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- 380 DIRECTORY

We have undersigned a major achievement with our unique story of “Being One”, and engendered two leading companies in the insurance and pension sectors. We have built our organization upon believing, being strong, producing, sharing and trusting. With our Company, we are heralding a new era for sectoral growth and global competition.

Turkey’s values and hopes are now under our assurance...





being one is believing...

We believe that the success that will follow the challenging process of “Being One” that we have completed within the planned timeline as a result of intensive and committed efforts in the way that we set out with total belief will be all of ours to achieve.

CORPORATE PROFILE

expert team, robust technology

Türkiye Sigorta maximally caters to the expectations of the policyholders offering the most competitive insurance products with its expert team and robust technology.

Türkiye Sigorta, born out of the joining of forces of public insurance companies, namely Ziraat Sigorta, Halk Sigorta and Güneş Sigorta, with the aim of expanding the savings base of the Turkish economy and driving the development of the non-banking financial sector under the New Economy Program of the Ministry of Treasury and Finance, began offering service in non-life insurance branches on 31 August 2020.

The principal shareholder of Türkiye Sigorta is TVF Finansal Yatırımlar Anonim Şirketi.

Headquartered in İstanbul, Türkiye Sigorta boasts an extensive and solid service network consisting of 10 agency regional offices, 10 bancassurance regional offices, nearly 3,000 agencies, more than 4,500 bank branches and 299 direct sales teams.

Positioned as the leader of the insurance sector with a premium production of TL 8 billion 887 million and a market share of 13.04% as at 2020 year-end, Türkiye Sigorta services its customers with its 1,047 employees in Fire and Natural Disasters, Marine, Watercraft, Motor Vehicles, Motor Vehicles Liability, Accident, Aircraft, Aircraft Liability, General Losses, General Liability, Legal Protection, Credit, Health and Financial Losses branches in the non-life insurance business.

Drawing its know-how and experience from its deep-seated history and its strength from its name, Türkiye Sigorta maximally caters to the expectations of the policyholders offering the most competitive insurance products with its expert team and robust technology.

Transposing the “after” in the insurance experience with “before” with its agile, innovative and sensitive approach, Türkiye Sigorta aims to offer service with the understanding to produce solutions that exceed the expectations at every moment of life and to use its power for goodness, and promises a safe future to its policyholders.

THE COMPANY'S VISION, MISSION AND VALUES

Vision

Be recognized as a global technology company within a decade based on its understanding of offering solutions catering to the need for trust at every moment of life for everyone dreaming of a bright future, and using its power for kindness, while transposing the "after" in the insurance experience with "before".

Mission

Whenever and wherever trust is needed; the answer is Türkiye, Insurance.

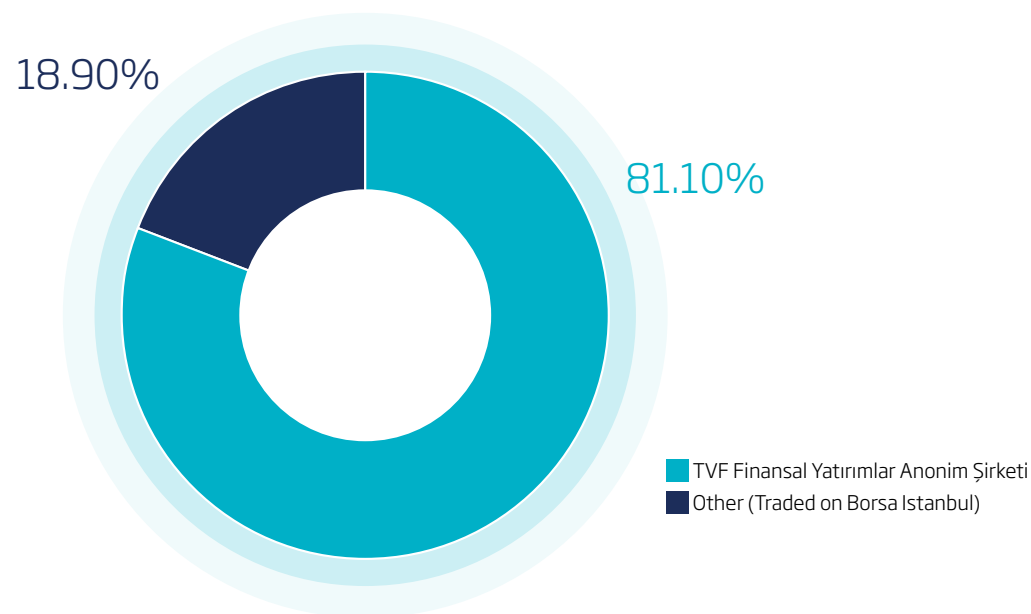
Values

- **Confident:** Pioneering, global scale, redefining the insurance experience.
- **Sensitive:** Listening, understanding, doing candidly, elaborating, placing our relationship with stakeholders at the heart of our business.
- **Inquisitive:** Discovering, learning, enthusiastic, understanding the past and building "beyond".
- **Virtuous:** Being a good person, values, responsibility, importance and respect, doing the right thing, being a role model.

CAPITAL AND SHAREHOLDING STRUCTURE

The principal shareholder of Türkiye Sigorta is TVF Finansal Yatırımlar Anonim Şirketi, and its indirect shareholder is Türkiye Varlık Fonu (Türkiye Wealth Fund).

Shareholding Structure (%)



Shareholder	Share	Share Amount (TL)
TVF Finansal Yatırımlar Anonim Şirketi*	81.10%	942,015,416.92
Other (Traded on Borsa İstanbul)**	18.90%	219,507,946.08
Total	100.00%	1,161,523,363.00

*Türkiye Wealth Fund holds 100% of the shares in TVF Finansal Yatırımlar Anonim Şirketi.

** Türkiye Sigorta holds 0.43% share.

Its shares traded on BIST Stars Market under the ticker symbol TURSG, the Company's market capitalization is TL 7,666,054,195.80 as at 31 December 2020.

There are no privileged shares in the Company's capital.

Material changes in the capital structure are described under the information for investors and shareholders section.

OUR SUBSIDIARIES

Subsidiary	Türkiye Sigorta's Share Amount (TL)	Türkiye Sigorta's Share	Capital (TL)
Türk P ve I Sigorta AŞ	12,500,000	50.00%	25,000,000
Vakıf Finansal Kiralama AŞ *	31,297,967	15.65%	200,000,000
Vakıf Factoring Hizmetleri AŞ	34,263,393	13.71%	250,000,000
Vakıf Menkul Kıymetler Yatırım Ort. AŞ *	3,300,000	11.00%	30,000,000
Vakıf Pazarlama San. ve Ticaret AŞ	2,951,806	9.76%	30,241,439
Türkiye Hayat ve Emeklilik AŞ	55,650,000	7.36%	755,752,390
Tarım Sigortaları Havuz İşlet. AŞ	684,773	4.54%	15,065,000
Vakıf İnşaat Restorasyon ve Ticaret AŞ	1,003,770	2.92%	34,330,281
Vakıf Enerji ve Madencilik AŞ	1,503,860	1.77%	85,000,223
Taksim Otelcilik AŞ	4,789,898	1.43%	334,256,687
Vakıf Gayrimenkul Yatırım Ort. AŞ *	4,004,528	0.87%	460,000,000
Vakıf Yatırım Menkul Değerler AŞ	250,000	0.25%	100,000,000
Ziraat Bank Moscow JSC	90,230	0.09%	100,255,556
Ziraat Katılım AŞ	1	0.00%	1,750,000,000
TOTAL	152,290,226		

* Publicly-held company.

The number of our subsidiaries increased owing to the merger. Since the pre-merger companies had subsidiaries in common, our Company's stake in the capitals of those subsidiaries also increased following the merger. Our share in the capital of Tarım Sigortaları Havuz İşletmesi AŞ (TARSİM - Agricultural Insurance Pool) increased from the pre-merger ratio of 4.17% to 4.54% after the merger, whereas our share in Türk P ve I Sigorta AŞ (Türk P&I) doubled from 16.67% to 33.34% upon the merger, which further increased to 50% upon transfer of the shares held by Halkbank to our Company on 29 December 2020.

In its financial statements for 2020, our Company consolidated the financial statements of Türk P&I by equity method. Hence, consolidated reporting was made along with stand-alone reporting for the related period in accordance with the insurance legislation.

As a result of the merger of public insurance companies, Vakıf Emeklilik AŞ acquired the company name of Türkiye Hayat ve Emeklilik AŞ, and our stakeholding therein went down from 37.10% to 7.36% due to the change in the said company's capital. In addition, our stakeholding in Vakıf Gayrimenkul Yatırım Ortaklığı AŞ decreased from 1.74% to 0.87% due to our non-participation in the capital increase through rights issue.

KEY FINANCIAL INDICATORS

TL 10.7 billion

Total Assets

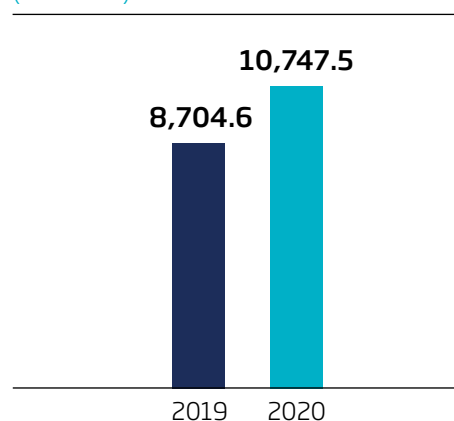
Total assets of Türkiye Sigorta rose to TL 10,747.5 million at 2020 year-end.

Financial Indicators (TL)	2019	2020
Total Assets	8,704,611,067	10,747,489,328
Total Liabilities	6,220,359,794	7,287,988,296
Paid in Capital	939,000,000	1,161,523,363
Shareholders' Equity	2,484,251,273	3,459,501,032
Premium Production	7,167,001,712	8,887,128,129
Claims Paid (gross)	(2,502,124,937)	(2,439,351,323)
Operational Expenses	(765,030,241)	(922,400,711)
Investment Income	1,015,379,446	1,160,393,702
Investment Expenses	(790,634,623)	(908,496,485)
Profit on Investments	224,744,823	251,897,217
Technical Profit (Technical Balance)	915,161,026	1,340,620,603
Net Profit	828,378,599	1,153,019,269
Required Equity for the Company		1,672,466,244
Calculated Equity for Capital Adequacy		3,546,539,607
Capital Adequacy Result		1,874,073,363

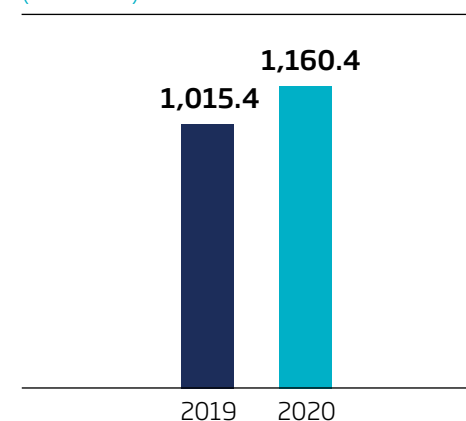
Financial Analysis Ratios

Capital Adequacy Ratios	2019	2020
Capital Adequacy Ratio		212%
Written Premiums/Shareholder's Equity	288%	257%
Shareholders' Equity/Total Assets	29%	32%
Shareholders' Equity/Technical Provisions (net)	51%	65%

Total Assets (TL million)



Investment Income (TL million)



57%

Net Loss/Premium Ratio

Net Loss/Premium Ratio of Türkiye Sigorta was registered as 57%.

Asset Quality and Liquidity Ratios	2019	2020
Cash Ratio	95%	94%
Liquidity Ratio	117%	123%
Current Ratio	126%	130%
Premium and Reinsurance Receivables/Total Assets	15%	18%
Receivables from Agencies/Shareholders' Equity	35%	28%

130%

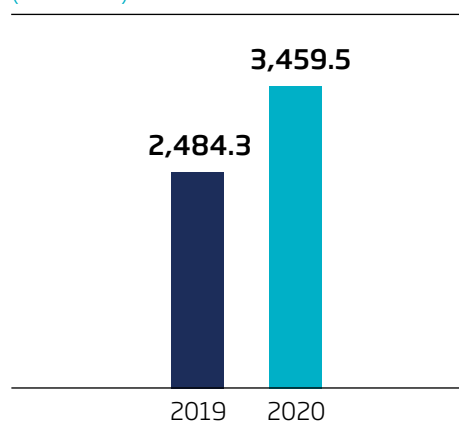
Current Ratio

While increasing its current ratio to 130% and its return on assets (RoA) to 11% in 2020, Türkiye Sigorta preserved its return on equity (RoE) at 33%.

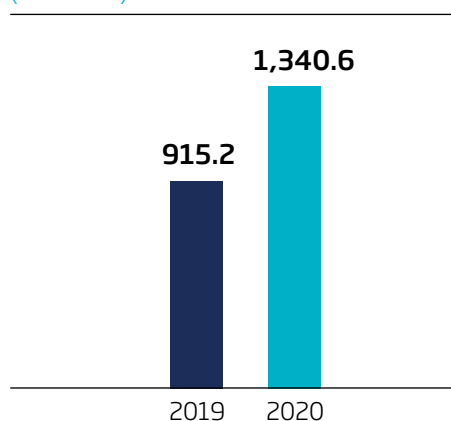
Operational Ratios	2019	2020
Retention Ratio	51%	41%
Claims Paid/(Claims Paid + Outstanding Claims)	37%	31%

Profitability Ratios	2019	2020
Net Loss/Premium Ratio	69%	57%
Net Commission Ratio	11%	11%
Net Expense Ratio	12%	14%
Net Compound Ratio	92%	82%
Return on Assets	10%	11%
Return on Equity	33%	33%

Shareholders' Equity (TL million)



Technical Profit (Technical Balance) (TL million)



82%

Net Compound Ratio

Net compound ratio of Türkiye Sigorta was recorded as 82%.

Sector's leader

**Non-life
branch**

premium production

TL **8,887**
million

market share

13.04%

**State-Subsidized
Agricultural Insurance**

premium production

TL **2,304**
million

market share

58.43%

**General Loss
Insurance**

premium production

TL **3,276**
million

market share

41.15%

Aircraft Liability Insurance

premium production

TL **114.6**

million

market share

38.40%

Engineering Insurance

premium production

TL **899**

million

market share

25.63%

Accident Insurance

premium production

TL **405.6**

million

market share

18.13%

Fire and Natural Disasters Insurance

premium production

TL **1,728**

million

market share

16.32%

Our story of "Being One"

As part of the reforms planned in the insurance and private pension sector in a bid to increase the savings in the Turkish economy and to drive the development of the non-banking financial sector, we have realized the merger of Ziraat Sigorta, Halk Sigorta, and Güneş Sigorta under the company name Türkiye Sigorta Anonim Şirketi* and of Ziraat Hayat ve Emeklilik, Halk Hayat ve Emeklilik and Vakıf Emeklilik ve Hayat under the company name Türkiye Hayat ve Emeklilik Anonim Şirketi**.

Upon the massive merger, we started our activities as of September 2020 to help bring the size of the non-banking financial sector to the world average through our companies that undertake an important mission with respect to taking the insurance services to broader audiences in Turkey and to ensuring continued stable growth.

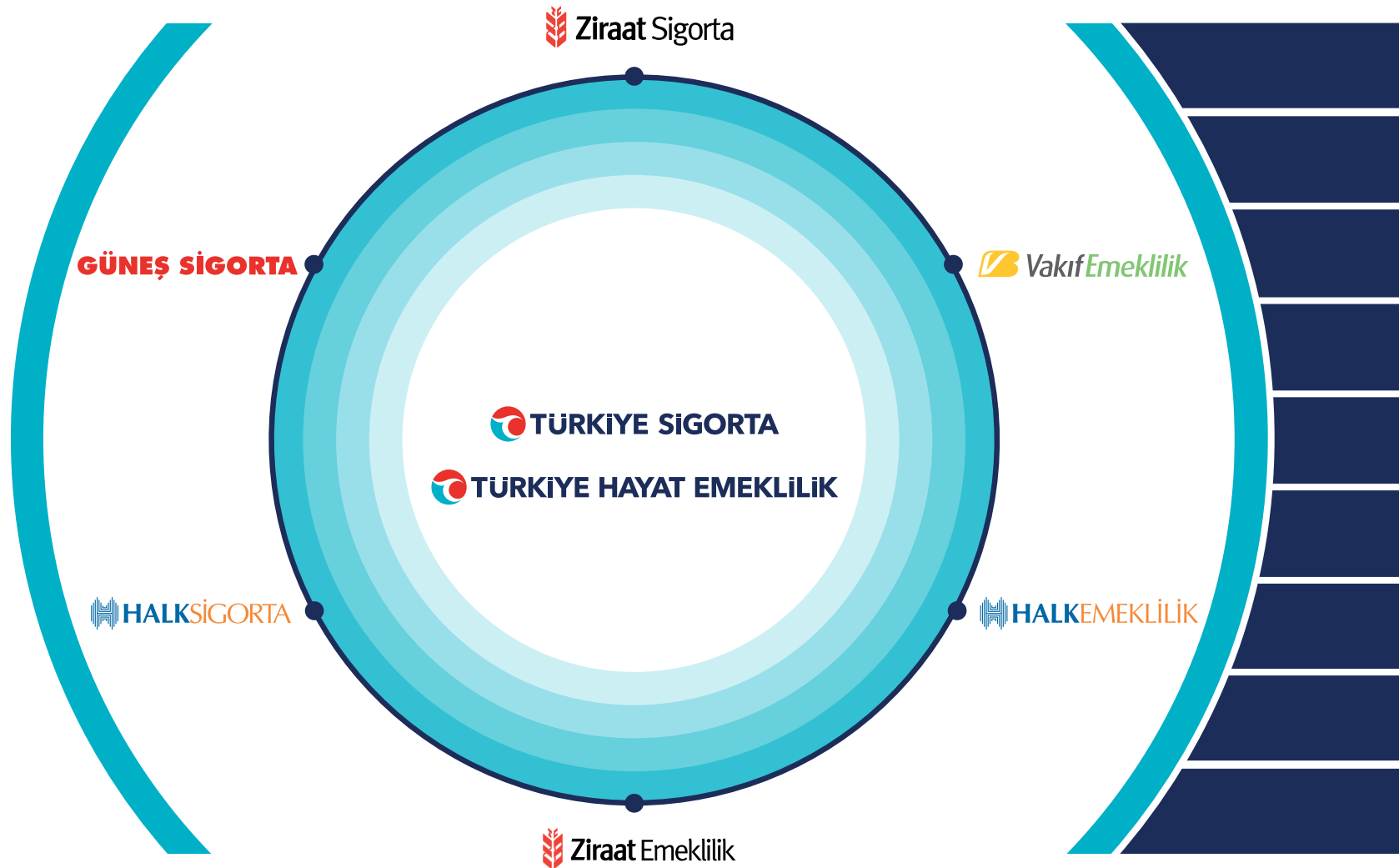
In keeping with our brand promise spelled out as “Its Strength is Implicit in its Name” and with the great responsibility imposed by the word Türkiye in our name, we will be carrying on with our activities to transform the present and the future of the insurance and pension sector, and to reinforce our presence as a regional power.

Today, as Türkiye Sigorta and Türkiye Hayat Emeklilik we rise upon our roots encompassing six companies.

* Güneş Sigorta was established on 17 September 1957 at the initiative of Türkiye Vakıflar Bankası (VakıfBank) and Toprak Mahsulleri Ofisi (Turkish Grain Board). Halk Sigorta was established on 28 December 1958 as the one and only cooperative company of our country. Ziraat Sigorta was established on 11 May 2009.

** Vakıf Emeklilik ve Hayat AŞ (Vakıf Emeklilik) was established under the company name Güneş Hayat Sigorta AŞ on 1 May 1991. Halk Emeklilik was established on 12 February 1998 under the company name Birlik Hayat Sigorta. Ziraat Hayat ve Emeklilik was established on 11 May 2009.

OUR STORY OF "BEING ONE"



Steps along the merger process

- The process started officially on 13 December 2019, Friday, with the press release of Türkiye Varlık Fonu (TVF - Türkiye Wealth Fund) and the disclosures made by Güneş Sigorta and Halk Sigorta and their controlling shareholders to KAP (Public Disclosure Platform).
- 10% share held by Güneş Sigorta's shareholder Groupama Holding Filiales et Participations in the capital of Güneş Sigorta were sold to TVF Finansal Yatırımlar AŞ, a subsidiary of Türkiye Wealth Fund, for TL 88,000,000 on 14 February 2020.
- Share certificates with nominal values of TL 27,054,000 and TL 54,000,000 held by Türkiye Vakıflar Bankası TAO Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (VakıfBank Pension and Assistance Fund) and VakıfBank Personeli Özel Sosyal Güvenlik Hizmetleri Vakfı (VakıfBank Personnel

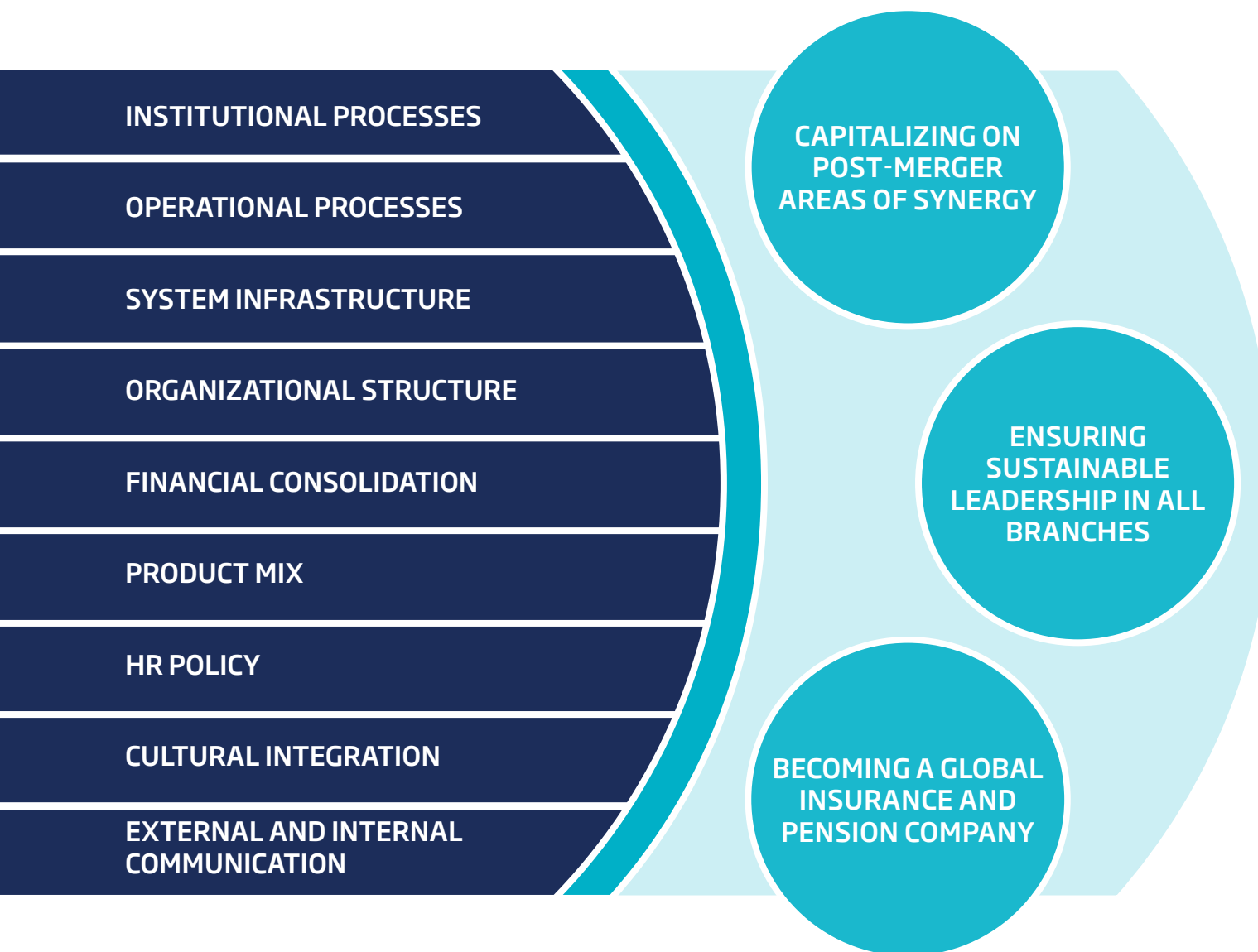
Private Social Security Services Fund), respectively, which were two of Güneş Sigorta's shareholders, were converted into the tradeable status on the stock exchange as of 20 December 2019, upon which related shares were sold out, whereby they ceased to be shareholders.

- In April, Türkiye Wealth Fund took over the shares held by the public insurance companies for TL 6,540,000,000.
- Necessary preparations were initiated within the frame of the provisions of applicable legislation based on the decisions passed in the Board of Directors meeting of 19 June 2020.
- On 23.06.2020, the relevant merging authorization was obtained from the Insurance and Private Pension Regulation and Supervision Agency, and subsequently, the Merger Report and Merger Agreement was signed

by our transferee and transferred companies as of 24.06.2020.

- The "Announcement" prepared by the three companies regarding the merger of our Company, Ziraat Sigorta and Halk Sigorta in our Company through takeover of Ziraat Sigorta and Halk Sigorta with all their assets and liabilities, amendments to the articles of association, and the issue document were approved by the Capital Markets Board of Turkey (CMB) decision dated 16 July 2020 no. 44/908. The approved documents were received from the CMB on 17 July 2020.
- Extraordinary General Assembly Meeting was convened on 27 August 2020.

On 31 August 2020, Ziraat Sigorta and Halk Sigorta merged under Güneş Sigorta, and the company name of Güneş Sigorta Anonim Şirketi was changed to Türkiye Sigorta Anonim Şirketi. Then the merger process



for public life and pension companies started. On 1 September 2020, Türkiye Sigorta that was born out of the merger of three public insurance companies and Türkiye Hayat Emeklilik born out of the merger of three pension companies began their activities in the non-life and life/pension sectors, respectively.

The merger resounded with respect to the M&A operations in our country as well. According to the Annual Turkish M&A Review 2020 by Deloitte Turkey, 304 mergers and acquisitions worth USD 9 billion in total occurred during 2020. 24 of these mergers took place in the financial services area, within which seven transactions were associated with the merger of public insurance and private pension companies under the TWF structure. From out of the financial services investments that totaled USD 1,164 million in 2020, the portion of USD 953 million was reported as investment for the merger project of insurance companies.

Merger goals

The New Economy Program propounded that annual direct non-life premium production per person in Turkey is not at the desired level and steps need to be taken for structuring the insurance sector. In keeping with this need for structuring, two significant steps were taken, e.g. the establishment of the Insurance and Private Pension Regulation and Supervision Agency, and Türk Reasürans AŞ. Merging six public insurance companies under a single roof was the last one of these reformist steps.

The goals of this merger can be summarized as follows:

- Achieve a more balanced financial services sector and drive the development of the non-banking financial sector,

- Vest the Turkish insurance industry in a more independent and dynamic structure,
- Increase the industry's global competitive strength,
- Increase the welfare of policyholders and participants by cost reduction, primarily in claims payments, as well as through efficiency and effectiveness in operational activities and scale economy,
- Use all distribution channels more effectively, particularly the banks,
- Offer a broader product range,
- Develop new insurance products in areas our country needs; own these products in the face of the sector,
- Assume a pioneering role for products such as complementary health insurance and financial insurance that are supported by the public authority.

OUR STORY OF "BEING ONE"

11.6 million

customers

5.4 million customers of Türkiye Sigorta and 9.4 million customers of Türkiye Hayat Emeklilik add up to 11.6 million singular customers served.

38

regions

Türkiye Sigorta offers service through 10 agency regional offices and 10 bancassurance regional offices. Türkiye Hayat Emeklilik, on the other hand, furnishes service out of 18 regional offices.

2,282

employees

Out of 2,282 employees in total, 1,047 are employed by Türkiye Sigorta and 1,235 by Türkiye Hayat Emeklilik.

5,874

points of service

Türkiye Sigorta offers service to its customers at 5,874 points of service, comprised of 1,891 in-network repair shops, 1,891 in-network healthcare institutions, and 500 surveyors.

7,664

points of delivery

Total number of singular points of delivery is 7,664, which covers Türkiye Sigorta's 2,944 agencies, 115 brokers and 4,509 bank branches, and Türkiye Hayat Emeklilik's 88 agencies, 4 brokers, and 4,252 bank branches.

DEEP-SEATED HISTORY

sector's leader

Having risen to the sector's leadership with the strength drawn from the merger, Türkiye Sigorta increased its market share to 13.04%.

1974

Agricultural Insurance branch was set up.

1998

Groupama acquired GAN, which resulted in Groupama International's owning 30% of Güneş Sigorta's shares.

1999

Güneş Sigorta pioneered the industry and set up the Legal Protection Insurance branch.

2003

Highway Motor Vehicles Financial Liability Insurance and Credit Insurance branches were set up.

Permission for conversion into a private pension company was obtained and Vakıf Emeklilik pension company was incorporated.

Pioneering initiatives such as Motor Own Damage Extra and hologram policies were introduced.

ISO 9001:2008 Quality Management System began to be implemented.

1957

Güneş Sigorta was established. Fire, Marine and Accident Insurance branches were set up.

1959

Life Insurance branch was set up.

1969

Turkey's first Engineering Insurance branch was set up.

1991

30% stakeholding in Güneş Sigorta was sold to GAN.

1994

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

1997

ISO 9000 Quality Management System began to be implemented.

2001

Health (Illness) Insurance branch was set up.

"Agency Council" practice was introduced for the first time in the industry.

2002

The industry's first cooperation was established with Auto King within the scope of Mini Repair Service.

VakıfBank Güneş Sigorta Women's Volleyball Team became the champion of the Turkey Women's Volleyball League in the juniors category.

2009

Life Insurance branch was handed over to Vakıf Emeklilik.

2010

ISO 10002:2004 Customer Complaints Handling System Certification was obtained.

"Early Warning System" was launched for the first time in Turkey against frost risk in greenhouses.

The first policy using Pusula, the biggest IT Project of the insurance industry, was produced.

Health Provision Center was established.

2011

The Company became a signatory of the UN Global Compact.

2012

Two independent members were elected to the Board of Directors.

Insurance Ethics released by the Insurance Association of Turkey were embraced.

2015

Güneşim Complementary Health and İksir products were introduced.

Legal Protection product was introduced.

Mine Workers Compulsory Personal Accident Insurance against the working risks of mine workers was introduced.

Centralization of collection, claims and accounting procedures (excluding Cyprus Regional Office) was brought to completion.

2017

Groupama SA, one of the shareholders of Güneş Sigorta, transferred all of its shares in the Company to Groupama Holding Filiales et Participations through reorganization.

The Company became the Medical Insurance Pool sector manager.

The Company celebrated its 60th year in the industry.

Güneş Sigorta Expanded Motor Own Damage with Exclusions and Total Loss Motor Own Damage products were introduced.

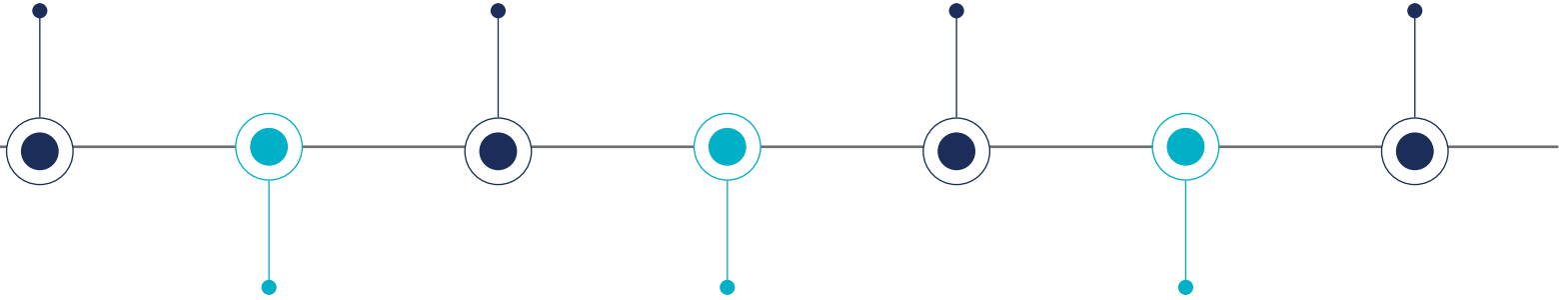
2020

Within the scope of the merger of public insurance and pensions companies, non-life insurance companies Halk Sigorta and Ziraat Sigorta merged under Güneş Sigorta.

The company name of Güneş Sigorta became Türkiye Sigorta.

The capital was raised to TL 1,161,523,363.

Rising to the sector's leadership with the strength drawn from the merger, Türkiye Sigorta increased its market share to 13.04%.



2013

The Articles of Association was adapted in accordance with the Turkish Commercial Code (TCC).

The first e-General Meeting was held.

Competition Law principles were embraced.

2014

Health Insurance for Non-Citizens (YBU) policies began to be issued by e-agency.

2016

The migration of health policies to the Pusula application, the main system of Güneş Sigorta, was brought to completion.

Policy proposal screen was created on the Company's website.

The capital was raised from TL 150 million to TL 270 million.

2019

The capital was raised from TL 270 million to TL 540 million.

Activities began in the Participation Insurance sector by employing the window model.

CORPORATE STRATEGY AND GOALS

a global player

Türkiye Sigorta aims to become a global player in the medium-term by virtue of the fund capacity it will generate.

Have a market-steering position

Recognizing its responsibility regarding the economy and financial markets imposed by its position and structure, Türkiye Sigorta will act in coordination with the public economy administration, and fulfill its role as the market-maker and market-steerer.

Enable new product development

The structural problem of the sector is concentration in specific branches and inadequate new product development. The sector needs new products, financial insurance leading the way among them. A major contribution of Türkiye Sigorta will be its undertaking the “pump priming” (pioneering) role that the sector needs, with its innovative perspective.

In this context, the examples of priority areas in new product development can be stated as expanding the use of products that alleviate the burden upon the public sector and serve to the needs of the real sector such as surety bond insurance, building completion insurance; supporting the public authority's breakthrough in the healthcare industry with the insurance industry; expanding the use of Complementary Health Insurance, and diversifying the life insurance product range.

Capitalize on post-merger areas of synergy

Areas of synergy result from the merger of customer potentials, channel and product distributions, which are not interchangeable but are complementary, and of expertise in diverse fields. The Company targets to derive the highest output from these areas of synergy.

Ensure sustainable leadership in all branches

According to year-end 2020 figures, Türkiye Sigorta is the sector's leader both in terms of premium production and profitability. The key target of Türkiye Sigorta in the period ahead will be to transform this leadership into sustainable one.

Be a global insurance and pension company

Türkiye Sigorta aims to become a global player in the medium-term by virtue of the fund capacity it will generate. The Company possesses the scale at the global level that will secure this target.

The first phase of the target of penetrating global markets is to be a regional player, particularly in such geographies as the Balkans, Central Asia and Middle East, given the interest in the Turkish insurance market. A Turkish company that will be offering reinsurance and insurance solutions in these geographies will clearly capitalize on a major opportunity. In the next phase, stronger steps will be taken towards the target of becoming a global brand.

Türkiye Sigorta's corporate strategies nurtured by its vision have been defined to drive the Company to its targets.

- Transposing the "after" in the insurance experience with "before"

Insurance companies are transforming from mere issuers of policies and payers of claims upon their occurrence ("after") into solution partners that directly impact all the moments of policyholders ("before"). This change will take place in almost all insurance types. For example, a company just issuing health policies, guiding the policyholder to a hospital upon request and paying the bill will be replaced by an insurance world that constantly monitors the individual's health through technological devices such as smart watches, adopts the measures aimed at preventing illnesses instead of those aimed only at treatment; and continuously follows up vehicles and policyholders using tracking systems such as telematic within the scope of motor TPL and motor own damage policies.

Türkiye Sigorta embraces the insurance business concept that evolves into an understanding that experiences, handles and constantly monitors the risk together with the insured, rather than taking over the risk.

- Offer solutions catering to the need for trust at every moment of life

Insurers focus on satisfying customers' dynamic and request-based need rather than conventional insurance concept.

Data derived through the Internet of Things (IoT) and fast interaction means driven by instant demand will also change policy structures, driving a shift from annual, bulky policy structures to smart and talking flexible policy structures.

Türkiye Sigorta aims to internalize the new insurance concept and to capture the possibility to touch all moments in life.

- Use its power for kindness

Being a company with a high social sensitivity, Türkiye Sigorta targets to be an organization that acts with the consciousness of giving back to the environment and the society, besides achieving economic sustainability.

- Be recognized as a technology company

Based on the necessity to possess a technological infrastructure as good as that of a technology company in order to transpose the "after" in the insurance experience with "before", Türkiye Sigorta targets to be recognized as a technology company in the next decade.

The determination of this vision by the Company will direct its investments rather to technology. Being a technology company is not a choice, but a necessity with respect to the future of the insurance business.

With its focus on being recognized as a technology company, Türkiye Sigorta devised its ecosystem upon technological capabilities.

Digital: Be a company with high digital capabilities in all internal and external functions, implementing digitalization principles across all channels, and acting with the perspective of simplifying processes.

a technology company

Based on the necessity to possess a technological infrastructure as good as that of a technology company in order to transpose the "after" in the insurance experience with "before", Türkiye Sigorta targets to be recognized as a technology company in the next decade.

CORPORATE STRATEGY AND GOALS

stakeholder experience

Believing that the key to the targeted market share is an understanding that prioritizes the experience and satisfaction of customers, channels and employees, when designing products, services and processes, Türkiye Sigorta places stakeholder experience in its focal point.

Artificial Intelligence (AI): With the target of pioneering AI-based solutions that can be considered novel to the industry, capitalize on AI-backed automation opportunities particularly in customer analytics, policy issuance, pricing, campaign management, renewal/retention and claims handling processes.

Information Technology: Establish a solid and flexible IT infrastructure that will serve to this ecosystem devised and will enable management of these platforms.

- Focus on stakeholder experience and human assets

Believing that the key to the targeted market share is an understanding that prioritizes the experience and satisfaction of all parties involved, which are customers, channels and employees, when designing products, services and processes, Türkiye Sigorta places stakeholder experience in its focal point.

At the heart of the structure with AI-driven technical functions, Türkiye Sigorta adopts a new understanding which is orchestrated by the human factor, teaches and assigns routine and laborious tasks to the machine at the maximum extent possible, while reallocating the people to the more strategic decision-making process.

OUR COMPETITIVE EDGES

- The robust financial structure we possess
- Capability to offer groundbreaking products and services on the back of scale economy
- Competitive superiority of our customer touch points offered by our extensive bank network and our agencies
- Capability to present exemplary implementations to the industry in selected end-to-end digitalizing processes
- Willingness to lead the introduction of international implementations paving the way for becoming a global insurance player

The strategy of Türkiye Sigorta is underpinned by 6 main components:

1

Pricing excellence

Capturing competitive advantage in pricing in the sector with the combination of AI, technical pricing and actuary capabilities

2

Claims excellence

Enhance satisfaction for all parties, reduce claims costs, capture competitive advantage in operations and experience through implementing a claims transformation program that will encompass all claims processes

3

Market leadership in all channels

Create a structure that is the leader in terms of production and experience, which is nurtured by analytical models, on all channels

4

Sector leadership and innovation in products

Ensure market leadership in primary strategic products, and undertake market-steerer role in opportunistic and innovative products at the same time

5

Segment-based business model

Revisit the business model conducted with a channel- and product-focus with a segment-based customer management perspective

6

Operational excellence

Formulate and quickly launch digitalization, optimization and automation initiatives in operating model elements in order to capture competitive advantage in costs





being one is **being strong...**

We represent a power that befits our name thanks to our robust financial structure, deep-rooted experience, competent human resource, solid technology and the reach we have, enabled by our extensive distribution channel structure.

MESSAGE FROM THE CHAIRMAN AND GENERAL MANAGER

a new era

We are launching a new era of progress in the areas of insurance and private pension in Turkey with "Our Story of Being One" that we have authored.

Dear stakeholders,

2020 was etched in our institutional history as the year of the biggest company merger of our sector. With this merger, we have added significant momentum to planned reforms for the insurance and private pension sectors, and taken a crucial step with respect to the progress of the non-bank financial sector and the national economy.

Before presenting an evaluation of the gains derived for the sector and for the company from the completion of our process of "Being One" and our year-end results, I would like to touch upon global and national macroeconomic overview.

Atilla Benli

Chairman of the Board and General Manager



The pandemic effects and the countermeasures adopted have made the main agenda items for the global economy and the Turkish economy.

Having penetrated our lives in 2020, the pandemic impacted the entire value cycle from manufacturing to trade, from the logistics network to the services industry through its economic implications.

The IMF, taking into account the above-projected recovery in the second half of 2020, revised its global economy contraction estimation as 3.5% in its World Economic Outlook released in January 2021. The IMF also updated its global growth projection for 2021 upwards to 5.5%.

After starting 2020 by gathering speed following the rebalancing period, the Turkish economy began sustaining the impacts of the pandemic upon the economy from the second quarter of the year. The economy returned to growth path in the third quarter owing to the monetary and fiscal supports within the scope of the government's measures, and registering 1.8% growth at the end of 2020. With this result, Turkey has been one of the few countries that ended the year with positive growth.

Shift to a more positive picture is anticipated in the financing of the current deficit, in view of the improvement tendency in the risk perception towards Turkey, the course of the relations between the US and the EU in the coming period, and the contribution of tourism revenues. On the back of consistent economy policies and dynamics, Turkey will carry on with the recovery process that started from the third quarter of 2020 with a strengthening acceleration.

We are initiating a new era in the Turkish insurance and pension sector.

In September, we have put into life the project of merging the public insurance and pension companies under a single roof that we had been carrying out since December 2019 within the timeline we committed. Ziraat Sigorta, Halk Sigorta and Güneş Sigorta joined their forces

under the roof of Türkiye Sigorta; whereas Ziraat Emeklilik, Halk Emeklilik and Vakıf Emeklilik did the same under the roof of Türkiye Hayat Emeklilik.

We assumed a critical mission in insurance and private pension sectors in Turkey with "Our Story of Being One" that we authored. This mission is shaped on the basis of increased penetration by bringing insurance and private pension services to broader segments of the society, expanding the savings base and contributing to stable growth of the industry. With the execution of our mission, a brand new era will begin paving the way for vesting the Turkish insurance industry in an independent and dynamic structure, increasing its share in the economy, and reinforcing the industry's global competitive strength.

We are targeting to lend a high contribution to our country and our economy from the powerful areas of synergy resulting from the merger.

Our Company started activities as a leader in line with its founding mission.

According to December 2020 data, Türkiye Sigorta closed the year as the leader in non-life branch with a premium production of TL 8,887 million and a market share of 13.04%. Our Company is the sector's leader with a premium production of TL 1,728 million in the Fire and Natural Disasters branch corresponding to a market share of 16.32%, TL 405.6 million in the Accident branch corresponding to a market share of 18.13%, and TL 899 million in the Engineering branch corresponding to a market share of 25.63%. In the State-Subsidized Agricultural Insurance branch, the Company is the industry's leader commanding a 58.43% market share with a premium production of TL 2,304 million, boasting a magnitude of nearly four times that of its closest competition.

As Türkiye Sigorta family, we are targeting to carry the leadership position beyond numbers, and to steer the insurance understanding in Turkey with our knowledge, experience, vision and production, while acting as a role model in the world.

Our industry displayed a solid stance through a tough year.

Having stood by the policyholders during 2020 that has been the scene to natural disasters and the pandemic, the insurance industry gave a good account of itself by displaying a solid stance.

Having taken action for covering the pandemic-associated treatment costs under the health insurance policies, although it was excluded, our industry worked to increase its contribution to the national economy with a proactive approach. Claims paid in health insurance as at 15 December 2020, including COVID-19 payments, reached approximately TL 105.9 million. Similarly, our industry was quick to get involved in the case of natural disasters and completed the claims payments. Claims paid for İzmir earthquake within the scope of Compulsory Earthquake Insurance amounted to TL 180 million.

Although motor own damage, motor TPL, personal accident and health insurance branches that have a high share in the industry's production sustained a relative stagnation from March onwards due to the pandemic, recovery began to be observed during the transition to the new normal.

While the overall industry's production figures were registered as TL 68.1 billion in the non-life segment and TL 14.4 billion in the life segment according to December 2020 data, nominal growth rates were 17.7% and 27%, respectively.

We are hoping that the coming period will mark the shift to a breakthrough for the industry.

