>1,184,876</b>

	31 December 2019
<b>Total lease obligation as of January 1</b>	<b>-</b>
TFRS 16 transition effect	1,184,876
Rent payments (property and motor vehicles)	(375,602)
Interest payment	177,150
<b>Total lease liabilities as of 31 December 2019</b>	<b>986,424</b>

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## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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### 21. DEFERRED TAXES

The Company calculates deferred income tax assets and liabilities for the temporary differences in the balance sheet items arising due to the measurement in these financial statements and measurement in accordance with Tax Procedure Law. The enacted tax rate used for the calculation of deferred income tax assets and liabilities on temporary differences that are expected to be realized in the following periods under the liability method is 22% and 11% (31 December 2018: %22 or %11). However, as mentioned on the note 2.17, the Company will be responsible for 22%, 5.5% or 11% of the temporary differences that is to be realized in the first 3 years.

As 31 December 2019 and 2018, the temporary giving rise to deferred income tax assets and liabilities with using enacted tax rates are follows.

	Total temporary differences		Deferred tax Assets/(liabilities)	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
<b>Deferred Tax Assets</b>				
Other technical provisions (Notes 10)	52,337,235	44,029,675	11,514,192	9,686,529
Equalization provision	34,589,998	29,152,146	6,918,000	5,830,429
Provision for legal cases (Notes 23)	19,103,044	2,877,721	4,202,670	633,099
Impairment provision for associates	20,161,322	20,878,924	4,032,264	4,175,785
Provision for Severance and vacation (Notes 23)	19,396,043	15,024,620	3,879,209	3,004,924
Unexpired Risk Provision (Notes 17)	5,924,936	17,999,626	1,303,486	3,959,918
Provision for doubtful receivables (Notes 12)	1,984,964	6,568,180	436,692	1,445,000
Rediscount payables	(2,441,267)	1,178,968	(537,079)	259,372
Accumulated tax losses	-	76,497,931	-	16,829,545
			<b>31,749,434</b>	<b>45,824,601</b>
<b>Deferred tax Liabilities</b>				
Fair value differences in associates	(636,818,584)	(546,708,337)	(32,585,016)	(27,925,923)
Revaluation fund of properties Held for use (Note 6)	(170,769,957)	(165,426,015)	(17,639,170)	(16,526,928)
Fixed assets	(8,756,692)	(6,203,059)	(1,751,339)	(1,240,612)
Revaluation difference of Investment properties	(6,841,630)	(10,825,552)	(276,779)	(1,190,811)
Payable rediscounts	643,770	(281,245)	141,629	(61,874)
			<b>(52,110,675)</b>	<b>(46,946,148)</b>
<b>Net deferred tax liabilities</b>			<b>(20,361,241)</b>	<b>(1,121,547)</b>

The movement of deferred tax (liabilities)/assets during the period are as follows:

	2019	2018
<b>Beginning of the period -1 January</b>	<b>(1,121,547)</b>	<b>9,665,934</b>
Deferred tax income	(13,982,596)	1,512,840
Deferred tax, recognized in equity over the revaluation fund of properties held for own use (Note 6)	(1,112,219)	(6,973,127)
Deferred tax effect of actuarial gain and loss	514,219	196,808
Deferred tax, recognized in equity over the revaluation differences of financial assets (Note 15)	(4,659,098)	(5,524,002)
<b>Period ending - 31 December</b>	<b>(20,361,241)</b>	<b>(1,121,547)</b>



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As of 31 December 2019, and 2018, the remaining periods to maturity of the Company's accumulated tax losses:

	<b>31 December 2019</b>	<b>31 December 2018</b>
Until 2020 <sup>(*)</sup>	-	13,620,974
Until 2021	-	62,876,957
<b>Total</b>	<b>-</b>	<b>76,497,931</b>

<sup>(\*)</sup> As indicated in Note 2.17, in accordance with the regulation numbered 6736, the Company will not be able to offset 50% of the carry forward tax losses against future taxable profits for the years those the tax bases have been increased. As of 31 December 2018, these amounts represent 50% of the tax losses of the respective years.