As individuals nurture an increased awareness of health and perception of risk, the demand for Private and Complementary Health Insurance will continue with an increasing trend. Product development efforts in the sector began with the surging demand for epidemics coverage for 2021, particularly within group health policies.

leader and role model company

We are targeting to carry the leadership position beyond numbers, steer the insurance understanding in Turkey, and act as a role model in the world.

MESSAGE FROM THE CHAIRMAN AND GENERAL MANAGER

high digital competence

In keeping with our strategic goals, we will turn into a technological insurance company on the back of robust information technology infrastructure and digitalization.

The switch to a technology-backed business model runs on digital channels upon the pandemic fueled cyber threats. This leads to an increased demand in both individual and corporate cyber risk insurance; accordingly, the number of sector players incorporating these products in their portfolios is going up.

The real sector's higher need for financial insurance is reflected particularly in the demand for credit insurance. This demand is anticipated to continue at an increasing extent with the added effect of the expanded scope of the State-Subsidized Trade Receivable Insurance.

Participation insurance, which has been in existence in our country since 2009 and which increased its share in the overall premium production to 5%, will evidently be one of the significant opportunities in the period ahead.

We will work towards setting the potential in the sector in motion.

The insurance and pension sector undertakes the critical function of fund supply for sustainable growth, while supporting the deepening of capital markets for the economy, besides providing coverage.

As compared to the world, the insurance penetration rate in our country is lower. While this relatively low ratio exhibits the potential presented by the sector, it also sets a target for us all with respect to the distance to be covered.

The reforms planned with a focus on accelerating the development of the insurance and pension sector started with the establishment of the Insurance and Private Pension Regulation and Supervision Agency (SEDDK) and Türk Reasürans AŞ. The next link of the reforms that was put into life was the merger of insurance and life/pension companies controlled by public banks under a single roof.

As stated in the New Economy Program, we consider the development of the non-bank financial sector strategic and important. At this point, we espoused a market-maker, pioneering identity that boldly charges ahead with novelties, and defined our strategy along this line in order to involve the insurance industry in the diversification and strengthening of the financial sector and to ensure that our industry acquires its deserved position.

We foresee that the commencement of activities by our companies will considerably boost constructive competition, and will also set the potential of the insurance and pension sector in motion. We will work towards redefining the insurance business, acting as a pioneer by developing products in brand new areas, and steering the sector. As we capture the sector's leadership in the basic insurance products, we will also be leading strategic products such as financial insurance, maintenance insurance, FC PPS and the like. We are targeting to undertake a steering role for the industry for innovative products that are modular, created based on the use-as-you-need approach and providing coverage for all needs of a customer under a single umbrella policy.

Our new structure will bring along cost reduction and increased operational efficiency with the involvement of scale of economies. This will let us ensure more effective use of all our distribution channels. We will back our operational efficiency with our digital transformation capability. We are anticipating all these positive developments to reflect positively on customer experience and satisfaction, and to provide leverage for the industry.

We are devising a structure with high digital competence.

As spelled out in our vision, we are targeting to be transformed into a structure whereby we penetrate every moment of our policyholders and we are regarded as a solution partner by them, by transposing the “after” in the insurance experience with “before”.

As Türkiye Sigorta; we are embracing an insurance concept that is evolving from one that gets involved after the loss occurs to one that stands by the policyholder at every moment and manages risk. We recognize that this strategic direction can be achieved through a robust information technology infrastructure and digitalization. We are shaping our roadmap and plans along this line.

We are aiming to make use of IoT, AI and robotic processes as well in order to upgrade the customer experience by satisfying policyholders’ dynamic and demand-based needs, and to utilize our human resource more effectively at the same time.

At Türkiye Sigorta, we are developing a structure with a high digital capability, where all possible processes and functions are handled by AI algorithms. We are targeting to expand and reinforce the ecosystem we will be creating by collaborating with insurtechs.

We are charging ahead towards becoming a regional power, with a focus on transforming into an insurance company that effectively utilizes technology and bases business decisions upon advanced data analytics.

We have faith in the future.

We are determined to always take part in our country’s solid future serving as an element of trust, with our role to steer the industry and take it further. On the back of sustainable leadership in production and profitability, we are targeting to be a regional power and a global insurance company operating also outside of Turkey.

We will exist in every area where there is a need for trust with our solutions. In keeping with the responsibility stemming from our name, we will act with the consciousness of giving back to our environment and society.

We will work with commitment, determination and discipline for a Turkey rising upon production, targets and achievements, and we will increase our added value. We will take our place as Türkiye Sigorta in the construction of an even brighter future by providing coverage to domestic and national investments.

Thanks...

It is a source of pride for all of us to be part of a project that is so big and will contribute added value to the country. Each and every member of the Türkiye Sigorta Family, who have embraced the agile working culture, are devoted to their jobs, internalized the idea of “Being One” from the very beginning and assumed duty self-sacrificingly amid the pandemic conditions are, most certainly, the concealed heroes of this achievement. Our agencies, brokers and bancassurance channel once again exhibited that they are always by our side with their superior efforts and contributions during this process.

Our journey was crowned with the Gold PSM award in the “Best Retention Achievement” category at the PSM Awards 2020 granted to our Company’s launch campaign.

I would like to extend my thanks to our employees, policyholders, bancassurance channel, agencies, business partners and all other stakeholders for their trust in us.

Atilla Benli

Chairman of the Board and General Manager

an element of trust

We are determined to always take part in our country’s solid future serving as an element of trust, with our role to steer the industry and take it further.





being one is producing...

After “Being One”, we have achieved leadership position in premium production and total funds in non-life, life and pension sectors. We are sparing no efforts to increase the ratio of savers and policyholders and to take our industry further with the push of the synergy that resulted from this merger.

MACROECONOMIC OUTLOOK

quick recovery

The reach and success of vaccination campaigns will be telling upon the course of the anticipated quick recovery of the global economy in 2021, owing to the low base effect of 2020.

Developments in the Global Economy

As the ongoing vulnerable structure of global economy was adversely affected by the tough conditions that resulted from the uncertainties that the pandemic boosted, global growth began decelerating.

While the restrictive measures adopted across the world in an effort to prevent the pandemic repressed global economic activity, all economies including the world's major ones registered high contraction rates, particularly in the second quarter of the year. Although economic activity recuperated more strongly than predicted upon the normalization steps taken in the third quarter of the year, the case numbers that readopted an upturn aggravated the volatile macroeconomic outlook.

Effective fiscal measures were introduced globally in an attempt to counter the permanent destruction the pandemic would cause on employment, supply chains and production capacity. In this process, central banks implemented expansionary monetary policies through rate cuts, and launched relief programs unmatched ever before with respect to their magnitude for the pandemic-affected sectors and households in the form of asset purchases, liquidity supports and credit programs.

Although expansionary policies provided a positive setting regarding the financing channel for emerging economies, declined global risk appetite resulted in the highest outflow of portfolio investments from emerging countries in the history. Thus, risk premiums of those countries increased markedly.

Predicted to bear impacts that will run deeper than the 2008 global financial crisis, the pandemic caused a significant decline in production and trade volume, alongside contracted supply and demand. The World Trade Organization (WTO) estimates that the

world trade volume shrank by 9.2% in 2020. Lead indicators point that the recovery in the third quarter adopted a fragile course in the last quarter.

The course of the pandemic negatively affected energy and commodity prices. Having averaged USD 64.3 per barrel in 2019, Brent crude oil price began dipping from early 2020, before recovering waveringly in the second half of the year, and approached USD 50 as economic activity gathered speed on a global scale. Other commodity prices also pursued similar directions; while decline in prices remained relatively restricted, the levels at the onset of the year were captured with the rises registered late in the year.

Falling commodity prices and the vulnerabilities tainting the growth outlook have been leading to downward pressure on the inflation and interest rates of developed countries since the last quarter of 2018. Having surpassed 2% at 2019 year-end, inflation in the US plunged in the early stages of the pandemic, before being recorded as 1.4% at year-end. Annual inflation rate in the Euro Area went down from 1.3% to -0.3% in the same timeframe.

As vagueness surrounding protectionist trade policies persisted by the end of 2020, the uncertainties associated with the Brexit process were eliminated by the deal the EU and the UK reached regarding commercial, legal and security matters by early 2021.

International agencies updated their projected contractions owing to the recovery that beat the forecasts in the second half of the year following the sharp contraction of global economy in the second quarter of 2020. While the January 2021 report by the IMF estimated global economy's contraction at 3.5%, developed and emerging economies were estimated to contract by 4.9% and 2.4% respectively. Regionally, the Europe area is predicted to suffer the steepest decline with 7.2% in 2020.

The reach and success of vaccination campaigns will be telling upon the course of the anticipated quick recovery of the global economy in 2021, owing to the low base effect of 2020. However, the presence of mutations and new variants of the Coronavirus aggravate the uncertainties hovering over taking the pandemic under control, and gives a negative direction to macroeconomic projections.

Developments in the Turkish Economy

Having made a strong start to 2020, the Turkish economy lost momentum upon the emergence of the pandemic in alignment with global tendencies and due to the pressure of restrictive measures. The GDP, which expanded by 4.5% on an annual basis in the first quarter, suffered a harsh contraction of 9.9% in the second quarter. The restrictive measures were eased in the third quarter of the year due to the slowdown in the spread of the virus, and economic activity showed a recuperating tendency with the help of the government's supportive measures. In this period, a strong support was extended to the economy through various measures including credit guarantees, deferment of tax payments, and direct transfers, most of which were in the form of credit support, within the scope of the combat against the pandemic. The rate cuts implemented by the CBRT between July 2019 and May 2020 that reflected on credit appetite, coupled with the support mentioned before, helped the domestic demand take an upturn, and the Turkish economy registered 6.7% growth on an annual basis in the third quarter of the year. While private sector consumption and investment outlays were responsible for the recovery in the economy, net external demand restrained growth. Having expanded by 5.9% in the fourth quarter that was the scene to continued growth trend, the economy's growth for the whole year came to 1.8%, outperforming the growth projection of 0.3% in the New Economy Program.

According to tentative data of the Ministry of Trade, exports and imports were registered as USD 169.5 billion and 219.4 billion, respectively, in 2020, while foreign trade deficit was recorded as USD 49.9 billion.

As a result of the rapidly expanded foreign trade deficit in connection with the increased gold imports, coupled with the declined net service revenues on an annual basis paralleling the drop in transportation and tourism revenues and the re-enforcement of widespread restrictive measures adopted against the pandemic globally in November, current deficit reached USD 36.7 billion in 2020.

As deteriorated current accounts balance led to higher need for external financing, weak capital flows put pressure on foreign currency reserves and exchange rates. As companies' tendency to reduce their external debts continued, the decrease in official reserves amounted to USD 31.9 billion at the end of 2020.

Having followed a moderate course in the first half of the year due to weak demand conditions, inflation took an upturn in the second half of the year as a consequence of the volatility in financial markets and exchange rates, and the increased domestic demand triggered by the normalization process. While the annual rise in CPI was measured at 14.6%, the price increases particularly in the food group and transportation group have been noteworthy. The annual increase in D-PPI, on the other hand, reached 25.15%.

Having terminated the rate cut process in June 2020, the CBRT initiated tight monetary policy implementation by increasing the weighted average funding cost from September, and increased the policy rate to 17% through the rate hikes in September, November and December. At the same time, the CBRT simplified its monetary

policy and announced that all funding would be provided at the one-week repo rate, the main policy tool of the CBRT.

As a result of this change of policy by the CBRT, the Turkish lira began appreciating in the face of foreign currencies, which is anticipated to alleviate the inflationist pressure. The elimination of uncertainties upon the CBRT's shift to funding on the basis of a single interest rate resulted in lower country risks, and 5-year CDS Premium went down from 666 bps in April, which marked the highest level of the year, to below 310 bps in December.

In 2020, measures adopted by the public authority to deal with the negative effects of the pandemic upon the economy impacted the budget outlook adversely in Turkey, as was the case in many other countries. As a result of the rise in public expenditures that outpaced the revenues, central government's budget deficit expanded by 38.5% year-over-year and reached TL 172.7 billion in 2020.

In terms of economy policies, the Turkish economy is anticipated to recuperate quickly and recapture its consistent growth tendency in 2021 in parallel with the steps that will respond to the needs of the society and the real sector and that will support economic activity.

SECTOR OUTLOOK

cyber risk insurance

Cyber risks will keep getting more widespread in parallel with the speed of digital technologies, and cyber risk insurance policies providing financial protection against cyber-attacks will be met with growing demand.

The World Insurance Sector

The COVID-19 outbreak that started in Wuhan in China took the whole world in its grip in a very short period of time, and upon the turn of events, it was declared a pandemic by the World Health Organization (WHO) on 11 March 2020. Due to the measures governments all over the world implemented against the pandemic, social and economic life slowed down, consumption preferences of societies transformed, and supply and production chains ruptured. All these changes impacted principally the financial sectors, as well as all the others. The insurance industry was among the significantly affected sectors by the process we are going through.

Insurance companies were affected by the pandemic in varying forms in terms of their liquidity, portfolios at risk, premium productions and financials, which reflected on their profitability and growth performances.

The contraction and stagnation in areas such as manufacturing, service, tourism, trade, shipment, transportation and travel resulted in reductions in policy productions associated with these sectors, particularly at times of intensive lockdowns.

Claims payments escalated due to various reasons, including, in particular, event cancellations in connection with restrictions and comprehensive liability policies.

While natural phenomena, which increased in number and severity in connection with the global climate change in 2020, in addition to the effects of the pandemic, led to significant material damages, claims paid by insurers hit the highest of the average of the last two decades.

Under these circumstances, parametric trade insurance products incorporating coverage against extreme weather risks that are increasing due to the climate emergency gain gradually higher importance.

As cyber-crimes boomed by 300% in 2020 in parallel with the digitalization that accelerated in view of the pandemic, 43% of hackers targeted small enterprises. On the other hand, as institutional companies quickly transferred

their business processes to the cloud during the pandemic because of the flexibility and cost advantages entailed, they are also taking growing risk with regard to data security. In the January-April 2020 period, cloud-based cyber-attacks all over the world soared by 630%, and 70% of organizations suffered a data breach linked to cloud during 2020. Turkey ranks fifth in the world among the most-targeted countries in cyber-attacks.

Cyber risks will keep getting more widespread in parallel with the speed of digital technologies, and cyber risk insurance policies providing financial protection against cyber-attacks will be met with growing demand.

On the other hand, from the standpoint of the positive effects of the pandemic upon the insurance industry, the top rank needs to be given to higher risk awareness of individuals. This has been the period when individuals' need was at its highest for assurance offered by insurance products against future uncertainties and potential risks. In addition, individuals all over the world turned heavily to internet, mobile and telephone channels for product purchases, and after-sales service demands and other needs alike, and digital insurance accelerated remarkably.

In the period ahead, maintaining a solid liquidity level by focusing on liquidity and cash management will let insurers respond to continually changing conditions more rapidly. Companies with weak capitals and/or concentrated in specific business lines will possibly be challenged with respect to cash management.

The Turkish Insurance Sector

The sector's response to the pandemic

During the pandemic, the insurance sector acted with an awareness of the responsibility that falls upon it, and in accordance with the regulations of the Ministry of Treasury and Finance and the recommendations of the Insurance Association of Turkey (TSB).

TSB-member companies extended support worth TL 7 million to the solidarity campaign launched by the President Recep Tayyip Erdoğan for fighting the pandemic.

Insurance companies prioritized the health and safety of their employees, and continuity of the services furnished to our fellow citizens. In this framework, insurance companies switched to the work-from-home model in keeping with the decisions of the Scientific Advisory Board, taking into consideration the health and safety of their employees, business partners, and customers.

In keeping with this sense of responsibility, almost all insurance companies made available discounts, increased number of installments, extended coverage terms and online solutions (such as remote surveys) enabling fast claims processes in case of a loss for the policyholders.

In a bid to contribute to the spirit of solidarity, the sector included COVID-19 treatment within the scope of coverage in Private Health Insurance and Complementary Health Insurance policies, although it was excluded and although no premiums were charged for this specific risk.

In addition, having a wide-reaching agency network, the insurance industry introduced the necessary arrangements to let distribution channels sustain their services, launched and tangible or intangible support packages targeted at agencies. Production continued uninterrupted, including that by the agencies.

Through digital channels, companies acquired the capability to be reached any time and to issue policies anywhere via their agencies, surveyors and assistance services.

Developments and changes in legislation concerning the sector in 2020

- [Amendment to the Communiqué \(2010/1\) on Principles and Procedures for Company Contribution in Compulsory Medical Malpractice Liability Insurance](#)

The following has been inserted as article two under the section "A - TARIFF" of the Compulsory Medical Malpractice Liability Insurance Tariff and Directive appended to the Communiqué (2010/1) on Principles and Procedures for Company Contribution in Compulsory Medical Malpractice Liability Insurance published in the Official Gazette issue 27648 dated 21 August 2010:

"All tasks and procedures within the scope of assignments made due to the pandemic at public and private healthcare institutions and establishments and their affiliated, related or associated units are considered within the scope of Risk Group III."

The paragraph below has been inserted under the seventh paragraph of Section A.1. - Subject Matter of Insurance of the Compulsory Medical Malpractice Liability Insurance General Conditions appended to the same Communiqué:

"In addition to that, the activities carried out by the insureds working at private healthcare institutions and establishments and practicing their profession on self-employment basis by reason of being assigned to public and private healthcare institutions and establishments and their affiliated, related or associated units by reason of the pandemic under the applicable law, even if such assignment is outside their own work place and discipline, are included in the policy scope without issuing an additional contract or charging premiums."

- [TFRS 17 Insurance Contracts Standard](#)

Intended to reduce the diversity of recognition of insurance contracts in line with the international accounting customs, TFRS 17 is the first comprehensive and truly International Accounting Standard that presents a fair and true view of these contracts and seeks to increase transparency.

TFRS 17 Insurance Contracts has been published in the Official Gazette issue 30688 dated 16 February 2019 by the Public Oversight, Accounting and Auditing Standards Authority in order to win the standard published by the International Accounting Standards Board for the national legislation. The date for the transition to this standard and for commencement of its implementation was postponed from 2021 to 1 January 2023, thus allowing insurance companies time for preparing for the implications of the standard on resources, training, regulation and tax legislation that are beyond their control.

COVID-19 coverage

In a bid to contribute to the spirit of solidarity, the sector included COVID-19 treatment within the scope of coverage in private health insurance and complementary health insurance policies, although it was excluded and although no premiums were charged for this specific risk.



SECTOR OUTLOOK

more comprehensive support

Net sales revenue in the prior fiscal criterion, which takes place among the criteria for provision of trade receivable insurance to the SMEs, was replaced with the phrase "turnover generated on domestic sales in the prior fiscal year".

Türkiye Sigorta initiated the systemic infrastructure and operational preparations necessary for IFRS 17 in 2019, with the involvement of all related units in the process.

- [Change in the State-Subsidized Trade Receivable Insurance](#)

The Communiqué Amending the Communiqué on the State-Subsidized Trade Receivable Insurance Tariff and Directive for Small and Medium Enterprises" was published in the Official Gazette issue 31218 dated 19 August 2020.

Following the amended communiqué published in the Official Gazette, the SME definition, qualities and classifications, and the conditions for providing a trade receivable insurance to the SMEs will be determined taking into account the financial balance sheet figure, as well as the annual net sales revenue stipulated in the regulation.

Net sales revenue in the prior fiscal year criterion, which takes place among the criteria for provision of trade receivable insurance to the SMEs, was replaced with the phrase "turnover generated on domestic sales in the prior fiscal year". This paves the way for the SMEs that remained outside the scope due to the share of exports in their total turnover to benefit from the State-Subsidized Trade Receivable Insurance.

According to this revision, the turnover generated on domestic sales in the prior fiscal year by SMEs that will be offered State-Subsidized Trade Receivable Insurance must not be below TL 125 million.

If deemed necessary, this amount is allowed to be increased by up to 20% for each application.

The premium amount applied by the insurer to the insurance intermediary was raised from 9% to 12%.

The commission rate applied to insurance contracts based on the premium amount that remains after deduction of taxes and other liabilities was raised from 12% to 15%. According to the additional notes in the revision made, the net premium and maximum coverage amount

of the turnover will be calculated using the last row of the table, and a maximum credit line of TL 750,000 will be assigned to each buyer.

- [Information in insurance contracts](#)

"Regulation on Information in Insurance Contracts" was enforced upon its publication on 14 February 2020, which sets out the duties and obligations of the insurer to make sure that individuals wishing to enter into a specific insurance relationship, who do not have all the information about the subject matter, coverage and other features of the contract either before and during the execution of the contract, be provided with the lacking information, and that the related parties are kept informed about the changes and developments that may arise during the continuation of the agreement and that might affect the insurance customers, insured or the beneficiary.

- [New Era in Participation Insurance](#)

"Regulation on Insurance and Private Pension Activities within the Framework of Participation Principles", which sets out the principles and procedures for carrying out insurance and private pension activities within the frame of participation principles, was enforced upon its publication on 19 December 2020.

Participation-based private pension activities, which were not regulated in the Regulation published in 2017, was regulated in this Regulation. In addition, the Regulation set 31 December 2021 as the deadline for permissible period of operations by companies pursuing activities employing the window system (provision of participation insurance products along with conventional insurance products). The window companies are obliged to establish fully participation companies or transfer their portfolios until the said date.

- [Circular \(2020/1\) Amending the Circular no. 2019/05 on Unexpired Risks Provision](#)

Article 4 of the Circular on Unexpired Risks Provision dated 2019/5 reads as follows:

"In the event that gross loss/premium ratio is higher than 85%, the amount in excess multiplied

by gross Provisions for Unearned Premiums will yield gross Unexpired Risks Provision, whereas the amount in excess multiplied by net Provisions for Unearned Premiums will yield net Unexpired Risks Provision.

If separate calculations are performed for businesses where 100% of direct production is ceded to pools set up in Turkey, the Provisions for Unearned Premiums stemming from these businesses are not included in the Provisions for Unearned Premiums mentioned in the first paragraph."

The circular dated 2020/1 amended Article 4 of the circular published in 2019/5, updating it as follows:

"In the event that gross loss/premium ratio is higher than 100% for separate calculations performed for businesses where 100% of direct production is ceded to pools set up in Turkey under Article 3, and in the event that gross loss/premium ratio is higher than 85% for other businesses, then the amount in excess multiplied by gross Provisions for Unearned Premiums will yield gross Unexpired Risks Provision, whereas the amount in excess multiplied by net Provisions for Unearned Premiums will yield net Unexpired Risks Provision.

In the event that separate calculations are not performed for businesses where 100% of direct production is ceded to pools set up in Turkey under Article 3, the ratio of 85% will be taken into consideration within the branch total, and subjected to Provisions for Unearned Premiums calculation."

- [Circular 2020/8 on Premium/Equity Factor Application in Motor Vehicles Compulsory TPL Insurance and Maximum Premium Increase Rates](#)

Total premiums produced on Motor Vehicles Compulsory TPL Insurance by an insurance company within one calendar year may not exceed 5 times of their shareholders' equity at the end of the preceding year.

If/when the amount of premiums written in one year reaches this limit, then the related insurer will stop writing new policies.

[Potential contributions of the establishment of the Insurance and Private Pension Regulation and Supervision Agency to the sector](#)

Trust is an undeniably crucial factor in the finance sector. When we consider the positive impacts that the Capital Markets Board of Turkey (CMB) established for ensuring operation of the capital market with trust, openness and determination and for protecting the rights and benefits of savers on one hand, and the Banking Regulation and Supervision Agency (BRSA) creating and controlling the safe operating environment of the banking sector on the other hand have upon the industry; the establishment of the Insurance and Private Pension Regulation and Supervision Agency (SEDDK) that has been long awaited by the insurance industry is an extremely important development.

In the insurance industry characterized by a very busy regulatory and supervisory agenda, establishment of an authority exclusively focused on insurance and separately from the Ministry of Treasury and Finance is anticipated to offer major advantages for the sector. Decisions and regulations concerning the industry's expectations and needs will presumably be realized faster once the SEDDK becomes operational. Additionally, SEDDK will also play an active role in the industry's expansion at an increasing pace as the industry's existing potential is made better use of and financially inadequate companies will be put on closer watch. In addition to all of those, the image of, and the confidence in, the sector will be affected positively by the increased supervision and control of the insurance industry, which is an important component of the financial sector. Moreover, SEEDK's having its headquarter in İstanbul is strategically important for building close relationships with the sector.

SEDDK

The image of, and the confidence in, the sector will be affected positively by the increased supervision and control of the insurance industry, which is an important component of the financial sector.

SECTOR OUTLOOK

growth continues

During 2020, total insurance premium production increased by 19.3% year-over-year to TL 82.6 billion.

Premium Performance in the Turkish Insurance Sector

During 2020, total insurance premium production increased by 19.3% year-over-year to TL 82.6 billion. Out of the total premium production, TL 68.1 billion was derived on non-life branches, and TL 14.4 billion on life insurance. The rise in life and non-life segments was registered as 17.7% and 27% respectively. Real change excluding inflation, on the other hand, reveals an expansion of 4.1% in premium production by the overall industry. In real terms, life segment grew by 10.9%, whereas non-life segment by 2.7%.

On the basis of branches in the non-life segment, Motor Vehicles Liability branch, that is the largest premium generator in the industry, increased its production by 9.5% over 2019 to TL 20.5 billion, which corresponds to 4.5% downsizing in real terms. Motor Vehicles, the second largest

branch of the sector, registered a production of TL 10.7 billion in 2020, which signifies 14.2% growth over 2019. In real terms, however, Motor Vehicles branch shrank by 0.4%. As the pandemic accelerated across the country in 2020, Auto Accident branches contracted. The third largest branch, Fire and Natural Disasters recorded a production of TL 10.6 billion in 2020, which is 25.3% higher than it was in 2019. In 2020, Health branch was responsible for 14.8% of the overall sector's production, which amounted to TL 10.1 billion, up by 20.8% as compared with 2019. 2020 premium productions amounted to TL 8 billion in the General Losses branch, TL 2.2 billion in the Accident branch and TL 2.2 billion in the General Losses branch. Total premiums written in 2020 by Marine, Financial Losses, Legal Protection, Watercraft, Credit, Aircraft Liability, Aircraft, Surety Bond, Watercraft Liability, Support and Rail Vehicles added up to TL 3.8 billion in the reporting period.

Branch (TL)	2019	2020	Share	Change	Change (in real terms)
Motor Vehicles Liability	18,712,174,135	20,487,192,290	30%	9%	-4%
Motor Vehicles	9,406,268,988	10,737,408,691	16%	14%	-0.40%
Fire and Natural Disasters	8,447,104,595	10,585,802,519	16%	25%	9%
Health	8,358,100,508	10,095,658,299	15%	21%	5%
General Losses	5,876,737,145	7,962,465,095	12%	35%	18%
Accident	2,372,741,294	2,237,228,258	3%	-6%	-18%
General Liability	1,712,228,206	2,189,994,820	3%	28%	12%
Marine	950,787,872	1,204,301,235	2%	27%	11%
Watercraft	413,511,536	621,688,667	1%	50%	31%
Financial Losses	505,294,367	547,980,509	1%	8%	-5%
Credit	304,281,300	399,061,225	1%	31%	14%
Aircraft	223,854,250	369,664,551	0.5%	65%	44%
Aircraft Liability	263,898,565	298,548,469	0.4%	13%	-1%
Legal Protection	198,465,014	224,970,145	0.3%	13%	-1%
Surety Bond	92,177,756	123,951,705	0.2%	34%	17%
Watercraft Liability	44,655,983	57,810,503	0.1%	29%	13%
Rail Vehicles	13,280	15,272	0.00002%	15%	0.30%
Support	158,666	1,928	0.000003%	-99%	-99%
Total Non-Life	57,882,453,460	68,143,744,181	83%	18%	3%
Total Life	11,359,715,131	14,431,913,855	17%	27%	11%
Grand Total	69,242,168,591	82,575,658,036	100%	19%	4%

Source: Based on Insurance Association of Turkey data dated 22 February 2020.

Türkiye Sigorta's Position in the Industry

Türkiye Sigorta increased its premium production by 24% year-over-year and wrote premiums in the amount of TL 8,887 million in 2020, capturing market leadership with a share of 13.04%. The aggregate pre-merger premium production of TL 7,165 million by Ziraat Sigorta, Halk Sigorta and Güneş Sigorta in 2019 corresponds to a market share of 12.38%, the highest in the industry. The Company, which was in leadership position before the merger, maintained its leadership also after the merger, and showed the positive contribution of the merger by increasing its market share by 0.66%, and point at higher targets hereafter by confirming that it is higher than 1+1+1=3.

Türkiye Sigorta proves that it is the engine of the industry with its leaderships and high market shares in various branches, besides its leadership in the sector.

While Motor Vehicles (own damage) and Motor Vehicles Liability (compulsory- traffic- and non-compulsory motor third party liability) that make up Auto Accident branches downsized by 10% in 2020 with the effect of the pandemic, their market share declined from 8.79% to 7.13%. The production capability in other branches contributed a positive effect, and enabled increased overall market share for the Company. Despite lower production in Auto Accident branches, the Company ranks sixth and fifth in the Motor Vehicles and Motor Vehicles Liability branches, respectively.

The Company ranked first in Fire and Natural Disasters that is the third largest branch of the industry, with a production figure of TL 1,728 million, while succeeding in capturing leadership and increasing its market share by 1.30% to 24.48% in the TCIP branch.

Türkiye Sigorta is the industry's fifth largest company in the Health branch that is the generator of the fourth highest premium production in the industry with 5.77% market share. The Company achieved a remarkable production growth of 62% in the Health branch, increasing its market share by 1.46%.

General Losses make the industry's fifth largest branch that is comprised of Agricultural and Engineering branches. The Company earned leadership in both Engineering and Agricultural branches under General Losses, and increased its market share by 6.12%. The Company captured high market shares of 58.43% in the Agricultural branch and 25.63% in the Engineering branch. The high production figure attained in the Engineering branch was substantially contributed to by the policy for the nuclear energy power plant project that was issued by Türkiye Sigorta.

The Company ranks third in terms of premium production in the General Liability and Watercraft branches.

In the Accident branch, life companies wrote premiums in the amount of TL 703.8 million, while non-life companies wrote TL 1,533.5 million. The Company's production in the Accident branch, where it remains the leader, made up 26.45% of the total production of its non-life companies and 18.13% of the total Accident production.

The Company ranks first in the Aircraft Liability branch with 38.40% share, second in the Aircraft branch with 38.26%, fourth in the Credit branch and fifth in the Legal Protection branch.

a pioneering role

Having the strategic mission and responsibility of distributing the risk in the non-life segment, and increasing savings in the life and pension segment, Türkiye Sigorta will open up new paths by developing products in new areas and will play a pioneering role, and contribute to increase competition in a constructive manner.

SECTOR OUTLOOK

driving force

Türkiye Sigorta will fulfill its driving force role in terms of expanding the product range and offering better service to policyholders, which are the key requirements for increasing business volume in the industry.

A look at our production by sales channels reveals that our bank channel was responsible for 52.54% of our total production, whereas agencies had 23.45% share in the production, the central channel had 17.74%, broker channel had 5.97% and the other channel had 0.30% share. Our Bank leads in the bank and central channels with respective market shares of 46.66% and 27.14%, and ranks seventh in the agency and broker channels with respective shares of 5.34% and 5.45%.

Commencement of operations by Türkiye Sigorta gives birth to new competition areas, including a change of dynamics of the industry that has not experienced a merger of this scale before; product needs that were unmet in the market; functional deficiencies that will steer the sector; penetrating the regional insurance market, and reflection of customer behaviors that change with digitalization upon the insurance industry. These and similar new competition areas bring along opportunities for the industry and for the Company alike.

Having the strategic mission and responsibility of distributing the risk in the non-life segment, and increasing savings in the life and pension segment, Türkiye Sigorta will open up new paths by developing products in new areas and will play a pioneering role, and contribute to increase competition in a constructive manner. On another note, the industry will be possibly affected positively upon reflection of the operational efficiency to be achieved by Türkiye Sigorta upon services and policyholder satisfaction.

Hence, Türkiye Sigorta will fulfill its driving force role in terms of expanding the product range and offering better service to policyholders, which are the key requirements for increasing business volume in the industry.

Consolidation is a fact that cannot be overlooked in all the sectors that are the scene to competition. The need for consolidation is in the nature of the insurance business which is subject to high-level competition. Companies closely watch merger and consolidation processes in order to capitalize on cost-based advantages provided by the scale economy and to increase profitability.

There have been many successful mergers in the industry in the past two decades. The merger of public insurance and life/pension companies might also bear a positive impact for the industry also in this respect.

Türkiye Sigorta, which achieved a premium production of TL 8,887 million in 2020, took the first place with a market share of 13.04%. In addition to its leadership in the industry, the Company proves that it is the engine of the industry with its leadership and high market shares in various branches.



THE COVID-19 PANDEMIC AND THE STANCE OF TÜRKİYE SİGORTA

by the side of the policyholder

Keeping a close eye on the developments and pursuing its activities with a social responsibility consciousness through tough COVID-19 times, Türkiye Sigorta introduced practices that support its policyholders and sales channels.



COVID-19 diagnosis, treatment and difference charges are included within the scope of the coverage.

The negative impacts the pandemic has on the merger process were minimized.

The COVID-19 pandemic that coincided with the merger project emerged as the biggest obstacle facing the timely and complete consummation of the project. Upon the emergence of the first Coronavirus cases in our country, actions were taken swiftly in operational processes for switching to teleworking, and the effect of this negativity upon the merger processes was minimized.

One of the components of flexible working conditions recently gaining the foreground, the teleworking model has necessarily become a key element of the merger project in the wake of the pandemic. The competent information systems technology allowed completion and introduction of digital infrastructure processes required by teleworking quickly, and adaptation was secured without any loss of time in the execution of the project-related processes in line with the teleworking model. In this process, virtual communication tools were effectively used for business continuity and for smooth running of communication. While loss of time was prevented through the work-from-home model, the project team's contribution to the project was maximized.

On the other hand, while work was carried out in relation to the project targeted to be completed in the short term, the project management process was successfully finalized with the support of important gains in relation to the business world we learnt from the pandemic, such as agile management, flexible organization and fast adaptation to change.

Working environment and processes were adjusted according to pandemic conditions.

After tackling the possible impacts of the pandemic at the Crisis Management Committee, Türkiye Sigorta began implementing the hygiene and sanitation measures at the maximum level.

Body temperature is measured using thermal cameras at the entrances of the Company building, and masks, disinfectants and cologne are distributed for use by employees on an ongoing basis. The cleaning frequency of common spaces at the work place is increased, and offices are disinfected weekly. The seating plan of employees working in the office was rearranged and the distances between desks are increased. In addition, international travels were cancelled.

While health measures were maximized, additional measures were adopted in view of business continuity. First of all, action was taken in line with the Circular on Administrative Leave for Civil Servants; employees falling under the scope of the Circular was sent on administrative leave, the number of employees working in the units was minimized, and all employees apart from a small number of employees whose presence at the head office building is essential were moved to the work-from-home order.

Remote access means already available were offered to the entire employee body due to the pandemic, and laptops and tablets necessary for employees within this scope were quickly procured and delivered. In addition to that, the Company also took the necessary actions and provided the internet access for employees' remote access needs. At present, all required employees establish remote access without any problems.

Awareness raising and educational activities are carried out regarding the methods for protecting against the pandemic, necessary measures to be taken and the fight against the pandemic; this process is supported by multi-channel communication.

The Company has been frequently sharing information about protection against the pandemic to all the employees from the early days of the outbreak. In addition to the information provided by the Ministry of Health

and the Scientific Advisory Board, the Human Resources unit continuously coordinates information provision and online training regarding the protection methods against the pandemic and necessary measures through the internal communication platforms, which are contributed to by the Company's Occupational Health and Safety Expert and Workplace Practitioner. In addition, WhatsApp groups were set up, and information posters and visuals were prepared.

Türkiye Sigorta stands by its policyholders and business partners with supportive practices.

Keeping a close eye on the developments and pursuing its activities with a social responsibility consciousness through tough COVID-19 times, Türkiye Sigorta introduced practices that support its policyholders and sales channels.

COVID-19 diagnosis, treatment and difference charges in all Private Health and Complementary Health policies are included within the scope of the coverage as a goodwill gesture payment subject to the policy's existing special conditions, the applicable hospital network and limits, save for cases in which the existing condition dates back to before the policy inception date.

All customers were granted 5% discount on their Motor Own Damage, Housing, Personal Accident and Critical Illnesses products, with an additional 15% discount to healthcare workers who carry on with their duties with the utmost sacrifice through these hard days.

+2 months on us campaign was organized for the Motor Own Damage product, thereby offering additional assurance. Moreover, the policyholders were granted additional number of installments, thus providing easy payment.

Many steps were taken also in relation to insurance practice for business continuity and increased service efficiency.

- Necessary improvements were made to the call center.
- In auto claims, claims up to TL 1,500 began to be finalized against invoice, without performance of a claims survey.
- Claims processes were rendered compatible with remote claims handling. Surveys began to be conducted remotely, with video contact, and document-based.
- In addition, applications were developed to respond to policyholders' requests for purchasing or renewing policies through digital or call center channels.
- In Private Health Insurance policies, claims can now be notified through the mobile app.
- Health support services through an online meeting platform started to be offered to maximize the benefit derived by policyholders.

Support activities were carried out for agencies and brokers. First of all, a videoconference was organized with 200 agencies to compile their problems and expectations, so that all agencies can continue to offer uninterrupted service to the policyholders and to help improve their teleworking performances. All requests received were responded to by technical and support teams, ensuring continued uninterrupted service provision despite the rough patch we are going through.

Commission payments to sales outlets working on blocked payment basis were updated to weekly period in all branches, whereas commission payments to sales outlets working on open account and blocked payment basis in compulsory branches were updated to bimonthly period. In the commercial fire campaign organized for the January-March period, additional commission payments to agencies were made in April without waiting for the expiration of the standby period.

supporting sales channels

Commission payments to sales outlets working on blocked payment basis were updated to weekly period in all branches, whereas commission payments to sales outlets working on open account and blocked payment basis in compulsory branches were updated to bimonthly period.



Private Health Insurance policyholders can now send their claims for healthcare expenses incurred at out-of-network healthcare institutions via the BİP app.





being one is sharing...

In a bid to contribute more value to the economy, our environment and the society, we are using our strength to achieve “the better” and we are moving ahead with the target of satisfying our obligations to our stakeholders fully, being a company with a high social sensitivity, as well as delivering perfect customer experience drawing on our technological capabilities.

2020 ACTIVITIES

TECHNICAL RESULTS

TL 8.9 billion premium production

During 2020, Türkiye Sigorta expanded its premium production by 24% to TL 8,887 million, and ended the year as the industry's leader.

Premium Production

The table below shows the 2020 Gross Premium Production results in comparison with the prior period results for the Treasury branches:

TL	2019	2020	Share	Change
General Losses	2,061,036,916	3,276,311,168	37%	59%
Fire and Natural Disasters	1,324,104,044	1,727,821,680	19%	30%
Motor Vehicles Liability	1,704,938,349	1,403,676,104	16%	-18%
Motor Vehicles	766,855,578	824,106,337	9%	7%
Health	360,044,329	582,209,518	7%	62%
Accident	382,420,463	405,591,022	5%	6%
General Liability	122,428,000	207,891,369	2%	70%
Aircraft	114,380,994	141,423,625	2%	24%
Aircraft Liability	145,782,372	114,641,836	1%	-21%
Watercraft	56,638,418	84,664,890	1%	49%
Marine	36,418,086	39,415,913	0.4%	8%
Credit	12,908,875	29,631,833	0.3%	130%
Financial Losses	56,611,553	27,216,799	0.3%	-52%
Legal Protection	13,891,034	16,948,532	0.2%	22%
Surety Bond	8,384,035	5,575,575	0.1%	-33%
Support	158,666	1,928	0.00002%	-99%
Watercraft Liability	-	-	-	-
Rail Vehicles	-	-	-	-
Grand Total	7,167,001,712	8,887,128,129	100%	24%

Total premium production augmented by 24% in line with the Company's strategy. This rise and the merger brought Türkiye Sigorta the sector's leadership at year-end 2020. The rise in premiums outdid that in the overall industry in non-auto branches. General Liability, Health, General Losses and Fire branches stood out with respective growth rates of 70%, 62%, 59% and 30%. While the Company contracted by 18% in the Motor Vehicles Liability branch, it achieved 7% growth in the Motor Vehicles branch. Production by the agency channel slid down by 9% whereas bank and broker channels upped their premium productions by 22% and 59%, respectively. The bank channel increased its market share from 44% to 47%.

Gross Claims Paid

The table below shows the 2020 Gross Claims Paid in comparison with the prior period on the basis of Treasury branches:

TL	2019	2020	Share	Change
General Losses	234,448,017	291,269,387	12%	24%
Fire and Natural Disasters	325,041,064	448,397,344	18%	38%
Motor Vehicles Liability	944,911,088	847,213,364	35%	-10%
Motor Vehicles	487,489,890	431,388,291	18%	-12%
Health	172,396,583	156,296,006	6%	-9%
Accident	39,652,392	32,709,598	1%	-18%
General Liability	24,485,206	34,442,889	1%	41%
Aircraft	183,316,631	87,101,666	4%	-52%
Aircraft Liability	43,353,729	34,363,276	1%	-21%
Watercraft	19,544,246	32,042,715	1%	64%
Marine	7,140,204	5,195,806	0.2%	-27%
Credit	1,923,432	(745,900)	-0.03%	-139%
Financial Losses	17,687,219	39,493,377	2%	123%
Legal Protection	46,983	59,567	0.002%	27%
Surety Bond	688,253	123,937	0.01%	-82%
Support	-	-	-	-
Watercraft Liability	-	-	-	-
Rail Vehicles	-	-	-	-
Grand Total	2,502,124,937	2,439,351,323	100%	-3%

Technical Profit

The table below shows the 2020 Technical Profit results in comparison with the prior period on the basis of Treasury branches:

TL	2019	2020	Share	Change
General Losses	186,383,040	182,153,552	14%	-2%
Fire and Natural Disasters	251,782,919	282,176,777	21%	12%
Motor Vehicles Liability	47,295,117	117,345,530	9%	148%
Motor Vehicles	112,856,161	218,280,019	16%	93%
Health	72,450,190	213,816,595	16%	195%
Accident	217,535,474	318,070,225	24%	46%
General Liability	(1,110,513)	(9,283,200)	-1%	736%
Aircraft	(2,435,937)	(2,029,742)	-0.2%	-17%
Aircraft Liability	(2,592,159)	(2,195,031)	-0.2%	-15%
Watercraft	(492,395)	9,168,133	1%	-1962%
Marine	11,984,994	7,835,390	1%	-35%
Credit	569,573	(12,794,511)	-1%	-2346%
Financial Losses	14,499,536	5,383,312	0.4%	-63%
Legal Protection	4,677,000	10,366,383	1%	122%
Surety Bond	1,726,229	2,299,478	0.2%	33%
Support	31,797	27,693	0.002%	-13%
Watercraft Liability	-	-	-	-
Rail Vehicles	-	-	-	-
Grand Total	915,161,026	1,340,620,603	100%	46%

2020 ACTIVITIES

TECHNICAL RESULTS

Technical Income by Branches

I- TECHNICAL PART	GENERAL LOSSES	FIRE AND NATURAL DISASTERS	MOTOR VEHICLES LIABILITY	MOTOR VEHICLES	ILLNESS/ HEALTH	ACCIDENT	GENERAL LIABILITY
A- Non-Life Technical Income	412,394,290	638,523,795	1,291,796,219	928,638,335	559,577,538	448,297,524	30,916,588
Written Premiums (Net)	396,798,224	526,255,125	912,766,063	818,642,910	579,007,609	356,719,856	24,799,413
Change in Earned Premium Provisions (Net)	(57,851,455)	(9,122,226)	261,317,810	(34,796,147)	(148,632,780)	(11,802,595)	(2,504,977)
Change in Unexpired Risk Provisions	-	-	11,674,757	-	-	-	1,951,864
Investment Income Transferred to Non-Technical Division	71,548,265	113,247,630	54,887,843	121,368,306	129,351,159	103,365,799	6,061,839
Other Technical Income	-	72,500	-	2,758,553	269,301	-	546,225
Accrued Salvage and Subrogation Income (+)	1,899,256	8,070,766	51,149,746	20,664,713	(417,751)	14,464	62,224
B- Non-Life Technical Expenses (-)	(230,240,738)	(356,347,018)	(1,174,450,689)	(710,358,316)	(345,760,943)	(130,227,299)	(40,199,788)
Claims Paid (Net)	(179,243,186)	(162,070,920)	(737,201,502)	(428,344,058)	(163,037,321)	(24,745,450)	(5,305,617)
Changes in Outstanding Claims Provisions	(7,500,679)	(21,878,273)	(260,927,393)	(68,011,154)	(7,066,539)	29,428,619	(33,846,018)
Changes in Bonus and Discount Provisions	(421,297)	(1,461,710)	(153,321)	(825,869)	(48,866)	(177,981)	44,358
Changes in Other Technical Provisions	(887,716)	(14,189,277)	-	(2,237,909)	-	(90,185)	-
Operating Expenses (-)	(42,187,860)	(156,746,838)	(176,168,473)	(210,939,326)	(175,608,217)	(134,642,302)	(1,092,511)
C Non Life Technical Profit (A-B)	182,153,552	282,176,777	117,345,530	218,280,019	213,816,595	318,070,225	(9,283,200)

AIRCRAFT	AIRCRAFT LIABILITY	WATERCRAFT	MARINE	CREDIT	FINANCIAL LOSSES	LEGAL PROTECTION	SURETY BOND	SUPPORT	TOTAL
-	-	8,642,838	17,201,028	(13,078,442)	24,960,539	19,827,976	2,893,374	27,693	4,370,619,295
-	-	9,239,432	13,315,333	204,506	7,208,633	16,986,834	2,843,046	1,928	3,664,788,912
-	-	(4,749,527)	439,964	110,712	16,766,626	(2,426,149)	(803,737)	25,765	5,971,284
-	-	1,489,923	-	-	109,309	-	-	-	15,225,853
-	-	2,135,988	3,731,909	75,171	887,054	5,267,291	878,626	-	612,806,880
-	-	-	-	110	-	-	-	-	3,646,689
-	-	527,022	(286,178)	(13,468,941)	(11,083)	-	(24,561)	-	68,179,677
(2,029,742)	(2,195,031)	525,295	(9,365,638)	283,931	(19,577,227)	(9,461,593)	(593,896)	-	(3,029,998,692)
-	-	(2,370,474)	(1,314,180)	37,229	(4,356,026)	(48,165)	(17,540)	-	(1,708,017,210)
(10,794)	-	1,161,570	(6,553,595)	61,071	(4,125,068)	267,203	(59,900)	-	(379,060,950)
-	-	-	(10,089)	1,630	(1,350)	(6,496)	(756)	-	(3,061,747)
-	-	-	-	(23,796)	(29,191)	-	-	-	(17,458,074)
(2,018,948)	(2,195,031)	1,734,199	(1,487,774)	207,797	(11,065,592)	(9,674,135)	(515,700)	-	(922,400,711)
(2,029,742)	(2,195,031)	9,168,133	7,835,390	(12,794,511)	5,383,312	10,366,383	2,299,478	27,693	1,340,620,603

2020 ACTIVITIES

TECHNICAL RESULTS

At 2020 year-end, investment income went up by 14% to TL 1 billion 160 million 394 thousand. With TL 655 million 375 thousand, income from financial investments make up the highest item within investment income. The second highest investment income consists of currency gains in the amount of TL 795 thousand. Revenues were derived in the amount of TL 106 million 88 thousand from dividend from affiliates, TL 44 million 722 thousand from valuation of financial investments, TL 13 million 665 thousand from the sales of financial investments, TL 12 million 739 thousand from real estate, and TL 10 thousand from other investments.

Investment Income (TL)	2019	2020	Change
1- Income from Financial Investments	776,051,261	655,374,529	-16%
2- Revenues from the Sales of Financial Investments	55,617,659	13,665,186	-75%
3- Valuation of Financial Investments	12,700,471	44,722,169	252%
4- FX Gains	138,345,016	327,794,684	137%
5- Dividend from Affiliates	30,735,989	106,088,223	245%
6- Income from Subsidiaries and Joint Ventures	-	-	-
7- Income from Real Estate	1,205,318	12,738,577	957%
8- Income from Derivatives	6,129	-	-100%
9- Other Investments	717,603	10,334	-99%
10- Investment Income Transferred from Life Technical Division	-	-	-
Grand Total	1,015,379,446	1,160,393,702	14%

At year-end 2020, investment expenses increased by 15% and reached TL 908 million 496 thousand. Investment income transferred to the technical division represents the largest item under investment expenses with TL 612 million 807 thousand. Exchange losses amounted to TL 236 million 806 thousand. Other investment expenses were worth TL 28 million 588 thousand, depreciation expenses were TL 23 million 738 thousand, and investment management expenses were TL 6 million 558 thousand in the same timeframe.

Investment Expenses (-) (TL)	2019	2020	Change
1- Investment Management Expenses (incl. interests) (-)	(21,358,775)	(6,557,821)	-69%
2- Devaluation of Investments (-)	-	-	-
3- Loss from the Sales of Financial Investments (-)	(110,085)	-	-100%
4- Investment Expenses Transferred to the Technical Division (-)	(629,517,714)	(612,806,880)	-3%
5- Loss from Derivative Products (-)	-	-	-
6- FX Losses (-)	(107,301,128)	(236,806,070)	121%
7- Depreciation Expenses (-)	(15,763,988)	(23,737,666)	51%
8- Other Investment Expenses (-)	(16,582,933)	(28,588,048)	72%
Grand Total	(790,634,623)	(908,496,485)	15%

At year-end 2020, TL 163 million 70 thousand was entered as expense in the Revenues, Income, Expenses and Other Losses account. While Other Revenues and Income in the amount of TL 2 million 166 thousand represented the revenue part of the accounts constituting this expense, the expenses consisted of provisions in the amount of TL 118 million 931 thousand, Deferred Tax Asset Income in the amount of TL 20 million 38 thousand, Other Expenses and Losses in the amount of TL 13 million 396 thousand, Deferred Tax Liabilities in the amount of TL 9 million 366 thousand, and other expenses and losses in the amount of TL 3 million 456 thousand.

F- Revenues, Income, Expenses and Losses from Other Operations (+/-)	2019	2020	Change
1- Provisions (+/-)	(98,117,106)	(118,930,779)	21%
2- Rediscounts (+/-)	10,059,447	(3,456,170)	-134%
3- Specialty Insurance (+/-)	-	-	-
4- Inflation Adjustment (+/-)	-	-	-
5- Deferred Tax Asset Income (+/-)	(22,608,072)	(20,037,721)	-11%
6- Deferred Tax Liabilities Loss	-	(9,365,716)	-
7- Other Revenues and Income	3,282,065	2,116,263	-36%
8- Other Expenses and Losses (-)	(1,682,837)	(13,396,240)	696%
9- Prior Year's Revenues and Profits	-	-	-
10- Prior Year's Expenses and Losses (-)	-	-	-
Grand Total	(109,066,503)	(163,070,363)	50%

Income Statement Summary

While TL 4 billion 370 million 619 thousand was booked in technical income in the 1 January 2020 - 31 December 2020 operating period, TL 3 billion 29 million 999 thousand accrued in technical expenses. At the bottom line, the Company posted a technical profit of TL 1 billion 340 million 621 thousand.

Including TL 1 billion 160 million 394 thousand in investment income and TL 908 million 496 thousand in investment expenses and TL 163 million 70 thousand in expenses from other and extraordinary operations, which are added to the technical division, after deducting TL 276 million 428 thousand in provisions for taxation, a net profit of TL 1 billion 153 million 19 thousand was booked in the reporting period.

Income Statement Summary	2019	2020	Change
A- Non-Life Technical Income	3,957,943,719	4,370,619,295	10%
B- Non-Life Technical Expenses (-)	(3,042,782,693)	(3,029,998,692)	-0.4%
C- Technical Profit- Non-life (A-B)	915,161,026	1,340,620,603	46%
D- Investment Income	1,015,379,446	1,160,393,702	14%
E- Investment Expenses (-)	(790,634,623)	(908,496,485)	15%
F- Revenues and Profits and Expenses & Losses from Other and Extraordinary Operations (+/-)	(109,066,503)	(163,070,363)	50%
G- Net Period Profit/Loss	828,378,599	1,153,019,269	39%
<i>Provisions for Period Profit Taxation and Other Legal Liabilities</i>	<i>(202,460,747)</i>	<i>(276,428,188)</i>	<i>37%</i>

2020 ACTIVITIES

TECHNICAL RESULTS

General Losses

At year-end 2020, premium production in General Losses Insurance branch augmented by 59% to TL 3 billion 276 million 311 thousand. Net loss ratio went up from 47% to 55%.

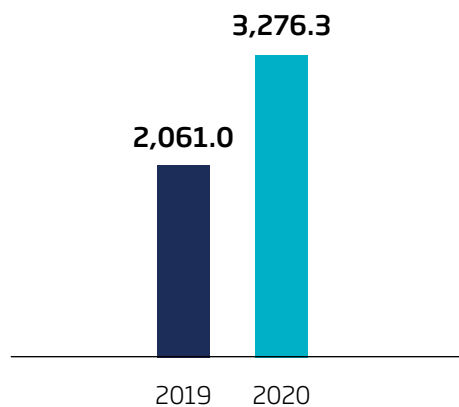
General Losses Insurance

GENERAL LOSSES	2019	2020	Change
Premium Production - TL	2,061,036,916	3,276,311,168	59%
Retention Ratio %	15	12	-3%
Earned Premiums (net) - TL	275,292,558	338,946,769	23%
Losses Incurred (net) - TL	(130,144,261)	(186,743,865)	43%
Technical Profit - TL	186,383,040	182,153,552	-2%
Loss Ratio (net) %	47	55	8%
Technical Profit/Premium %	9	6	-3%

At year-end 2020, premium production in General Losses Insurance branch augmented by 59% to TL 3 billion 276 million 311 thousand. Retention ratio was 12%. Net loss ratio in the General Losses Insurance branch was registered as 55% at 2020 year-end. While net earned premiums amounted to TL 338 million 947 thousand, net losses incurred were recorded as TL 186 million 744 thousand. The Company posted a technical profit of TL 182 million 154 thousand, which is down by 2%.

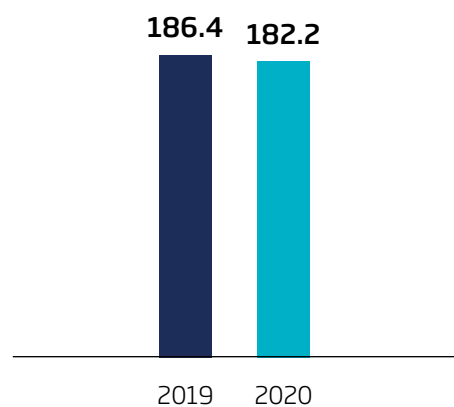
Premium Production (TL million)

2019-2020 **59%** increase



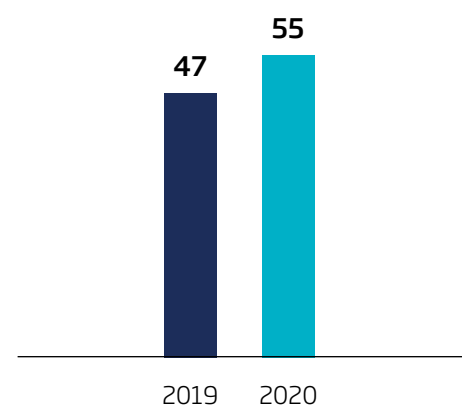
Technical Profit (TL million)

2019-2020 **-2%** decrease



Loss Ratio (Net) (%)

2019-2020 **8%** increase



Fire and Natural Disasters Insurance

FIRE AND NATURAL DISASTERS	2019	2020	Change
Premium Production - TL	1,324,104,044	1,727,821,680	30%
Retention Ratio %	37	30	-7%
Earned Premiums (net) - TL	428,722,216	517,132,899	21%
Losses Incurred (net) - TL	(133,162,146)	(183,949,193)	38%
Technical Profit - TL	251,782,919	282,176,777	12%
Loss Ratio (net) %	31	36	5%
Technical Profit/Premium %	19	16	-3%

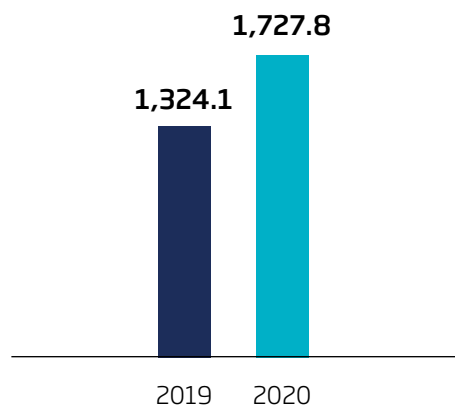
At year-end 2020, premium production in Fire and Natural Disasters Insurance branch expanded by 30% to TL 1 billion 727 million 822 thousand. Retention ratio was 30%. Net Loss/Premium ratio in the Fire and Natural Disasters Insurance branch was registered as 36% at 2020 year-end. While earned premiums (net) amounted to TL 517 million 133 thousand, net losses incurred were recorded as TL 183 million 949 thousand. The Company posted a technical profit of TL 282 million 177 thousand in the Fire and Natural Disasters branch.

Fire and Natural Disasters

At year-end 2020, premium production in Fire and Natural Disasters Insurance branch expanded by 30% to TL 1 billion 727 million 822 thousand. Technical profit went up by 12%.

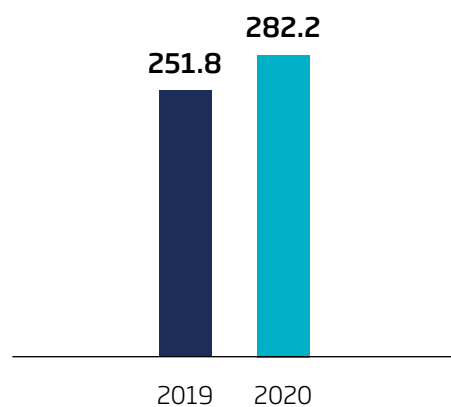
Premium Production (TL million)

2019-2020 **30%** increase



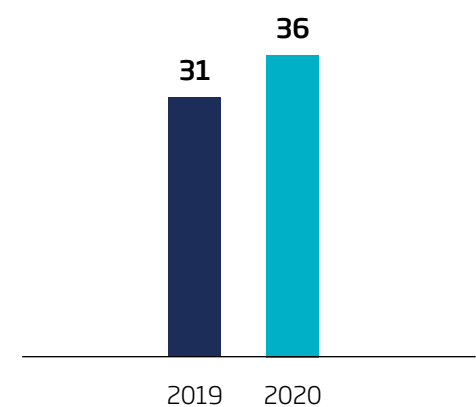
Technical Profit (TL million)

2019-2020 **12%** increase



Loss Ratio (Net) (%)

2019-2020 **5%** increase



2020 ACTIVITIES

TECHNICAL RESULTS

Motor Vehicles Liability

At year-end 2020, premium production in Motor Vehicles Liability Insurance branch declined by 18% to TL 1 billion 403 million 676 thousand. Retention rate was down by 12%. Net loss ratio slid down to 84% from 103%.

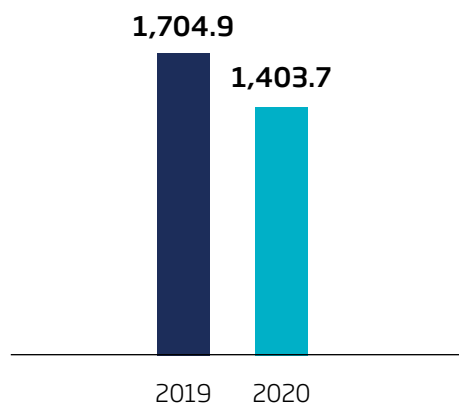
Motor Vehicles Liability Insurance

MOTOR VEHICLES LIABILITY	2019	2020	Change
Premium Production - TL	1,704,938,349	1,403,676,104	-18%
Retention Ratio %	77	65	-12%
Earned Premiums (net) - TL	1,238,136,144	1,185,758,630	-4%
Losses Incurred (net) - TL	(1,271,181,183)	(998,128,895)	-21%
Technical Profit - TL	47,295,117	117,345,530	148%
Loss Ratio (net) %	103	84	-19%
Technical Profit/Premium %	3	8	5%

At year-end 2020, premium production in Motor Vehicles Liability Insurance branch declined by 18% to TL 1 billion 403 million 676 thousand. Retention rate was 65%. Net loss ratio in the Motor Vehicles Liability Insurance branch was registered as 84% at 2020 year-end. While earned premiums (net) amounted to TL 1 billion 185 million 759 thousand, net losses incurred were recorded as TL 998 million 129 thousand. The Company posted a technical profit of TL 117 million 346 thousand in the Motor Vehicles Liability branch, up by 148% year-over-year.

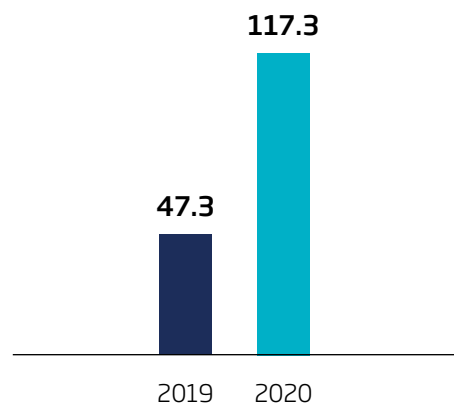
Premium Production (TL million)

2019-2020 **-18%** decrease



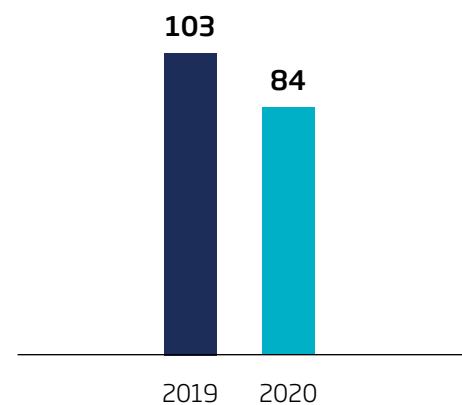
Technical Profit (TL million)

2019-2020 **148%** increase



Loss Ratio (Net) (%)

2019-2020 **-19%** decrease



Motor Vehicles Insurance

MOTOR VEHICLES	2019	2020	Change
Premium Production - TL	766,855,578	824,106,337	7%
Retention Ratio %	99	99	-
Earned Premiums (net) - TL	695,393,868	783,846,763	13%
Losses Incurred (net) - TL	(483,358,250)	(496,355,212)	3%
Technical Profit - TL	112,856,161	218,280,019	93%
Loss Ratio (net) %	70	63	-7%
Technical Profit/Premium %	15	26	11%

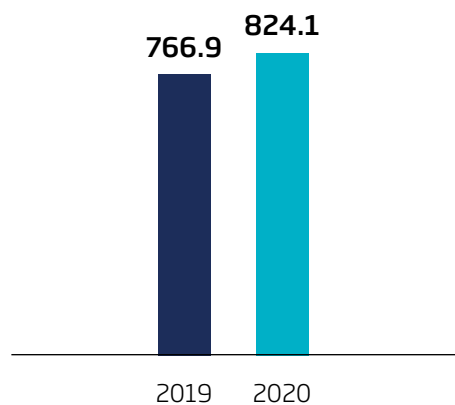
At year-end 2020, premium production in Motor Vehicles Insurance branch was up by 7% to TL 824 million 106 thousand. Retention rate was 99%. Net loss ratio in the Motor Vehicles Insurance branch was registered as 63% at 2020 year-end. While earned premiums (net) amounted to TL 783 million 847 thousand, net losses incurred were recorded as TL 496 million 355 thousand. The Company posted a technical profit of TL 218 million 280 thousand in the Motor Vehicles branch.

Motor Vehicles

At year-end 2020, premium production in Motor Vehicles Insurance branch was up by 7% to TL 824 million 106 thousand. Technical profit increased by 93%.

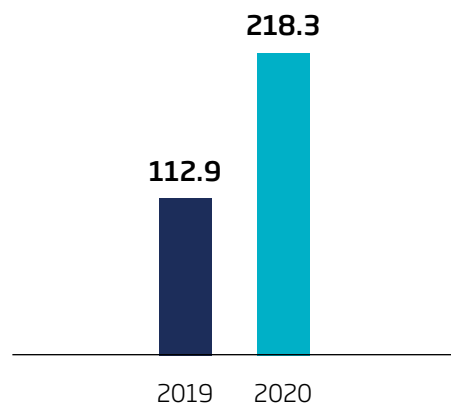
Premium Production (TL million)

2019-2020 7% increase



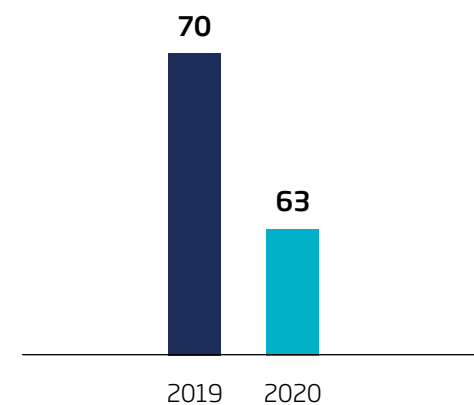
Technical Profit (TL million)

2019-2020 93% increase



Loss Ratio (Net) (%)

2019-2020 -7% decrease



2020 ACTIVITIES

TECHNICAL RESULTS

Health

At year-end 2020, premium production in Health Insurance branch climbed up 62% to TL 582 million 210 thousand. Net loss ratio was down from 63% to 40%.

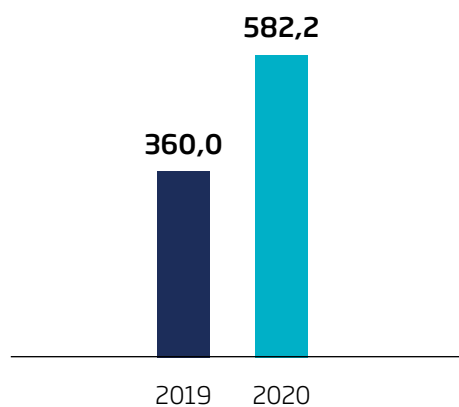
Health Insurance

HEALTH	2019	2020	Change
Premium Production - TL	360,044,329	582,209,518	62%
Retention Ratio %	98	99	1%
Earned Premiums (net) - TL	271,063,695	430,374,829	59%
Losses Incurred (net) - TL	(171,222,750)	(170,103,860)	-1%
Technical Profit - TL	72,450,190	213,816,595	195%
Loss Ratio (net) %	63	40	-23%
Technical Profit/Premium %	20	37	17%

At year-end 2020, premium production in Health Insurance branch climbed up by 62% to TL 582 million 210 thousand. Retention rate was 99%. Net loss ratio in the Health Insurance branch was registered as 40% at 2020 year-end. While earned premiums (net) amounted to TL 430 million 375 thousand, net losses incurred were recorded as TL 170 million 104 thousand. The Company posted a technical profit of TL 213 million 817 thousand in the Health branch.

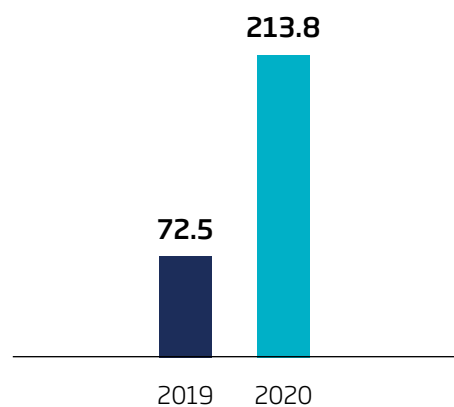
Premium Production (TL million)

2019-2020 **62%** increase



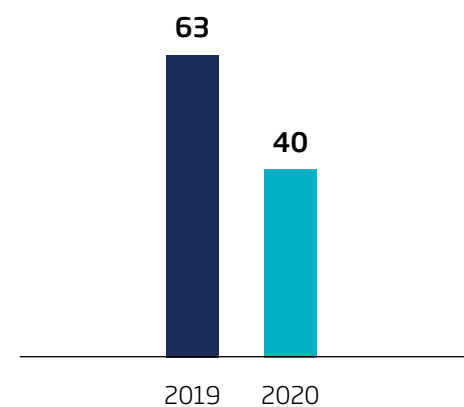
Technical Profit (TL million)

2019-2020 **195%** increase



Loss Ratio (Net) (%)

2019-2020 **-23%** decrease



Accident Insurance

ACCIDENT	2019	2020	Change
Premium Production - TL	382,420,463	405,591,022	6%
Retention Ratio %	85	88	3%
Earned Premiums (net) - TL	271,753,861	344,917,261	27%
Losses Incurred (net) - TL	(29,149,639)	4,683,169	116%
Technical Profit - TL	217,535,474	318,070,225	46%
Loss Ratio (net) %	11	-1	-12%
Technical Profit/Premium %	57	78	21%

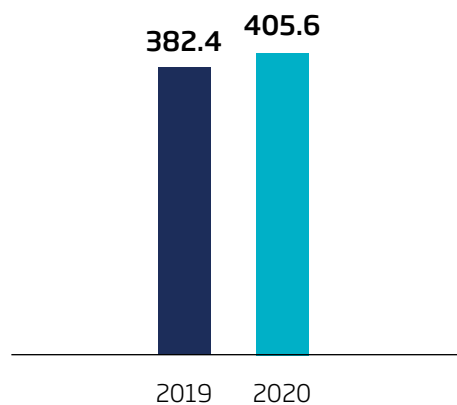
At year-end 2020, premium production in Accident Insurance branch went up by 6% to TL 405 million 591 thousand. Retention rate was 88%. Net loss ratio in the Accident Insurance branch was registered as (-1%) at 2020 year-end. While earned premiums (net) amounted to TL 344 million 917 thousand, net losses incurred were recorded as TL 4 million 683 thousand. The Company posted a technical profit of TL 318 million 70 thousand in the Accident branch, up by 46% year-over-year.

Accident

At year-end 2020, premium production in Accident Insurance branch went up by 6% to TL 405 million 591 thousand. Technical profit increased by 46%.

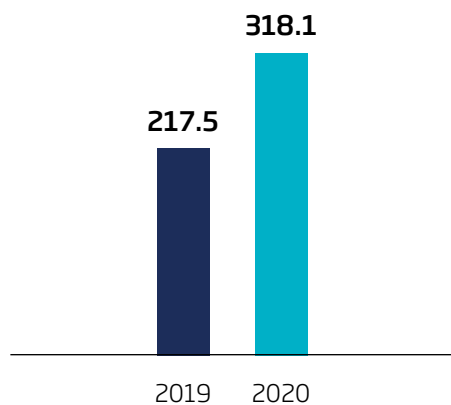
Premium Production (TL million)

2019-2020 **6%** increase



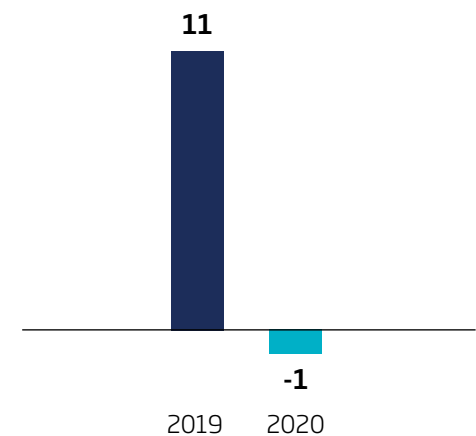
Technical Profit (TL million)

2019-2020 **46%** increase



Loss Ratio (Net) (%)

2019-2020 **-12%** decrease



2020 ACTIVITIES

TECHNICAL RESULTS

General Liability

At year-end 2020, premium production in General Liability Insurance branch boosted 70% to TL 207 million 891 thousand. Retention rate was 12%.

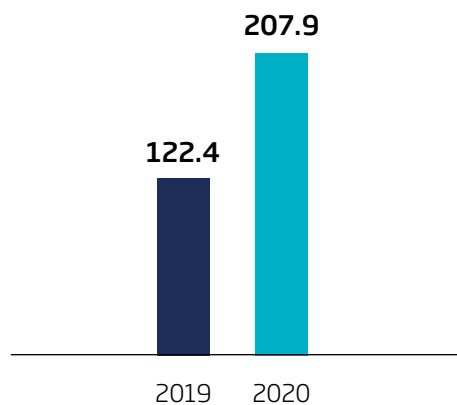
General Liability Insurance

GENERAL LIABILITY	2019	2020	Change
Premium Production - TL	122,428,000	207,891,369	70%
Retention Ratio %	19	12	-7%
Earned Premiums (net) - TL	16,693,670	24,246,300	45%
Losses Incurred (net) - TL	(26,745,912)	(39,151,635)	46%
Technical Profit - TL	(1,110,513)	(9,283,200)	736%
Loss Ratio (net) %	160	161	1%
Technical Profit/Premium %	-1	-4	-3%

At year-end 2020, premium production in General Liability Insurance branch boosted 70% to TL 207 million 891 thousand. Retention rate was 12%. While earned premiums (net) amounted to TL 24 million 246 thousand, net losses incurred were recorded as TL 39 million 152 thousand. Net loss ratio was registered as 161%. The Company posted a technical loss of TL 9 million 283 thousand in the General Liability branch.

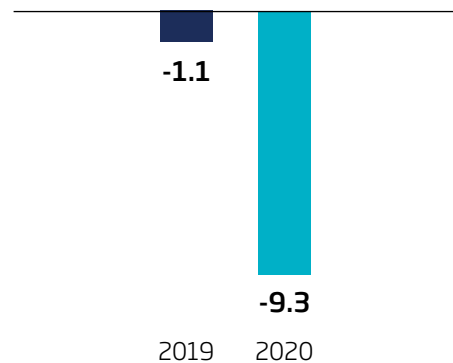
Premium Production (TL million)

2019-2020 **70%** increase



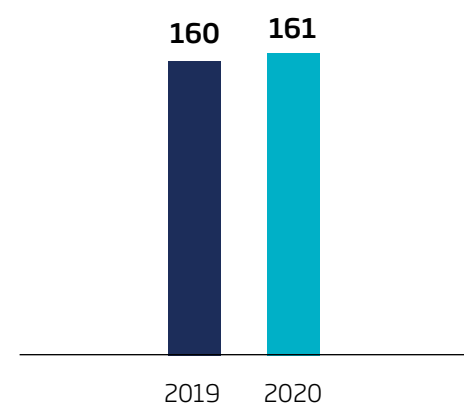
Technical Profit (TL million)

2019-2020 **736%** increase



Loss Ratio (Net) (%)

2019-2020 **1%** increase



Aircraft Insurance

AIRCRAFT	2019	2020	Change
Premium Production - TL	114,380,994	141,423,625	24%
Retention Ratio %	-	-	-
Earned Premiums (net) - TL	-	-	-
Losses Incurred (net) - TL	41,687	(10,794)	-126%
Technical Profit - TL	(2,435,937)	(2,029,742)	-17%
Loss Ratio (net) %	-	-	-
Technical Profit/Premium %	-2	-1	1%

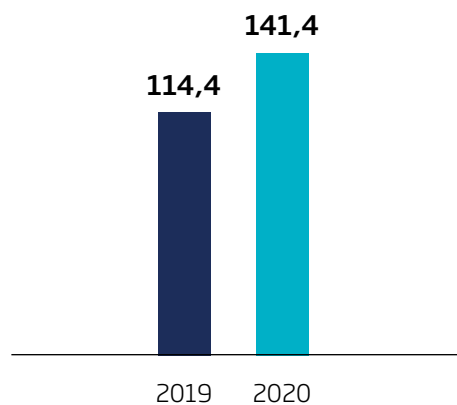
At year-end 2020, premium production in Aircraft Insurance branch increased by 24% to TL 141 million 424 thousand. Production was not retained in the Aircraft Insurance branch. The Company posted a technical loss of TL 2 million 30 thousand in this branch.

Aircraft

At year-end 2020, premium production in Aircraft Insurance branch increased by 24% to TL 141 million 424 thousand. Production was not retained in the Aircraft Insurance branch.

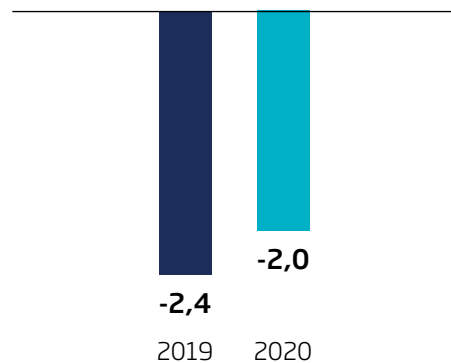
Premium Production (TL million)

2019-2020 **24%** increase



Technical Profit (TL million)

2019-2020 **-17%** decrease



2020 ACTIVITIES

TECHNICAL RESULTS

Aircraft Liability

At year-end 2020, premium production in Aircraft Liability Insurance branch decreased by 21% to TL 114 million 642 thousand.

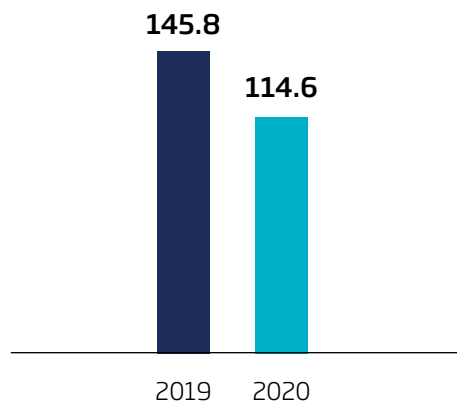
Aircraft Liability Insurance

AIRCRAFT LIABILITY	2019	2020	Change
Premium Production - TL	145,782,372	114,641,836	-21%
Retention Ratio %	-	-	-
Earned Premiums (net) - TL	-	-	-
Losses Incurred (net) - TL	-	-	-
Technical Profit - TL	(2,592,159)	(2,195,031)	-15%
Loss Ratio (net) %	-	-	-
Technical Profit/Premium %	-2	-2	-

At year-end 2020, premium production in Aircraft Liability Insurance branch decreased by 21% to TL 114 million 642 thousand. Production was not retained in the Aircraft Insurance branch. The Company posted a technical loss of TL 2 million 195 thousand in this branch.

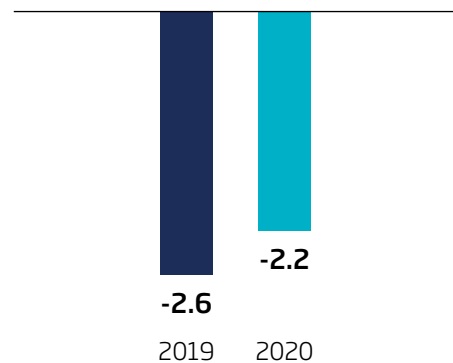
Premium Production (TL million)

2019-2020 **-21%** decrease



Technical Profit (TL million)

2019-2020 **-15%** decrease



Watercraft Insurance

WATERCRAFT	2019	2020	Change
Premium Production - TL	56,638,418	84,664,890	49%
Retention Ratio %	8	11	3%
Earned Premiums (net) - TL	3,309,891	5,979,828	81%
Losses Incurred (net) - TL	(5,434,852)	(1,208,904)	-78%
Technical Profit - TL	(492,395)	9,168,133	1962%
Loss Ratio (net) %	164	20	-144%
Technical Profit/Premium %	-1	11	12%

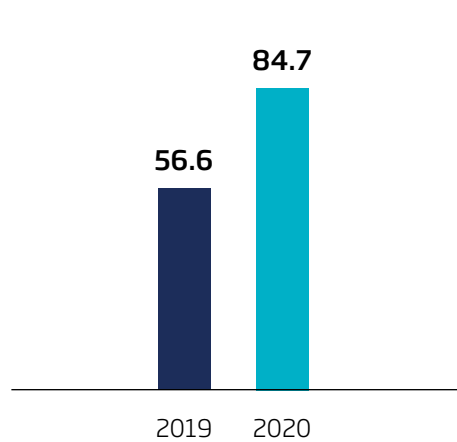
At year-end 2020, premium production in Watercraft Insurance branch augmented by 49% to TL 84 million 665 thousand. While earned premiums (net) amounted to TL 5 million 980 thousand, net losses incurred were recorded as TL 1 million 209 thousand. The Company posted a technical profit of TL 9 million 168 thousand in the Watercraft branch.

Watercraft

At year-end 2020, premium production in Watercraft Insurance branch augmented by 49% to TL 84 million 665 thousand. Net loss ratio dropped to 20%.

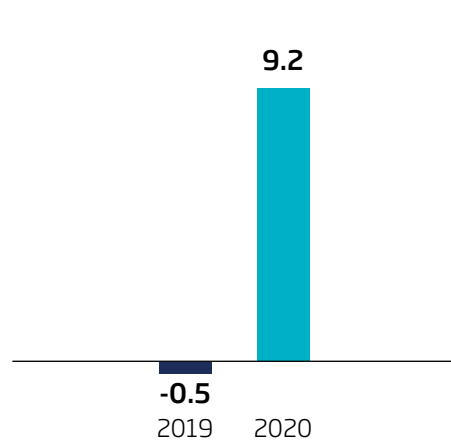
Premium Production (TL million)

2019-2020 **49%** increase



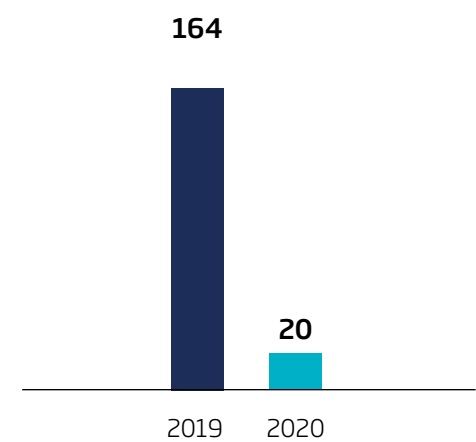
Technical Profit (TL million)

2019-2020 **1962%** increase



Loss Ratio (Net) (%)

2019-2020 **-144%** decrease



2020 ACTIVITIES

TECHNICAL RESULTS

Marine

At year-end 2020, premium production in Marine Insurance branch was up by 8% to TL 39 million 416 thousand. Net loss ratio escalated from 30% to 57%.

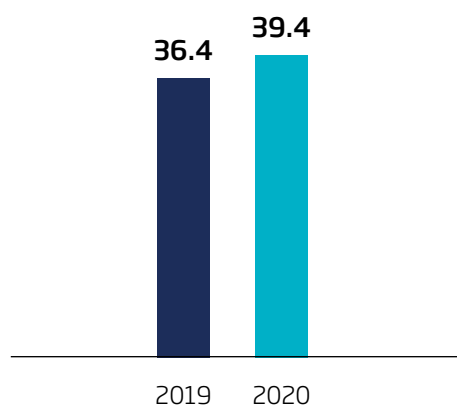
Marine Insurance

MARINE	2019	2020	Change
Premium Production - TL	36,418,086	39,415,913	8%
Retention Ratio %	35	34	-1%
Earned Premiums (net) - TL	12,704,096	13,755,297	8%
Losses Incurred (net) - TL	(3,827,184)	(7,867,775)	106%
Technical Profit - TL	11,984,994	7,835,390	-35%
Loss Ratio (net) %	30	57	27%
Technical Profit/Premium %	33	20	-13%

At year-end 2020, premium production in Marine Insurance branch was up by 8% to TL 39 million 416 thousand. Retention rate was 34%. While earned premiums (net) amounted to TL 13 million 755 thousand, net losses incurred were recorded as TL 7 million 868 thousand at 2020 year-end. The Company posted a technical profit of TL 7 million 835 thousand in the Marine branch, dwindled by 35% year-over-year.

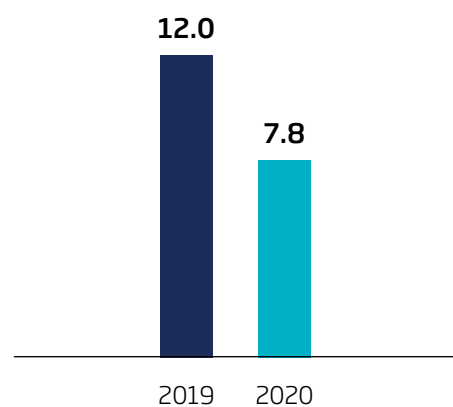
Premium Production (TL million)

2019-2020 **8%** increase



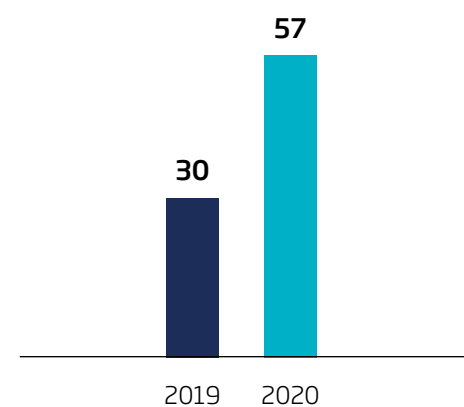
Technical Profit (TL million)

2019-2020 **-35%** decrease



Loss Ratio (Net) (%)

2019-2020 **27%** increase



Credit Insurance

CREDIT	2019	2020	Change
Premium Production - TL	12,908,875	29,631,833	130%
Retention Ratio %	1	1	-
Earned Premiums (net) - TL	1,781	315,218	17599%
Losses Incurred (net) - TL	332,267	98,300	-70%
Technical Profit - TL	569,573	(12,794,511)	-2346%
Loss Ratio (net) %	-18656	-31	18625%
Technical Profit/Premium %	4	-43	-47%

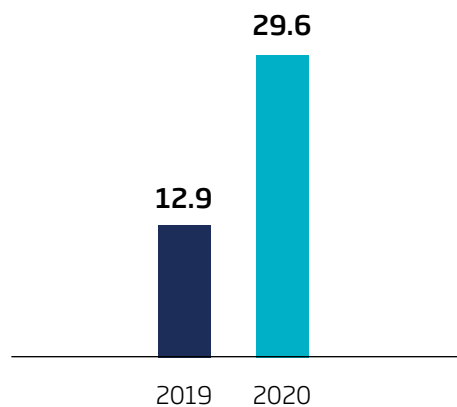
At year-end 2020, premium production in Credit Insurance branch amounted to TL 29 million 632 thousand. Retention rate in this branch was 1%. The Company posted a technical loss of TL 12 million 795 thousand in the Credit branch.

Credit

At year-end 2020, premium production in Credit Insurance branch amounted to TL 29 million 632 thousand.

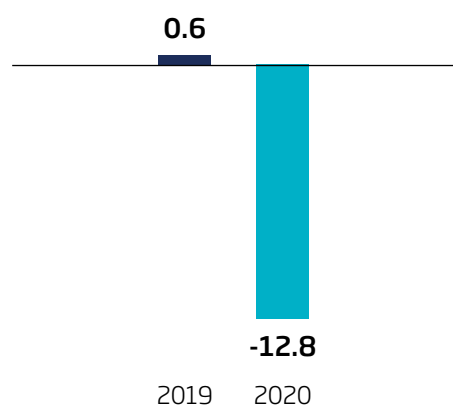
Premium Production (TL million)

2019-2020 **130%** increase



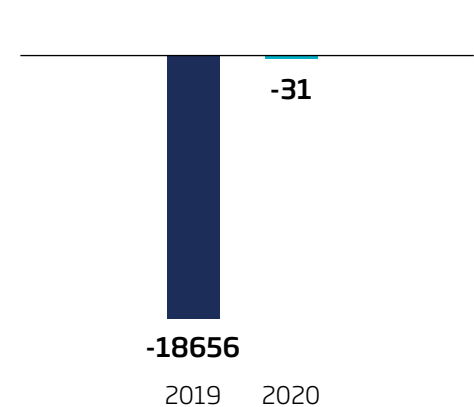
Technical Profit (TL million)

2019-2020 **-2346%** decrease



Loss Ratio (Net) (%)

2019-2020 **18625%** increase



2020 ACTIVITIES

TECHNICAL RESULTS

Financial Losses

At year-end 2020, premium production in Financial Losses Insurance branch shrank by 52% to TL 27 million 217 thousand. Retention rate was down from 81% to 26%.

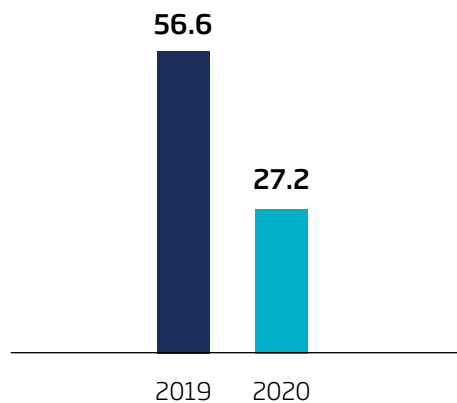
Financial Losses Insurance

FINANCIAL LOSSES	2019	2020	Change
Premium Production - TL	56,611,553	27,216,799	-52%
Retention Ratio %	81	26	-55%
Earned Premiums (net) - TL	30,790,311	24,084,568	-22%
Losses Incurred (net) - TL	(4,744,384)	(8,481,094)	79%
Technical Profit - TL	14,499,536	5,383,312	-63%
Loss Ratio (net) %	15	35	20%
Technical Profit/Premium %	26	20	-6%

At year-end 2020, premium production in Financial Losses Insurance branch shrank by 52% to TL 27 million 217 thousand. Retention rate was 26%. While earned premiums (net) amounted to TL 24 million 85 thousand, net losses incurred were recorded as TL 8 million 481 thousand. The Company posted a technical profit of TL 5 million 383 thousand in the Financial Losses branch.