As of 31 December 2019, the Company have not accumulated tax losses. The Company have TRY 76,497,931 tax losses as of 31 December 2018. There is no tax loss that the Company management believes will not be able to benefit from projections related to whether taxable profits will be available before the expiration of accumulated tax losses (31 December 2018: None). The Company recognized deferred tax assets amounting to TRY 16,829,545 for the accumulated tax losses amounting to TRY 76,497,931 as of 31 December 2018.

### 22. RETIREMENT BENEFIT OBLIGATIONS

None (31 December 2018: None).

### 23. PROVISIONS FOR OTHER LIABILITIES AND EXPENSES

As at 31 December 2019 and 2018, the details of the provisions for other liabilities and expenses are as follows:

	<b>31 December 2019</b>	<b>31 December 2018</b>
Personnel bonus provisions	10,000,000	-
Provision for lawsuit and court expense	3,853,044	2,787,746
Provision for unused vacations	1,098,101	798,885
Other Provisions	5,250,000	89,975
<b>Provision for accrued expenses</b>	<b>20,201,145</b>	<b>3,676,606</b>
<b>Provision for severance pay</b>	<b>18,297,942</b>	<b>14,225,735</b>

Movements of provision for severance pay during the period are presented below:

	<b>2019</b>	<b>2018</b>
<b>Beginning of the period - 1 January</b>	<b>14,225,735</b>	<b>12,253,298</b>
Interest cost	2,112,447	1,311,102
Service cost	1,472,273	1,323,031
Payments during the period	(2,083,622)	(1,645,734)
Actuarial loss/(gain)	2,571,109	984,038
<b>At the end of the period - 31 December</b>	<b>18,297,942</b>	<b>14,225,735</b>

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### 24. NET INSURANCE PREMIUM INCOME

As of 1 January - 31 December 2019 and 2018 details of written premiums are as follows:

	1 January - 31 December 2019			1 January - 31 December 2018				
	Gross	Re-Share	SSI Ceded	Net	Gross	Re-Share	SSI Ceded	Net
Motor Vehicles Liability	462,777,985	(116,471,828)	(34,785,683)	311,520,474	447,952,398	(59,321,264)	(34,419,117)	354,212,017
Fire and Natural Disasters	413,852,577	(272,832,047)	-	141,020,530	343,455,592	(237,185,620)	-	106,269,972
Motor Vehicles	332,537,884	(6,773,116)	-	325,764,768	304,735,377	(6,076,704)	-	298,658,673
Health	281,347,687	-	-	281,347,687	153,221,918	-	-	153,221,918
General Losses	228,467,725	(185,457,658)	-	43,010,067	271,861,955	(247,648,385)	-	24,213,570
Air vehicles Liability	144,890,441	(144,890,441)	-	-	113,545,970	(113,545,970)	-	-
Air Vehicles	114,239,374	(114,239,374)	-	-	114,993,174	(114,993,174)	-	-
Accident	104,783,898	(18,952,632)	(6,773)	85,824,493	50,164,872	(10,446,444)	(19,701)	39,698,727
General Liability	54,964,447	(45,848,598)	-	9,115,849	41,699,278	(36,894,909)	-	4,804,369
Financial Losses	43,300,334	(2,151,386)	-	41,148,948	2,699,778	(1,716,999)	-	982,779
Water Vehicles	40,972,668	(37,673,737)	-	3,298,931	28,529,253	(25,969,370)	-	2,559,883
Marine	28,969,162	(17,021,812)	-	11,947,350	27,223,017	(14,004,297)	-	13,218,720
Legal Protection	11,284,560	(1,122,385)	-	10,162,175	6,667,726	(1,883,691)	-	4,784,035
Breach of Trust	3,198,931	(2,459,989)	-	738,942	656,275	(464,816)	-	191,459
<b>Total</b>	<b>2,265,587,673</b>	<b>(965,895,003)</b>	<b>(34,792,456)</b>	<b>1,264,900,214</b>	<b>1,907,406,583</b>	<b>(870,151,643)</b>	<b>(34,438,818)</b>	<b>1,002,816,122</b>

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## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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### 25. SUBSCRIPTION FEE REVENUE

None (31 December 2018: None).