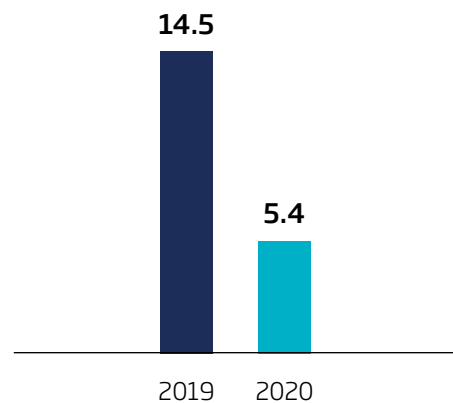
Premium Production (TL million)

2019-2020 -52% decrease



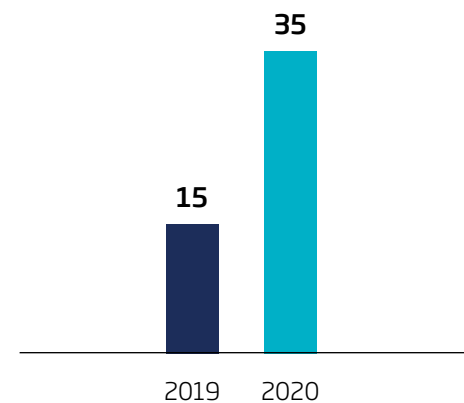
Technical Profit (TL million)

2019-2020 -63% decrease



Loss Ratio (Net) (%)

2019-2020 20% increase



Legal Protection Insurance

LEGAL PROTECTION	2019	2020	Change
Premium Production - TL	13,891,034	16,948,532	22%
Retention Ratio %	92	100	8%
Earned Premiums (net) - TL	9,562,053	14,560,685	52%
Losses Incurred (net) - TL	491,875	219,038	-55%
Technical Profit - TL	4,677,000	10,366,383	122%
Loss Ratio (net) %	-5	-2	3%
Technical Profit/Premium %	34	61	27%

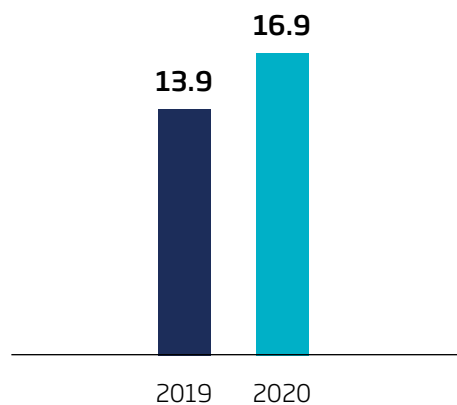
At year-end 2020, premium production in Legal Protection Insurance branch expanded by 22% to TL 16 million 949 thousand. Retention rate was 100%. While earned premiums (net) amounted to TL 14 million 561 thousand, net losses incurred were recorded as TL 219 thousand. The Company posted a technical profit of TL 10 million 366 thousand in the Legal Protection branch.

Legal Protection

At year-end 2020, premium production in Legal Protection Insurance branch expanded by 22% to TL 16 million 949 thousand. Retention rate was 100%.

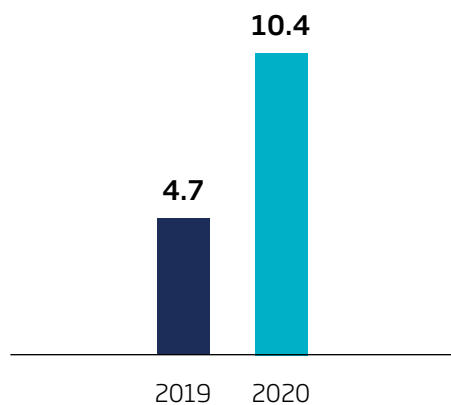
Premium Production (TL million)

2019-2020 **22%** increase



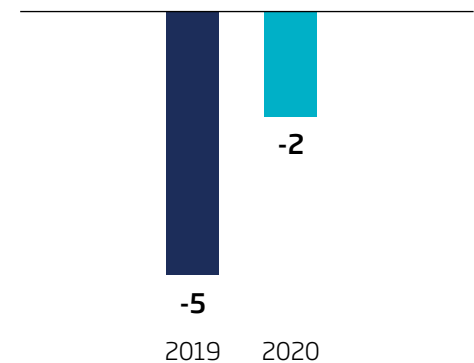
Technical Profit (TL million)

2019-2020 **122%** increase



Loss Ratio (Net) (%)

2019-2020 **3%** increase



2020 ACTIVITIES

TECHNICAL RESULTS

Surety Bond

At year-end 2020, premium production in Surety Bond Insurance branch amounted to TL 5 million 576 thousand. Retention rate went up from 16% to 51%.

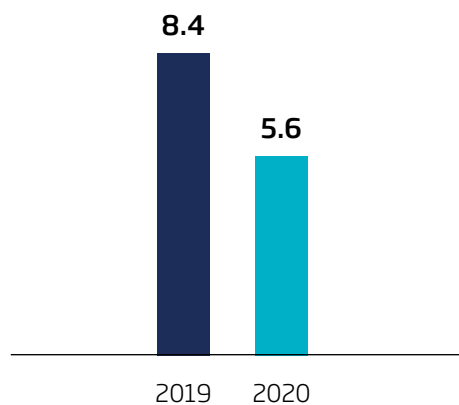
Surety Bond Insurance

SURETY BOND	2019	2020	Change
Premium Production - TL	8,384,035	5,575,575	-33%
Retention Ratio %	16	51	35%
Earned Premiums (net) - TL	974,135	2,039,309	109%
Losses Incurred (net) - TL	320,770	(77,440)	-124%
Technical Profit - TL	1,726,229	2,299,478	33%
Loss Ratio (net) %	-33	4	37%
Technical Profit/Premium %	21	41	20%

At year-end 2020, premium production in Surety Bond Insurance branch amounted to TL 5 million 576 thousand. Retention rate was 51%. While earned premiums (net) amounted to TL 2 million 39 thousand, net losses incurred were recorded as TL 77 thousand. The Company posted a technical profit of TL 2 million 299 thousand in the Surety Bond Insurance branch.

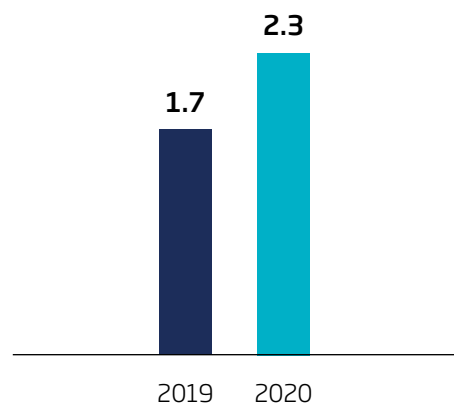
Premium Production (TL million)

2019-2020 -33% decrease



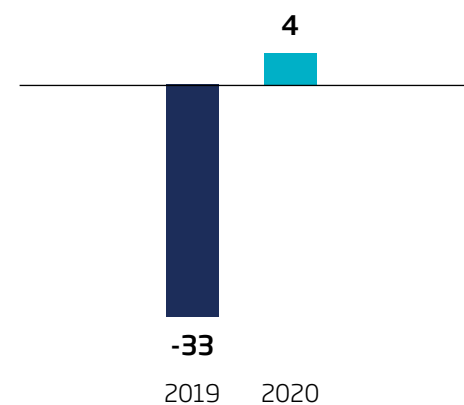
Technical Profit (TL million)

2019-2020 33% increase



Loss Ratio (Net) (%)

2019-2020 37% increase



Support Insurance

SUPPORT	2019	2020	Change
Premium Production - TL	158,666	1,928	-99%
Retention Ratio %	100	100	-
Earned Premiums (net) - TL	154,165	27,693	-82%
Losses Incurred (net) - TL	-	-	-
Technical Profit - TL	31,797	27,693	-13%
Loss Ratio (net) %	-	-	-
Technical Profit/Premium %	20	1436	1416%

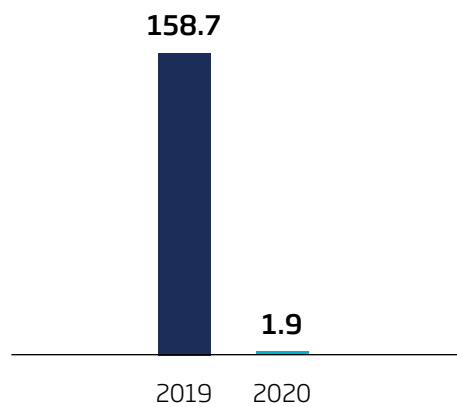
At year-end 2020, premium production in Support Insurance branch amounted to TL 2 thousand. While earned premiums (net) amounted to TL 28 thousand, the Company posted a technical profit of TL 28 thousand in the Support branch.

Support

At year-end 2020, premium production in Support Insurance branch amounted to TL 2 thousand.

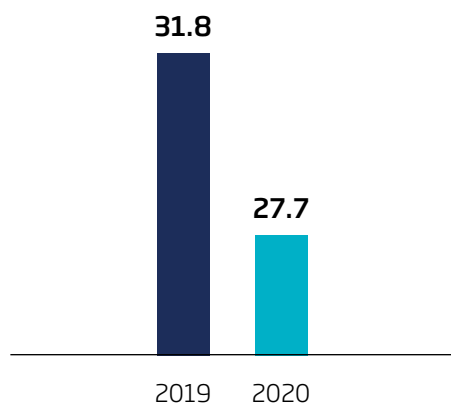
Premium Production (bin TL)

2019-2020 **-99%** decrease



Technical Profit (bin TL)

2019-2020 **-13%** decrease



2020 ACTIVITIES

sales league

Sales League initiative was introduced for sales channel employees with the aim of establishing a well-balanced, sustainable and renewable portfolio, unveiling the potential, and strengthening customer relationship network.

Momentum was given to activities for increasing the performance of sales channels.

Türkiye Sigorta boasts a countrywide expertise and experience also in sales and marketing. Along this line, campaigns and implementations addressing distribution channels and sales teams, along with targeted products were effectively managed during the reporting period in keeping with the strategy of achieving growth in profitable branches and products.

In 2020, Commercial Fire Implementations were set out for the agency channel, and commission fees to agencies succeeding in campaigns were increased. In the last quarter, a new campaign model was launched with the Housing, Fire, Complementary Health, Motor Own Damage and Personal Accident products.

On the bancassurance side that emerges as the powerful distribution network, employees displaying a successful performance in the campaigns organized at VakıfBank were awarded gift vouchers. In the last quarter, campaigns were organized with Ziraat Bank, Halkbank, VakıfBank, Ziraat Participation Bank, Vakıf Participation Bank and Albaraka Participation Bank.

Sales League initiative was introduced for sales channel employees with the aim of establishing a well-balanced, sustainable and renewable portfolio, unveiling the potential, and strengthening customer relationship network. Sales League activities carried out in parallel with the campaigns organized contribute to the success of the campaigns.

Customer analytics strengthen the foundation of our service model.

In line with the disciplines stemming from data analytics, Türkiye Sigorta has defined a short-medium term roadmap that it steers basically with data-driven projects having a statistical basis.

The main purpose of customer data analytics is to obtain strategic outputs that will increase the Company's profitability and enhance customer satisfaction, and will ensure sustainable growth and competitive advantage. In this context, the Company's fundamental strategy is built on getting to know the customers well in order to deliver the right product to the right consumer, through the right channel, at the right price. Value and behavior segmentations that will be based on accurately reading customers' habits, attitudes and behaviors, as well as their demographic characteristics will allow gaining an insight into customers based on a 360-degree perspective. Value segmentation will enable resource efficiency by way of focusing on currently and potentially high-value customers, as well as offering customized differentiation of services.

A proposal system will be introduced that will link product and customer profile components for cross-selling/upselling so as to enhance company loyalty. This will allow increasing average policies per customer, while facilitating achievement of targets where strategic growth is anticipated.

We are committed to upgrading customer satisfaction.

Türkiye Sigorta keeps improving all its processes through comprehensive actions to better manage its distribution channels and to offer the best service possible to its policyholders based on a perspective focused on customer satisfaction.

Accordingly, customer feedback will be measured on all distribution channels in order to offer the products and solutions that cater to customer expectations and to ensure continuous upgrading of service quality. Net Promoter Score (NPS) that will be applied to all sales and after-sales processes and customer satisfaction questionnaires are intended to obtain real-time feedback. Comprehensive "Voice of the Customer" programs are being designed to strategically manage customer experience. In addition, critical touch points will be identified and focus will be placed on resolving the most common topics in line with the policyholders' expectations. Investments in digital transformation are targeted

at building on digital capabilities so as to reduce customer effort in sales processes and improve user experience.

Customer communication and associated activities have gained higher importance and further increased in view of Türkiye Sigorta's solid distribution channels and customer-focused vision. Importance is attached to using a plain and easy-to-understand language to support effective customer communication and to provide information transparently about products, services and policies in all processes.

To this end, the Company is planning to launch a "Simplification Project", which will aim to simplify products to make them easy to understand, and to introduce seamless and swift processes for customers in keeping with the focus on delivering simple and understandable service. Redesigned processes and screens are targeted at providing a high-level experience to customers and sales channels, alike.

Services targeted at expectations and habits are being developed to strengthen service efficiency and deliver personalized experience. Based on experience-oriented marketing perspective, it is targeted to boost customer satisfaction and loyalty by offering segment-specific service differentiation.

On all its physical and digital channels, Türkiye Sigorta invests in areas that can be personalized, in other words, in areas it can concentrate on omni-channel customized marketing. Strategic projects continue to be developed to provide customized content through data collection, analysis, and use of automation. In this framework, in order to increase customer loyalty through differentiated customer experience and unique offers, customer attitudes and habits are classified, followed by CRM investments aimed at providing products and solutions targeted at their expectations and habits.

Given the importance of customer communication in customer retention efforts, the following are planned as part of communication and information activities for perfect after-sales customer experience and service delivery:

- Upon completion of the policy process, sending the policy information via SMS/e-mail; submitting the policy as video content; welcome calls by the call center,
- Creating customer information contents which will be e-mailed to customers, where complaints will be defined as the priority heading to be analyzed with the purpose of enhancing customer satisfaction and decreasing complaints by minimizing lacking information,
- Control and satisfaction calls halfway through the policy periods to strengthen customer communication,
- Sending rewards on occasions such as New Year's Eve, birthday etc. as part of occasion management.

Digital solutions take the first spot in driving sales performance.

To make headway in reaching the policyholders through digital channels and to extend support to the operational efficiency of sales outlets, Türkiye Sigorta increased the number of its online sales outlets and its production on this channel following the merger thanks to its robust infrastructure.

As part of the initiatives carried out on the basis of sales channels, the products continue to be increased, the sales of which can be finalized end-to-end on the website channel. Currently, TCIP and Tourist Protection and Support Insurance associated with COVID-19 are being sold on the website, and it is planned to put motor TPL and motor own damage polices on online sales as well.

In an effort to keep pace with the fast-changing agenda and to keep the customers informed at all times, making them feel the close communication, the website features pop-up contents.

online sales

TCIP and Tourist Protection and Support Insurance associated with COVID-19 are being sold on the website, and it is planned to put motor TPL and motor own damage polices on online sales as well.



2020 ACTIVITIES

Call Center

Türkiye Sigorta carries out policy renewals and new product sales via VakıfBank Call Center.

Sales via the call center also increased in the wake of the pandemic.

As policyholders turned towards digital platforms and other alternative channels at an increasing pace instead of going to agency offices or bank branches during the pandemic, sales via the call center also picked up in this period.

Türkiye Sigorta carries out policy renewals and new product sales via VakıfBank Call Center. In this context;

- My Passwords are Secure and Card Protection Insurance product was put on sale;
- Calls were placed for Complementary Health, Housing and TCIP Insurance renewals, and calls for Housing and TCIP policies are in progress.

As alternative channels will continue to be used actively in 2021, synergetic collaboration will be increased with Ziraat Bank, Halkbank and VakıfBank that serve as the bancassurance channel. Integration and new development activities are being carried out for products that will be offered on the banks' digital platforms and call centers. In this context, in addition to sales of existing products, action plans were devised for developing and putting on sale the following:

- My Belongings are Secure Insurance product through VakıfBank,
- My Passwords are Secure Insurance product through Halkbank,
- New product for farmers through Ziraat Bank.

Advantages offered by digitalization are being capitalized on in sales and after-sales services.

As experienced lately, financial transactions are quickly migrating to the online and digital media. The outbreak instigated the forced rapid transformation, and the usage of mobile applications increased by 40% during the pandemic. Insurance companies in the world and Turkey that accurately analyze the trends began shifting their insurance products and the activity of their distribution channels in this direction.

Delivering all insurance products via mobile and web channels and facilitating customers' purchasing of these products by establishing the ideal end-to-end digitalized insurance customer experience will take the first ranks among the projects that Türkiye Sigorta will be working on in the coming period. In this context, the Company is intending to take advantage of digitalization not just in digital sales of insurance products but also in after-sales service processes. The Company is planning to work on customer support systems offering use with QR code and instant assistants for users inquiring about the value of their policies in health insurance; providing protection without a damage occurring to the house through the IoT software system in housing insurance; and remote completion of the claims form without mutual contact with the inclusion of just a photograph, and offering a number of conveniences and discount for customers evidencing their financial hardship regarding premium payments in motor own damage.

The Information Technologies infrastructure has been successfully established in the merger project.

Within the scope of the merger project commenced with the involvement and support of all stakeholders in December 2019, committees and sub-working groups were set up to coordinate the merger-related processes. Initially, studies were initiated to select the Basic Insurance Package of the merging companies upon seeking the opinions of those committees and working groups as well.

In April, TCO (Total Cost of Benefit) and GAP analyses were performed upon reviewing the suggested solutions and software architectures of potential service providers for the Basic Insurance Package that would be used in the new structure.

The Basic Insurance Package was identified in June by taking into consideration the functional capabilities of the systems, followed by the planning of the Merger Project Program together with the project teams.



Under the Merger Program, all software development activities were completed by 30 August 2020 and the project went live on all channels on 1 September 2020.

Upon completion of planned tasks, the solid agency and bancassurance network was established, which served to develop an integrated insurance perspective.

The operational contributions of the project can be summarized as follows:

- Deriving scale economy benefits through joint use of teams and resources,
- Creating the industry's richest product portfolio through combination of the total product ranges of three insurance companies under one company,
- Capability to sell the products via a single system supporting omni-channel structure, and reaching a broad customer base through all channels,
- Synthesis of various experiences,
- Increasing operational efficiency,
- Enabling management of the total risk of real and legal persons.

Different IT projects were conducted during the reporting period.

Shifting Agency Resources to the Pusula

System: Agency sales channels shifted to the post-merger targeted system, i.e. PUSULA, which allows agencies to produce, collect and report their policies through a single insurance system.

Shifting Participation Bank Resources to the Pusula System:

The work initiated for shifting the participation bank resources to the post-merger targeted system, i.e. PUSULA, was finalized, and the shift is scheduled to take place in March 2021.

Pusula Health Branch Improvements: Since the health branch will keep using the PUSULA system, improvements were made to enable operational management of large conglomerates

and to offer better service to the insured, particularly in line with the growth targets in this branch.

Health Branch Automated Rule Management

Project: In health provision procedures, an infrastructure was set up that allows managing universal rules tailored according to policies and groups, automated application of these rules by the system for each provision request received, and thus automating provisions processes, resulting in increased efficiency.

IFRS17 Project: Work is ongoing to harmonize the standards used in the recognition of insurance contracts and in the reporting of reinsurance contract data to the IFRS17 norms.

A series of projects focused mostly on the amalgamation and integration of operational activities were also brought to completion during the reporting period.

- Data transfer was completed in product, collection, reinsurance and claims operations for Ziraat Sigorta and Halk Sigorta.
- Basic system integrations were completed for SBM (Insurance Information and Monitoring Center), DASK (Turkish Catastrophe Insurance Pool), TARSIM (Agricultural Insurance Pool), TOBB (The Union of Chambers and Commodity Exchanges of Turkey) and ORYM (Extraordinary Risks Management Center).
- Customer merging and black listing were completed on the Customer Management channel.
- Digital channels were merged.
- Inventory studies and analyses were conducted and all notifications were updated for notifications to legal authorities, agency notifications, insurance notifications and bank channel notifications.
- Products, endorsements and authorization rules were amalgamated within the scope of production configuration.

ideal customer experience

For an ideal digitalized insurance customer experience, Türkiye Sigorta is intending to take advantage of digitalization not just in digital sales of insurance products but also in after-sales service processes.

2020 ACTIVITIES

mobile app

Türkiye Sigorta Mobile App was developed from scratch in order to become the pioneer and the leader in digital insurance, and to make a breakthrough in mobile applications.

- System definition and integration tasks were completed for agency and bank sales channels.
- Collection payment methods, payment plans and collection processes were analyzed, new matrices were created and systemic parameters were defined.
- Operational configurations and claims integrations linked to claims processes were completed.
- Bookkeeping account designation and parametric definitions were made, and accounting integrations were completed.
- An inventory of all written and printed documents was prepared for printing and reporting purposes, and work was carried out in relation to corporate identity.

Speed is added to digital transformation of operational processes.















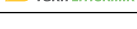


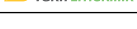









Türkiye Sigorta is devising a company with high digital capabilities in all internal and external functions, and acting with the perspective of implementing digitalization principles and simplification of processes in all channels.

As a result of related analyses, nearly 70 corporate identity revisions were identified in the main and subdomain. Since the existence of separate websites of each individual company and the absence of a mobile app under the name Türkiye Sigorta would cause confusion and dissatisfaction with customers, work was initiated to reduce the number of websites from three to one in the non-life segment, and to develop a mobile app for Türkiye Sigorta. In this process, Türkiye Sigorta mobile app development was also finalized and introduced on application stores. Successfully revised identity on all domains, reformatted website and mobile app by the end of the three-month transition period defying limited time and resources strengthened the single company perception in the customers' eyes and minimized possible dissatisfaction.

Work is being commenced on other projects that were planned for 2020, but put on hold due to the merger. Among the many projects in this scope are enabling online monitoring of claims processes with all their details and self-unblocking by the customer, one of the topics that most occupies the call center.

Work is ongoing for upgrading mobile applications.

Türkiye Sigorta Mobile App was developed from scratch in order to become the pioneer and the leader in digital insurance, and to make a breakthrough in mobile applications. This app was constructed to offer innovative solutions that encompass both non-life and pension services and in a way to give the sense that we stand by our users at times of emergencies. Although no download campaigns were organized for Türkiye Sigorta mobile app, the number of downloads reached 15 thousand, which indicates at a significant level in the insurance industry. A function was added to the app for routing customers to the related mobile applications of the three companies to perform their transactions associated with Türkiye Hayat Emeklilik. While leads are generated in a number of products through ambulance, locksmith, tow truck and plumber calling under the emergency assistance service and quick TCIP policy purchasing is offered within the non-life insurance services, user's location is used to show the nearest in-network institutions (agencies, hospitals, outpatient clinics, laboratories, pharmacies, etc.) on the map within the app, thus providing easy directions to get there.

Website	Non-life	  	
	Pension	  	
Online Branch	Non-life	  	
	Pension	  	  
Mobile	Non-life	 	
	Pension	  	  
		17	10

merging websites and apps

Türkiye Sigorta finalized the merging of the pre-merger websites and online branch applications pertaining to the three companies into one, and the merging of two mobile apps into one.

Sağlıkta (In Good Health) Mobile App was launched to deliver the maximum efficiency in relation to policy and health to health policyholders via the mobile app. Including the developments, the functions to be offered to health policyholders include policy viewing, policy printing, remaining limit query, claiming health expenses, viewing health expenses, viewing payment plan and querying in-network institutions.

Digital Applications Merging Project is targeted at achieving maximum contact with the customer by reducing the platforms that touch the customers to three, which were decreased from 17 domains to 10 following the merger. The first steps began to be taken in this project that was set off with the vision of a single website, online branch and mobile app. Türkiye Sigorta finalized the merging of the pre-merger websites and online branch applications pertaining to the three companies into one, and the merging of two mobile apps into one.

Sales Service Model Project was launched to boost sales competency across agency, bancassurance and all other sales channels and to enable proactive sales management. Introduced with the motto of providing the fastest, easiest and most effective service on all sales channels, the project is being built upon ROTA sales application, which is also used for pension and life branches. This project, which is an expansion of the successful application in the life and pension segments, also serves to the goal of activating areas of synergy that is also mentioned in our Company's merger vision. Commenced in 2020, the project is slated for completion in all aspects by year-end 2021.

Under the Intranet Project, the activities were initiated from day one to satisfy the need for a single Intranet that quickly resulted from the merger. It is planned to bring all employees together on this shared platform by early 2021.

2020 ACTIVITIES



COVID-19 treatment expenses of the people travelling to Turkey are covered under the Tourist Protection and Support Insurance.

Our product mix was combined in a single platform.

Türkiye Sigorta's key target for product management following the merger on 31 August 2020 has been to combine the insurance products sold by the three companies on different technologies and systems in a single platform, and to integrate this platform and the products in all sales channels. This integration was successfully realized as part of the merger project, bringing all products under a single roof, where they can be reached, sold and followed-up.

Products and applications are being developed, which fulfill customers' evolving demands and facilitate experience.

During 2020, Türkiye Sigorta undertook product development for remote sales channels. In this context, My Belongings are Secure, My Passwords are Secure and Card Protection Insurance products were developed, and positioned on the call centers of public banks that serve as the bancassurance channel, where they began to be sold.

The online sales module enabling fast and easy sales of Compulsory Earthquake Insurance (TCIP) and policy renewals was launched on the website.

Offering health advisory 24/7 through video call without going to a hospital or other healthcare institution, "My Online Doctor" app gives all employees, private health and group life policyholders reach to online medical advisory, psychological advisory and dietitian services.

BiP service was introduced for Private Health Insurance customers to convey their health claims for their healthcare expenses incurred at out-of-network institutions, which allows finalization of their claims faster without leaving their homes and without having to send them by cargo amid the fight against the COVID-19 pandemic. My Online Doctor menu was added to the channel in the second phase of the application, thereby offering 24/7 live health advisory service through video chat.

To further expand the widespread use of Complementary Health Insurance, the product was reinforced with the addition of surgical operation compensation coverage, check-up coverage and optional labor and pregnancy follow-up coverage to the existing ones.

Health Communication Center was set up to provide customer-focused service. Policyholders and sales channels can reach the Health Communication Center at the number 0850 202 2020 and sim@turkiyesigorta.com.tr email address between 9:00 to 18:00 hours on weekdays.

Based on a collaboration to better promote and drive the expansion of the State-Subsidized Trade Receivable Insurance that gained increased importance during the pandemic and offers expanded scope and facilities, a form was embedded on the main page of Dünya Newspaper website, which collects the data of those wishing to get a quotation who are then contacted by the sales channel. This practice was also backed by a webinar streamed live on Dünya Newspaper's YouTube channel.

Producing solutions quickly for policyholders' needs during the pandemic, Türkiye Sigorta launched the Tourist Protection and Support Insurance and the COVID-19 Accommodation Support Insurance, which are designed to assure foreign tourists against the COVID-19 risk so that they can enjoy a secure vacation and to support the tourism industry. Under the Tourist Protection and Support Insurance, if people travelling to Turkey receive treatment in any pandemic hospital, whether private or state hospital, for a condition definitively diagnosed as COVID-19 illness, their treatment expenses are covered for the duration of their hospitalization. "Buy" link added to the website for online sales refers the tourists to product content texts in five different languages. The COVID-19 Accommodation Support Insurance, on the other hand, covers hotel expenses throughout a traveler's stay if quarantined for having contracted COVID-19.



Our satellites in the sky have been insured under the "In-Orbit Operations Insurance Policy".

On another note, the insurance product developed against cyber risks considered among the most critical risks facing the digitalizing world will be launched soon.

Türkiye Sigorta began undersigning the industry's firsts in product development.

Türkiye Sigorta realized an epic collaboration with Türksat, Turkey's one and only satellite operator, and insured 'Türksat 3A', 'Türksat 4A' and 'Türksat 4B', Turkey's eyes in the sky and national communication satellites with a total worth of above USD 280 million, providing coverage in the amount of TL 2,225,000,000 against possible risks for a period of one year.

The "In-Orbit Operations Insurance Policy" issued incorporates fire and ancillary coverage, and also offers assurance against risks that may occur when our satellites are operating in orbit such as meteor hit, deorbit and collision.

The coverage provided to the three national satellites by a domestic and national insurer constitutes a first also for the industry in terms of the magnitude of the sum insured and the issuance of a policy in a virgin area. The collaboration moved the borders of Türkiye Sigorta's services to the space.

Our organization and processes are being activated in claims handling.

Having joined among the industry's major players with efficient claims handling giving the foreground to customer satisfaction, Türkiye Sigorta is aiming to offer its customers more affordable services in claims processes, enabled by the leverage stemming from the scale economy resulting from the merger.

The assistance network (in-network repair shops, glass services, suppliers) in the motor own damage, housing and workplace insurance of Türkiye Sigorta was expanded to offer faster and higher quality service to policyholders. The broad assistance network with a countrywide

reach enabled by over 3,500 in-network auto repair shops, suppliers, mini repair services, in-network glass services, home repair companies continues to be expanded in line with the number of customers and regional needs.

Through end-to-end continuous monitoring and improvements, Türkiye Sigorta sets up quality and performance units with the aim of enhancing the efficacy and productivity of claims handling.

While two distinct sections were set up, namely In-Network Organizations and Logistics for expanding the network and increasing the effectiveness of the service rendered to customers under the Auto Division, the Field Control Section started activities to control the quality of the repairs made and service furnished at service shops, suppliers and all in-network companies. Quality, Process Control and Performance Reporting sections operate as individual units for overseeing the processes carried out by the claims team and their efficacy, and for regularly monitoring the processes that touch the customers, as well as field operations.

Studies and planning are in progress for improving existing processes.

Türkiye Sigorta is looking to achieve a further reinforced claims management with a focus on digitalization and technology. Along this line, aiming to consolidate its pioneering identity in the industry with its optimized and digitalized claims processes, the Company includes projects that will leverage customers' digital experience within its future plans, such as automated/robotic claims processes and following up claims processes via mobile.

efficient claims handling

Having joined among the industry's major players with efficient claims handling giving the foreground to customer satisfaction, Türkiye Sigorta is aiming to offer its customers more affordable services in claims processes, enabled by the leverage stemming from the scale economy resulting from the merger.

2020 ACTIVITIES

participation insurance

Aiming to lead and innovate the countrywide expansion of participation insurance, Türkiye Sigorta keeps working to increase distribution channels and product service diversity.

Türkiye Sigorta targets to capitalize on the potential offered by participation insurance.

Carefully implementing the principles of participation insurance pursuant to the Regulation on the Operating Procedures and Principles of Participation Insurance that was published in the Official Gazette issue 20186 dated 20 September 2017, and entered force in December 2017, Türkiye Sigorta will carry on with its participation insurance operations exercising the same level of care under the "Regulation on Insurance and Private Pension Activities within the Frame of Participation Principles" dated 19 December 2020 and numbered 31339, which is the new Regulation governing participation insurance that will substantially become effective in June 2021. In all its operational and financial transactions associated with all available products, the Company operates with the window method in accordance with participation finance and participation insurance principles.

In Turkey, the public authority continues to increase its support and efforts for increasing the share of participation within the finance sector. Aiming to lead and innovate the countrywide expansion of participation insurance, Türkiye Sigorta keeps working to increase distribution channels and product service diversity.

The preparation time allowed for incorporation to companies carrying out their participation operations on the basis of window model under the Regulation released in 2020 will expire at year-end 2021. Until then, companies will need to separate their participation insurance operations from conventional insurance operations.

Türkiye Sigorta offers service in participation insurance on the basis of the Hybrid Model.

Türkiye Sigorta services its customers based on the Wakalah/Mudarabah Mix (Hybrid) Model within the frame of the approval of the Advisory Committee, by receiving 15% proxy fee from contribution premiums and 20% income share from risk fund investment income.

The Company offers interest-free insurance products to its customers aligned with participation insurance principles, mainly motor own damage, housing, workplace, fire, personal accident and health insurance.

In 2021, the Company is targeting to achieve further expansion on the basis of distribution channel by involving the websites and mobile branches of its business partner investment banks and the agency distribution channel, and to increase the production volume of participation insurance.

Our distribution channel structure in participation insurance is growing stronger.

The Company has agency contracts with Ziraat Participation Bank, Vakıf Participation Bank, Albaraka Türk Participation Bank, Türkiye Finans Participation Bank and Emlak Participation Bank from out of the six participation banks operating in the industry. Participation insurance production in 2020 was derived on the branches of participation banks acting as agencies. In addition, participation insurance products began to be sold out of VakıfBank branches, thus creating a new distribution channel, and alternative products were offered to the bank's customers.

Our brand promise spelled out as “Its Strength is Implicit in its Name” underpins our approach to corporate communications.

Launch Communication

Türkiye Sigorta is an awe-inspiring, majestic insurance company with high stakeholder sensitivity that makes a differentiation, expands the market, and is a center of attraction. At the same time, it is agile, well-managed, financially strong, leader, sympathetic, inclusive and competitive. Having set off with the brand promise spelled out as “Its strength is implicit in its name”, Türkiye Sigorta has a strong, innovative and sensitive character. With a simple tone of voice, it is excited, awe-inspiring and cordial. It has formulated its attitudes on the grounds of gallantry, dexterity, empathy and solidarity. Our communication framework is defined under three main headings:

Emotional benefits: Trust, sense of belonging, peace of mind, pride...

Functional benefits: Secured future/assurance, individual economic benefit, professional management, experience/know-how and expertise, far-reaching service, need-tailored solutions, new products in currently uninsured areas...

National benefits: Sustainable contribution to the economy, growing market, international branding potential...

Product and service similarity is one of the factors that make differentiation a challenge in the insurance industry. Therefore, competition is defined by “trust” in the corporate brand, alongside mostly “pricing” policies. In this framework, factors that will prop the trust to be held in Türkiye Sigorta and will be differentiated by promises unmatched by any other company at present make up the basis of the communication.

The main axes of our communication are based on all the other concepts entailed by these areas with a focus on:

Groundbreaking perspective enabled by know-how and expertise in the area of functional benefits (new products in uninsured areas, steps to be taken in the digital, etc.),

Stakeholding and sensitivity, sense of belonging and price in the area of emotional benefits,

Expanding insurance market and sustainable economic contribution in the area of national benefits.

Communication Attitude

- Leader
- Close
- Fast
- Sharing
- Prolific
- Domestic and national and at the same time global

Communication Language

- Authentic
- Self-confident
- Inclusive, giving the sense of belonging
- Sensitive
- Ambitious but realistic



We held the Türkiye Sigorta publicity meeting on 7 September 2020.



During the Türkiye Sigorta publicity meeting, the “Offshore Energy Well Insurance Policy” was delivered to the President Recep Tayyip Erdoğan.

2020 ACTIVITIES

Our Manifesto

Türkiye... Turkey... the roof, home, peace of mind, and hope of 83 million people. The shared name of today and the future...

The unique country that proudly carries the ancient heritage of the Anatolian land into the future; transforming its values into power, and its power into ideals;

Our country...

Türkiye Sigorta... Saying that "Its strength is implicit in its name", we are set to change the present and the future of the insurance sector with the self-confidence and pride we draw from the stronger muscle that result from the merger of the insurance subsidiaries of Ziraat Bank, Halkbank and VakıfBank taking place in our formation...

The insurance industry has an extremely strategic place and share in sustainable growth and increased national welfare. It is the future guarantee of our country, of all of us, each and every one of us. It is the right key to turn the savings into an investment in the future...

Our target is set, our ideal is common...

Joining our hands, power and hearts, to be a company that creates value, redefines the economically and socially strong insurance concept by transposing "after" with "before" and offers solutions catering to the need for trust at every moment of life. And the formula to achieve that is to be a company that has confidence in itself, that produces, constantly improves, and uses its strength to attain the better...

The essentials in this regard are an insurance industry growing along with all its stakeholders and an expanding market in order to add to this massive strength, to charge ahead even more strongly towards our targets.

This is the mission we are willing to undertake.

As Türkiye Sigorta, we believe that we will duly fulfill this national mission drawing on our strength in the market, broad customer portfolio, far-reaching distribution network, innovative perspective, technology-drive, qualified human resource and the awareness of the social responsibility we have assumed.

We trust in the stakeholders in our industry with whom we will be walking along this path hand in hand, and in the countenance of our people.

We are targeting to steer the insurance understanding in Turkey and act as a role model for the world with our knowledge, experience, vision and production, by carrying the leadership position beyond figures.

Our targets are ambitious and our responsibility is huge. We know.

And we promise. WE WILL SUCCEED WITH OUR STRENGTH...

Türkiye Sigorta "Its strength is implicit in its name"



Turquoise and red are selected as the main colors of the emblem. Turquoise is a color frequently used in our traditional handcraft, çini tile art, and also symbolizes our country. Red, our national color, is the color that best befits our name.



RATIONAL AND GEOMETRIC BASIS

Established with the vision of offering innovative solutions to fulfill the need for trust at every moment of life for everyone dreaming of a bright future, Türkiye Sigorta's emblem was erected upon the fundamental concepts of the insurance industry, such as trust, strength and innovation. The design embeds the graphical elements inspired by our deep-rooted history and cultural values in the emblem.

The letter "T" at the center of the emblem is designed based on rumi motifs that were widely used in all branches of decorative arts by the Seljuk Turks and in the following periods, allowing endless compositions by being applied in echelons with other types of motifs, and generally drawn in continuous form on a spiral path. The specific spiral structure of the motif is applied on the letter "T".

"T"

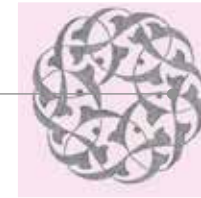


TÜRKİYE SİGORTA



The "T" in the emblem vested the initial letter of our brand name in an original graphical form and also produced a powerful crescent form. The crescent is the Turkish flag; it is Turkey.

The emphasis placed on Turkey created by color and graphical elements and building a strong relationship between the past and the present is the source of the power of our emblem.



The "new" character vested in the emblem results from the rendition of our traditional motifs that have been used for centuries with a modern perspective, which leads to a meaning peculiar to us. The emphasis placed on Turkey created by color and graphical elements and building a strong relationship between the past and the present is the source of the power of our emblem. The sense of trust is reflected by the inclusive and majestic form of the "T".

The Story of the Logo

A logo, which is the central and most important element of visual brand identity, is a signature that displays the character, stance and values of a brand. Targeted to entail graphical elements that build a strong relationship between the past and the future, our logo was designed to reflect the strength drawn from its name for Turkey's values and our hopes. Established with the vision of offering innovative solutions to fulfill the need for trust at every moment of life for everyone dreaming of a bright future, Türkiye Sigorta's emblem and logo were erected upon the fundamental concepts of the insurance industry, such as trust, strength and innovation.

We paid attention to make sure that our logo is applicable, and in its form and colors, the graphical elements inspired by our deep-rooted history and cultural values were represented in the emblem. Turquoise and red were chosen as the main colors of the emblem, since turquoise is a frequently used color in our traditional handcraft, çini tile art, and is also a color symbolizing our country, and red is the color of our flag, the color that befits our name the most. The spiral applied on the letter "T" in the emblem vested the initial letter of our brand name in an original graphical form and also produced a strong crescent form. The crescent is the Turkish flag, and hence Turkey. The emphasis placed on Turkey

created by color and graphical elements and building a strong relationship between the past and the present is the source of the power of our emblem. The carefully conducted brand promise efforts resulted in the slogan "Its Strength is Implicit in its Name", which is intended to express our commitment to change the present and the future of the insurance and private pension sector and to carry out our activities to become a regional power with the major responsibility imposed upon us by the word "Türkiye" in our company name.

2020 ACTIVITIES

our target is set, our ideal is common...

Joining our hands, power and hearts, to be a company that creates value, redefines the economically and socially strong insurance concept by transposing “after” with “before” and offers solutions catering to the need for trust at every moment of life.



The Türkiye Sigorta publicity meeting held on 7 September 2020.

The Story of the Advertising Film

We needed a film that would embrace all segments of the people and address everybody for the launch of Türkiye Sigorta that was born out of the merger of six insurance and private pension companies and has become the biggest insurance and pension company of our country. Accordingly, our launch film was produced to satisfy this need.

Our film tells a story in which a good-looking, smart man representing Türkiye Sigorta touches as an insurer various needs of different people, directly from his own perspective. The insurer of Türkiye Sigorta is by the side of his insured at any time he is needed, sometimes in a delivery room, sometimes at a countryside wedding. The plot tells the story of Turkey's biggest insurance company as it stands by its insured at all times.

The storytelling technique and themes are intended to present our Company as an organization that will genially respond to the needs anywhere in our country. Brands that are our own merged to create a bigger brand, which is actually established for the needs of the people and positioned in close proximity to everyone.

Special care was taken to emphasize this warm and frank tone in our communication language and to make sure that the brand is perceived as a brand of the people themselves.

Our priorities were to build a bridge between the people and Türkiye Sigorta, being a brand that draws its strength from its name and uses this strength for its people, and to make our brand heard and loved by everyone immediately starting with the first commercial.

Media Coverage

After the Türkiye Sigorta publicity meeting held on 7 September 2020, Türkiye Sigorta launch film was aired simultaneously on national measurable and thematic TV channels between 7 -30 September. Planned to be aired 3,155 times in total in daytime and nighttime with its 70-second and 40-second versions, the advertising film's target audience was determined as 20+ABC1. In addition, an advertising campaign was launched on national radio channels with 3,240 spots. To back radio and TV broadcasts and to announce the launch to large target audiences, outdoor advertising was carried on until end-September, and announcements were placed in national newspapers, national magazines and industry magazines at different times between September and December. Follow-up billboard advertising, on the other hand, was carried on until the end of the year.

According to available data, 4,063 positive news were covered about Türkiye Sigorta in total in September 2020. The positive news coverage in September 2020 breaks down as 293 in the press, 3,401 on online, and 369 on TV. With these figures, Türkiye Sigorta is the brand with the highest number of positive news coverage in September 2020 on the press, online and television media.

In September 2020, Türkiye Sigorta acquired a total of 43,520,842 communication value score with its positive coverage in the press and online. In September 2020, Türkiye Sigorta achieved 6,055,880 communication value score with 293 positive news articles in the press and 37,464,962 communication value score with 3,401 positive online news. These figures reveal that Türkiye Sigorta was the achiever of top communication value scores in the press, online and total in September 2020; in other words, it was the brand that carried out the best communication.

Various events during the reporting period and the awards received

• Türkiye Sigorta Big Bang Sponsorship

Big Bang Start-up Challenge, whereby İTÜ Çekirdek Incubation Center of İTÜ (Istanbul Technical University) ARI Teknokent ranking among the top five in the world among the startup incubators of universities, was organized online on 3 December 2020 with the slogan "Rise Together". While Big Bang once again hosted Turkey's and the world's rising startups, it offered a unique online experience to the viewers. Followed-up by more than 100,000 people focused on start-ups, technology and innovation, the event provided the opportunity to virtually visit the stands of 80 start-ups.

Having stepped into the industry with strong targets in innovation and digitalization, Türkiye Sigorta will continue to sign its name under sponsorships that reveal its approach in this respect.

• İTÜ Çekirdek Insurtech Program "Applications Offering Personalized Experience" Event

Participated by Güneş Sigorta and Vakıf Emeklilik executives, "Applications Offering Personalized Experience" event was streamed live on 6 August 2020 on İTÜ Çekirdek YouTube channel. İTÜ Çekirdek Incubation Center brought together the startups wishing to gain an insight into the industry and capture the opportunities in the İTÜ Çekirdek Insurtech Program, as an extension of the Insurtech Program initiated by the leading companies of the insurance industry.

• İTÜ Çekirdek Incubation Center Insurtech Program

İTÜ Çekirdek Incubation Center Insurtech Program was promoted in the launch event organized on 15 January 2020 and participated by Vakıf Emeklilik and Güneş Sigorta. In the event, it was stated that technology start-ups centered on customer experience and operational

efficiency would be successful, and touched upon improvement areas such as personalized experience, Internet of Things (IoT), Robotic Process Automation (RPA) etc.

• Participation in the 42nd İstanbul Marathon

204 employees of Türkiye Sigorta and Türkiye Hayat Emeklilik from the Head Office and Regional Offices got together at the 42nd İstanbul Marathon, with the unifying spirit of sports, and ran for charity for the benefit of Darüşşafaka and KAÇUV in 5 km, 10 km and 15 km categories.

The joint purpose of the run is to contribute to the future of our children by uniting with a sense of social responsibility. Besides being a social responsibility, the event also served as a motivational boost amid the employees' busy work tempo, while maximizing harmony within teams, communication between employees, team spirit and energy.

• Güneş Sigorta received the "Employee Engagement Achievement Award" and Vakıf Emeklilik received the "Kincentric Best Employer Award".

According to the survey conducted by Kincentric, one of the world's leading HR and Leadership Consulting companies active in Turkey since 2006, measuring workplace excellence, Güneş Sigorta were deemed worthy of "Employee Engagement Achievement Award" and Vakıf Emeklilik of "Kincentric Best Employer" award. Having reached 15 million employees so far, Kincentric Best Employers Program is the most widely participated workplace survey conducted in Turkey.

• ARC Award to Güneş Sigorta Annual Report

2019 Annual Report of Güneş Sigorta claimed the bronze prize in the insurance sector section in the traditional annual reports category at the ARC Awards, an international reporting competition.

supporting innovation

Having stepped into the industry with strong targets in innovation and digitalization, Türkiye Sigorta will continue to sign its name under sponsorships that reveal its approach in this respect.



Participation in the 42nd İstanbul Marathon

2020 ACTIVITIES

R&D collaboration

Türkiye Sigorta believes that collaborating with insurtechs is crucial and inevitable with respect to innovation and R&D.



Big Works by Little Artists Painting Competition

• Big Works by Little Artists Painting Competition

In a bid to support the mental development of primary school students and to evoke an interest in the art of painting and fine arts, Güneş Sigorta organized the fourth edition of the painting competition named “Big Works by Little Artists” participated by the children of its employees and agencies.

In 2020, the theme of the “Big Works by Little Artists” painting competition was set as “Protecting the Nature”.

Expressing their notion of protecting the nature with their paintings, the children’s submissions were evaluated in two categories covering age groups 5-9 and 10-15. The results of the competition in which 42 works in total were submitted were announced during the award ceremony and exhibition inauguration held at Güneş Art Gallery on 22 July 2020. The winners of the competition received numerous prizes suitable for their age groups, ranging from bicycles to scooters, tablets to gift vouchers.

• 8 March International Women’s Day celebration

In an internal organization, Güneş Sigorta celebrated 8 March International Women’s Day together with the employees. During the event held at the Head Office and participated by the General Manager and women employees, suggestions and requests for more active and effective presence of women in business life were voiced, and opinions were exchanged about suggested solutions.

Research and Development Efforts regarding New Services and Activities

Similar to all the other sectors, operations are being digitalized rapidly also in the insurance business, which results in considerable improvement of the way of doing business, quality and speed. Use of digital applications, AI solutions and RPA solutions is increasing quickly in underwriting, policy management, claims

management and similar areas. Digitalization continues to show its impact in more traditional operational areas such as finance and HR, In addition to insurance-specific ones.

Türkiye Sigorta believes that collaborating with insurtechs is crucial and inevitable with respect to innovation and R&D. In this framework, the Company is formulating its strategies to develop cooperation with numerous technology partners with the potential to contribute to customers’ needs in the market through acquisition, partnering or supporting them through venture capital funds.

A human resource that has internalized the concept of “Being One”

The Human Resources Policy of Türkiye Sigorta is targeted at achieving the following:

- Create a flexible, productive, and agile organizational structure and improve it according to needs, in order to achieve the organization’s long-term strategy and goals
- Determine the Company’s core values and key competencies along this line, and design and improve all HR processes and systems within the frame of organizational requirements
- Attract and train top talents, while identifying talents on the basis of a robust talent management scheme for the purpose of making use of the existing human resource effectively and efficiently
- Devise succession planning for key positions and prepare the organization for the future through development programs integrated with the succession plan
- Conduct regular measurements and analyses to give the foreground to employee engagement and satisfaction, and take necessary actions accordingly
- Be the strong employer brand of choice in the industry



Türkiye Sigorta builds on its new product and service development competence with R&D activities.

Our Human Resources Policy

In all our activities, we aim to be guided by our Company's vision, mission and corporate values.

Accordingly, our fundamental goals are spelled out as follows:

- Ensure the employment of qualified employees adhering to professional and ethical rules, who are capable of effectively and efficiently fulfilling their tasks in line with the Company's strategic goals, and ensure the sustainability of their qualifications
- Create a solid employer brand
- Build on motivational tools by increasing the level of engagement and satisfaction
- Establish a peaceful and productive working environment that consolidates the sense of belonging and team spirit
- Produce a career, talent and performance system aligned with sustainability targets and supportive of organizational development
- Carry out HR planning, employee procedures, salary management and similar tasks in accordance with the Company's strategies and values

In determining and implementing the HR Policy, the Company takes as basis the fundamental principles which:

- Provide fair and competitive remuneration and employee rights,
- Enable employees to work in compliance with sustainability, productivity, profitability and customer-orientation principles,
- Target to enhance employee engagement,
- Establish the HR policy and culture aligned with the Company's corporate values, mission, vision and strategic goals,
- Enable establishment and dissemination of efficient communication and information provision systems,
- Guarantee equal opportunities by devising the employees' career plan in line with the Company's needs,
- Offers the opportunity to position the employees in roles befitting their backgrounds by putting in place efficient and effective methods.

2020 ACTIVITIES

development-oriented system

Türkiye Sigorta plans to put into life a performance system allowing creation of development plans along with continuous feedback processes.

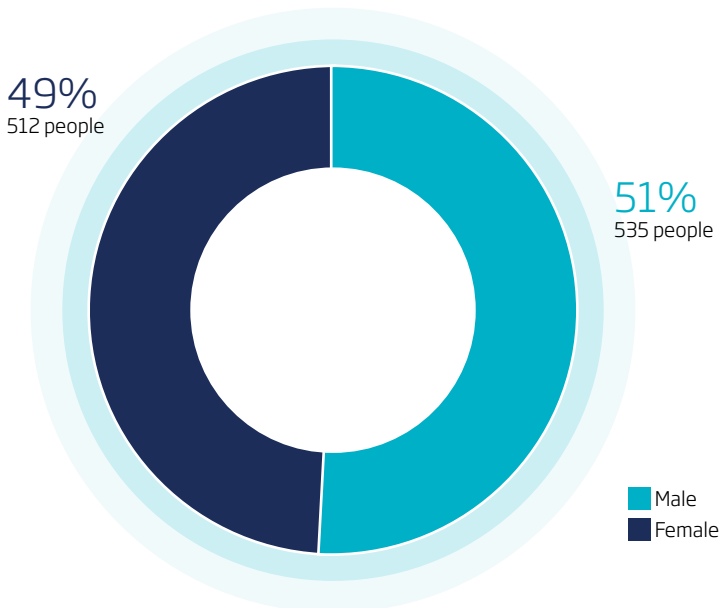
Türkiye Sigorta is creating an ecosystem that supports its organizational developments in all matters.

Türkiye Sigorta takes care to carry out activities that support its organizational development in all matters under its responsibility.

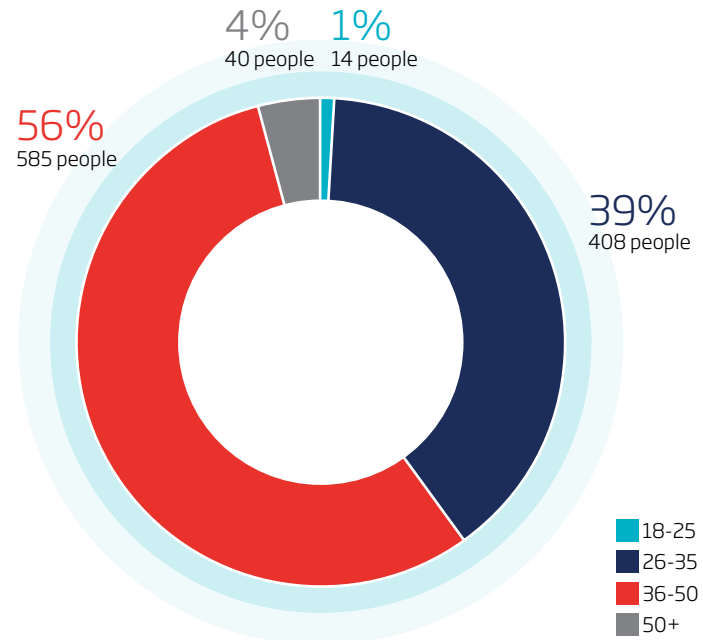
Accordingly, Türkiye Sigorta works towards determining role-based business targets nurtured by its strategic goals, and formulating

competencies in harmony with the corporate culture. The Company plans to put into life a target system that all employees agree upon and are able to trace back to the main strategic goal, and to establish a performance system allowing creation of development plans along with continuous feedback processes. The purpose is to enable employees to actively convey their development-related expectations and demands in terms of career and talent management.

Distribution of Employees by Gender (%)



Distribution of Employees by Age (%)



Türkiye Sigorta ensures continued training and development.

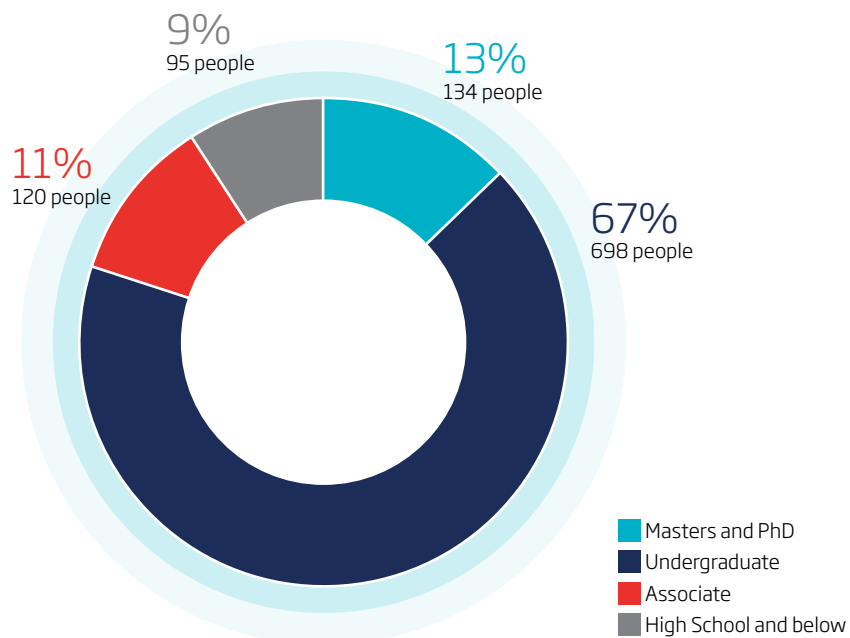
The announcement of the merger process at the onset of the year and the pandemic that erupted thereafter compelled a more strategic perspective for the training and development activities of 2020. During the pandemic-induced restrictions period, the training programs that were in place at pre-merger former companies were quickly adapted to the online format, thus enabling sustainable completion of the programs. In addition, during the stay-at-home period, employees were extended support through digital contents about health tips and protection

against the pandemic, as well as psychological resilience, motivation and anxiety. As activities gained momentum before the merger, field teams were prepped for the first day of Türkiye Sigorta before September 1 through remote training given on necessary topics. Moreover, professional needs in related positions were addressed and put into life in line with performance evaluation results, competence-based measurements, face-to-face meetings when needed, demands from managers or employees, and regulatory and administrative needs according to the roles held in parallel with the companies' strategies and executive management assessments.

robust talent management

Our target is to attract and train top talents, while identifying talents on the basis of a robust talent management scheme for the purpose of making use of the existing human resource effectively and efficiently.

Distribution of Employees by Education (%)



2020 ACTIVITIES

commitment to values

We support our employees to take active roles in business processes in order to improve on the characteristics of being inquisitive, virtuous, responsive and self-confident, which are our cultural values.

Prior to the merger;

- Orientation, technical, professional, sales and personal development programs were organized to equip the companies' employees with the knowledge and competencies required by their respective positions;
- A 101-hour Strategic Marketing Certification Program was provided to our thirty colleagues by Boğaziçi University Lifelong Learning Center based on a decision passed by the executive management;
- Hands-on training programs with a creative drama focus were organized for Customer Contact Center employees to enhance service quality;
- Training on branch life, product, call center screens, and other operational screens designed by internal trainers during the merger preparation period were given online to the entire field sales force;
- Professional and technical development training aligned with the emerging needs was planned and implemented at all companies. Distance learning methods were employed to give all the training programs online in this period;
- Training outputs were measured using gaming solutions implemented, in addition to the training programs, and necessary reports were prepared.

Following the merger:

- Under the new structure that was born as of September 1, Türkiye Sigorta Academy was established, and activities were commenced for creating programs and their contents;
- Türkiye Sigorta Academy website and Online Learning Management System (LMS portal) installation was initiated, which were rendered ready for use by year-end;
- Türkiye Sigorta Masterplan was devised, and 2020-2021 goals and strategies were set;
- The basic orientation program named "Welcome Onboard Türkiye Sigorta" was prepared and assigned to familiarize all employees with the new company;
- Internal trainer training and development processes were initiated with the target of proliferating the culture of learning from one another, and the first group of training programs was implemented;
- Employees were assigned to open training programs in urgently needed professional and technical topics, and all demands received were quickly satisfied;
- Licensing processes suspended before the merger were restarted, and training and licensing exams for the Bank employees began to be organized again. In this framework, a total of 187 candidates were included in the licensing process, and 168 of them successfully completed the same in 2020.

According to these figures, the success rate achieved is 90%.

Pre-/Post-Merger	Number of People Given Training	Training Hours	Training Hours per Person
Pre-Merger	1,871	2,560	2.1
Post-Merger	2,255	3,085	2.2

Türkiye Sigorta intends to build a structure under which it will be guided by its cultural values at every phase of its business affairs.

It is a priority target for Türkiye Sigorta to take the Company's cultural values further, and to increase adherence of all employees to these values. Since the process of embracing corporate culture is a long one, it is targeted to build a structure under which its cultural values will guide the Company at every phase of business affairs.

After the organizational merger, Türkiye Sigorta has been striving to create open communication channels, starting from the management level. Employees are supported to take active roles in business processes in order to build on the characteristics of being inquisitive, virtuous, sensitive and self-confident, which are the Company's cultural values.

Türkiye Sigorta aims to establish the culture of giving feedback in all processes, in order to strengthen communication and increase productivity. Feedback practices that do not rely only on performance evaluation but seek to support development and strong communication are planned to be introduced during 2021.

Based on the conviction that the sustainability of development and success can be achieved through working in cooperation with commitment, Türkiye Sigorta targets to establish systems where demands, suggestions and expectations can be actively communicated, and where each employee is aware of his/her own role for the achievement of the Company's strategic goals and can follow-up the same.

Türkiye Sigorta is trying to build a strong employer brand.

With the purpose of being the employer of top choice in the industry, Türkiye Sigorta is trying to build a strong employer brand by adding value to its corporate brand.

Accordingly, it is among Türkiye Sigorta's priority targets to determine the existing customer engagement and satisfaction levels, create action plans for development areas, and identify improvement areas for the continuity of the Company's strengths.

Türkiye Sigorta takes care to design recruitment processes in integration with its efforts directed towards this target, and to select candidates who are compatible with the Company's culture and will be able to contribute to further improving the culture. Organizational performance is intended to be increased with the goal of having the right person in the right position at the right time.

Quality Management

During 2020, a total of thirty-three internal quality controllers conducted internal controls within the scope of the Quality Management System. As a result of the audits conducted by an independent certification agency on 17 and 18 February 2020, Quality Management System (ISO 9001:2015) and Customer Satisfaction Management System (ISO 10002) certifications were renewed.

strong employer brand

With the purpose of being the employer of top choice in the industry, we are trying to build a strong employer brand by adding value to our corporate brand.

2020 ACTIVITIES OF INVESTOR RELATIONS

XKURY

As a result of the Corporate Governance Rating assessment, our Company was granted a grade of 9.31. Following the disclosure of this rating on KAP (Public Disclosure Platform), the company was included in the Corporate Governance Index (XKURY) on the stock exchange.

In terms of investor relations activities, 2020 has been a busy year packed with efforts to complement the lacking aspects in the arrangements regarding corporate governance activities, investor relations responsibilities increased given the merger under Güneş Sigorta, various other efforts, and the obtaining of the first-ever corporate governance rating.

Corporate Governance Rating Obtained

Studies were realized to determine and complement the lacking aspects in relation to corporate governance. Preparations were made for Donations, Dividend Distribution and Disclosure policies, which were then presented first to the Board of Directors and then to the General Assembly. Human Resources, compensation and remuneration policies were reviewed, and all policies prepared were posted on the Company website. A specific item was inserted for the first time in the General Assembly agenda for setting the amount of donations. The General Assembly approval was obtained for necessary amendments to the articles of association for achieving alignment with the Corporate Governance Communiqué.

As a result of the Corporate Governance Rating assessment carried out by SAHA rating agency based on the "Corporate Governance Rating" contract executed in October 2019, our Company was granted a grade of 9.31. Following the disclosure of this rating on KAP (Public Disclosure Platform), the company was included in the Corporate Governance Index (XKURY) on the stock exchange. The Corporate Governance Index is constituted by 50 other companies besides Türkiye Sigorta. Türkiye Sigorta has been the third company to qualify for the index with a high rating after Sütaş and Enerjisa.

According to the World Corporate Governance Index (WCGI) released by SAHA on 8 October 2019, Türkiye Sigorta is positioned within the first group. Countries in this index are ranked both according to their level of corporate governance compliance and also according to their organizations' level of development in terms of corporate governance. In the constitution of the index, internationally accepted standards, rules, regulations, and indices comparing countries on the basis of transparency, corruption and ease of doing business are taken into account.

2019 Year-End Investor Presentation

The first Investor Presentation pertaining to Türkiye Sigorta incorporated 2019 year-data and was posted on the Company website, under the investor relations section.

Playing an Active Role in the Merger Process

The Unit carried out major activities from the date the Board of Directors passed the merger decision until the date of the registration of the new company name and share allotment.

First of all, the Unit took on an active role in the management of the process to be carried out with the Capital Markets Board of Turkey (CMB) and the Central Securities Depository of Turkey (MCK), and extended support for compiling the information regarding the three companies for the announcement prepared for CMB approval, and finalizing the announcement. All documents related to the process were read, the related texts of legal firms and case studies were reviewed, as well as regulations and communiqués. Contacts were held with the law firm in charge of the merger in respects falling under the job description of Investor Relations,

and studies were carried out jointly. The Unit prepared for the Merger General Assembly and conducted the meeting, prepared the merger general assembly draft minutes, and necessary documents and fulfilled the requirements of the meeting. The Unit was involved in the purchasing of Halk Sigorta's unknown non-registered shares and making the squeeze-out payments. It was responsible for co-determining the management of the squeeze-out payment with the MKK and Ziraat Yatırım, making the squeeze-out payment announcement, and its execution. Contacts were held with various units and officers at MKK and Borsa İstanbul for determining the share allotment process and associated dates. Company employees were informed for determining the share allotment schedule and achieving compliance therewith. Necessary documents were submitted to the CMB, MKK and Borsa İstanbul. The Unit also worked on the process related to the registration procedures for the new company name. The Unit ensured that KAP disclosures for the entire process were made in synchronicity with Halk Sigorta. While the website and Company portal were updated, the Unit also responded to investors' questions regarding the merger, and provided information about the process.

Disclosure regarding the Changes in the Shareholding Structure

For the transfer of shares held by Groupama Holding Filiales et Participations, one of the company's shareholders, representing 10% of the capital in Türkiye Sigorta to TVF Finansal Yatırımlar AŞ, an affiliate of Türkiye Wealth Fund, at a unit price of TL 1.63 per share, a share transfer agreement was signed on 7 February 2020, and the planned share transfer occurred on 14 February 2020. The same was made public via a KAP disclosure.

From among the company's shareholders, Türkiye Vakıflar Bankası TAO Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (VakıfBank Pension and Assistance Fund) and VakıfBank Personeli Özel Sosyal Güvenlik Hizmetleri Vakfı (VakıfBank Personnel Private Social Security Services Fund) filed an application with the Central Securities Depository of Turkey (MKK) on 20 December 2019 for conversion of the shares held thereby with respective nominal values of TL 27,054,000 and TL 54,000,000 into the status that can be traded on the stock exchange so that they could be sold on the exchange; they sold off the related shares, ending their shareholding in the company during the reporting period.

A share transfer agreement was signed on 22 April 2020 for transferring the shares representing 51.1% of the shares in our Company and held by Türkiye Vakıflar Bankası TAO (VakıfBank) to TVF Finansal Yatırımlar AŞ, and the share transfer was consummated on the same date. Accordingly, the share price due was determined as TL 2.22 per share, and the sales price was paid in full through special issue government debt securities. As a result of this transaction, the share of TVF Finansal Yatırımlar AŞ in our Company increased to 61.1%.

Within the frame of the structural reforms planned under the New Economy Program, a Board of Directors decisions was passed on 19 June 2020 for the acquisition of Halk Sigorta and Ziraat Sigorta by the Company through dissolution without liquidation, as a whole with all their assets and liabilities, with the goal of merging public insurance companies under a unified roof and in line with the strategic plans and sectoral targets of TVF Finansal Yatırımlar AŞ that holds the shares representing the management control over the Company, and also based on the opinion that a more efficient management and savings would be achieved in view of the recent market conditions.

1st group

In the determination and supervision of mandatory principles as per the CMB's Corporate Governance Communiqué, companies are divided into three categories in view of the market capitalization of their organizations and that of their floated shares. Based on the calculation performed according to 2020 data, Türkiye Sigorta was included in the first group from 2021 onwards.

2020 ACTIVITIES OF INVESTOR RELATIONS

BIST 50

Following the merger, the market in which Türkiye Sigorta is being traded was updated as Stars, and the Company moved from the BIST 100 company index to BIST 50 company index.

Based on the approval of the Insurance and Private Pension Regulation and Supervision Agency dated 23 June 2020 numbered 97354901-010.99-01/41, and the announcement approved by the CMB decision dated 16 July 2020 in response to the application for the merger submitted on 30 June 2020; the decision for merger by way of acquisition of Ziraat Sigorta and Halk Sigorta by Güneş Sigorta through dissolution without liquidation, as a whole with all their assets and liabilities was ratified at the Company's Extraordinary General Assembly Meeting convened on 27 August 2020, and the resulting company adopted the name Türkiye Sigorta AŞ. Moreover, based on the resolution adopted at the Extraordinary General Assembly convened on 27 August 2020, the Company's capital was raised to TL 1,161,523,363, and the said capital increase was covered through take-over of Ziraat Sigorta and Halk Sigorta through dissolution without liquidation, as a whole with all their assets and liabilities as per the applicable legislation. According to the resolutions adopted at the Extraordinary General Assembly convened on 27 August 2020, the Company was registered on 31 August 2020 and the same was promulgated in the Trade Registry Gazette dated 3 September 2020.

The exchange ratio is 0.57859246 for Halk Sigorta shares, and 8.39189188 for Ziraat Sigorta shares; the share allotment date was set

as 2 September 2020 and disclosed on KAP on 31 August 2020. The unknown non-registered shares in Halk Sigorta were purchased by Türkiye Sigorta in accordance with the CMB-approved announcement text, and squeeze-out payments are being made to holders of unknown non-registered shares upon their application to the Company.

In the determination and supervision of mandatory principles as per the CMB's Corporate Governance Communiqué, companies are divided into three categories in view of the market capitalization of their organizations and that of their floated shares. The categories that companies are classified under in 2021 are determined in January each year. Based on the calculation performed according to 2020 data, Türkiye Sigorta was included in the first group from 2021 onwards.

As a result of all these transactions, the share of TVF Finansal Yatırımlar, the controlling shareholder in the Company, in the Company's capital increased to 81.10%. Türkiye Wealth Fund wholly owns TVF Finansal Yatırımlar AŞ, and is therefore the indirect shareholder in the Company. The free-float ratio is 18.90%. With the merger, the Company's capital increased from TL 540 million to TL 1 billion 161 million 523 thousand 363.



Scan the QR-code with your mobile phone to access Türkiye Sigorta merger documents.

QR code için link bekliyoruz

Change of Market and Qualification for BIST 50 Index as a result of the Merger

As of October 1, the market structure in the equity market was redetermined, abandoning the market grouping that was divided into two. Thus, the market in which the Company is being traded was updated as Stars instead of Stars Group 2.

In addition, the Company moved from the BIST 100 company index to BIST 50 company index.

Investor Conferences and Analyst Meetings

The Unit responded to various questions about the Company received from investors by phone and e-mail. Particularly following the merger, various analyst meetings and investor conferences were organized in response to the interest shown in Türkiye Sigorta.

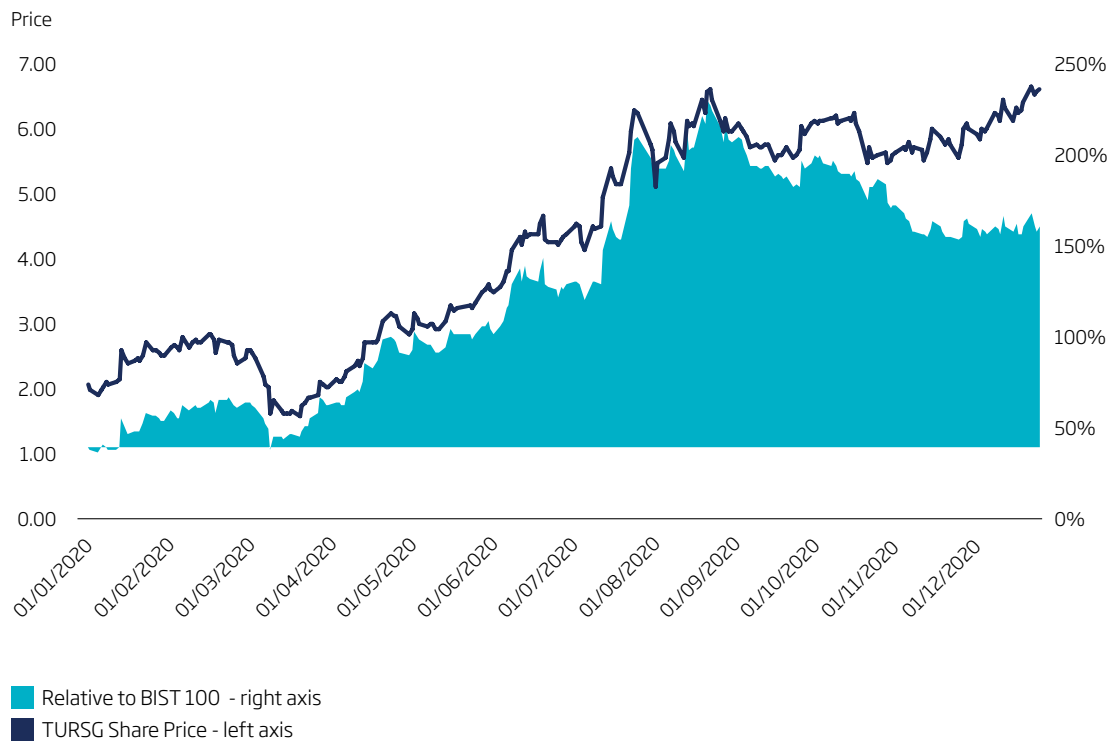
Corporate Governance Committee Meetings

During 2020, seven meetings were held with the Corporate Governance Committee.

TURSG

As of the date of the merger, the company started trading with the ticker symbol TURSG at a reference price of TL 5.95.

Performance of TURSG Shares Compared to BIST 100 Index



2020 ACTIVITIES BY THE INTERNAL AUDIT DEPARTMENT

At Türkiye Sigorta, internal audit activities are carried out by the Internal Audit Department that directly reports to the Board of Directors pursuant to the Regulation on the Internal Systems of Insurance, Reinsurance and Pension Companies. As at year-end 2020, the Internal Audit Department consists of 6 members: the Head of Internal Audit, 4 managers and 1 assistant specialist.

The Internal Audit Department conducts audits to verify that the Head Office units of the Company, Regional Offices and representation offices, and agencies carry out their activities in compliance with the Insurance Law and other applicable legislation, as well as internal strategies, policies, principles and targets. The Department audits the accuracy of financial data, the adequacy of practices targeted at the protection of assets, and efficacy of internal control and risk management systems. It also carries out audits regarding support services providers within the frame of the applicable legislation. The Internal Audit Department also carries out examinations and investigations regarding the employees' improper illegal or illegitimate dealings, and third party fraudulent acts.

Audit activities are carried out according to the annual audit plan that is prepared in line with the Company's goals and strategies, taking into consideration the Internal Audit Department's resources, and adopting a risk-based approach. The audits and the resulting reports are monitored closely to ensure their conformity with the "International Internal Audit Standards", that they are risk-based and are of a nature to contribute value to the Company. Accordingly, necessary revisions and arrangements are effected.

The matters identified as a result of the audits, examinations and investigations conducted by the Internal Audit Department are transformed into findings, and the actions taken are monitored continuously through the Internal Audit Department Findings Tracking System. The assessments regarding unfinalized findings, the risk entailed in findings, actions taken, and the current status of findings are submitted to the Audit Committee at certain intervals.

Within the scope of the audit plan, a total of 17 units were audited in 2020, 9 of them Head Office units and 8 of them Regional Offices. In addition, quarterly Reinsurance Audits for Catastrophe Risk Management were conducted, and determinations and assessments were reported. In addition, 2 investigations and 5 examinations were brought to completion during the reporting period.

The Internal Audit Department contributes to auditors' professional development with the internal and external training opportunities it provides, and helps them obtain internationally recognized professional certifications. In this way, the Department also strives to provide the Company with trained and educated human resource.

Private Audit and Public Audit conducted during the Fiscal Year

A general audit was initiated by the Court of Accounts in the last quarter of 2020.

2020 ACTIVITIES OF RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management and Internal Control Unit

The Unit was set up within the frame of principles defined in the Regulation on the Internal Systems of Insurance, Reinsurance and Pension Companies published by the T.R. Ministry of Treasury and Finance in the Official Gazette issue 26913 dated 21 June 2008.

The Internal Control System is intended to ensure the safeguarding of the Company's assets; effective and efficient execution of activities in accordance with the laws and other applicable legislation, internal policies and guidelines, and insurance customs; and to guarantee the reliability, integrity of accounting and financial reporting system and timely availability of information.

The objective of the Risk Management System is to define, measure, monitor and control risk exposure through policies, procedures and limits determined to oversee, control, and change as necessary the risk and return structures entailed in the Company's future cash flows, and in turn, the nature and level of operations.

At Türkiye Sigorta, Internal Control and Risk Management Unit reports to the Assistant General Manager in charge of Legal Affairs. Internal Control and Risk Management Unit holds at least six meetings in a year with the Early Detection of Risk Committee and presents information about its activities.

Internal Control Processes

Control activities are carried out within the scope of the Internal Control Plan prepared within the frame of the risk assessment methodology enforced upon being approved by the General Manager. Control activities are coordinated under three different methodologies, which are Process Control Reporting, Thematic Reporting and Periodic Control Reporting. The methodology implemented in the Internal Control Plan incorporates all audited processes within risk

assessment process. 84 business processes exposed to risk were determined in relation to Türkiye Sigorta's operations. During 2020, periodic activities were carried out in relation to control points identified within production, marketing, technical, reinsurance, claims, subrogation, legal, accounting, collections, human resources and information systems processes. Within the scope of the activities, the effectiveness of the existing controls within processes, and compliance of activities to internal/external regulations were evaluated. The suggestions contained in the control reports drawn up by the Internal Control Unit are followed up via "Internal Control Suggestion Tracking Platform". The suggestions addressed in the Internal Control Unit's reports, the actions to be taken by business units, and the deadlines for these actions are captured in the said platform. In addition, 18 reports were presented to the Early Detection of Risk Committee during 2020.

Risk Management Processes

Structural risks inherent in processes for six risk types (Underwriting Risk, Market Risk, Liquidity Risk, Credit Risk, Operational Risk, External Risk) inherent in processes at risk in relation to the operations of Türkiye Sigorta were striven to be determined, and total inherent risk was calculated.

The quality of the internal control system was assessed taking into consideration the control environment, risk assessment, control activities, information and communication, and monitoring activities (components of COSO), and the ultimate notes associated with the processes (Residual Risk) are attempted to be determined.

The Risk Management Unit periodically measures and evaluates the "Asset Risk", "Underwriting Risk", "Provision for Outstanding Claims Risk", "Reinsurance Risk" and "Exchange Rate Risk" with respect to the Company's capital adequacy.

"Counterparty Agency Risk" is monitored within the scope of agencies' failure to fulfill their contractual obligations during the collection term, and "Counterparty Reinsurance Risk" is monitored within the scope of non-collection from reinsurers indebted to the Company.

"Operational Risk" is measured with respect to the possibility of incurring losses resulting from inadequate or unsuccessful internal processes, people or systems or from external events, which also include legal risk.

In addition to those, within the scope of the Company's "Liquidity Risk" analysis, Current Ratio, Liquidity Ratio, Liquid Assets/Total Assets, Liquid Assets/Insurance Technical Provisions, and Liquid Assets/Current Assets ratios are calculated and reported periodically. During 2020, ten periodic risk management reports were prepared in relation to all these processes.





being one is trusting...

In this new era that we step into with our immense trust in the potential and future of our country and our industry, we are determined to bring the Turkish insurance and pension sectors to their deserved position in global competition with the support and trust of all our stakeholders.

BOARD OF DIRECTORS



Atilla BENLİ
Chairman and General Manager

Holding a bachelor's degree in public administration from Istanbul University, Atilla Benli completed his master's degree in insurance at Marmara University.

He started his career as an auditor at Garanti Bank, where he later worked as Branch and Unit Manager. Atilla Benli served as Unit Manager responsible for various units in the Financial Affairs, Operation, Agencies and Brokers Distribution Sales Channel at Garanti Sigorta before joining BNP Paribas Cardif in 2007 in the position of Executive Vice President in charge of Financial Affairs, HR, Claims and Legal Affairs units.

Later, he served as Executive Vice President in charge of the Claims Group at Groupama Sigorta and Groupama Hayat ve Emeklilik, and Executive Vice President responsible for Sales, Finance and Accounting, HR, Technical and Actuarial Units at Vakıf Emeklilik.

He functioned as the Executive Vice President responsible for the Claims Group at Zurich Sigorta from 2016, where he continued to serve as Executive Vice president responsible for Sales and Distribution Channels and Board Member from 2018.

Having assumed the role of Güneş Sigorta Board of Directors Member and General Manager on 16 January 2019, Atilla Benli undertook additional roles during the merger of the public insurance companies and was appointed as the chairman of the boards of directors of Halk Sigorta, Ziraat Sigorta, Vakıf Emeklilik, Halk Emeklilik and Ziraat Emeklilik as of 1 June 2020. He was appointed as Chairman of the Board of Güneş Sigorta on 2 June 2020. On 9 July 2020, he left his position as General Manager and was named the Chief Executive Officer of Güneş Sigorta, and Chief Executive Officer of Türkiye Sigorta and Türkiye Hayat Emeklilik, upon merger of public insurance companies on 31 August 2020 and of public pension companies on 1 September 2020. On 15 December 2020, he assumed the positions of General Manager of Türkiye Sigorta and of Türkiye Hayat Emeklilik in tandem with his role as the Chairman of the Board.

At the same time, Atilla Benli serves as the President of the Insurance Association of Turkey, Deputy Chairman of TVF Finansal Yatırımlar Anonim Şirketi, Güvence Hesabı (Assurance Account) Chairman of Management Committee, Chairman of the Board of TARSİM Tarım Sigortaları (Agricultural Insurance Pool) and Deputy Chairman of the Board of JCR Avrasya Derecelendirme. Benli also holds a seat as member on the management board of the Pension Reserve Fund of the Council of Europe, and on the boards of directors of Türk P&I Sigorta and Birleşik İpotek Finansmanı.



Çağatay ABRAS
Deputy Chairman

Having earned his BSc in Management Engineering from Istanbul Technical University in 1999, Çağatay Abraş completed the Professional Program in Corporate Finance at the University of California, Berkeley in 2000 and the High Potentials Leadership Program at Harvard Business School in 2012.

Çağatay Abraş started his career in the Central Finance Department of Vestel Group of Companies. He held senior manager positions in strategic consulting, corporate finance and business development at Andersen/Ernst & Young, Unit International and Garanti Yatırım. Having joined Türkiye Wealth Fund as Chief Investment Officer in November 2018, Çağatay Abraş most recently functioned as Head of Strategy and Business Development at Kibar Holding.

A member of TÜSİAD (Turkish Industry and Business Association) Energy Working Group, Board Member of TVF Finansal Yatırımlar, and Board Member of Kayseri Şeker, Çağatay Abraş has been appointed as member of the boards of directors of Halk Sigorta, Ziraat Sigorta, Halk Emeklilik, Ziraat Emeklilik and Vakıf Emeklilik as of 1 June 2020.

Currently serving as the Vice Chairman and Member of the Boards of Directors of Türkiye Sigorta and Türkiye Hayat Emeklilik, upon merger of public insurance companies on 1 September 2020 and of public pension companies on 31 August 2020, Çağatay Abraş has good command of English.



Muhammed Mahmut ER
Board Member

Having graduated from Computer Programming Department at Yıldız Technical University in 2004, Muhammed Mahmut Er then received his bachelor's degree in Computer Engineering and master's degree in business administration. Having completed his graduate study in Information Security Engineering, Er started his professional life as an automation systems system consultant in 2004.

Muhammed Mahmut Er then continued his career as a Software Developer in Turkey's first web-based ERP company. He was involved in more than 20 e-transformation projects as an Expert Software Developer, System Analyst and Project Leader in ERP, MRP, CRM, PMS, CMS, PAM, LMS modules. He transferred to the security sector in 2010, and headed various units in that company. In 2016, he became an Advisor to the President of the Information and Communication Technologies Authority (BTK), where he worked on the establishment of the Project Management Office and BTK Academy.

In 2018, he took over the coordination of the SGOM Project (Cyber Security Operations Center) which is crucial for Turkey's energy security. Serving as an Advisor to the Minister responsible for Information Technologies at the Ministry of Treasury and Finance since late 2018, Mahmut Er was elected as a member of the Board of Directors of EPIAŞ (Energy Exchange İstanbul) on 18 January 2019. Elected as the board member of Türkiye Sigorta and Türkiye Hayat Emeklilik, Muhammed Mahmut Er is married and has two children.



Murat AKBALIK
Independent Board Member

Having graduated from the Public Administration Department of the Faculty of Political Sciences at Istanbul University in 1991, Murat Akbalık completed the graduate program in the Institute of Banking and Insurance at Marmara University in 1993 and the post-graduate program in 2001. Murat Akbalık became an Assistant Professor in 2005, Associate Professor in 2011 and Professor in 2017.

He serves as the Head of Capital Markets Division at Marmara University School of Banking and Insurance, Member of Management Board of Institute of Banking at Marmara University, Head of Capital Markets and Stock Exchange Division at Marmara University Institute of Banking and Insurance, and Assistant Manager of Marmara University Institute of Banking and Insurance.

As of 1 June 2020, Murat Akbalık was appointed as a board member of Halk Sigorta, Ziraat Sigorta, Halk Emeklilik, Ziraat Emeklilik and Vakıf Emeklilik.

Currently serving as the Board Member of Türkiye Sigorta and Türkiye Hayat Emeklilik upon merger of public insurance companies on 31 August 2020 and of public pension companies on 1 September 2020, Murat Akbalık has good command of English.



Mehmet AYDOĞDU
Independent Board Member

Born in Sivas Divriği in 1946, Mehmet Aydoğdu graduated from the Academy of Economic and Administrative Sciences, Department of Economy and Business Administration. He started his career at Güneş Sigorta in 1966, where he held various positions before retiring in 2006 while he was serving as the General Manager of the company.

He was the Deputy Chairman of the Board of Directors of Groupama Sigorta and Groupama Emeklilik between 2006 and 2011, and the Chairman of the Board of Directors of Dubai Sigorta in 2011-2012. Mehmet Aydoğdu also worked in various positions at Güven Sigorta, Vakıf Emeklilik, Motorlu Taşıtlar Sigorta Bürosu (Motor Vehicles Insurance Bureau), Türkiye Sigorta ve Reasürans Şirketleri Birliği (Insurance Association of Turkey) and Istanbul Reasürans.

He was appointed as a board member of Ziraat Sigorta, Halk Emeklilik Ziraat Emeklilik and Vakıf Emeklilik on 1 June 2020, and of Güneş Sigorta on 2 June 2020.

Mehmet Aydoğdu currently serves as a Member of the Boards of Directors of Türkiye Sigorta and Türkiye Hayat Emeklilik upon merger of public insurance companies on 31 August 2020 and of public pension companies on 1 September 2020. Mehmet Aydoğdu, who is married and has two children, has good command of English.



SERHAT YANIK
Independent Board Member

Having received his bachelor's degree in public administration from the Department of Political Sciences at Istanbul University in 1991, Serhat Yanık got his MBA in 1994 and his PhD in the Business Administration Department in 2000 from the same university. Having started his career at the Ministry of Finance in 1991, Serhat Yanık worked as a Research Assistant in the Faculty of Political Sciences at Istanbul University in 1992 and as a research fellow in 2000, where he became an Assistant Professor in 2001. After a six-month tenure as Visiting Research Assistant at Chartered Insurance Institution (CII) in the UK to conduct insurance research in 1999, Serhat Yanık became an Assistant Professor in 2008 and Professor in 2016. Currently serving as the Head of the Department of Accounting and Finance at Istanbul University Faculty of Political Sciences Department of Business Administration, Director of Crowdfunding Implementation and Research Center at Istanbul University, Board Member of Expert Accountants' Association of Turkey, and Member of the Advisory Board of the Institute of Internal Auditing - Turkey, Serhat Yanık offers lectures in the areas of accounting, finance, audit and insurance at various universities and organizations. A Certified Public Accountant (CPA), he also holds Independent Auditor's Certificate issued by the Public Oversight and Accounting and Auditing Standards Authority. Serhat Yanık became an Independent Board Member of Güneş Sigorta on 25 June 2019, which position he left on 10 September 2020 upon the merger of public insurance companies on 31 August 2020.

Appointed as an independent board member of Türkiye Sigorta and Türkiye Hayat Emeklilik as of 27 January 2021, Serhat Yanık has good command of English.

Changes in the Seats on the Board of Directors

Appointed as Board Member on 15 April 2016, Deputy Chairman of the Board on 31 January 2019, and Chairman of the Board on 25 June 2019, Abdî Serdar Üstünsalih retired from office on 2 June 2020.

Appointed as Board Member on 2 April 2018, Hasan Emre retired from office on 9 July 2020.

Appointed as Board Member on 16 January 2019, Atilla Benli was appointed as the Chairman of the Board on 2 June 2020.

Appointed as Board Members on 25 June 2019, Mikail Hıdır and Alparslan Şahin retired from office on 2 June 2020.

Appointed as Deputy Chairman of the Board on 25 June 2019, Muhammet Lütfü Çelebi retired from office on 9 July 2020.

Mehmet Aydoğdu and Murat Akbalık were appointed as Independent Members on 2 June 2020.

Çağatay Abraş was appointed as Board Member on 2 June 2020 and Vice Chairman of the Board on 9 July 2020.

Appointed as an Independent Member on 25 June 2019, Mustafa Ergen retired from office on 9 July 2020.

Appointed as Board Member on 25 June 2019, Serhat Yanık retired from office on 10 September 2020. Serhat Yanık was appointed as a Member of the Board of Directors on 27 January 2021.

Beşir Alper Karayazgan was appointed as General Manager and Board Member on 9 July 2020, from which positions he retired on 15 December 2020.

Appointed as members of the Board of Directors on 9 July 2020, Ali Araz and Cenk Kurt retired from office on 10 September 2020.

Muhammed Mahmut Er was appointed as a member of the Board of Directors on 10 September 2020.