### 26. INVESTMENT INCOME

	1 January - 31 December 2019	1 January - 31 December 2018
Income from financial investments	218,660,663	144,919,637
<i>Interest income from time deposit</i>	203,677,902	143,301,287
<i>Interest income from debt instrument</i>	14,982,761	1,618,350
Foreign exchange gains	89,232,622	184,655,484
<i>Fx gains from current accounts transactions</i>	43,892,840	145,520,824
<i>Fx gains from cash and cash equivalent transactions</i>	45,339,782	39,134,660
Income from associates	29,515,753	20,569,367
Income from derivative instruments	-	-
Valuation of financial investments	5,281,597	5,150,960
Rent incomes	1,134,008	986,093
Valuation of land, estate and buildings (Note 7)	15,990	4,263,000
Acquired incomes		
Land, estate and buildings sales from	55,320	1,151,235
Other Investments	717,603	-
<b>Total</b>	<b>344,613,556</b>	<b>361,695,776</b>

### 27. NET REALIZED GAINS ON FINANCIAL ASSETS

Net realized gains on financial assets are presented in Note 4.2.

### 28. NET FAIR VALUE GAINS ON ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS

Net realized gains on financial assets are presented in Note 4.2.

### 29. INSURANCE RIGHTS AND CLAIMS

Disclosed in Note 17.

### 30. INVESTMENT CONTRACT BENEFITS

None (31 December 2018: None).

### 31. OTHER EXPENSES

The allocation of the expenses with respect to their nature or function is presented in Note 32.

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## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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### 32. EXPENSE BY NATURE

Details of operating expenses included in the income statement are as follows:

	<b>1 January - 31 December 2019</b>	<b>1 January - 31 December 2018</b>
Commission expenses (Note 17)	258,139,835	228,329,240
<i>Commission to intermediaries accrued during the period (Note 17)</i>	310,775,392	238,761,305
<i>Change in deferred production commissions (Note 17)</i>	(52,635,557)	(10,432,065)
Employee benefit expense (Note 33)	117,114,024	92,509,976
Management expenses	16,632,804	16,458,189
Advertising expenses	6,590,928	3,579,740
External benefits and services	7,559,863	7,469,921
Acquired commission incomes from reinsurer (Note 10)	(123,211,167)	(130,199,406)
<i>Commission income accrued from reinsurers during the period (Note 10)</i>	(140,878,262)	(131,949,561)
<i>Change deferred acquisition income (Note 10)</i>	17,667,095	1,750,155
Other operating expenses	34,983,342	36,847,750
<b>Total</b>	<b>317,809,629</b>	<b>254,995,410</b>

### 33. EMPLOYEE BENEFIT EXPENSES

The details of employee benefit expenses are as follows:

	<b>1 January - 31 December 2019</b>	<b>1 January - 31 December 2018</b>
Wages and salaries	92,319,172	71,497,318
Employer's share in social security premiums	12,055,032	10,848,776
Other fringe benefits	8,544,987	7,039,082
Other benefits	4,194,833	3,124,800
<b>Total</b>	<b>117,114,024</b>	<b>92,509,976</b>

### 34. FINANCE COSTS

Finance costs are presented in Note 4.2 - Financial Risk Management above. There are no finance costs classified in production costs or capitalized on tangible assets.

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## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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### 35. INCOME TAXES

Income tax expense in the accompanying financial statements is as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
<b>Corporate tax liability:</b>		
Calculated corporate tax provision	(12,509,362)	-
<b>Deferred tax:</b>		
Tax arising from		
Change of deductible temporary differences	(16,393,196)	4,286,086
Tax arising from		
Change of taxable temporary differences	2,410,600	(2,773,246)
<b>Total income tax expense recognized in statement of income</b>	<b>(26,491,958)</b>	<b>1,512,840</b>

A reconciliation of tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for 1 January - 31 December 2019 and 2018 is as follows:

	31 December 2019	31 December 2018
<b>Before Tax Profit</b>	<b>150,051,112</b>	<b>9,358,534</b>
Income Tax Provision at statutory tax rate	(33,011,245)	(2,058,877)
Disallowable expenses	(335,914)	(71,840)
Income not subject to tax	6,493,466	4,113,873
Other	361,735	(470,316)
<b>Total income tax (expense)/income accounted in the statement of income</b>	<b>(26,491,958)</b>	<b>1,512,840</b>

### 36. NET FOREIGN EXCHANGE GAINS

Net foreign exchange gains are presented in Note 4.2 - Financial Risk Management above.

### 37. GAIN/(LOSS) PER SHARE

Earnings (loss) per share are calculated by dividing net profit (loss) for the period into weighted average number of shares of the Company.

	1 January - 31 December 2019	1 January - 31 December 2018
Net income/(loss) for the period	123,559,154	10,871,374
Weighted average number of shares	445,315,068	270,000,000
Earnings/(loss) per share (TRY)	0.27746	0.04026

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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



### 38. DIVIDENDS PER SHARE

None (31 December 2018: None).

### 39. CASH GENERATED FROM OPERATIONS

The cash flows from operating activities are presented in the accompanying statement of cash flows.

### 40. CONVERTIBLE BONDS

None (31 December 2018: None).

### 41. REDEEMABLE PREFERENCE SHARES

None (31 December 2018: None).

### 42. RISKS

In the normal course of its operations, the Company is exposed to legal disputes, claims and challenges, in which mainly stem from its insurance operations. The necessary income/expense provision for those revocable cases against/on behalf of the Company are provided whether under provision for outstanding claims or provisions for other risks in the accompanying financial statements.

As of 31 December 2019, if all cases in which the Company is defendant, result in against the Company, amount of arising potential liability (including interest and other expenses) is TRY 1,102,113,836 (31 December 2018: TRY 852,094,246). Provision for all these cases is recognized under provision for outstanding claim account in the related financial statements.

As of 31 December 2019, if all cases which the Company is plaintiff, result in favor of the Company, collection amounting to TRY 462,579,990 gross (31 December 2018: TRY 307,178,320) is expected and also same amount of receivable provision is recorded with respecting to the reinsurer share. At the same time, for the cases which the Company is plaintiff about doubtful receivables of insurance operations, provision is recorded at an amount of TRY 19,353,451 (31 December 2018: TRY 13,615,103).

As a result of the tax inspection performed at the Company by the Ministry of Finance Tax Supervisory Board relating to 2007 and 2008 insurance transactions, the Company was notified of tax principal and penalties equal to TRY 1,343,490 for 2007 and TRY 1,921,964 for 2008 on 20 December 2013. The company was notified of penalties of TRY 2,158,478 for 2009 on 28 November 2014 and TRY 6,334,772 for 2010, 2011, and 2012 on 19 June 2015. No payment was made by the Company with respect to tax principal and penalty amounts and the Company started the judicial process within its legal rights in 2014. Notification of the justified decisions of the tax lawsuits opened by the Company regarding the tax principal and penalties for 2007 and 2008 at Istanbul 1. Tax Council was made on 9 April 2015. The court ruled to cancel the tax and penalty assessment, stating that an appeal can be made to the Council of State within 30 days of the notification of the decision. The Ministry of Finance has appealed the court decisions on the tax principal and penalty amounts for 2007 and 2008. Regarding the tax principal and penalties for 2010, 2011, and 2012, notification of the justified decisions for the tax lawsuits opened at the Istanbul 1. Tax Council was made on 28 January 2016. The court ruled to cancel the tax and penalty assessment, stating that an appeal can be made to the Council of State within 30 days of notification of the decision. The Ministry of Finance has appealed the court decisions on the tax principal and penalty amounts for 2009, 2010, 2011 and 2012, and this request declined from Council of State. This decision was made by the Ministry of Finance in September 2019 for the correction of the decision and this process continues. Within this scope, and considering the results of the Company's lawsuits, no provisions were made in the financial statements regarding this issue.

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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



### 43. COMMITMENTS

The details of the guarantees which are given by the Company in favor of the Ministry of Treasury and Finance for insurance operations are presented in Note 17.

The commitments and liabilities of the Company for operational leasing transactions for real estate and vehicles are shown in note 2.5.

### 44. BUSINESS COMBINATIONS

None (31 December 2018: None).

### 45. RELATED PARTY TRANSACTIONS

The Company's shareholders, associates, companies of Vakıflar Bankası Groups and companies of Groupama Groups are referred to related parties in the accompanying financial statements.

As at 31 December 2019 and 2018, related party balances are as follows:

	<b>31 December 2019</b>	<b>31 December 2018</b>
Cash and cash equivalents	671,825,108	635,698,981
Receivables from main activities	358,481,651	91,496,403
Other current assets	61,590	96,337
Due to related parties	34,103	-
<b>Total</b>	<b>1,030,402,452</b>	<b>727,291,721</b>

There is no guarantee for receivables from related parties.