BOARD OF DIRECTORS

TÜRKİYE SİGORTA Board of Directors Members										
First & Last Name	Position	Profession	Education	Experience (years)	Positions Held at the Company in the Past 5 Years	External Positions Currently Held	Shareholding in the Company (%)	Share Group Represented	An Independent Board Member or Not	Committees and Roles Therein
Atilla BENLİ	Chairman of the Board and General Manager	Insurance Professional	Graduate	28	General Manager	President of the Insurance Association of Turkey, Deputy Chairman of TVF Finansal Yatırımlar Anonim Şirketi, Güvence Hesabı (Assurance Account) Chairman of Management Committee, Chairman of the Board of TARSİM Tarım Sigortaları (Agricultural Insurance Pool) and Deputy Chairman of the Board of JCR Avrasya Derecelendirme, Board Member of Birleşik İpotek Finansmanı AŞ, Board Member of Türk P&I Sigorta AŞ and Member of the Management Board of the Pension Reserve Fund of the Council of Europe	-	-	Non-Independent	Chairman of the Strategy Management Committee
Çağatay ABRAŞ	Deputy Chairman of the Board	Investment Advisor	Undergraduate	20	-	Chief Investment Officer of Türkiye Wealth Fund, Member of TÜSİAD Energy Working Group, Board Member of TVF Finansal Yatırımlar, and Board Member of Kayseri Şeker	-	-	Non-Independent	Member of the Corporate Governance Committee, Member of the Strategy Management Committee
Muhammed Mahmut ER	Board Member	Information Technology	Graduate	16	-		-	-	Non-Independent	Chairman of IT Steering Committee
Murat AKBALIK	Board Member	Academic	Post-graduate	27	-	Head of Capital Markets Division at Marmara University School of Banking and Insurance, Member of Management Board of the Institute of Banking at Marmara University, Head of Capital Markets and Stock Exchange Division at Marmara University Institute of Banking and Insurance, and Assistant Manager of Marmara University Institute of Banking and Insurance	-	-	Independent Member	Chairman of Audit Committee, Chairman of Corporate Governance Committee, Chairman of Early Detection of Risk Committee
Mehmet AYDOĞDU	Board Member	Insurance Professional	Undergraduate	54	-		-	-	Independent Member	Member of the Audit Committee, Member of the Early Detection of Risk Committee
Serhat YANIK	Board Member	Academic	Post-graduate	30	Board Member	Head of the Department of Accounting and Finance, İstanbul University, Faculty of Political Sciences, Department of Business Administration, Director of Crowdfunding Implementation and Research Center at İstanbul University, Board Member of Expert Accountants' Association of Turkey, and Member of the Advisory Board of the Institute of Internal Auditing - Turkey	-	-	Independent Member	-

Attendance of Board Members in the Meetings Held during the Reporting Period

LIST OF BOARD MEETINGS IN 2020 AND LIST OF ATTENDANTS																		
DATE	Abdi Serdar ÜSTÜNSALIH	Muhammet Lütfü ÇELEBİ	Atilla BENLİ		Çağatay ABRAŞ		Muhammed Mahmut ER	Mikail HİDİR	Alparslan ŞAHİN	Hasan EMRE	Genk KURT	Ali ARAZ	Mehmet AYDOĞDU	Murat AKBALIK	Mustafa ERGEN	Serhat YANIK	Besir Alper KARAYAZGAN	
	Chairman	Vice Chairman	Member	Chairman	Chairman and CEO	Member	Vice Chairman	Member	Member	Member	Member	Member	Independent Member	Independent Member	Independent Member	Independent Member	CEO and Member	
8.01.2020	√	√	√					√	√	√					√	√		
31.01.2020	√	√	√					√	√	√					√	√		
8.02.2020	√	√	√					√	√	√					√	√		
14.02.2020	√	√	√					√	√	√					√	√		
6.03.2020	√	√	√					√	√	√					√	√		
23.03.2020	√	√	√					√	√	√					√	√		
24.03.2020	√	√	√					√	√	√					√	√		
22.04.2020	√	√	√					√	√	√					√	√		
6.05.2020	√	√	√					√	√	√					√	√		
2.06.2020	√	-	√							√					√	√		
2.06.2020		√	√			√				√			√	√	√	√		
9.06.2020		√		√		√				√			√	√	√	√		
12.06.2020		√		√		√				√			√	√	√	√		
19.06.2020		√		√		√				√			√	√	√	√		
24.06.2020		√		√		√				√			√	√	√	√		
25.06.2020		√		√		√				√			√	√	√	√		
8.07.2020		√		√		√				√			√	√	√	√		
9.07.2020				√			√				√	√	√	√			√	
13.07.2020				√			√				√	√	√	√			√	
21.07.2020				√			√				√	√	√	√			√	
29.07.2020				√			√				√	√	√	√			√	
12.08.2020				√			√				√	√	√	√			√	
21.08.2020				√			√				√	√	√	√			√	
26.08.2020				√			√				√	√	√	√			√	
28.08.2020				√			√				√	√	√	√			√	
10.09.2020				√			√						√	√			√	
28.09.2020				√			√	-					√	√			√	
15.10.2020				√			√	√					√	√			√	
26.10.2020				√			√	√					√	√			√	
30.10.2020				√			√	√					√	√			√	
15.12.2020					√		√	√					√	√				

√: Attended, -: Absent, Turquoise highlighted: Denotes that the person was not a member of the Board of Directors on the relevant date.

DECLARATIONS BY INDEPENDENT BOARD MEMBERS

TÜRKİYE SİGORTA AŞ

DECLARATIONS OF INDEPENDENCE BY INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

I hereby declare that I stand for serving as an "independent member" on the Board of Directors of Türkiye Sigorta AŞ (the Company) within the frame of principles set out in the legislation, the Company's Articles of Association and the Corporate Governance Principles issued by the Capital Markets Board of Turkey (CMB). In this context, I hereby represent and warrant as follows:

a) Neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an executive capacity involving major duties and responsibilities, or individually or jointly held more than 5% of the capital or voting rights or privileged shares, or established any commercial interest of a significant nature, with any corporate entity with which the Company, any company in which the Company has management control or significant influence, or any shareholder having management control or significant influence over the Company or any corporate entity in which these shareholders have management control,

b) I was neither a shareholder (5% and higher), nor have I worked in an executive capacity involving major duties and responsibilities for or served as a member on the boards of directors of any company from/to which, under a contract, the Company purchased/sold services or products of material quantity during the period of time such services or products were being purchased or sold, and particularly of the firms performing the audit (including tax audit, legal audit and internal audit), rating and consultancy of the Company, in the past five years,

c) I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member,

d) I will not be a full-time employee of public institutions and establishments upon being elected as a member, save for as a faculty member at the university, provided that the applicable legislation shall have not been contradicted with,

e) I am considered to be a resident of Turkey as for the purposes of the Income Tax Law no. 193 dated 31 December 1960,


f) I possess strong ethical standards, professional credibility and experience that are necessary for making positive contributions to the Company's operations, maintaining my independence in possible conflicts of interest between the Company and its shareholders, and making decisions freely taking into consideration the rights of stakeholders,

g) I am capable of dedicating sufficient amount of time to be able to follow up the execution of the Company's affairs and to fully meet the requirements of the duties I undertake,

h) I have not held a seat on the Company's Board of Directors for more than six years in the past ten years,

i) I am not serving as an independent board member on more than three companies, which are controlled by the Company or by shareholders having management control over the Company, and on not more than five listed companies in total,

j) I have not been registered and promulgated in the name of the corporate entity elected as a member of the Board of Directors.



Mehmet AYDOĞDU

TÜRKİYE SİGORTA AŞ

DECLARATIONS OF INDEPENDENCE BY INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

I hereby declare that I stand for serving as an "independent member" on the Board of Directors of Türkiye Sigorta AŞ (the Company) within the frame of principles set out in the legislation, the Company's Articles of Association and the Corporate Governance Principles issued by the Capital Markets Board of Turkey (CMB). In this context, I hereby represent and warrant as follows:

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b) I was neither a shareholder (5% and higher), nor have I worked in an executive capacity involving major duties and responsibilities for or served as a member on the boards of directors of any company from/to which, under a contract, the Company purchased/sold services or products of material quantity during the period of time such services or products were being purchased or sold, and particularly of the firms performing the audit (including tax audit, legal audit and internal audit), rating and consultancy of the Company, in the past five years,

c) I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member,

d) I will not be a full-time employee of public institutions and establishments upon being elected as a member, save for as a faculty member at the university, provided that the applicable legislation shall have not been contradicted with,

e) I am considered to be a resident of Turkey as for the purposes of the Income Tax Law no. 193 dated 31 December 1960,

f) I possess strong ethical standards, professional credibility and experience that are necessary for making positive contributions to the Company's operations, maintaining my independence in possible conflicts of interest between the Company and its shareholders, and making decisions freely taking into consideration the rights of stakeholders,

g) I am capable of dedicating sufficient amount of time to be able to follow up the execution of the Company's affairs and to fully meet the requirements of the duties I undertake,

h) I have not held a seat on the Company's Board of Directors for more than six years in the past ten years,

i) I am not serving as an independent board member on more than three companies, which are controlled by the Company or by shareholders having management control over the Company, and on not more than five listed companies in total,

j) I have not been registered and promulgated in the name of the corporate entity elected as a member of the Board of Directors.



Murat AKBALIK

TÜRKİYE SİGORTA AŞ

DECLARATIONS OF INDEPENDENCE BY INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

I hereby declare that I stand for serving as an "independent member" on the Board of Directors of Türkiye Sigorta AŞ (the Company) within the frame of principles set out in the legislation, the Company's Articles of Association and the Corporate Governance Principles issued by the Capital Markets Board of Turkey (CMB). In this context, I hereby represent and warrant as follows:

a) Neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an executive capacity involving major duties and responsibilities, or individually or jointly held more than 5% of the capital or voting rights or privileged shares, or established any commercial interest of a significant nature, with any corporate entity with which the Company, any company in which the Company has management control or significant influence, or any shareholder having management control or significant influence over the Company or any corporate entity in which these shareholders have management control,

b) I was neither a shareholder (5% and higher), nor have I worked in an executive capacity involving major duties and responsibilities for or served as a member on the boards of directors of any company from/to which, under a contract, the Company purchased/sold services or products of material quantity during the period of time such services or products were being purchased or sold, and particularly of the firms performing the audit (including tax audit, legal audit and internal audit), rating and consultancy of the Company, in the past five years,

c) I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member,

d) I will not be a full-time employee of public institutions and establishments upon being elected as a member, save for as a faculty member at the university, provided that the applicable legislation shall have not been contradicted with,

e) I am considered to be a resident of Turkey as for the purposes of the Income Tax Law no. 193 dated 31 December 1960,

f) I possess strong ethical standards, professional credibility and experience that are necessary for making positive contributions to the Company's operations, maintaining my independence in possible conflicts of interest between the Company and its shareholders, and making decisions freely taking into consideration the rights of stakeholders,

g) I am capable of dedicating sufficient amount of time to be able to follow up the execution of the Company's affairs and to fully meet the requirements of the duties I undertake,

h) I have not held a seat on the Company's Board of Directors for more than six years in the past ten years,

i) I am not serving as an independent board member on more than three companies, which are controlled by the Company or by shareholders having management control over the Company, and on not more than five listed companies in total,

j) I have not been registered and promulgated in the name of the corporate entity elected as a member of the Board of Directors.



Serhat YANIK

SENIOR MANAGEMENT





Atilla BENLİ
Chairman and General Manager

Holding a bachelor's degree in public administration from İstanbul University, Atilla Benli completed his master's degree in insurance at Marmara University.

He started his career as an auditor at Garanti Bank, where he later worked as Branch and Unit Manager. Atilla Benli served as Unit Manager responsible for various units in the Financial Affairs, Operation, Agencies and Brokers Distribution Sales Channel at Garanti Sigorta before joining BNP Paribas Cardif in 2007 in the position of Executive Vice President in charge of Financial Affairs, HR, Claims and Legal Affairs units.

Later, he served as Executive Vice President in charge of the Claims Group at Groupama Sigorta and Groupama Hayat ve Emeklilik, and Executive Vice President responsible for Sales, Finance and Accounting, HR, Technical and Actuarial Units at Vakıf Emeklilik.

He functioned as the Executive Vice President responsible for the Claims Group at Zurich Sigorta from 2016, where he continued to serve as Executive Vice President responsible for Sales and Distribution Channels and Board Member from 2018.

Having assumed the role of Güneş Sigorta Board of Directors Member and General Manager on 16 January 2019, Atilla Benli undertook additional roles during the merger of the public insurance companies and was appointed as the chairman of the boards of directors of Halk Sigorta, Ziraat Sigorta, Vakıf Emeklilik, Halk Emeklilik and Ziraat Emeklilik as of 1 June 2020. He was appointed as Chairman of the Board of Güneş Sigorta on 2 June 2020. On 9 July 2020, he left his position as General Manager and was named the Chief Executive Officer of Güneş Sigorta, and Chief Executive Officer of Türkiye Sigorta and Türkiye Hayat Emeklilik, upon merger of public insurance companies on 31 August 2020 and of public pension companies on 1 September 2020. On 15 December 2020, he assumed the positions of General Manager of Türkiye Sigorta and of Türkiye Hayat Emeklilik in tandem with his role as the Chairman of the Board.

At the same time, Atilla Benli serves as the President of the Insurance Association of Turkey, Deputy Chairman of TVF Finansal Yatırımlar Anonim Şirketi, Güvence Hesabı (Assurance Account) Chairman of Management Committee, Chairman of the Board of TARSİM Tarım Sigortaları (Agricultural Insurance Pool) and Deputy Chairman of the Board of JCR Avrasya Derecelendirme. Benli also holds a seat as member on the management board of the Pension Reserve Fund of the Council of Europe, and on the boards of directors of Türk P&I Sigorta and Birleşik İpotek Finansmanı.



Ali ARAZ
Assistant General Manager

Born in Erzurum in 1965, Ali Araz completed his secondary education at Darüşşafaka High School. Holding a bachelor's degree in Computer Engineering from Boğaziçi University, Araz was the Founding Partner and General Manager of Escort Yazılım between 1991-2000, and the founding General Manager of Escort Bilgisayar in 1994. He functioned as Business Development Director at I-Bimsa between 2000 and 2004.

As the General Manager of Ziraat Teknoloji between 2003 and 2011, Ali Araz led the IT transformation Project at Ziraat Bank and the merger project of Halkbank and Pamukbank. He was in charge of the IT transformation project as the CTO of PASHA Bank of Azerbaijan in 2014 and 2015.

Having joined Güneş Sigorta as Chief Information Officer on 23 March 2020, Ali Araz has taken offices as the CIO of Vakıf Emeklilik on 9 June 2020 and of Halk Sigorta on 15 June 2020. Ali Araz has one child. He has good command of English and intermediate knowledge of German.

While serving as a board member of Ziraat Sigorta, Vakıf Emeklilik, Halk Emeklilik and Ziraat Emeklilik since 1 June 2020, Ali Araz was appointed as a Board Member of Güneş Sigorta on 9 June 2020.

Upon the merger of public insurance companies on 31 August 2020 and of public pension companies on 1 September 2020, Ali Araz was appointed as Assistant General Manager in charge of Information Technologies and board member at Türkiye Sigorta and Türkiye Hayat Emeklilik. Having left his seat as a member on the boards of directors of Türkiye Sigorta and Türkiye Hayat Emeklilik as of 10 September 2020, he currently serves as Assistant General Manager of Information Technologies at Türkiye Sigorta and Türkiye Hayat Emeklilik.

SENIOR MANAGEMENT



Bilal TÜRKMEN
Assistant General Manager

After graduating from Ankara Atatürk Anatolian High School, Bilal Türkmen started his undergraduate studies in the Department of Statistics at Hacettepe University and received his degree in business administration from Akdeniz University. He started his business life in 2010 as an analyst at Atheneum Partners, a management consultancy firm in Germany. He stepped into the insurance industry with the "Management Trainee" program at Aksigorta. He transferred to the Ministry of Treasury and Finance in 2012, where he worked as Senior Specialist in the Directorate General of Insurance, before joining Eureka Sigorta, the Technical Operator of TCIP, in October 2018 and functioned as Deputy Secretary General of TCIP.

Bilal Türkmen joined Güneş Sigorta family in August 2019 as a Group Manager responsible for Strategy, Project Management, Process Improvement and Corporate Communications and Management Coordination functions. He was appointed as the General Manager responsible for Strategy and Transformation of Ziraat Sigorta, Vakıf Emeklilik, Ziraat Emeklilik and Halk Emeklilik on 9 June 2020, which was followed by his appointment to the positions of Assistant General Manager of Strategy and Transformation of Güneş Sigorta and Halk Sigorta on 15 June 2020.

He currently serves as Assistant General Manager of Strategy and Transformation of Türkiye Sigorta and Türkiye Hayat Emeklilik upon the merger of public insurance companies on 31 August 2020 and of public pension companies on 1 September 2020. On 15 December 2020, he additionally assumed the Underwriting and Operations responsibility for Türkiye Hayat Emeklilik in addition to aforementioned positions. Türkmen has good command of English and intermediate knowledge of German.

Bilal Türkmen is a member of the Board of Directors of Türk P&I AŞ and Cyprus Office Committee.



Doğukan KARAKAYA
Assistant General Manager

Having graduated from the Insurance Department at Marmara University in 2004, Doğukan Karakaya received his MBA from Yeditepe University in 2010, and qualified for specializing in the Marketing Department.

He started his career in 2003 at Garanti Bank Retail Banking as a "Management Trainee"; he worked at Marsh Insurance and Reinsurance Brokerage between 2005 and 2008 before returning to Garanti Bank's Corporate Banking and Loans division in 2008 where he worked until 2009.

From 2009, he undertook various roles in the Reinsurance and Business Development, Enterprise Technical, Product Management and Marketing Departments of Sompö Sigorta. Most recently, Karakaya worked as the Marketing Director at Sompö Sigorta. He has expertise in Product and Campaign Management, Distribution Channel Management, Digital Marketing, Customer Experience, PR and Corporate Communications. He also participated in numerous domestic and international training programs and projects associated with the aforementioned areas.

He has worked as Assistant General Manager responsible for Bancassurance Sales, Marketing and Customer Experience at Türkiye Sigorta from June 2020. He has been serving as Assistant General Manager responsible for Agencies and Marketing at Türkiye Sigorta and Türkiye Hayat Emeklilik as of 15 December 2020.



Fatih YILDIZ
Assistant General Manager

Having graduated from the Department of Labor Economics and Industrial Relations from Cumhuriyet University, Fatih Yıldız started his career at Finansbank in 2005.

He then joined Yıldız Holding Retail Group, where he worked as HR Specialist and HR and Training Manager at Bizim Toptan Satış Mağazaları AŞ between 2007 and 2013, HR Manager at Şok Marketler Ticaret AŞ between 2013-2015, and HR Manager at Bizim Toptan Satış Mağazaları AŞ between 2015-2018.

Fatih Yıldız was the HR Manager at Bereket Sigorta AŞ and Bereket Hayat ve Emeklilik AŞ in 2018. He joined Güneş Sigorta on 17 June 2019 as Group Manager of HR, Training, Procurement and Administrative Services. Appointed as Assistant General Manager responsible for HR, Training, Procurement and Administrative Services of Ziraat Sigorta, Vakıf Emeklilik, Ziraat Emeklilik and Halk Emeklilik on 9 June 2020, Fatih Yıldız has worked as Assistant General Manager responsible for HR, Training, Procurement and Administrative Services of Güneş Sigorta and Halk Sigorta as of 15 June 2020.

He has been serving as Assistant General Manager responsible for HR, Training, Procurement and Administrative Services of Türkiye Sigorta and Türkiye Hayat Emeklilik upon the merger of public insurance companies on 31 August 2020 and public pension companies on 1 September 2020.



Remzi DUMAN
Assistant General Manager

Having graduated from the Mathematics and Actuarial Mathematics departments at Boğaziçi University in 2003, Remzi Duman started his career in the Reinsurance Department of Eureka Sigorta as a Specialist in 2004, where he rose to the position of Manager in 2007 and Director of Reinsurance, Special Risks and Credit in 2013. He became Assistant General Manager of Underwriting at Halk Sigorta in 2017.

Having functioned as Assistant General Manager responsible for Underwriting, Operations, Reinsurance and Claims functions at IBS Sigorta ve Reasürans Brokerliği company as of October 2018, Remzi Duman joined Güneş Sigorta as Assistant General Manager of Underwriting on 1 May 2019. Appointed as Assistant General Manager of Underwriting and Claims of Güneş Sigorta and Ziraat Sigorta as of 9 June 2020, Remzi Duman was brought to the position of Halk Sigorta Assistant General Manager of Underwriting and Claims, in addition to his roles at Güneş Sigorta and Ziraat Sigorta, on 15 June 2020.

He currently serves as Assistant General Manager of Underwriting and Claims of Türkiye Sigorta upon the merger of public insurance companies on 31 August 2020. Since 15 December 2020, he has also been functioning as Assistant General Manager responsible for Health Insurance in tandem with this aforementioned position. Remzi Duman is married and has two children.

Remzi Duman is the Chairman of the Board of Türkiye Motorlu Taşıt Bürosu and Türk P&I AŞ.

SENIOR MANAGEMENT



Şebnem ULUSOY
Assistant General Manager

Having graduated from Ankara University Faculty of Law in 1992, Şebnem Ulusoy received her attorney's license in 1993 after completing her residency at Ankara Bar Association. She received her LLM in the European Union Law in 1996 at the University of Kent at Canterbury, where she studied on Jean Monnet scholarship she earned in 1995.

After working as Assistant Specialist in the Directorate General of Foreign Capital at the Undersecretariat of Treasury and Foreign Trade in 1994, Treasury Specialist in the Directorate General of Insurance at the Undersecretariat of Treasury between 1995-2002, and as Branch Manager in the Directorate General of Insurance from 2002, she worked as a Senior Associate at Paksoy Law Firm between 2008 and 2010.

Having functioned as Assistant General Manager at Groupama Sigorta and Groupama Emeklilik from 2010, Şebnem Ulusoy was appointed as Assistant General Manager of Legal Affairs of Güneş Sigorta on 10 August 2020.

She has been serving as Assistant General Manager of Türkiye Sigorta and Türkiye Hayat Emeklilik upon the merger of public insurance companies on 31 August 2020 and of public pension companies on 1 September 2020. Şebnem Ulusoy is a member of the Board of Directors of Güvence Hesabı (Assurance Account).



Volkan SİNAN
Assistant General Manager

Volkan Sinan holds a bachelor's degree in Tourism and Travel Services Management from Adnan Menderes University, and a master's degree in Tourism and Hotel Management from Akdeniz University.

He started his business life at Vakıf Emeklilik in 2003, where he worked as, in order, Financial Investment Advisor, Senior Specialist, Supervisor, Deputy Regional Manager, Mediterranean Regional Manager, Manager of Banking Insurance and Regions Management, and Director of Banking Assurance and Regions Management.

Having assumed the position of Assistant General Manager responsible for Marketing Management and Customer Services at Vakıf Emeklilik from 14 November 2018, Volkan Sinan has worked as Assistant General Manager responsible for Marketing Management and Customer Services of Türkiye Hayat Emeklilik upon merger of public pension companies on 1 September 2020. He has been functioning as Assistant General Manager of Bancassurance at Türkiye Sigorta and Türkiye Hayat Emeklilik as of 15 December 2020. Volkan Sinan is married and has two children.



Güray ÇELİK
Assistant General Manager

Having graduated from the Department of Public Finance under the Faculty of Economics and Administrative Sciences at Uludağ University, Güray Çelik has 20 years of managerial experience in sales, 14 years in private pension and insurance industry, and 7 years in omni-channel management.

He joined Vakıf Emeklilik in 2006 in the position of Assistant Manager of Corporate Sales, in which department he later rose to the titles of Corporate Sales Manager, Corporate Sales and Agencies Department Manager and Director.

Having assumed the position of Assistant General Manager responsible for Sales Management from 17 August 2018, Güray Çelik has been functioning as Assistant General Manager of Sales Management at Türkiye Hayat Emeklilik upon the merger of public pension companies on 1 September 2020. He has been serving as Assistant General Manager of Sales Management at Türkiye Sigorta and Türkiye Hayat Emeklilik from 15 December 2020. Güray Çelik is married and has two children.



Murat SÜZER
Assistant General Manager

Having graduated from the Department of Economics (in English) at İstanbul University in 2010, Murat Süzer completed the Executive MBA program at Sabancı University in 2019 and 2020.

Murat Süzer started his career in 2010 at KPMG, an international audit and consulting firm. Having been involved in financial audit projects conducted in the insurance industry as an assistant, senior specialist and manager, Murat Süzer took part in various training programs related to the industry and financial management in and out of Turkey, and extended support to overseas projects as well.

Having started to work at Güneş Sigorta in February 2016 as Accounting and Financial Reporting Manager, Murat Süzer has worked as Finance Department Group Manager in charge of Collections, General Accounting, Budget Reporting and Investor Relations, and Underwriting Accounting functions from May 2019.

Having assumed the role of Finance Director of Türkiye Sigorta and Türkiye Hayat ve Emeklilik upon the merger of public insurance companies on 31 August 2020 and of public pension companies on 1 September 2020, Murat Süzer was appointed as Assistant General Manager of Finance (CFO) at Türkiye Sigorta and Türkiye Hayat Emeklilik from 15 December 2020.

Murat Süzer is a Certified Public Accountant (CPA), holds an Advanced Level (Level 3) license from the CMB, and has good command of English. Murat Süzer is a member of the Board of Directors of Türk P&I AŞ and Cyprus Office Committee.

Changes in Senior Management

Saltuk Buğra Sürüel, who took office as Assistant General Manager on 2 January 2019, retired from office on 31 March 2020.

Mahmut Emre Bayram, İbrahim Hakan Muştu and Atakan Bektaş who took office as Assistant General Managers on 10 January 2019, 1 August 2019 and 15 June 2020, respectively, retired from office on 15 December 2020.

Ersin Özoğuz, who took office as Assistant General Manager on 11 June 2019, retired from office on 31 March 2020.

Ali Araz took office as Assistant General Manager on 24 March 2020.

Fatih Yıldız and Bilal Türkmen were appointed as Assistant General Managers on 15 June 2020.

Doğukan Karakaya took office as Assistant General Manager on 22 June 2020.

Atilla Benli was appointed as Chief Executive Officer on 9 July 2020. He started serving as General Manager on 15 December 2020 upon abolishment of the position of Chief Executive Officer.

Alper Karayazgan, who took office as General Manager on 9 July 2020, retired from office on 15 December 2020.

Şebnem Ulusoy was appointed as Assistant General Manager on 10 August 2020.

Güray Çelik, Volkan Sinan and Murat Süzer were appointed as Assistant General Managers on 15 December 2020.

INTERNAL AUDIT AND INTERNAL CONTROL

Tolga Tigin ERSEN Internal Audit Manager

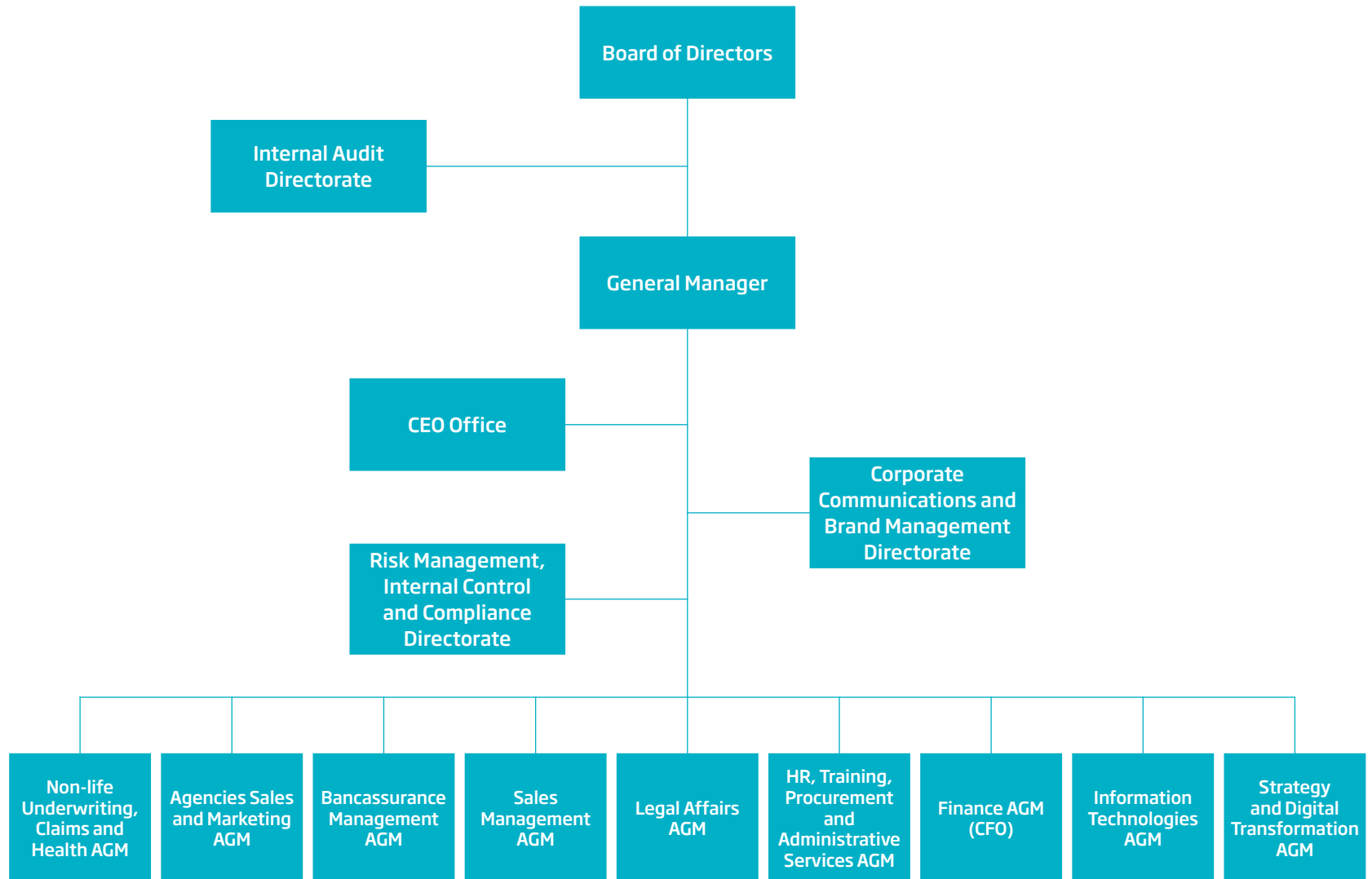
Having graduated from the Department of Business Administration, Faculty of Economics and Administrative Sciences at the Middle East Technical University in 1994, Tolga Tigin Ersen started his business life as an Assistant Specialist at Pamukbank in 1995, in which position he worked until 1996. He then worked as Assistant Inspector, Inspector and Internal Audit Manager at Başak Sigorta from 1996 until 2006. He functioned as the Internal Audit Manager at Groupama Sigorta between 2006-2009, and at Ak Sigorta between 2009-2010.

He worked as Head of Internal Audit (2010-2014) and Internal Control and Risk Management and MASAK (Financial Crimes Investigation Board) Compliance Officer (2014-2015) at Ziraat Sigorta. Under the joint management structure of Ziraat Sigorta and Ziraat Hayat ve Emeklilik, Ersen held the position of Manager of Internal Control and Risk Management and MASAK Compliance Officer between 2015 and 2019, and as Head of Internal Audit Manager between 2019 and September 2020. He has been serving as the Internal Audit Manager at Türkiye Sigorta since September 2020. Tolga Tigin Ersen is fluent in English.

Ferhat BALCI Risk Management and Internal Control Manager

Having received his bachelor's degree in economics from the Faculty of Economics at Karadeniz Technical University in 2005 and his master's degree in insurance from İstanbul Ticaret University in 2015, Ferhat Balci started his business life as an Assistant Auditor in the Internal Audit Department of Güneş Sigorta in 2009. After functioning as an Internal Auditor between 2012 and 2017, Balci served as Chief Internal Auditor on the Internal Audit Board in 2017. He has been serving as Manager of Internal Control and Risk Management at Güneş Sigorta since 1 June 2018. Ferhat Balci is fluent in English.

ORGANIZATIONAL CHART



STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Since 2008, our Company has been releasing its statement that it has embraced the principles set out in the Corporate Governance Communiqué of the Capital Markets Board of Turkey (CMB) and its Corporate Governance Principles Compliance Report. Pursuant to the CMB decision no. 2/49 dated 10 January 2019, the Company has been reporting its compliance with non-mandatory principles in Corporate Governance Compliance Report (CRF) and its existing corporate governance principles through Corporate Governance Information Form (CGIF) formats since 2018. From 2019, the said reports were made available within the annual reports and via KAP (Public Disclosure Platform).

Türkiye Sigorta exercises the utmost care to achieve compliance with the four principles set out in the Principles, which are transparency, fairness, responsibility and accountability. In 2019, the Company began receiving corporate governance rating service to have its corporate governance practices independently assessed and rated. The Company was assigned 93.1 as its first corporate governance rating in July 2020.

During 2020, all necessary preparations were made to amend the policies and Articles of Association so that they could be laid down for approval at the 2020 Ordinary General Assembly Meeting. Dividend distribution and disclosure policies were reviewed once again,

while donations and assistance policy and human resources and remuneration policies were drafted. While the newly drafted and revised policies were made public via KAP disclosure as necessary, all policies were also published on the website. The policies were either read out or submitted for approval at the Ordinary General Assembly, as necessary.

Through an amendment to the Articles of Association, the number of Board of Directors members was decreased from 8 to 5 during 2020. The positions of the Chairman of the Board and General Manager are held by the same individual, and related KAP disclosure has been made. The declarations by Independent Board Members are covered in the annual report. There are no women members on the Company's Board of Directors. Steps will be taken for establishment of a policy regarding women members, and for the Company's adherence thereto during the annual review of the composition of the Board of Directors or while nominations are being made. Information is provided in the annual report about the numbers of committee meetings. The Company issues a professional directors and officers liability insurance policy against the risk of loss that may be caused by the Board Members and executives due to their faults in the performance of their duties; a disclosure is made on KAP informing that the said insurance has been obtained. Notwithstanding, work was

initiated for the renewal of this policy following the merger, and the renewal is in progress. The remunerations and similar benefits provided to the Board Members and senior executives are disclosed cumulatively in the footnotes of our financial statements and in our annual report.

Furthermore, the scope of minority rights is not expanded yet in the Articles of Association. The website in English is partially under construction, and is not fully compatible with the Turkish website as yet. A project will be run in 2021 to make the websites in Turkish and English identical.

In its activities, our Company strives to avoid decisions and practices that would negatively impact compliance with corporate governance principles, and exercises the utmost care and attention to take positive steps to achieve alignment with the principles. Our Company has attained alignment with the mandatory principles, and has espoused many of non-mandatory ones. The principles, with which full compliance has yet to be achieved, did not lead to any conflicts of interest between stakeholders to date. Our Corporate Governance Committee and the Investor Relations unit maintain their leading role regarding compliance with the principles, and contribution continues to be extended thereto.

CORPORATE GOVERNANCE COMPLIANCE REPORT

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
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					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
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	There are no privileged shares.
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					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
1.4. VOTING RIGHTS						
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 have any partnership with which it has a mutual affiliate relationship, which also brings a domination relationship.
1.5. MINORITY RIGHTS						
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.

CORPORATE GOVERNANCE COMPLIANCE REPORT

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					https://www.turkiyesigorta.com.tr/tr-TR/politikalar
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					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
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 English website is limited, yet it is not fully compatible with the Turkish website. In 2021, a project will be carried out to ensure that Turkish and English websites are exactly the same.
2.2. ANNUAL REPORT						
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					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
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					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
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					
3.3. HUMAN RESOURCES POLICY						
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					
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 conducted in 2021, and the Company conducts its activities by taking into account 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					

CORPORATE GOVERNANCE COMPLIANCE REPORT

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
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.						https://www.turkiyesigorta.com.tr/tr-TR/kurumsal-etik-ilkeler
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
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					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
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			The justification of this issue was announced to the public with the PDP notification, linked below, dated 02.06.2020. https://www.kap.org.tr/tr/Bildirim/848661
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			There is no current policy, new policy preparation continues.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
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			No policy has yet been established on this issue.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4. BOARD MEETING PROCEDURES						
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					
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				In the 2019 Annual Report, the resumes of the members of the Board of Directors whose membership has been renewed are included. CVs of new members were written in the General Assembly information document.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.		X				According to the Corporate Governance Communiqué, independent members can take part in more than one committee due to the committee structuring requirements.
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 did not receive consultancy services for their 2020 activities.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
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 financial rights granted to the members of the board of directors is disclosed in the annual report.

CORPORATE GOVERNANCE 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	7
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)	https://www.kap.org.tr/tr/Bildirim/850251
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 2020.
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 2020.
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 2020.
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 2020.
The name of the section on the corporate website that demonstrates the donation policy of the company	https://www.turkiyesigorta.com.tr/tr-TR/politikalar
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/858515
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 16
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, managers affiliated to financial affairs management and investor relations manager, assistant managers, executive 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	% 81,1
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	https:// www.turkiyesigorta.com.tr/tr-TR/politikalar
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 Directors taken on 24.03.2020, it was unanimously resolved to accept at the General Assembly dated 09.07.2020 that the profit amount of 2019 will be deducted from previous years' losses.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	https://www.kap.org.tr/tr/ Bildirim/858516
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.	https://www.turkiyesigorta.com.tr/tr-TR/ortaklik-yapisi
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	2020 Annual Report Pg. 98
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	2020 Annual Report Pg. 130
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	2020 Annual Report Pg. 99
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	2020 Annual Report Pg. 35-37
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	2020 Annual Report Pg. 136
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	2020 Annual Report Pg. 136
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%	2020 Annual Report Pg. 136
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	2020 Annual Report Pg. 83-87

CORPORATE GOVERNANCE INFORMATION FORM

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	https://www.turkiyesigorta.com.tr/tr-TR/politikalar
The number of definitive convictions the company was subject to in relation to breach of employee rights	5
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Internal Audit Department
The contact detail of the company alert mechanism	https://www.turkiyesigorta.com.tr/tr-TR/kurumsal-etik-ilkeler
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	https://www.turkiyesigorta.com.tr/tr-TR/politikalar
Corporate bodies where employees are actually represented	BASS (Bank and Insurance Workers Syndicate)
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	Each Assistant General Manager makes the succession plan work together with the Human Resources, and the authority to appoint it belongs to 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.	https://www.turkiyesigorta.com.tr/tr-TR/politikalar
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.	https://www.turkiyesigorta.com.tr/tr-TR/kurumsal-etik-ilkeler
The number of definitive convictions the company is subject to in relation to health and safety measures	0
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	https://www.turkiyesigorta.com.tr/tr-TR/kurumsal-etik-ilkeler
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.	None
Any measures combating any kind of corruption including embezzlement and bribery	https://www.turkiyesigorta.com.tr/tr-TR/kurumsal-etik-ilkeler
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	15.02.2021
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	Atilla BENLİ -Chairman of the Board, Çağatay ABRAŞ - Vice Chairman of the Board of Directors
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	18
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	2020 Annual Report Pg. 93
Name of the Chairman	Atilla BENLİ
Name of the CEO	Atilla BENLİ

If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	https://www.kap.org.tr/tr/Bildirim/848661
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
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)	31
Director average attendance rate at board meetings	% 99,58
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	https://www.turkiyesigorta.com.tr/tr-TR/esas-sozlesme
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	2020 Annual Report Pg. 129-130
Link(s) to the PDP announcement(s) with the board committee charters	<u>The working principles of the committees are determined in article 14 of the articles of association and have been approved in the relevant article dated General Assembly. https://www.kap.org.tr/tr/Bildirim/268985</u>
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)	https://www.turkiyesigorta.com.tr/tr-TR/komite-uyeleri-listesi-ve-komiteler-calisma-esaslari
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)	https://www.turkiyesigorta.com.tr/tr-TR/komite-uyeleri-listesi-ve-komiteler-calisma-esaslari
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)	https://www.turkiyesigorta.com.tr/tr-TR/komite-uyeleri-listesi-ve-komiteler-calisma-esaslari
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)	https://www.turkiyesigorta.com.tr/tr-TR/komite-uyeleri-listesi-ve-komiteler-calisma-esaslari
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)	https://www.turkiyesigorta.com.tr/tr-TR/komite-uyeleri-listesi-ve-komiteler-calisma-esaslari
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)	2020 Annual Report Pg. 8-9, Pg. 46-67, Pg. 146-147
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	https://www.turkiyesigorta.com.tr/tr-TR/politikalar
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)	2020 Annual Report Pg. 136

CORPORATE GOVERNANCE INFORMATION FORM

General Meeting Date	09.07.2020
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	61.56%
Percentage of shares directly present at the GSM	0.46%
Percentage of shares represented by proxy	61.10%
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	https://www.turkiyesigorta.com.tr/tr-TR/genel-kurul
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	https://www.turkiyesigorta.com.tr/tr-TR/genel-kurul
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	There is no such transaction.
The number of declarations by insiders received by the board of directors	74
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/tr/Bildirim/858515

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
Atila BENLİ	Executive	Not independent director	16.01.2019	-	-	-	-
Çağatay ABRAŞ	Non-executive	Not independent director	2.06.2020	-	-	-	-
Muhammed Mahmut ER	Non-executive	Not independent director	10.09.2020	-	-	-	-
Murat AKBALIK	Non-executive	Independent director	2.06.2020	-	Considered	No	Yes
Mehmet AYDOĞDU	Non-executive	Independent director	2.06.2020	-	Considered	No	Yes

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not
1-Audit Committee	Murat AKBALIK	Yes	1- Board member
1-Audit Committee	Mehmet AYDOĞDU	No	1- Board member
2-Corporate Governance Committee	Murat AKBALIK	Yes	1- Board member
2-Corporate Governance Committee	Çağatay ABRAŞ	No	1- Board member
2-Corporate Governance Committee	Fulden PEHLİVAN	No	2- Not board member
3-Committee of Early Detection of Risk	Murat AKBALIK	Yes	1- Board member
3-Committee of Early Detection of Risk	Mehmet AYDOĞDU	No	1- Board member
3-Committee of Early Detection of Risk	Murat SÜZER	No	2- Not board member
4-Strategy Management Committee	Atila BENLİ	Yes	1- Board member
4-Strategy Management Committee	Çağatay ABRAŞ	No	1- Board member
4-Strategy Management Committee	Remzi DUMAN	No	2- Not board member
4-Strategy Management Committee	Bilal TÜRKMEN	No	2- Not board member
5-Information Technologies Steering Committee	Muhammed Mahmut ER	Yes	1- Board member
5-Information Technologies Steering Committee	Bilal TÜRKMEN	No	2- Not board member
5-Information Technologies Steering Committee	Ali ARAZ	No	2- Not board member

Composition of Board Committees-II

Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person
1-Audit Committee	100%	100%	22	4
2-Corporate Governance Committee	67%	33%	7	7
3-Committee of Early Detection of Risk	67%	67%	6	19
4-Strategy Management Committee	25%	0%	2	2
5-Information Technologies Steering Committee	33%	0%	3	3

SUSTAINABILITY APPROACH AND PRACTICES

Statement of Compliance with Sustainability Principles

Based on the amendment made to the communiqué in October 2020, implementation of the sustainability principles released by the CMB is voluntary; companies are to include their explanations regarding Sustainability Principles Compliance Framework in their corporate governance principles compliance reporting and to disclose in their annual reports whether sustainability principles are implemented; to explain the reasons for non-implementation, if applicable, and disclose information about the impacts resulting in their environmental and social risk management stemming from failure to fully comply with the principles.

Since its incorporation, our Company has been working towards taking the future of all its stakeholders' under assurance by effectively using resources for a sustainable future. In keeping with the principle of contributing to social progress, support is extended to projects focused on efficient use of natural resources, protection of the environment and social advancement. Providing a summary of the Company's activities under the sustainability heading each year in its annual report, our Company will initiate sustainability efforts to systematize its sustainability approach and to report the Company's position with respect to sustainability principles, which efforts will be supervised by the Corporate Governance Committee. Our 2021 plans include working towards achieving the target of sustainability reporting at globally recognized standards upon determination of the Company strategy by

setting up dedicated teams within the Company, which will work on the four principles, which are general, environmental, social and governance principles. Our Company has set its short- and long-term plans in relation to sustainability initiatives. On the other hand, the Company's current position with respect to the Sustainability Principles Compliance Framework that illustrates the current status is appended to our annual report. Our Company will spend maximum efforts for compliance with the principles by adhering to its sustainability initiatives plan, and will keep working to quickly become one of the exemplary companies.

Türkiye Sigorta has been generating its own electricity and achieving cost saving since 2009 with the "Solar Power Plant" it has installed on its Head Office building.

Türkiye Sigorta pays maximum attention to protecting natural resources by carrying out activities looking out for environmental impact. With the innovative steps it has taken, the Company keeps giving the foreground to its responsibilities toward its environment at all times, as well as its responsibilities associated with its industry. Acting with this consciousness that is taken as reference in the industry, Türkiye Sigorta has been generating its own electricity since 2009 with the "Solar Power Plant" it has set up on its Head Office building. Self-fulfilling part of its electricity need by generating an average of 9 MWH of energy per year with the Solar Power Plant, the Company avoids 5.47 tons of CO2 emissions per year thanks to this project carried out in keeping with its corporate social responsibility. This figure corresponds to covering

a distance of 9,963 kilometers using fossil fuels. Offsetting this level of carbon dioxide takes one year of absorption by 547 trees. Having started using solar power with the brand Güneş Sigorta in March 2009, the Company continues to fulfill part of its electricity need with the brand Türkiye Sigorta in its 11th year.

Big Bang sponsorship is intended to contribute to the development of start-up culture.

Carrying on with its research and development activities in insurance and private pension sectors, Türkiye Sigorta and Türkiye Hayat Emeklilik target to offer products that satisfy customer needs at the highest extent and to cater to customer expectations by drawing on new data sources. To this end, work is ongoing to reduce costs through process optimizations, and to deliver a good experience satisfying customer expectations through customization and dynamic adaptation.

In a bid to contribute to the insurance and pension sectors, both companies sponsor İTÜ Çekirdek Insurtech program, and aim to strengthen university-private sector partnership.

Big Bang Start-up Challenge, whereby İTÜ Çekirdek Incubation Center of İTÜ (İstanbul Technical University) ARI Teknokent selects the best of the start-ups it supports each year, was organized online on 3 December 2020 with the slogan "Rise Together" and hosted Turkey's and the world's rising startups. Having offered a unique online experience to the viewers and followed-up by more than 100,000 people

focused on start-ups, technology and innovation, the event provided the opportunity to virtually visit the stands of participating start-ups.

Türkiye Sigorta and Türkiye Hayat Emeklilik took place among the “Golden Stakeholders” in the Big Bang Start-up Challenge with the purpose of building on their innovative aspects, and to come up with more agile and innovative solutions. This way, it is targeted to further strengthen and develop the companies’ systems through insurtech initiatives and partnerships with startups, and to contribute to the development of the entrepreneurship culture.

Occupational Health and Safety

Our Company aims to create a safer and healthier working environment for our employees, customers and visitors, which is in accordance with the legislation governing occupational health and safety, to implement the necessary arrangements for preventing possible workplace accidents and risks, and to expand protective health practices.

Within the scope of Occupational Health and Safety;

Risk assessments are conducted so as to minimize or eliminate the risk of workplace accidents and occupational illnesses at the work place, and ergonomic, healthy and safe working environments are provided.

Necessary classroom and online training programs are offered to make sure that the Occupational Health and Safety System is embraced and implemented by our employees.

A council was set up, which also includes the OHS specialist and the workplace physician, and our processes associated with occupational health and safety are constantly improved with a proactive approach.

Our Company conducted a risk analysis in relation to the ongoing pandemic for our employees, customers and visitors in accordance with the OHS legislation and prepared a contingency action plan. Necessary measures and arrangements were enforced for establishing a safer and healthier working environment for our employees, and for preventing possible workplace accidents and risks.

Some of the actions taken in this framework are as follows:

- Following the release of the initial information about the epidemic, the website of the Ministry of Health was followed up and the information provided by the Ministry (transmission paths, protection methods, etc.) were shared with the employees via e-mail, seminars and similar channels in order to prevent the spreading of the disease and to raise awareness.
- Efforts are being spent to prevent the spread of the disease through hand sanitizers placed in working areas.
- Frequently touched surfaces on which live viruses might be present (doorknobs, computer keyboards, mobile phones or handsets, TV remote controls, chairs, desks, taps, lavatories, elevator buttons and similar surfaces) are continuously disinfected.

- Water dispensers are disinfected more frequently to prevent the spread of water-transmitted infections.
- Employees who are ill are made sure not to come to work in order to prevent the spread of the disease, and sick employees are referred first to the Workplace Physician and then to the healthcare institutions specified by the Ministry of Health.
- Employees returning from geographies which are considered to be problematic in terms of the pandemic are referred to the healthcare institutions specified by the Ministry of Health, and based on the reports they will get therefrom, they are required to stay at home for the period of time defined as the duration of the emergence of the symptoms/illness.
- Commuter buses provided for the personnel are disinfected at frequent intervals.
- Based on a decision passed by our Company, working hours, which were between 09:00 to 18:00 hours during weekdays, were changed as 10:00 to 17:00 hours, and employees who are over the age of 50, have chronic diseases or are pregnant were shifted to the work-from-home order; also employees working in manager level and below were moved to the teleworking model save for when their in-office presence is essential.

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	Compliance Status				Explanations
	Yes	Partially	No	Not Applicable	
1. GENERAL PRINCIPLES					
A1. Strategy, Policy and Targets					
1.1.1 - The Board of Directors will determine the ESG priority issues, risks, and opportunities, and establish the relevant ESG policies accordingly. Internal guidelines, work procedures, etc. may also be developed to ensure effective implementation of these policies. The decision regarding these policies are taken and disclosed publicly by the Board of Directors		X			Various policies were prepared as they have a determining role in the execution of the Company's existing affairs and are required to be in place as per the Corporate Governance Communiqué, Disclosure Policy, Dividend Distribution Policy, Risk Management Policy, Remuneration Policy, Donations and Aid Policy, Human Resources Policy and Compensation Policy were prepared. Based on a Board of Directors decision passed before the reporting period, the General Manager has been authorized for initiating Sustainability initiatives in 2021.
1.1.2 - The Company will set its strategy aligned with the ESG policies, risks and opportunities. It will set and publicly disclose short- and long-term targets conforming to the Company strategy and ESG policies			X		Sustainability efforts and initiatives will be initiated in 2021 within the scope of a plan to be prepared.
1.2. Execution/Monitoring					
1.2.1 - The Company will determine and publicly disclose the committees/units in charge of executing the ESG policies. The responsible committee/unit will report the activities carried out as per the policies annually, and in any case, within the deadline set for the public disclosure of annual reports within the Board of Director's related guidelines.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
1.2.2 - The Company will create and publicly disclose implementation and action plans in line with the short-and long-term targets set.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
1.2.3 - The Company will define and announce ESG Key Performance Indicators (KPIs) comparatively by years. In the presence of verifiable data, KPIs will be presented together with local and international sectoral comparisons.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
1.2.4 - The Company will disclose the innovation activities for improving the Company's sustainability performance in relation to business processes or products and services.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
1.3. Reporting					
1.3.1 - The Company will report, and publicly disclose, its sustainability performance, targets and actions at least annually. It will disclose information on its sustainability activities within the annual report.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
1.3.2 - Essentially, the Company will use a direct and concise language in conveying material information so that stakeholders can easily understand the Company's position, performance and development. Detailed information and data can be disclosed separately on its website, and separate reports directly fulfilling the needs of diverse stakeholders can be drawn up.	X				
1.3.3 - The Company will exercise utmost care with respect to transparency and reliability. It will objectively explain all developments related to material issues in disclosures and reportings within the scope of balanced approach.	X				
1.3.4 - The Company will specify which United Nations (UN) 2020 Sustainable Development Goals its activities are linked to.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
1.3.5 - The Company will make disclosures regarding the lawsuits filed and/or concluded against the Company for environmental, social and governance matters.	X				

	Compliance Status				Explanations
	Yes	Partially	No	Not Applicable	
1.4. Validation					
1.4.1 - The Company will make public its sustainability performance measurements, if verified by independent third parties (independent sustainability assurance providers), and will endeavor to increase such verifications.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2. ENVIRONMENTAL PRINCIPLES					
2.1 - The Company will disclose its policies and implementations, action plans in relation to environmental management, and environmental management systems (known as ISO 14001 standard) and programs.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2.2 - The Company will achieve compliance with laws and other applicable regulations on the environment, and will disclose the same.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2.3 - The Company will specify the scope of the environmental report, reporting period, date of report, data collection process and restrictions regarding reporting conditions to be covered in the report that will be prepared in accordance with the Sustainability Principles.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2.4 - The Company will disclose the highest-ranked individual in charge of environment and climate change at the Company, along with related committees and their respective roles.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2.5 - The Company will disclose the incentives made available for the management of environmental matters, including achievement of targets.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2.6 - The Company will explain integration of environmental matters in business targets and strategies.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2.7 - The Company will disclose sustainability performances associated with work processes or products and services, along with improvement steps therefor.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2.8 - The Company will explain how environmental issues are managed not just with respect to its direct operations but throughout the Company's value chain, and how it integrates its suppliers and customers in its strategies.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2.9 - The Company will disclose whether it is involved in policy-making processes in universal issues (sectoral, regional, national and international), environmental associations that it is a member of, its collaborations with related organizations and NGOs, and the tasks it undertakes, if any, and the activities it supports, if any.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2.10 - The Company will periodically report information about its environmental impacts comparatively in the light of environmental indicators (GHG emissions (Scope-1 (Direct), Scope-2 (Indirect from purchased energy), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, waste management and biodiversity implications).			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2.11 - The Company will disclose the standards, protocols, methodology employed for collecting and calculating data, along with the details of the base year.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2.12 - The Company will disclose the status of environmental indicators for the reporting year in comparison to previous years (increase or decrease).			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	Compliance Status				Explanations
	Yes	Partially	No	Not Applicable	
2.13 - The Company will set, and disclose, its short- and long-term targets for mitigating its environmental impacts. These targets are recommended to be Science Based as suggested by the UN Climate Change Conference of the Parties. The Company will also provide information about the progress achieved, if applicable, in the reporting period with respect to the targets it has set previously.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2.14 - The Company will disclose its strategy and actions to combat the climate crisis.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2.15 - The Company will explain its programs or procedures for preventing or minimizing the potential negative impacts of the products and/or services it offers; it will also explain its actions for driving reduction of GHG emission quantities of third parties.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2.16 - The Company will disclose the total number of actions taken, projects carried out and initiatives undertaken to mitigate its environmental impacts, along with the benefits/savings and cost savings derived on the same.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2.17 - The Company will report its total energy consumption data (excluding raw materials) and discloses its energy consumption in terms of Scope-1 and Scope-2.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2.18 - The Company will provide information about the electricity, heat, steam and cooling generated and consumed during the reporting period.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2.19 - The Company will work towards increasing the use of renewable energy and transition to zero- or low-carbon electricity, and will explain these efforts.		X			Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2.20 - The Company will disclose data on its renewable energy generation and consumption.		X			Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
2.21 - The Company will develop energy-efficiency projects, and disclose the quantity reduced in energy consumption and emissions enabled by these efforts.		X			Data for electricity consumption from the power generated by the solar power plant installed on the terrace of our Esentepe building are disclosed in annual reports. Sustainability efforts and initiatives will be initiated in 2021 within the scope of a plan to be prepared.
2.22 - The Company will report on the quantity of underground or overground water withdrawn, consumed, recycled and discharged, the resources, and procedures (total water withdrawal on the basis of resources, water resources affected by water withdrawal, and percentage and total volume of recycled and reused water etc.).			X		There is no underground or overground water withdrawn, consumed, recycled or discharged.
2.23 - The Company will disclose whether its operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax).			X		The Company's operations or activities are not included in any carbon pricing system.
2.24 - The Company will disclose the carbon credits saved or purchased during the reporting period.			X		Sustainability efforts and initiatives will be initiated in 2021 within the scope of a plan to be prepared, and the scope of reporting has not been determined yet.
2.25 - The Company will disclose the details if carbon pricing is applied at the Company.			X		The Company is not applying carbon pricing.

	Compliance Status				Explanations
	Yes	Partially	No	Not Applicable	
2.26 - The Company will specify all compulsory and voluntary platforms that it reports its environmental information to.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
3. SOCIAL PRINCIPLES					
3.1. Human Rights and Workers' Rights					
3.1.1 - The Company will develop a Company Human Rights and Employee Rights Policy, which pledges full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey, and regulatory framework and legislation governing human rights and work life in Turkey. It will also make public the said policy, and the roles and responsibilities for its implementation.	X				
3.1.2 - The Company will secure equal opportunities in recruitment processes. In its policies, it will incorporate equitable workforce, improving working standards, women's employment and inclusion (not discriminating on the basis of women, men, faith, language, ethnicity, age, disabilities, refugees, etc.), while looking out for the implications for the supply and value chain at the same time.	X				
3.1.3 - The Company will explain the measures taken throughout the value chain for protecting the rights of groups susceptible to certain economic, environmental, social factors (e.g. low-income groups, women, etc.) or for securing minority rights/equal opportunities.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
3.1.4 - The Company will report on progress in relation to actions for preventing and remedying discrimination, inequalities, human rights violations and forced labor. It will explain the actions to prevent child labor.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
3.1.5 - The Company will disclose its policies regarding investments made in employees (training, development policies), employee compensation, fringe benefits granted, the right to unionize, work-life balance solutions and talent management. It will establish the mechanisms for resolution of employee complaints and labor disputes, and determine conflict resolution processes. The Company will regularly disclose the activities for ensuring employee satisfaction.		X			Various employee-related activities are in place, which are addressed in the Company's procedures. Save for HR policies, they have not been disclosed. Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
3.1.6 - The Company will establish and publicly disclose occupational health and safety policies. It will disclose the measures adopted for protection against workplace accidents and for protecting occupational health, along with statistical data on accidents.		X			Occupational health and safety policies have been established; and measures for protection are being adopted and controlled. Related disclosures are provided in the annual report; however, statistical data or explanations on accidents are not disclosed systematically. Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
3.1.7 - The Company will establish and publicly disclose personal data protection and data security policies.	X				
3.1.8 - The Company will establish and publicly disclose a code of ethics (including business, work conduct, compliance processes, advertising and marketing ethics, clear disclosure efforts etc.).	X				
3.1.9 - The Company will disclose its activities and initiatives in relation to community investments, social responsibility, financial inclusion and access to finance.		X			Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

	Compliance Status				Explanations
	Yes	Partially	No	Not Applicable	
3.1.10 - The Company will organize information meetings and training programs for employees about ESG policies and implementations.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
3.2. Stakeholders, International Standards and Initiatives					
3.2.1 - The Company will carry out its activities in relation to sustainability taking into consideration the needs and priorities of all its stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and NGOs, etc.).			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
3.2.2 - The Company will develop and publicly disclose a customer satisfaction policy regarding customer complaints handling and resolution.		X			Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
3.2.3 - The Company will maintain continuous and transparent communication with stakeholders; it will disclose with which stakeholders it communicates for what purpose, about which topic and how often, as well as the progress achieved in sustainability-related activities.		X			Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
3.2.4 - The Company will publicly disclose the international reporting standards it has embraced (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD) etc.).			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
3.2.5 - The Company will publicly disclose the institutions or principles that it is a member or signatory of (Equator Principles, UN Environment Programme Finance Initiative (UNEP-FI), UN Global Compact (UNGC), UN Principles for Responsible Investment (UNPRI) etc.), and the international principles it embraces (such as International Capital Markets Association (ICMA) Green/ Sustainability Bonds Principles).			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
3.2.6 - The Company will spend concrete efforts to qualify for inclusion in Borsa İstanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices etc.).		X			Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
4. GOVERNANCE PRINCIPLES					
4.1 - The Company will spend maximum efforts to achieve compliance with all Corporate Governance Principles, in addition to compulsory ones under the Capital Markets Board of Turkey (CMB) Corporate Governance Communiqué No. II-17.1.	X				
4.2 - The Company will take into consideration the sustainability issue, environmental impacts of its operations and associated principles when setting its corporate governance strategy.		X			Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
4.3 - The Company will take the necessary actions for achieving compliance with the principles related to stakeholders as stipulated in the Corporate Governance Principles and for strengthening communication with stakeholders. It will seek stakeholders' opinions for determining the sustainability-related measures and strategies.		X			Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
4.4 - The Company will work on the sustainability issue through social responsibility projects, awareness activities and training, and on heightening awareness of the importance of this issue.		X			Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
4.5 - The Company will spend efforts to become a member of sustainability-related international standards and initiatives and to contribute to related studies and efforts.			X		Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.
4.6 - The Company will disclose its anti-bribery and anti-corruption policy and programs, as well as those on the tax integrity principle.		X			Sustainability efforts and initiatives will be initiated within the scope of a plan to be prepared in 2021.

BOARD OF DIRECTORS COMMITTEES AND THEIR ASSESSMENT BY THE BOARD OF DIRECTORS

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee has been set up on 20 April 2012 under the provisions of the Capital Markets Board of Turkey (CMB) Communiqué Serial: IV, No: 56 on the Determination and Application of Corporate Governance Principles, which was enforced upon its publication on 30 December 2011. In keeping with the requirement to appoint an Investor Relations Unit Manager to the committee according to the Corporate Governance Communiqué Principles dated 3 January 2014, Investor Relations Unit Manager holding a CMB advanced level license was assigned and also appointed as a committee member on 30 June 2014. Made up of a committee chairman and two members, the committee meets at least quarterly and also as and when needed. The Committee chairman is an Independent Member of the Board of Directors. The Committee is mainly charged with carrying out the necessary activities for achieving compliance with the Corporate Governance Principles, making propositions to the Board of Directors for this purpose, and overseeing whether the Corporate Governance Principles are implemented, as well as the activities of the Investor Relations Department. The Committee also functions as the Nomination Committee and the Remuneration Committee. The Committee held seven meetings during the reporting period.

AUDIT COMMITTEE

The Audit Committee has been set up on 20 April 2012 under the provisions of the Capital Markets Board of Turkey (CMB) Communiqué Serial: IV, No: 56 on the Determination and Application of Corporate Governance Principles, which was enforced upon its publication on 30 December 2011. The Committee is made up of

at least two members, who are elected from amongst the Company's Independent Board Members. In principle, the Audit Committee meets at least quarterly, and as and when needed. The Committee is responsible for ensuring a due oversight of the Company's financial and operational activities in accordance with the capital market legislation and in this regulation. The objective of the Committee is to provide the supervision of the execution and efficiency of the Company's accounting system, public disclosure of its financial information, its independent audit and internal systems. In addition to those, the Committee guarantees that all necessary actions are taken for adequate and transparent conduct of any internal audit and/or independent audit.

The Committee held 22 meetings during the reporting period. The Audit Committee presents its quarterly activity report, which covers its activities and meeting outcomes, to the Board of Directors. Accordingly, the Committee presented 4 activity reports covering 2019 Q4, 2020 Q1, 2020 Q2 and 2020 Q3 activity periods during the reporting period. Through these reports, the Committee informed the Board of Directors about 44 topics that it has decided on during the said periods.

EARLY DETECTION OF RISK COMMITTEE

The Early Detection of Risk Committee has been set up on 20 October 2012 under the provisions of Article 378, paragraph 1 of the Turkish Commercial Code no. 6102 that entered into force on 1 July 2012. In the Board of Directors meeting held on 24 May 2014, it was decided for the Committee to also function as the Early Detection of Risk Committee, which was obligated by the CMB Communiqué Serial: IV, No: 63. The Committee is formed of a Committee chairman and a member. The Committee is responsible

for early detection of risks that might threaten the Company's existence, progress and survival, for implementing the measures and remedies necessary for identified risks, and managing the risks. The Committee presents an assessment of the current situation in the reports submitted to the Board of Directors once in every two months and reviews Risk Management Systems at least once a year. The Committee held six meetings during the reporting period.

BOARD OF DIRECTORS' ASSESSMENT OF THE COMMITTEES

In addition to the Audit, Early Detection of Risk and Corporate Governance Committees, Strategy Steering and Information Technologies Committees were set up at Türkiye Sigorta in 2020.

The Strategy Steering Committee leads the activities and efforts for establishing the Company's mission and vision; supports the organization for the adoption of a strategic approach to the execution of activities within the corporate culture, helps the determination of strategic goals and targets set in relation to the creation of the Company's long- and short-term Strategic Plan, and evaluates the results of the business plans and performance indicators prepared in connection with the strategy, and submits the same to the Board of Directors.

The Information Technologies Committee ensures that necessary actions are taken for decision-making that will steer the digital transformation movement so that the Company will be technology-compatible, lean-focused, productivity-driven and provider of high quality services. The Committee is also responsible for researching future-oriented technological applications, establishment of organizations

BOARD OF DIRECTORS COMMITTEES AND THEIR ASSESSMENT BY THE BOARD OF DIRECTORS

that will implement modern business processes in parallel with the rapid advancement of information and communication technologies, monitoring project plans applied for updating and strengthening technological infrastructure, determination of risks in view of potential delays in project plans, and prevention of losses affecting business continuity.

The Corporate Governance Committee also fulfills the functions of the Nomination Committee and Remuneration Committee, and provided information to the Board of Directors about

the Board member nominees to be elected in 2020. In addition, the independence criteria of Independent Board Members were reviewed, and declarations of independence were obtained from the members following their appointment.

When performing their duties, committees can receive all kinds of resources and support from the Board of Directors. Committees meet at frequencies required by the legislation at a minimum, and report the results of their activities periodically to the Board of Directors.

Committee Members and their Roles

Committees	Title of Committee Members	Role in the Committee
Corporate Governance Committee		
Murat AKBALIK	Independent Board Member	Committee Chairman
Çağatay ABRAŞ	Board Member	Committee Member
Fulden PEHLİVAN	Investor Relations Unit Manager	Committee Member
Audit Committee		
Murat AKBALIK	Independent Board Member	Committee Chairman
Mehmet AYDOĞDU	Independent Board Member	Committee Member
Early Detection of Risk Committee		
Murat AKBALIK	Independent Board Member	Committee Chairman
Mehmet AYDOĞDU	Independent Board Member	Committee Member
Murat SÜZER	Assistant General Manager	Committee Member
Strategic Management Committee		
Atila BENLİ	Chairman and General Manager	Committee Chairman
Çağatay ABRAŞ	Board Member	Committee Member
Remzi DUMAN	Assistant General Manager	Committee Member
Bilal TÜRKMEN	Assistant General Manager	Committee Member
Information Technologies Steering Committee		
Muhammed Mahmut ER	Board Member	Committee Chairman
Bilal TÜRKMEN	Assistant General Manager	Committee Member
Ali ARAZ	Assistant General Manager	Committee Member

CORPORATE GOVERNANCE COMMITTEE'S ASSESSMENT OF THE BOARD OF DIRECTORS

According to the Articles of Association approved at the merger General Assembly during 2020, the number of the members of the Board of Directors was decreased from 8 to 5. As of the date of this writing, out of the 6 Board members, 3 are Independent Members and 1 is an Executive Director. The positions of the Chairman of the Board and General Manager are held by the same individual and the related KAP disclosure has been made. Based on the merger of public insurance companies under a single roof, the Boards of Directors of Türkiye Sigorta and Türkiye Hayat Emeklilik are composed of the same members.

Declarations of independence by Independent Board Members are published in the annual report. Board Members possess the minimum qualifications specified by the legislation.

In addition to the Corporate Governance, Audit and Early Detection of Risk Committees, Strategy Steering and Information Technologies Committees were set up under the Board of Directors by late-2020.

Board of Directors meetings are held upon invitation by the Chairman or written request by any member, but no less frequently than once a month. Topics to be discussed in meetings are informed to all members reasonably in advance. The Board of Directors and senior management are authorized to decide any and all transactions and affairs within the scope of their duties necessary to achieve the Company's business scope, save for those for which the General Assembly is authorized pursuant to the law and Articles of Association. Majority of the members must be present in the related meeting for Board decisions to be valid. During 2020, our Board of Directors held 31 meetings.

The Members of the Board of Directors may not cast votes in representation of one another, nor may they attend the meetings by proxy. In case of equal votes, the topic discussed is postponed to be addressed in the next meeting. If the votes are equal also in the second meeting, the proposal in question is deemed rejected. Decisions passed in a meeting are entered into the decision book of the Board of Directors.

Changes in the roles held by Board Members and appointments of committee members under the Board of Directors are disclosed on KAP. Educational backgrounds of members, their professional experience, external positions held outside the Company and similar information are disclosed in the annual report and KAP Company General Info Form. Their resumés are made available on the Company's website, MKK portal and annual report.

DISCLOSURE POLICY

I. PURPOSE

It has been espoused as a principle to make sure that all our stakeholders, i.e. our shareholders, investors, employees, various business partners such as agencies and reinsurers, and public agencies, have access to information in a complete, equal, fair, timely, accurate and intelligible manner. To this end, a Disclosure Policy is devised to determine the methods and tools to present Company-related information in written and verbal form within the framework of the CMB's Capital Market Law, section two, and the Communiqué on Material Events Disclosure Serial: II-15.1, Article 17, in accordance with the Corporate Governance Principles.

II. RESPONSIBILITY

The Disclosure Policy is enforced upon approval by the Board of Directors, presented for the information of the General Assembly, and publicly disclosed. The Board of Directors is authorized to modify the text of the Policy, and revisions to be made are presented for the information of the General Assembly, and publicly disclosed.

Assistant General Manager of Financial Affairs is responsible for the execution of the Disclosure Policy. All matters related to public disclosure are handled by the Assistant General Manager of Financial Affairs and Investor Relations Unit, which carry out this responsibility in coordination with the Board of Directors, Audit Committee, Corporate Governance Committee, executives responsible for independent audit reporting, and Corporate Communications Department managers.

The Audit Committee presents its assessment regarding the conformity of the annual and interim financial statements to be disclosed with the accounting principles pursued by the

Company, their accuracy and truthfulness, together with the opinions of the managers responsible for the Company's independent audit reporting and independent auditors to the Board of Directors in writing.

The Corporate Governance Committee oversees activities associated with the Company's transparency and keeping the public and investors informed, ensuring compliance with corporate governance principles, as well as many other activities. The Corporate Governance Committee reviews the Company's annual report, Corporate Governance Compliance Report and the Company website, and verifies the accuracy and consistency of the information therein. The Committee devises suggestions for ensuring that disclosures to the public and analyst presentations are made within the framework of the Capital Market Legislation and in accordance with the Company's Disclosure Policy. It evaluates the adequacy of the Disclosure Policy, guarantees that it is maintained up-to-date and revised as necessary.

III. DISCLOSURE TOOLS AND METHODS

Various disclosure tools are utilized in the public disclosure of information, events and developments that are of a nature to affect the values and prices of capital market instruments and investors' investment decisions with the aim of informing the investors timely, completely and accurately, and ensuring the operation of the capital market within a reliable, transparent, efficient, consistent, fair and competitive environment.

Disclosure tools include material event disclosures, corporate action notifications, Central Securities Depository of Turkey (MKK) E-Company Platform, Electronic General Meeting System, financial reports, the Company's website, investor presentations,

meetings and teleconferences, press releases, bulletins and conferences, promulgations in the Trade Registry Gazette, and communication by the Investor Relations Unit, and social network posts. Disclosure tools and methods are described in detail below.

a. Material Event Disclosures

One of the Company's most important obligations related to the protection of the rights of shareholders of publicly-held companies is to protect shareholders' right to information, as a pivotal element of the Corporate Governance Principles. When an event or development with the potential to cause a change in the market capitalization of the Company's stock or to influence investors' investment decisions, or when such an information is obtained, a public disclosure about the specific material event needs to be made to the BIST and the CMB in keeping with the principle of informing the investors in particular and the public in a timely, adequately and continuous manner.

In case of material events and developments with a potential impact on the values of capital market instruments traded on stock exchange and on investors' investment decisions or exercising of their rights, our Company carries out its public disclosures in accordance with the Communiqué on Material Events Disclosure (II-15.1).

Material event disclosures are prepared by the Assistant General Manager of Financial Affairs, signed electronically, sent to the Public Disclosure Platform (KAP) and thus publicly disclosed. Material event disclosures are posted on the Company website (www.turkiyesigorta.com.tr) within two business days following the date of public disclosure the latest, and are kept available on the website for 5 years.

b. Corporate Action Notifications

Numerous procedures and transactions such as dividend distribution, coupon payments, redemptions, capital increases/decreases, squeeze-outs, mergers and demergers, general meetings and so on are carried out electronically via applications developed by the MKK. When the latest notification sent in relation to the process available on the KAP website is opened, all information presented to the KAP until the current phase of the process can be viewed. The same is also made available on the Company website.

c. MKK E-Company Platform

Information Society Services tab under the Legal Information section on our Company website gives access to Company information on the companies information portal (e-Company) of the Central Securities Depository of Turkey (MKK). Accessible by all stakeholders, the information on the said portal are kept up-to-date by the Investor Relations Unit.

d. Electronic General Meeting System (e-GEM)

General Assembly Meetings are held at the Company's Head Office building and in a location that will allow participation of all shareholders, and is also held electronically simultaneously via the Electronic General Meeting System (e-GEM). General Assembly Meeting announcement, agenda items and informative notes are uploaded to the e-GEM.

The meeting starts simultaneously in the physical environment and on the electronic environment, agenda items are read and put to the vote simultaneously. Following the General Assembly Meeting, the meeting minutes and the list of attendants are also notified through e-GEM.

e. Company Website and Investor Relations Unit

The Company's website at the address www.turkiyesigorta.com.tr is designed according to the requirements in the CMB's Corporate Governance Principles, providing all necessary information in full in Turkish and in part in English, serving as a communication channel that can be used for shareholders, investors, research analysts of intermediary institutions and other stakeholders. The website is actively used for information provision and public disclosures. Care is taken to keep the website up-to-date at all times.

The corporate website features the sections "About Us", "Investor Relations", "Human Resources" and "Contact Us" sections, "Individual", "Institutional" and "Participation" insurance fields that provide information about insurance policies, and online transactions tab.

"About Us" section includes general information about the Company, Company vision, mission and values, Board of Directors members and Senior Management resumés, while "Contact Us" section provides contact details about the Head Office, Regional Offices, agencies, in-network institutions, and repair service shops.

"Investor Relations" section includes the shareholding structure, trade registry information, information about subsidiaries, articles of association and the numbers and dates of trade registry gazettes in which amendments to the articles of association were promulgated, Corporate Governance Compliance Report, information about the Board of Directors Committees and their members, and various policies. In addition, last five years' material event disclosures, annual reports, financial statements and footnotes, independent audit reports, General Assembly

information (agenda, list of attendants, sample proxy form, General Assembly minutes) can also be found in this section.

The e-mail address for investor communications to which investors can direct all kinds of queries and feedbacks is bilgi@turkiyesigorta.com.tr and it is stated under the tab "Investor Relations Contact".

Also available in English so that foreign investors can access information about the Company, the website in English provides a general overview of the Company organization, information about the Board of Directors and Senior Management, last five years' financial statements and annual reports, Corporate Governance Compliance Report, information about the insurance industry, and sustainability activities.

f. Financial Reports (Reports covering Financial Statements, Footnotes, Board of Directors' Activity Reports and Declarations of Liability)

Quarterly financial reports that are drawn up in accordance with the legislation published by T.R. Ministry of Treasury and Finance and the Capital Markets Board of Turkey (CMB), incorporating the statements of responsibility and compliance opinion by the Audit Committee Members and the General Manager or the Company's managers responsible for financial reporting, are submitted for the approval of the Board of Directors. KAP disclosure is made for financial reports once they are approved by the Board of Directors. Financial reports for the last five years are posted on the Company website. Semi-annual and year-end independent audit reports are also posted on KAP and the Company website.

DISCLOSURE POLICY

Information requested by the Insurance Association of Turkey, Insurance Information Center and other governmental institutions and reinsurers and Company shareholders are prepared by the related units and submitted to inquirer.

The annual report is prepared in accordance with the Turkish Commercial Code and Insurance and CMB legislation, and upon approval of the Board of Directors, it is made available for review by shareholders and published on KAP and the Company website at least 3 weeks in advance of the General Assembly meeting. The annual report is also submitted in hard copy to the T.R. Ministry of Treasury and Finance after the General Assembly.

g. Investor Relation Unit Contact, Queries Received by Phone/E-mail, Roadshows, Investor Teleconferences and Presentations

Fulfillment of potential shareholders' and investors' right to information and responding to their queries are among the duties of the Investor Relations Unit.

Unless specifically assigned to do so, Türkiye Sigorta employees are not allowed to respond to the queries received. Everyday questions, written and verbal queries for information from individual investors or intermediary institutions are first evaluated by the Investor Relations Unit to determine whether the query is a trade secret and/or is of the nature to influence investment decisions and the values of capital market instruments, and then responded to. The Unit responds to all kinds of questions received from stakeholders via e-mail, letter, and/or phone in the shortest time possible by coordinating the individuals within the Company that are to answer the question.

In response to meeting demands from investors, investment analysts or research departments and shareholders, a meeting is arranged with the officer at the suitable level and at the earliest convenience. Investor presentations are also posted on the Company website.

h. Press Releases, Bulletins and Conferences

In order to provide information to the public about the developments about the Company, operating results, targets and performance, and the developments in the sector, press bulletins or press conferences can be used in addition to KAP Material Event Disclosures. The Chairman of the Board and the General Manager or other officers to be designated thereby are responsible for press bulletins, press releases and press conferences given/made to/with the printed, visual and digital media.

Dealings with the press and social network posts are handled by the Corporate Communications Department. A copy of every press bulletin released is made available on the website in an up-to-date manner.

News about the Company covered in the printed or broadcast media are followed up via a media monitoring agency. In case of a nonfactual news about the Company, the situation is tackled by the Corporate Communications Department and the Investor Relations Unit. Relevant notifications are made via KAP following clarification demand by Borsa İstanbul or the CMB, or without waiting for such demand.

i. Promulgations in the Turkish Trade Registry Gazette

Registration of General Assembly meeting announcements and meeting agenda, meeting outcomes, decisions to increase the Company capital and all sorts of amendments to the articles of association at the Trade Registry and their promulgation in the Trade Registry Gazette are carried out in accordance with the provisions of the Turkish Commercial Code and other applicable legislation, upon the permission to be obtained therefor from the CMB, T.R. Ministry of Treasury and Finance, and T.R. Ministry of Trade.

j. Other Notifications

Notifications other than those mentioned above are publicly disclosed after being signed within the scope of the authorizations set out in the Company's list of authorized signatures.

IV. DETERMINATION OF INDIVIDUALS WITH ADMINISTRATIVE RESPONSIBILITY

Individuals with administrative responsibility are the Board of Directors members, or those having direct or indirect regular access to the Company's inside information and having the power to make the administrative decisions that affect the Company's future performance and commercial targets, although not being a Board member. Under the provisions of the Capital Market, individuals with administrative responsibility are deemed as individuals with access to inside information. Individuals with administrative responsibility at our Company are the members of the Board of Directors, General Manager, and Assistant General Managers.

All dealings concerning the shares representing the capital and other capital market instruments based on these shares carried out by the Individuals with administrative responsibility and individuals closely related to them, and by the real or legal person principal shareholder of the issuer are publicly disclosed by the party carrying out the dealing in accordance with the Capital Market provisions.

V. MAINTAINING THE CONFIDENTIALITY OF INSIDE INFORMATION

Individuals named in the list of insiders are informed in writing or verbally that they must keep the inside information that has not yet been disclosed in confidence, they must not use the same to derive benefits for self and/or third parties, and must not disclose the same to third parties without authorization.

Information to be publicly disclosed are not made available to certain investors or related parties prior to the disclosure, save for institutions that have access to confidential information about the Company by virtue of the services they provide. In such a case, those accessing information maintain the information in question in confidence in keeping with the trade secret principle and ethical rules; in addition, confidentiality article is incorporated in contracts made.

Company employees may not share undisclosed information, which can be considered in the nature of a material event, with third parties. If it is established that the inside information has been disclosed to third parties unintentionally, a material event disclosure is made forthwith if it is concluded that the confidentiality of the information cannot be ensured, under the CMB regulations.

In order to preclude any harm to the Company's legitimate interests, to not mislead investors, public disclosure of inside information can be postponed with the permission of the Board of Directors, under Article 6 of the CMB's Communiqué Serial: II-15.1 on Material Events Disclosure. Individuals having the information subject to postponement at the time of the postponement decision are included in the List of Insiders. The postponement decision is publicly disclosed in accordance with the legislation as soon as the reasons for the postponement of the public disclosure of inside information cease to exist.

VI. QUIET PERIOD

The Company may not make any statements about its operating results during the period beginning on the day following the quarterly operating period and ending on the date of public disclosure of its annual reports. Financial results, save for publicly disclosed data, are not discussed during this quiet period. During the quiet period, individuals having inside information or continuous information or their spouses, children or household members are banned from trading in the Company's capital market instruments.

Notwithstanding, individuals authorized to make public disclosures about the Company may give press releases or be a speaker in conferences, panels or similar events during the quiet period, provided that the confidentiality of inside information is observed.

VII. MONITORING NEWS AND HEARSAY

The Company may refrain from commenting on news coverage in the media and on hearsay to prevent speculations. An evaluation is made to determine whether the information may have an impact on capital instruments. When CMB and/or Borsa Istanbul demands confirmation or in case of the presence of an element requiring a public disclosure, a material event disclosure is made, which is also posted on the Company website.

VIII. DISCLOSURE OF FORWARD-LOOKING ASSESSMENTS

Depending on the Board of Directors decision, a material event disclosure can be made regarding forward-looking assessments. Forward-looking information so disclosed must not incorporate unfounded exaggerated predictions and they must not be misleading. Similarly, a material event disclosure must be made forthwith if/when changes occur in forward-looking assessments or it is understood that the assessments will not be realized.

OTHER LEGAL AND IMPORTANT INFORMATION

Participation Insurance Advisory Committee

The Advisory Committee refers to the committee overseeing the conformity of the Participation Insurance system with the participation finance system principles and with the joint risk sharing and solidarity principles.

Our Advisory Committee is formed of two members, namely Prof. İsak Emin AKTEPE (Head of Advisory Committee) and Mehmet ODABAŞI.

Statement of Compliance with Participation Insurance Activities

All information about participation insurance such as non-life participation insurance and products, and reinsurance permission documents and so on can be found under the "Participation Insurance" section on the Company website.

Financial Rights Provided to the Members of the Board of Directors and Senior Executives

During 2020, an attendance fee of TL 354 thousand was paid in total to the Board of Directors members. Remuneration paid to the senior management that includes the General Manager, Assistant General Managers Group Managers/Directors amounted to TL 7 million 453 thousand in total, which consists of salaries, bonuses, title, language, commuting, lunch, fuel, allowances, group private pension contributions and other benefits.

Repurchased Own Shares by the Company

The Company has its own share acquired. Regarding the purchasing of unknown non-registered shares during the merger, the Company carried out a share transfer in accordance with the MKK principles. Squeeze-out payment amounts for purchased shares are kept in the Ziraat Yatırım account, and squeeze-out payments are effected upon demand by the former holders of those shares to the Company.

Lawsuits Brought Against the Company and Possible Results

Information about the lawsuits brought against the Company and possible results are provided under the heading "Risks" in the financial statement footnote no. 42.

Administrative or Judicial Sanctions against the Company and the Board of Directors Members

During 2020, there were no fines and sanctions of a material nature against the Company and Board of Directors Members on account of actions contradicting with the provisions of the legislation.

Transactions with the Risk Group

Türkiye Sigorta provides all insurance services to its risk group on an arm's length basis. All explanations about the Company's dealings with its risk group during 2020 are provided in the financial statement footnote no. 45.

Information about the Dealings of the Board of Directors Members with the Company

Within the frame of the permission granted by the Company's General Assembly, there are no dealings carried out by the Board of Directors Members with the Company on their own or other's behalf, nor are there any activities falling under the scope of non-competition.

Conflicts of Interest Between the Company and Service Providers such as Investment Advisory and Rating, and Steps Taken by the Company to Prevent These Conflicts of Interest

None

Information about Cross-Ownerships with over 5% Direct Participation Share in the Capital

None

Affiliation Report Regarding the Dealings with the Controlling Company and the Subsidiary

Türkiye Sigorta employed the "comparable uncontrolled price method", which is the most suitable method to determine arm's length basis, in all its dealings with its controlling company, i.e. Türkiye Finansal Yatırımlar AŞ and the group of companies it belongs to. No losses were sustained in relation to 2020 dealings.

Prior Period Targets and Assessment of General Assembly Resolutions

The Company's Ordinary General Assembly Meeting convened on 9 July 2020 with the participation of 61.56% of the shares representing the capital. All agenda items were discussed and all decisions passed in the meeting were realized. The Company also held an Extraordinary General Assembly Meeting on 27 August 2020 in relation to the merger process, which was conducted with a participation rate of 61.20% of the shares representing the capital.

Private Audit and Public Audit conducted during the Fiscal Year

A general audit was initiated by the Court of Accounts in the last quarter of 2020.

Amendments to the Company's Articles of Association

The amendments made by reason of corporate governance practices and various corrections to "Article 4 - Company Head Office", "Article 5 - Objective and Scope", "Article 16 - General Assembly", "Article 17 - Powers of the General Assembly", and "Article 18 - Invitation to the Meeting and Agenda" of the Articles of Association were ratified at the 2019 General Assembly Meeting convened on 9 July 2020. The said changes were registered on 17 July 2020 and promulgated in the Trade Registry Gazette on 21 July 2020.

An Extraordinary General Assembly meeting was organized on 28 August 2020 regarding the merger decision that was carried out in 2020. In that meeting, amending "Article 3 - Company Name", "Article 4 - Company Head Office", "Article 5 - Purpose and Scope", "Article 7 - Capital and Share Certificates", "Article 8 - Issuance of Securities", "Article 9 - Board of Directors", "Article 12 - Representing and Binding the Company", "Article 13 - Duties and Powers of the Board of Directors", "Article 14 - Delegation of Management Power", "Article 16 - General Assembly", "Article 17 - Powers of the General Assembly", "Article 18 - Invitation to the Meeting and Agenda", "Article 19 - Ministry Representative in Meetings", "Article 21 - Meeting and Decision Quorums", "Article 22 - Announcements", "Article 24 - Determination and Distribution of Profit", "Article 26 - Legal Provisions" of the Articles of Association in line with the Amendments to the Articles of Association attached hereto was discussed and approved by the General Assembly. The Articles of Association incorporating the said amendments was registered on 31 August 2020, and promulgated in the Trade Registry Gazette dated 3 September 2020.

Information about the Company's Charitable Donations and Aids and Expenses Incurred for Social Responsibility Projects in the Reporting Period

It was approved at the 2019 General Assembly convened on 9 July 2020 that the upper limit of the charitable donations and aids to be made during 2020 would be TL 2,000,000 within the scope of the Company's corporate social responsibility projects inserted under paragraph f of "Article 5 - Objective and Scope" of the Company's Articles of Association under the applicable legislation and the principles and procedures set by the CMB. Donations and aids made in 2020 totaled TL 488,000.

ANNUAL REPORT COMPLIANCE STATEMENT

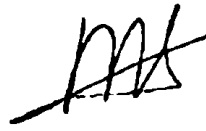
We hereby represent that the Annual Report covering our operations in 2020 are prepared within the framework of the procedures and principles stipulated in the "Regulation on the Financial Structures of Insurance, Reinsurance and Pension Companies" drafted by the T.R. Ministry of Treasury and Finance and published in the Official Gazette issue 26606 dated 7 August 2007.

Yours sincerely,

01 March 2021



Fulden PEHLIVAN
Manager



Murat SÜZER
Assistant General Manager



Atilla BENLİ
Chairman of the Board and
General Manager

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



To the General Assembly of Türkiye Sigorta A.Ş. (formerly known as "Güneş Sigorta A.Ş.")

1. Opinion

We audited the annual report of Türkiye Sigorta A.Ş. (formerly known as "Güneş Sigorta A.Ş.") ("the Company") for the accounting period of 1 January 2020 - 31 December 2020.

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 consolidated and unconsolidated 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 Consolidated and Unconsolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 1 March 2021 on the full set of consolidated and unconsolidated financial statements for the accounting period covering 1 January - 31 December 2020.

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. The annual report also includes:

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



- 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, Communiqué 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 consolidated and unconsolidated financial statements in the annual report are consistent and presented fairly with the audited consolidated and unconsolidated 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 consolidated and unconsolidated financial statements in the annual report are consistent and presented fairly with the audited consolidated and unconsolidated 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
İstanbul, March 1, 2021

ORDINARY GENERAL ASSEMBLY MEETING AGENDA

AGENDA FOR 2020 ORDINARY GENERAL ASSEMBLY MEETING
OF TÜRKİYE SİGORTA AŞ
TO BE CONVENED ON 31 MARCH 2021, WEDNESDAY, AT 15:00 HOURS

1. Opening and election of the Presiding Board,
2. Reading and deliberation of the Board of Directors Activity Report for 2020 operating year,
3. Reading the Independent Audit Report for 2020 operating year,
4. Reading, deliberation and ratification of 2020 Financial Statements,
5. Ratification of changes in the member seats on the Board of Directors pursuant to Article 363 of the Turkish Commercial Code no. 6102,
6. Acquittal of the Company's Board of Directors members of their responsibilities for their activities in 2020,
7. Reading, deliberation and voting of the Board of Directors' proposal for distribution of profit in 2020 fiscal year,
8. Election of Board of Directors Members and determination of their terms of office,
9. Determination of the remuneration of Board of Directors Members,
10. Authorizing the Board of Directors Members to carry out the transactions in Articles 395 and 396 of the Turkish Commercial Code, and authorizing those specified in the applicable legislation to carry out the transactions specified in the CMB Corporate Governance Principles,
11. Designation of the independent audit firm,
12. Providing information about the charitable donations and aids made in 2020,
13. Determination of the upper limit of donations by the Company in 2021,
14. Closing.