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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



The operations performed in organizations are as follows:

	<b>1 January - 31 December 2019</b>	<b>1 January - 31 December 2018</b>
Vakıflar Bankası T.A.O.	738,134,076	254,102,708
Taksim Otelcilik A.Ş.	899,612	685,414
Vakıf Finansal Kiralama A.Ş.	813,080	14,693,464
Vakıf Emeklilik ve Hayat A.Ş.	288,760	2,615,827
Other	1,807,539	1,558,970
<b>Written Premium</b>	<b>741,943,067</b>	<b>273,656,383</b>
Vakıflar Bankası T.A.O.	120,698,255	40,344,362
Vakıf Finansal Kiralama A.Ş.	1,476,715	2,060,022
Vakıf Sigorta Aracılık Hizmetleri Ltd.	2,399	5,126
<b>Commission paid</b>	<b>122,177,369</b>	<b>42,409,510</b>
Vakıflar Bankası T.A.O.	1,134,008	986,093
<b>Rent income</b>	<b>1,134,008</b>	<b>986,093</b>
Vakıf Emeklilik ve Hayat A.Ş.	181,755	176,446
<b>Rent expenses</b>	<b>181,755</b>	<b>176,446</b>
Vakıflar Bankası T.A.O.	98,652,511	76,734,782
<b>Finance income</b>	<b>98,652,511</b>	<b>76,734,782</b>
Vakıflar Bankası T.A.O.	1,541,999	435,735
<b>Finance expense</b>	<b>1,541,999</b>	<b>435,735</b>



# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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

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	1 January - 31 December 2019	1 January - 31 December 2018
Vakıf Emeklilik ve Hayat A.Ş.	29,515,753	20,328,285
Vakıf Pazarlama Sanayi ve Ticaret A.Ş.	-	199,004
Vakıf Yatırım Menkul Değerler A.Ş.	-	42,078
<b>Dividend income</b>	<b>29,515,753</b>	<b>20,569,367</b>
Vakıflar Bankası T.A.O.	371,289	226,838
<b>Other operating expenses</b>	<b>371,289</b>	<b>226,838</b>
Vakıf Yatırım Menkul Değerler A.Ş.	340,968	-
<b>Service Commission</b>	<b>340,968</b>	<b>-</b>
Vakıf Emeklilik ve Hayat A.Ş.	7,426	-
<b>Other Expenses</b>	<b>7,426</b>	<b>-</b>

There are no doubtful receivables from shareholders, associates and subsidiaries and there is no debt for them. There are no responsibilities to give guarantee, security, advance and endorsement in favor of shareholders, associates, subsidiaries.

### 46. SUBSEQUENT EVENTS

Türkiye Vakıflar Bankası T.A.O. has made a statement on the Public Disclosure Platform on 15 January 2020 that total nominal value of TRY 27,000,000 has been sold and Türkiye Vakıflar Bankası T.A.O 's share in the company rate has dropped to 51.10%.

### 47. OTHER

Items and amounts classified under the "other" account in financial statements either exceeding 20 % of the total amount of the group to which they relate or 5% of the total assets in the balance sheet

#### Other Receivables

As of 31 December 2019, and 2018, details of other receivables are as follows:

	31 December 2019	31 December 2018
Receivables from DASK insurance agencies	1,348,106	1,497,296
Other various receivables	454,243	440,202
Deposits and guarantees given	73,792	153,399
<b>Other receivables (Note 4.2)</b>	<b>1,876,141</b>	<b>2,090,897</b>

# GÜNEŞ SİGORTA A.Ş.

## CONVENIENCE TRANSLATION OF THE NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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

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### Other current assets

As of 31 December 2019 and 2018 details of other current assets are as follows:

	31 December 2019	31 December 2018
THY baggage claim account	387,005	797,791
<b>Other current assets</b>	<b>387,005</b>	<b>797,791</b>

**"Total amount of each due to/from personnel items classified under "Other Receivables" and "Other Short- and Long-Term Payables" exceeding one percent of total assets in the balance sheet**

None (31 December 2018: None).

**"Total amount of each due to/from personnel items classified under "Other Receivables" and "Other Short- and Long-Term Payables" exceeding one percent of total assets in the balance sheet**

None (31 December 2018: None).

### Subrogation receivables followed under the off-balance sheet accounts

None (31 December 2018: None).

### Description and amount of rights in real on property

None (31 December 2018: None).

### Descriptive disclosure in relation to amounts and resources of income, expenses, and losses for the prior periods

None (31 December 2018: None).

For the years ended 31 December 2019 and 2018, details of rediscount and provision expenses are as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Provision for premium receivable Under legal follow-up (Note 4.2)	4,492,685	(1,444,563)
Recovery receivable provision by the management (Note 4.2)	90,531	(42,769)
Premium receivable provision no longer required	49,780	753,806
Provision expenses for unused vacations	(299,216)	238,666
Provision expenses for employee lawsuits and courts	(1,065,298)	82,494
Provision expenses for employment termination benefits	(1,501,098)	(988,400)
Agency incentive provisions	(3,800,000)	-
Doubtful receivables provision from agencies (Note 4.2)	(5,748,127)	136,689
Doubtful receivables provision from reinsurance operations	(8,307,560)	(22,316,578)
Provision expense for recovery Receivable under legal follow-up (Note 4.2)	(47,963,160)	(29,809,936)
Other provision expenses	(69,662)	2,711,035
<b>Provisions Account</b>	<b>(64,121,125)</b>	<b>(50,679,556)</b>

# GÜNEŞ SİGORTA A.Ş.

## APPENDIX I - STATEMENTS OF PROFIT DISTRIBUTION



Notes	Current Period (*)	Prior Period (**)
<b>I. DISTRIBUTION OF PROFIT FOR THE PERIOD</b>		
1.1. PROFIT FOR THE PERIOD	-	-
1.2. TAXES PAYABLE AND LEGAL LIABILITIES	-	-
1.2.1. Corporate Tax (Income Tax)	-	-
1.2.2. Income Tax Deduction	-	-
1.2.3. Other Taxes and Legal Liabilities	-	-
<b>A NET PROFIT FOR THE PERIOD (1.1 - 1.2)</b>	<b>-</b>	<b>-</b>
1.3. PREVIOUS YEARS' LOSSES (-)	-	-
1.4. FIRST LEGAL RESERVE	-	-
1.5. LEGAL FUNDS TO BE KEPT IN THE COMPANY (-)	-	-
<b>B NET DISTRIBUTABLE PROFIT FOR THE PERIOD [ (A - (1.3 + 1.4 + 1.5) ]</b>	<b>-</b>	<b>-</b>
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 THE 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. EXTRAORDINARY RESERVES	-	-
1.15. SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION FROM RESERVES</b>	<b>-</b>	<b>-</b>
2.1. DISTRIBUTED RESERVES	-	-
2.2. SECOND LEGAL RESERVE (-)	-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1. To common shareholders	-	-
2.3.2. To preferred shareholders	-	-
2.3.3. To owners of participating redeemed shares	-	-
2.3.4. To owners of profit-sharing securities	-	-
2.3.5. To owners of profit and loss sharing securities	-	-
2.4. DIVIDENDS TO PERSONNEL (-)	-	-
2.5. DIVIDENDS TO THE BOARD OF DIRECTORS (-)	-	-
<b>III. PROFIT PER SHARE</b>	<b>-</b>	<b>-</b>
3.1. TO COMMON SHAREHOLDERS	-	-
3.2. TO COMMON SHAREHOLDERS (%)	-	-
3.3. TO PREFERRED SHAREHOLDERS	-	-
3.4. TO PREFERRED SHAREHOLDERS (%)	-	-
<b>IV. DIVIDENDS PER SHARE</b>	<b>-</b>	<b>-</b>
4.1. TO COMMON SHAREHOLDERS	-	-
4.2. TO COMMON SHAREHOLDERS (%)	-	-
4.3. TO PREFERRED SHAREHOLDERS	-	-
4.4. TO PREFERRED SHAREHOLDERS (%)	-	-

(\*) The profit distribution proposal for 2019 has not been filled as the General Assembly meeting has not been held as of the date of the financial statements.

(\*\*) Since there is no profit distribution for the period ended on 31 December 2018, no profit distribution table has been prepared.

# CONTACT



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