SUMMARY BOARD OF DIRECTORS REPORT PRESENTED TO THE GENERAL ASSEMBLY

Distinguished Shareholders,

The highlight of 2020 for our Company has been the project for merging six deep-rooted public insurance and private pension companies under the roof of Türkiye Wealth Fund (TVF).

Ziraat Sigorta, Halk Sigorta and Güneş Sigorta began offering service as Türkiye Sigorta as of 31 August 2020, and Ziraat Emeklilik, Halk Emeklilik and Vakıf Emeklilik began offering service as Türkiye Hayat Emeklilik as of 1 September 2020. This important step that followed the establishment of the Insurance and Private Pension Regulation and Supervision Agency and Türk Reasürans within the scope of the New Economy Program is intended to increase the Company's productivity, cut costs, and re-energize the sector, as well as contributing to the development of the non-bank finance sector and the national economy.

Out of 304 mergers and acquisitions with a total worth of USD 9 billion in 2020, 24 occurred under the financial services heading, which include 7 transactions carried out for the merger of public insurance and private pension companies under the TVF organization. Out of the financial services investment worth USD 1,164 million in total in 2020, the portion of USD 953 million is the investment for the merger of insurance companies. We are extremely pleased to see that primarily our controlling shareholder TVF and all our shareholders have faith in this big-ticket investment project of our industry.

The year 2020 when the signatures of our merger story were executed was also marked by the COVID-19 pandemic that wrought havoc on the whole world. According to the World Trade Organization (WTO) data, it is estimated that the world trade volume shrank by 9.2% in 2020. As uncertainties over protectionist trade

policies persisted towards the end of 2020, the vagueness surrounding the Brexit processes was eliminated through the deal the EU and the UK reached about trade, legal and security matters by early 2021.

While the January 2021 report by the IMF estimated contraction for the global economy at 3.5%, the developed and emerging economies were estimated to contract by 4.9% and 2.4% respectively. Regionally, the Europe area is predicted to suffer the steepest decline with 7.2% in 2020. IMF projects a global growth rate of 5.5% for 2021 and 4.2% for 2022. The pandemic also influenced our national economic activities. While the Turkish economy grew by 4.5% annually in the first quarter, it suffered a sharp contraction of 9.9% in the second quarter, before registering 6.7% expansion in the third quarter. Turkey will sustain the recovery process that commenced from the third quarter of 2020 with a strengthening acceleration on the back of consistent economy policies and dynamics. Growth projections of IMF regarding the Turkish economy are 1.2% for 2020, 6% for 2021, and 3.5% for 2022. The New Economy Program (NEP) forecasts 0.3% growth for 2020, and 5.8% and 5% for 2021 and 2022, respectively.

Our Company closed 2020 with initiatives related to the merger and efforts for mitigating the effects of the pandemic. As Türkiye Sigorta, we have offered insurance service to our 5.4 million customers through more than 4,500 bank branches, approximately 3,000 agencies, 115 brokers, 28 regional offices, 5,874 in-network points of service, and our 1,047 employees. Thanks to our extensive bank and agency network, committed and experienced personnel, our Company ended the year as the sector's leader with 13.04% market share. Our Premium production was up by 24% to TL 8 billion 887

million. In 2020, our technical profit reached TL 1 billion 341 million, up by 46%. Our total assets grew by 23% to TL 10 billion 747 million. While our Company's total shareholders' equity amounted to TL 3 billion 460 million, it posted a net profit of TL 1 billion 153 million.

Upon the merger, our Company created its new mission and vision, and set its future strategy. With the strength we draw from our market-steering positions, we are targeting to produce projects for driving the development of our industry. We are targeting to maintain the advantageous position we enjoy with the superiority we have acquired through the broad bank network enabled by the support extended to us by our former shareholders. In the future, we will give momentum to our investments in technology and digitalization. To this end, we have set up our Information Technologies Steering Committee to combine our employees' business models with new, rational practices. Moreover, we are desiring to embark upon a sustainability journey in addition to our corporate governance initiatives, and to make all our stakeholders a part of the added value to be generated, charging ahead determinedly under the leadership of the Corporate Governance Committee.

Distinguished shareholders, we present the financial statements and footnotes representing our Company's financial status in 2020 for your review.

Yours sincerely,

Türkiye Sigorta AŞ
Board of Directors

DIVIDEND DISTRIBUTION POLICY

The Dividend Distribution Policy of Türkiye Sigorta AŞ is implemented in accordance with the provisions of the Turkish Commercial Code, the provisions of the Insurance Law, Capital Market legislation and other applicable legislation, and Article 24 of the Company's Articles of Association.

The Company targets to distribute at least 10% of its distributable net profit as bonus shares and/or in cash. At the end of each fiscal year, the Board of Directors devises a profit distribution proposal decision, taking into consideration the Company's cash projections, investment plans, financial structure, and the conditions in the capital markets, in a manner to maintain the delicate balance with shareholders' expectations and the Company's need to grow. The profit distribution proposal by the Board of Directors also covers the amount of dividends to be paid to non-shareholders who will participate in the share, as per the provisions of Articles of Association.

Once the profit distribution proposal of the Board of Directors is ratified at the General Assembly Meeting, dividend payout occurs within legally prescribed periods of time. The decision taken at the General Assembly Meeting for the distribution of profit is publicly disclosed by way of a material event disclosure on KAP and the website.

Our Board of Directors can also propose against the distribution of dividends to the General Assembly. Information is provided to the shareholders in the General Assembly Meeting regarding the reasons of not distributing the profit and the manner in which the undistributed profit will be used. Similarly, this information is made public by being included in the annual report and on the website.

There are no privileges regarding participation in the Company's share; there is a provision regarding the distribution of advances on profit share in the Articles of Association, and paying advances on profit share is subject to the approval of the General Assembly, restricted to that specific fiscal year.

The Board of Directors' profit distribution proposal or the Board of Directors decision for paying advances on dividends, together with the profit distribution table or advances on dividends table determined by the Board, are publicly disclosed subject to the material event disclosure requirements. The profit distribution table must be publicly disclosed on the date the General Assembly agenda is announced, at the latest.

Dividend payout begins on the date to be set by the General Assembly, which must not be any later than the end of the year in which the General Assembly meeting is convened.

The Dividend Distribution Policy is presented for the approval of shareholders at the General Assembly Meeting. Any revisions in this policy are updated by the Board of Directors, ratified at the General Assembly Meeting, and then publicly disclosed on the Company website.

PROFIT DISTRIBUTION PROPOSAL FOR 2020

THE BOARD OF DIRECTORS DECISION

Date: 01 / 03 / 2021

Meeting No / Decision No: /

The motion dated 01 March 2021 of the Assistant General Manager of Financial Affairs, which is quoted below, has been read:

According to the CMB decision no. 02/51 dated 27 January 2010, companies that are required to draw up consolidated financial statements are to take into account their net profit for the period descended in their consolidated financial statements that will be drawn up and publicly disclosed within the frame of the CMB Communiqué Serial: XI No. 29, in the calculation of their net distributable profit, provided that it can be covered from the funds available in their legal records.

Based on our consolidated financial statements for the fiscal year beginning on 01 January 2020 and ended on 31 December 2020, which have been drawn up by our Company in accordance with the accounting principles and standards in force as per the insurance legislation and which have been independently audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (PwC), the Company booked a Net Profit for the Period of TL 1,161,457,615.

Gross dividends in the total amount of TL 493,000,000.-, which is the consolidated net profit for the period less legal liabilities, be distributed to the shareholders in accordance with the attached Profit Distribution Table and Dividends Table, and if the profit distribution proposal is accepted, then the dividend payout be initiated in cash from 09 April 2021, and the Board of Directors decision be presented as a proposal for the approval of the General Assembly at the 2020 Ordinary General Assembly Meeting to be held in 2021.

Following the examinations and discussions carried out, it has been unanimously decided to adopt the proposal as is.

Atilla BENLİ
Chairman of the Board

Çağatay ABRAS
Deputy Chairman

Muhammed Mahmut ER
Board Member

Mehmet AYDOĞDU
Board Member

Murat AKBALIK
Board Member

SERHAT YANIK
Board Member

2020 PROFIT DISTRIBUTION TABLE

TÜRKİYE SİGORTA AŞ		
TABLE OF DIVIDEND PAYMENT BETWEEN PERIOD 01.01.2020-31.12.2020 (TL)		
1. Paid-in/Issued Capital		1,161,523,363
2. General Legal Reserves (according to legal records)		165,610,126
If there are privileges for distribution of profits according to the Articles of Incorporation, information on such privileges		None
*	According to CMB	According to Legal Records
3. Profit for the Period	1,437,885,803	1,429,447,457
4. Taxes Payable (-)	276,428,188	276,428,188
5. Net Profit for the Period	1,161,457,615	1,153,019,269
6. Losses in Prior Years (-)	498,841,731	498,841,731
7. General Legal Reserves (-)	32,708,877	32,708,877
8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD	629,907,007	621,468,661
Advance Dividends Distributed during the Year (-)	0	0
New Distributable Profit/Loss for the Year Less Advances on Dividends	629,907,007	0
9. Donations during the Year (+)	488,000	0
10. Net Distributable Profit for the Period Including Donations	630,395,007	0
11. First Dividend to Shareholders	58,076,168	0
* Cash	58,076,168	0
* Bonus Shares	0	0
12. Dividends Distributed to Owners of Privileged Shares	0	0
13. Other Dividends Distributed	0	0
* Employees	0	0
* Board Members	0	0
* Non-shareholders	0	0
14. Dividends Distributed to Owners of Redeemed Shares	0	0
15. Second Dividend to Shareholders	434,923,832	0
16. General Legal Reserves	43,492,383	0
17. Statutory Reserves	0	0
18. Special Reserves	0	0
19. EXTRAORDINARY RESERVES	93,414,624	84,976,278
20. Other Resources to be Distributed	0	0

DIVIDEND RATIO CHART					
Share Group	TOTAL DIVIDENDS DISTRIBUTED- CASH (TL) - NET	TOTAL DIVIDENDS DISTRIBUTED - BONUS (TL)	TOTAL DIVIDENDS DISTRIBUTED/NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDENDS PER SHARE WITH A NOMINAL VALUE OF TL 1 - AMOUNT (TL)	DIVIDENDS PER SHARE WITH A NOMINAL VALUE OF TL 1 - RATIO
Gross	493,000,000	0	78.27%	0.424	42.44%
Net	419,050,000	0	66.53%	0.361	36.08%

Pursuant to Article 13 of the Communiqué on Dividends covered in the CMB Weekly Bulletin numbered 2014/2 and published in the Official Gazette dated 23 January 2014, profit distribution was made based on the consolidated profit figure.

15% income tax will not be deducted from cash dividend payouts to full-fledge taxpayer companies.

As a result of profit distribution, TL 84,976,278.- calculated according to the legal records will be taken into account as extraordinary reserves.

ASSESSMENT OF FINANCIAL STANDING, PROFITABILITY AND CLAIMS PAYMENT ABILITY

With the merger of Güneş Sigorta, Halk Sigorta and Ziraat Sigorta in 2020, the Company's product, profitability and financial structure improved positively. Our Company succeeded in becoming the leader of the non-life segment by registering a premium production of TL 8 billion 887 million, with 24% growth, and increased its market share from 12.38% to 13.04%. In addition to ranking at the top of the non-life segment, the Company secured itself an important position in the sector by ranking first in the Fire and Natural Disasters branch and its subgroups TCIP, General Losses, and its sub-divisions Engineering and Agricultural insurance, as well as in Aircraft Liability and Accident branches, ranking second in the Aircraft branch; third in the General Liability and Watercraft branches; fourth in the Credit branch; fifth in Health, Motor Vehicles Liability and Legal Protection branches, and sixth in the Motor Vehicles branch.

While the Company's net written premiums amounted to TL 3 billion 665 million, net claims paid totaled TL 1 billion 708 million. Technical profit in 2020 was up by 46% to TL 1 billion 341 million. Net loss ratio declined from 69% to 57%.

In 2020, the Company's total assets grew by 23% year-over-year and reached TL 10 billion 747 million, whereas its shareholders' equity increased by 39% to TL 3 billion 460 million. In 2020, the ratio of cash and cash-like assets plus financial assets to current assets was 72%. Cash and cash-like assets expanded by 21% to reach TL 6 billion 535 million, while income on financial investments amounted to TL 714 million. When compared to 2019, return on assets ratio improved from 9.5% to 10.7%, while return on equity ratio remained flat at 33%.

In the merger process, the existing capitals of Halk Sigorta and Ziraat Sigorta were calculated based on the conversion rates to Güneş Sigorta. The ultimate capital of Türkiye Sigorta is determined as TL 1 billion 161 million 523 thousand 363. Our Company achieved a remarkable position in the sector also with its robust capital structure. As of year-end 2020, the Company's "Required Equity" amount was determined as TL 1,672,466,244 within the framework of the applicable regulation. The amount of the Company's shareholders' equity that was taken into consideration as

TL 3,546,539,607 as of the same date is found to be TL 1,874,073,363 higher than the amount of "Required Equity". The capital adequacy ratio was registered as 212%.

Our Company's pretax profit reached TL 1,429,447,457, while after-tax profit reached TL 1,153,019,269.

Türkiye Sigorta will put its investments to use towards insurance activities and maintain its prestigious position in the sector drawing on its robust assets structure, the profit generated on insurance activities, and investment income.

SUMMARY FINANCIAL STATEMENTS FOR THE LAST TWO YEARS

TL	2019	2020
Total Assets	8,704,611,067	10,747,489,328
Equity	2,484,251,273	3,459,501,032
Paid in Capital	939,000,000	1,161,523,363
Written Premiums (gross)	7,167,001,712	8,887,128,129
Claims Paid (gross)	(2,502,124,937)	(2,439,351,323)
Outstanding Claims	(4,546,964,366)	(5,475,335,426)
Premium Retention Share	3,650,014,776	3,664,788,912
Technical Profit	915,161,026	1,340,620,603
Retention Ratio	51%	41%
Net Loss Premium Ratio	69%	57%
Operational Expenses	765,030,241	(922,400,711)
Investment Income	1,015,379,446	1,160,393,702
Investment Expenses	(790,634,623)	(908,496,485)
Profit on Investments	224,744,823	251,897,217
Net Profit	828,378,599	1,153,019,269
Return on Equity	33%	33%
Return on Assets	10%	11%
Technical Profit / Written Premiums	13%	15%
Net Profit / Written Premiums	12%	13%

* Data for the last 5 years could not be presented since the last 2 years were audited because of the merger.

RISK MANAGEMENT POLICIES

The policies established for Türkiye Sigorta's risk exposure are regularly reviewed in line with the changes taking place in the market conditions.

The risks considered in the risk management process are provided below:

Underwriting Risk

These are the risks stemming from the insurance contracts executed, e.g. failure to select the insured risks duly, failure to determine the insurance premiums so as to cover future losses, and concentrations stemming from failure to distribute risk.

When preparing the tariffs and making individual pricings, market conditions, reinsurance treaties, turnover, profitability and sustainable development goals are taken into consideration as a whole.

Each year, technical service directorates determine and update which risks will be assured under which circumstances at the agency, regional office and head office levels by making use of reinsurance treaties and past claims experiences within the framework of underwriting principles. Application principles booklet that includes the underwriting principles and also defines how and to whom insurance products will be or will not be sold under which circumstances is distributed to sales channels each year for information purposes.

Retention ratios by branches and conditions of treaties to be purchased are determined by the Reinsurance and Special Risks Directorate and Senior Management, taking into consideration the Company's customer portfolio, past claims statistics, business volume planned for the following year, shareholders' equity structure, and the current market conditions. Risks not covered in reinsurance treaties, exceed treaty terms and capacities or are disruptive to the Company's treaty balance are provided assurance by making use of domestic and international optional reinsurance support.

Credit Risk

Credit risk is defined as the probability of non-fulfillment of liabilities towards the Company by the parties having a material relationship with the Company. Reinsurance transactions and premium receivables due from agencies are the main areas giving rise to credit risk for the Company. The Company follows up receivables arising from insurance operations within the frame of collection policies, and limits the same via coverage policies established. When selecting reinsurers, the "List of Reinsurance Companies Satisfying Financial and Technical Criteria" created by the T.R. Ministry of Treasury and Finance is taken into account, along with the ratings of reinsurers, and the Company monitors the impacts of market conditions upon ratings.

Market Risk

Potential losses in the values of the instruments within the Company's portfolio as a result of changes in interest and exchange rates are considered within the scope of market risk. These risks are followed up via reports generated about the FC position and securities.

Liquidity Risk

Liquidity risk is the risk of the Company's inability to satisfy its matured liabilities. This risk results from the inability to sell and liquidate assets particularly at times when cash is needed. Liquidity risk increases when the terms of assets are longer than the terms of liabilities.

The Company's cash flow is monitored on daily, weekly and monthly bases, and assets and liabilities are managed by following up maturity mismatches and foreign currency positions via the balance sheet.

Operational Risks

Operational risk refers to the risk of direct or indirect losses resulting from inadequate and ineffective internal processes, employees and systems or external events.

Actions to be taken for the activities and processes carried out across the Company are documented in the procedures prepared, and the job descriptions of employees involved in the processes are formally determined. The powers of business units and users have in relation to the processes and the approval mechanisms required to be adhered to are determined by the Board of Directors, General Manager and Assistant General Managers, and are defined on the basis of written guidelines and procedures.

Combating the Laundering of Proceeds from Crime and Financing of Terrorism (Anti-Money Laundering and Combating the Financing of Terrorism - AML/CFT)

Compliance Unit was set up and a compliance officer was assigned with the purpose of achieving the necessary compliance with the "Law on the Prevention of Laundering of Proceeds from Crime and Financing of Terrorism" and regulations and communiqués released pursuant to the said Law. Money Laundering, Terrorist Financing and Suspicious Transactions Tracking Notification Policy has been devised within the scope of the Law, which has been approved by the Board of Directors and then submitted to the Financial Crimes Investigation Board (MASAK). The Company policy is regularly revised in accordance with the changes in legislation which are monitored closely, and the same is served on the agencies and employees. In addition, e-learning and face-to-face training is given to the entire Company personnel and agency employees in order to raise awareness

pursuant to the Company's training obligation. Post-training written assessments are made to review the face-to-face training given to Company employees based on measurement and assessment results.

The compliance officer evaluates potentially suspicious transactions that he/she has been notified or become aware of sua sponte and notifies those that he/she concludes to be suspicious to the Financial Crimes Investigation Board (MASAK).

The Board Member delegated by the Board of Directors regularly reports the Company's risk exposure in relation to the use of the insurance service offered by the Company for money laundering or terrorist financing purposes and findings obtained from monitoring and control activities to the Board of Directors.

**TÜRKİYE SİGORTA A.Ş.
(FORMERLY 'GÜNEŞ SİGORTA A.Ş.')**

**CONVENIENCE TRANSLATION OF
STATUTORY FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020
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 Türkiye Sigorta A.Ş. (Formerly "Güneş Sigorta A.Ş.")

A. Audit of the Financial Statements

1. Opinion

We have audited the accompanying financial statements of Türkiye Sigorta A.Ş. (formerly "Güneş Sigorta A.Ş.") (the "Company") which comprise the balance sheet as at 31 December 2020 and the statement of income, statement of changes in equity, statement of cash flows and statement of profit distribution for the year then ended and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, 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	How our audit addressed the matter
<p>Estimation of provision for claims incurred but not reported</p> <p>As explained in Notes 2 and 17, the Company has accounted for incurred but not reported claims provision amounting to TRY 2,214 million on a net basis as of 31 December 2020.</p> <p>Abovementioned provision has been calculated with respect to the best estimation methods determined in accordance with the opinion of the Company's actuary in the context of "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.</p>	<p>We tested the design and operational effectiveness of the key controls implemented by the Company's management in relation to the incurred losses used in the calculation of incurred but not reported claims provision.</p> <p>During our audit, the information used in the calculation of incurred but not reported claims provision has been reconciled to the information included in the financial statements for selected branches. In addition, for selected branches, estimated loss ratios and expected claim developments accompanied with selected actuarial methods, historical claim experience and sectoral developments adopted by the Company actuary in the calculation of incurred but not reported claims provision have been evaluated by our own actuaries using actuarial techniques. Besides, actuarial calculations have been performed and reasonable reserve ranges for the incurred but not reported claims provision of selected branches as of the reporting date have been determined; and compared to the amounts included in Company's accounting records.</p> <p>Additionally, the compliance and consistency of the disclosures in the financial statements related to such provisions in the context of Regulation on Insurance Accounting and Financial Reporting Principles have been checked.</p>

INDEPENDENT AUDITOR'S REPORT



Key audit matters	How our audit addressed the matter
<p>Accounting of the business combination</p> <p>As explained in Notes 1 and 2, the Company legally merged with Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş. by dissolution without liquidation as a whole with all assets and liabilities and title of the Company was changed to Türkiye Sigorta A.Ş. in accordance with the decision taken at the Extraordinary General Assembly dated 27 August 2020 which was registered on 31 August 2020.</p> <p>The mentioned merger has been treated as a business combination under common control in accordance with the Principle Decision regarding Implementation of the Turkish Financial Reporting Standards numbered 2018-1 and dated 11 October 2018 as legislated by Public Oversight, Accounting and Auditing Standards Authority (the "Principle Decision"). Accordingly, the prior period financial statements have been restated using the "Pooling of Interests" method and the merger is accounted for as of the date that the common control is established as required by the Principle Decision. Therefore; prior period financial statements starting from 31 December 2018 are presented as including the financial statements of Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş..</p> <p>The reason we focussed on this area during our audit is the significance of the amounts of merger related adjustments to the financial statements; and that the business combination includes significant accounting judgements related to application of the Principle Decision and alignment of insurance technical provisions and other accounting policies due to the nature of the transaction.</p>	<p>During our audit, we have performed the following procedures with respect to the accounting of business combination:</p> <ul style="list-style-type: none"> • Understanding the details of the business combination through discussion with the Company management, • Obtaining and reviewing the general assembly resolution, valuation and merger reports, • Evaluating the consistency and compliance of insurance technical provision applications and other accounting policies adopted in the merged financial statements with the Regulation on Insurance Accounting and Financial Reporting Principles, • Checking the appropriateness of merger related adjustments to the accompanying financial statements in accordance with the Principle Decision and the Regulation on Insurance Accounting and Financial Reporting Principles; and mathematical accuracy of related accounting entries, • Evaluating the adequacy of the disclosures in the financial statements related to the merger and its accounting treatment.

4. Other Mather

The financial statements of Halk Sigorta A.Ş. and Ziraat Sigorta A.Ş. for the period between 1 January - 31 December 2019, as included in the prior period financial statements in accordance with the Principle Decision referred to in the 3rd paragraph, were audited by other independent audit firms whose audit reports dated 14 February 2020 and 13 March 2020 expressed an unmodified opinion on those statements, respectively.

5. 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 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.

6. 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 and 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 2020 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 1 March 2021.

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, 1 March 2021

UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

We confirm that the unconsolidated financial statements, related disclosures and footnotes as at 31 December 2020 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.

Türkiye Sigorta A.Ş.

1 March 2021

Atilla BENLİ
Chairman of the Board,
General Manager



Murat SÜZER
Assistant General Manager



Aslıhan DUYMAZ
Actuary
Register Number: 61



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TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS ON 31 DECEMBER 2020, 2019 AND 2018

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

ASSETS	Notes	Audited Current Period 31 December 2020	Restated (*) Audited Prior Period 31 December 2019	Restated (*) Audited Prior Period 31 December 2018
I- Current Assets				
A- Cash and Cash Equivalents	4.2 and 14	6,535,388,952	5,395,274,982	3,842,393,687
1- Cash	14	-	-	1,744
2- Cheques Received		-	-	-
3- Cash at Banks	14	6,135,755,564	4,886,595,601	3,462,536,393
4- Cheques Given and Payment Orders		-	-	-
5- Bank Warranted and Shorter Than 3 Months Credit Card Receivables	14	399,633,388	508,679,381	379,855,550
6- Other Cash and Cash Equivalents		-	-	-
B- Financial Assets and Financial Investments with Risks on Policyholders	4.2 and 11	187,246,920	398,664,538	278,734,595
1- Available-for-Sale Financial Asset	11	37,412	37,412	4,334
2- Held to Maturity Investments	4.2 and 11	37,396,299	275,810,021	249,883,910
3- Financial Assets Held for Trading	4.2 and 11	149,813,209	122,817,105	28,846,351
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 (-)		-	-	-
C- Receivables from Main Operations	4.2 and 12	1,984,823,396	1,317,641,665	1,097,732,147
1- Receivables from Insurance Operations	12	1,937,324,825	1,303,979,241	1,111,719,627
2- Provision for Receivables from Insurance Operations (-)	12	(50,643,066)	(70,793,780)	(61,370,325)
3- Receivables from Reinsurance Operations	12	94,339,185	80,585,497	43,127,538
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	413,357,571	331,280,976	254,890,744
10- Provision for Doubtful Receivables from Main Operations	12	(409,555,119)	(327,410,269)	(250,635,437)
D- Due from Related Parties		112,955	54,764	16,724
1- Due from Shareholders		-	-	-
2- Due from Associates		-	-	-
3- Due from Subsidiaries		-	-	-
4- Due from Joint Ventures		-	-	-
5- Due from Personnel		-	3,106	2,831
6- Due from Other Related Parties		112,955	51,658	13,893
7- Rediscount on Receivables from Related Parties (-)		-	-	-
8- Doubtful Receivables from Related Parties		-	-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-	-
E- Other Receivables	4.2 and 12	56,912,684	17,841,387	13,103,341
1- Finance Lease Receivables		-	-	-
2- Unearned Finance Lease Interest Income (-)		-	-	-
3- Deposits and Guarantees Given		1,725	1,725	397,547
4- Other Miscellaneous Receivables	47.1	56,910,959	17,862,970	12,808,548
5- Rediscount on Other Miscellaneous Receivables (-)		-	(23,308)	(102,754)
6- Other Doubtful Receivables		423,504	423,504	421,964
7- Provision for Other Doubtful Receivables (-)		(423,504)	(423,504)	(421,964)
F- Prepaid Expenses and Income Accruals	17	539,918,929	475,439,682	355,070,733
1- Deferred Acquisition Costs	17	511,545,993	448,575,869	335,827,452
2- Accrued Interest and Rent Income		-	-	-
3- Income Accruals		-	97,903	74,811
4- Other Prepaid Expenses	17	28,372,936	26,765,910	19,168,470
G- Other Current Assets		1,468,672	18,747,624	30,061,600
1- Stocks to be used in the Following Months		-	-	-
2- Prepaid Taxes and Funds	4.2 and 12	688,411	18,516,745	29,190,572
3- Deferred Tax Assets		-	-	-
4- Business Advances		7,502	(271,327)	(63,192)
5- Advances Given to Personnel	4.2	216,830	61,590	96,337
6- Inventory Count Deficiency		-	-	-
7- Other Miscellaneous Current Assets		555,929	440,616	837,883
8- Provision for Other Miscellaneous Current Assets (-)		-	-	-
I- Total Current Assets		9,305,872,508	7,623,664,642	5,617,112,827

(*) Explained in note 2.

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS ON 31 DECEMBER 2020, 2019 AND 2018

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

ASSETS	Notes	Audited Current Period 31 December 2020	Restated (*) Audited Prior Period 31 December 2019	Restated (*) Audited Prior Period 31 December 2018
II- Non-Current Assets				
A- Receivables from Main Operations				
1- Receivables from Insurance Operations		-	-	-
2- Provision for Receivables from Insurance Operations (-)		-	-	-
3- Receivables from Reinsurance Operations		-	-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-	-
5- Cash Deposited for Insurance 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- Due from Related Parties				
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 (-)		-	-	-
C- Other Receivables				
1- Finance Lease Receivables	4.2 and 12	5,232,292	1,511,982	1,414,633
2- Unearned Finance Lease Interest Income (-)		-	-	-
3- Deposits and Guarantees Given	4.2 and 12	5,232,292	1,511,982	1,414,633
4- Other Miscellaneous Receivables		-	-	-
5- Rediscount on Other Miscellaneous Receivables (-)		-	-	-
6- Other Doubtful Receivables		-	-	-
7- Provision for Other Doubtful Receivables (-)		-	-	-
D- Financial Assets				
1- Investments in Equity Shares	9	1,130,185,821	707,225,084	615,176,994
2- Investments in Associates	9	1,132,829,102	724,684,468	634,377,879
3- Capital Commitments to Associates (-)		-	-	-
4- Investments in Subsidiaries		-	-	-
5- Capital Commitments to Subsidiaries (-)		-	-	-
6- Investments in Joint Ventures	9	12,403,553	-	-
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	(15,046,834)	(17,459,384)	(19,200,885)
E- Tangible Assets				
1- Investment Property	7	33,799,258	18,168,576	17,887,586
2- Impairment in Value of Investment Properties (-)		-	-	-
3- Land and Buildings Held for Utilisation	6	187,918,000	208,770,637	204,355,637
4- Machinery and Equipments	6	34,670,032	22,283,125	10,959,831
5- Furnitures And Fixtures	6	15,332,689	15,039,504	14,012,979
6- Motor vehicles	6	11,403,174	11,403,174	501,765
7- Other Tangible Assets, Including Leasehold Improvements	6	2,599,279	3,531,014	2,865,572
8- Tangible Assets Acquired Through Finance Leases	6	27,267,932	28,779,885	8,819,487
9- Accumulated Amortizations	6	(49,431,152)	(39,879,489)	(31,153,289)
10- Advances for Tangible Assets, Including Construction in Progress		-	-	-
F- Intangible Assets				
1- Rights	8	17,881,048	16,833,858	13,133,249
2- Goodwill		29,771,903	21,952,016	15,921,245
3- Pre-operating Expenses		-	-	-
4- Research and Development Costs		-	-	-
5- Other Intangible Assets	8	38,238,939	37,043,903	34,323,897
6- Accumulated Amortization (-)	8	(50,129,794)	(42,258,527)	(37,208,359)
7- Advances Paid for Intangible Assets		-	96,466	96,466
G- Prepaid Expenses and Income Accruals				
1- Deferred Acquisition Expenses		-	-	-
2- Income Accruals		-	-	-
3- Other Prepaid Expenses and Income Accruals		-	-	-
H- Other Non-Current Assets				
1- Effective Foreign Currency Accounts		24,758,447	87,279,075	95,915,103
2- Foreign Currency Accounts		-	-	-
3- Stocks to be Used in the Following Years		-	-	-
4- Prepaid Taxes and Funds		-	-	-
5- Deferred Tax Assets		-	-	-
6- Other Miscellaneous Non-Current Assets	21	24,758,447	87,279,075	95,915,103
7- Amortization on Other Non-Current Assets (-)		-	-	-
8- Provision for Other Non-Current Assets (-)		-	-	-
II- Total Non-Current Assets		1,441,616,820	1,080,946,425	953,889,547
Total Assets		10,747,489,328	8,704,611,067	6,571,002,374

(*) Explained in note 2.

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS ON 31 DECEMBER 2020, 2019 AND 2018

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

LIABILITIES	Notes	Audited Current Period 31 December 2020	Restated (*) Audited Prior Period 31 December 2019	Restated (*) Audited Prior Period 31 December 2018
III- Short-Term Liabilities				
A- Financial Liabilities	4.2	4,404,493	11,783,931	411,679
1- Borrowings to Financial Institutions		-	557,576	411,679
2- Finance Lease Payables	20	4,508,672	11,363,450	-
3- Deferred Leasing Costs (-)	20	(104,179)	(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- Payables Arising from Main Operations	4.2 and 19	1,256,119,167	732,332,245	581,330,039
1- Payables Arising from Insurance Operations		1,252,264,601	597,866,635	484,039,193
2- Payables Arising from Reinsurance Operations		-	-	-
3- Cash Deposited by Insurance and Reinsurance Companies		141	141	141
4- Payables Arising from Individual Pension Business		-	-	-
5- Payables Arising from Other Main Operations		3,854,425	135,587,047	98,096,475
6- Discount on Payables from Other Main Operations (-)		-	(1,121,578)	(805,770)
C- Due to Related Parties	4.2	6,669,798	2,893,375	1,779,255
1- Due to Shareholders	45	5,377,481	1,458,120	1,483,221
2- Due to Associates		-	-	-
3- Due to Subsidiaries		-	-	-
4- Due to Joint Ventures		-	-	-
5- Due to Personnel		611,211	363,493	296,034
6- Due to Other Related Parties	45	681,106	1,071,762	-
D- Other Payables	4.2	105,131,917	141,250,157	103,336,990
1- Deposits and Guarantees Received		3,419,714	2,832,846	1,775,684
2- Debts to SSI for treatment expenses	19	23,139,760	41,393,564	31,111,782
3- Other Miscellaneous Payables	19 and 47	78,572,443	97,235,649	70,714,904
4- Discount on Other Miscellaneous Payables (-)	19	-	(211,902)	(265,380)
E- Insurance Technical Provisions		5,222,511,638	4,777,937,868	3,910,437,735
1- Reserve for Unearned Premiums - Net	17	1,894,963,307	1,900,934,591	1,490,907,581
2- Reserve for Unexpired Risks-Net	2.23 and 17	5,133,217	20,359,070	34,923,749
3- Life Mathematical Provisions -Net		-	-	-
4- Provision for Outstanding Claims -Net	4.2 and 17	3,176,400,349	2,797,339,399	2,337,647,544
5- Provision for Bonus and Discounts -Net	17	10,029,321	6,967,573	2,929,186
6- Other Technical Provisions -Net	10 and 17	135,985,444	52,337,235	44,029,675
F- Provisions for Taxes and Other Similar Obligations	4.2	124,446,447	122,395,334	74,732,784
1- Taxes and Funds Payable		102,691,667	60,972,232	54,862,466
2- Social Security Premiums Payable		5,105,857	4,433,275	3,417,941
3- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-	-
4- Other Taxes and Liabilities Payable		-	-	-
5- Corporate Tax Liability Provision on Period Profit		125,230,318	202,460,747	109,203,285
6- Prepaid Taxes and Other Liabilities on Period Profit (-)		(108,581,395)	(145,470,920)	(92,750,908)
7- Provisions for Other Taxes and Liabilities		-	-	-
G- Provisions for Other Risks		80,206,066	50,708,017	18,937,391
1- Provision for Termination Indemnities		-	-	-
2- Provision for Pension Fund Deficits		-	-	-
3- Provisions for Costs	23	80,206,066	50,708,017	18,937,391
H- Deferred Income and Expense Accruals		331,867,997	232,469,498	184,781,345
1- Deferred Commission Income	10 and 19	331,867,997	232,469,498	184,781,345
2- Expense Accruals		-	-	-
3- Other Deferred Income and Expense Accruals		-	-	-
I- Other Short-Term Liabilities		-	-	-
1- Deferred Tax Liabilities		-	-	-
2- Inventory Count Differences		-	-	-
3- Other Various Short-Term Liabilities		-	-	-
III- Total Short-Term Liabilities		7,131,357,523	6,071,770,425	4,875,747,218

(*) Explained in note 2.

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS ON 31 DECEMBER 2020, 2019 AND 2018

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

LIABILITIES	Notes	Audited Current Period 31 December 2020	Restated (*) Audited Prior Period 31 December 2019	Restated (*) Audited Prior Period 31 December 2018
IV- Long-Term Liabilities				
A- Financial Liabilities	4.2 and 20	5,792,779	4,133,813	-
1- Borrowings to Financial Institutions		-	-	-
2- Finance Lease Payables	20	6,196,455	4,614,165	-
3- Deferred Leasing Costs (-)	20	(403,676)	(480,352)	-
4- Bonds Issued		-	-	-
5- Other Financial Assets Issued		-	-	-
6- Valuation Differences of Other Financial Assets Issued (-)		-	-	-
7- Other Financial Liabilities		-	-	-
B- Payables Arising from Main Operations		-	-	-
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 (-)		-	-	-
C- Due to Related Parties		-	-	-
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		-	-	-
D- Other Payables	4.2 and 19	10,710,664	3,920,571	3,419,421
1- Deposits and Guarantees Received	4.2 and 19	10,710,664	3,920,571	3,419,421
2- Debts to SSI for treatment expenses		-	-	-
3- Other Miscellaneous Payables		-	-	-
4- Discount on Other Miscellaneous Payables (-)		-	-	-
E- Insurance Technical Provisions	2.25 and 17	109,273,628	91,815,554	75,885,451
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	2.25 and 17	109,273,628	91,815,554	75,885,451
F- Other Liabilities and Relevant Accruals		-	3,343,226	3,509,920
1- Other Liabilities		-	-	-
2- Overdue, Deferred or By Instalment Taxes and Other Liabilities		-	-	-
3- Other Liabilities and Expense Accruals		-	3,343,226	3,509,920
G- Provisions for Other Risks		30,853,702	25,014,964	19,773,600
1- Provisions for Severance Pay	23	30,853,702	25,014,964	19,773,600
2- Provisions for Employee Pension Funds Deficits		-	-	-
H- Deferred Income and Expense Accruals		-	-	-
1- Deferred Income		-	-	-
2- Expense Accruals		-	-	-
3- Other Deferred Income and Expense Accruals		-	-	-
I- Other Long-Term Liabilities		-	20,361,241	1,121,547
1- Deferred Tax Liabilities	21	-	20,361,241	1,121,547
2- Other Long-Term Liabilities		-	-	-
IV- Total Long-Term Liabilities		156,630,773	148,589,369	103,709,939

(*) Explained in note 2.

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE BALANCE SHEETS ON 31 DECEMBER 2020, 2019 AND 2018

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

SHAREHOLDERS' EQUITY	Notes	Audited Current Period 31 December 2020	Restated (*) Audited Prior Period 31 December 2019	Restated (*) Audited Prior Period 31 December 2018
V- Shareholders' Equity				
A- Paid in Capital	2.13 and 15	1,161,523,363	939,000,000	600,000,000
1- (Nominal) Capital	2.13 and 15	1,161,523,363	939,000,000	600,000,000
2- Unpaid Capital (-)		-	-	-
3- Positive Capital Restatement Differences		-	-	-
4- Negative Capital Restatement Differences (-)		-	-	-
5- Capital to Be Registered		-	-	-
B- Capital Reserves	15	87,156,422	87,099,263	79,510,246
1- Share Premium	15	7,020,555	7,020,555	753,944
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	80,135,867	80,078,708	78,756,302
C- Profit Reserves		1,556,643,709	1,105,636,779	1,019,338,135
1- Legal Reserves	15	165,610,126	99,959,368	66,563,126
2- Statutory Reserves		-	-	-
3- Extraordinary Reserves		222,541,401	219,699,663	254,453,117
4- Special Funds, Reserves		-	-	-
5- Revaluation of Financial Assets	15	1,010,715,148	615,295,430	529,811,202
6- Other Profit Reserves	15	157,777,034	170,682,318	168,510,690
D- Retained Earnings		-	-	-
1- Retained Earnings		-	-	-
E- Accumulated Losses (-)		(498,841,731)	(475,863,368)	(485,817,326)
1- Accumulated Losses (-)	15	(498,841,731)	(475,863,368)	(485,817,326)
F- Net Profit/(Loss) for the Period	37	1,153,019,269	828,378,599	378,514,162
1- Net Profit for the Year		1,153,019,269	828,321,439	377,191,757
2- Net Loss for the Year (-)		-	-	-
3- Net Profit That Is Not Subject to Distribution		-	57,160	1,322,405
Total Equity		3,459,501,032	2,484,251,273	1,591,545,217
Total Equity and Liabilities		10,747,489,328	8,704,611,067	6,571,002,374

(*) Explained in note 2.

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

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

I- TECHNICAL PART	Notes	Audited 1 January - 31 December 2020	Restated (*) Audited 1 January - 31 December 2019
A- Non-Life Technical Income		4,370,619,295	3,957,943,719
1- Earned Premiums (Net of Reinsurer Share)	5	3,685,986,049	3,254,552,444
1.1- Written Premiums (Net of Reinsurer Share)	5,17, 24	3,664,788,912	3,650,014,776
1.1.1- Written Premiums, gross	17, 24	8,887,128,129	7,167,001,712
1.1.2- Written Premiums, ceded	10, 17, 24	(5,115,460,204)	(3,378,673,060)
1.1.3- Premiums transferred to SSI	10, 17, 24	(106,879,013)	(138,313,876)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Share and Provision Carried Forward)	5 and 17	5,971,284	(410,027,011)
1.2.1- Reserve for Unearned Premiums, gross	17	(846,227,974)	(753,794,045)
1.2.2- Reserve for Unearned Premiums, ceded	10, 17	878,352,893	331,671,546
1.2.3- SSI Share of Reserve for Unearned Premium	10, 17	(26,153,635)	12,095,488
1.3- Changes in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	5 and 17	15,225,853	14,564,679
1.3.1- Reserve for Unexpired Risks, gross	17	43,268,052	26,517,795
1.3.2- Reserve for Unexpired Risks, ceded	10 and 17	(28,042,199)	(11,953,116)
2- Investment Income - Transferred from Non-Technical Section	5	612,806,880	629,517,714
3- Other Technical Income (Net of Reinsurer Share)		3,646,689	3,415,360
3.1- Other Technical Income, gross		3,646,689	3,415,360
3.2- Other Technical Income, ceded		-	-
4- Accrued salvage and subrogation income		68,179,677	70,458,201
B- Non-Life Technical Expense		(3,029,998,692)	(3,042,782,693)
1- Incurred Losses (Net of Reinsurer Share)	5	(2,087,078,160)	(2,257,783,962)
1.1- Claims Paid (Net of Reinsurer Share)	5	(1,708,017,210)	(1,798,092,107)
1.1.1- Claims Paid, gross		(2,439,351,323)	(2,502,124,937)
1.1.2- Claims Paid, ceded	10	731,334,113	704,032,830
1.2- Change in Provisions for Outstanding Claims, (Net of Reinsurer Share and Provision Carried Forward)	5	(379,060,950)	(459,691,855)
1.2.1- Change in Provisions for Outstanding Claims, gross		(928,371,060)	(641,276,623)
1.2.2- Change in Provisions for Outstanding Claims, ceded	10	549,310,110	181,584,768
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Provision Carried Forward)		(3,061,747)	(4,038,387)
2.1- Provision for Bonus and Discounts, gross		(3,061,747)	(4,038,387)
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	(17,458,074)	(15,930,103)
4- Operating Expenses	5, 32	(922,400,711)	(765,030,241)
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		-	-
C- Net Technical Income-Non-Life (A - B)		1,340,620,603	915,161,026

(*) Explained in note 2.

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME

FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

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

I- TECHNICAL PART	Notes	Audited 1 January - 31 December 2020	Restated (*) Audited 1 January - 31 December 2019
D- Life Technical Income		-	-
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		-	-
E- Life Technical Expense		-	-
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		-	-

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

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

I- TECHNICAL PART	Notes	Audited 1 January - 31 December 2020	Restated (*) Audited 1 January - 31 December 2019
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		-	-
F- Net Technical Income-Life (D -E)		-	-
G- Pension Business Technical Income		-	-
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		-	-
H- Pension Business Technical Expense		-	-
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
I- Net Technical Income - Pension Business (G - H)		-	-

(*) Explained in note 2.

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')**CONVENIENCE TRANSLATION OF THE STATEMENTS OF INCOME
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019**

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

II - NON TECHNICAL PART	Notes	Audited 1 January - 31 December 2020	Restated (*) Audited 1 January - 31 December 2019
C- Net Technical Income - Non-Life (A-B)		1,340,620,603	915,161,026
F- Net Technical Income - Life (D-E)		-	-
I- Net Technical Income - Pension Business (G-H)		-	-
J- Total Net Technical Income (C+F+I)		1,340,620,603	915,161,026
K- Investment Income	26	1,160,393,702	1,015,379,446
1- Income from Financial Assets	26	655,374,529	776,051,261
2- Income from Disposal of Financial Assets	26	13,665,186	55,617,659
3- Valuation of Financial Assets	26	44,722,169	12,700,471
4- Foreign Exchange Gains	26	327,794,684	138,345,016
5- Income from Associates	26 and 45	106,088,223	30,735,989
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment	26	12,738,577	1,205,318
8- Income from Derivative Transactions	26	-	6,129
9- Other Investments	26	10,334	717,603
10- Income Transferred from Life Section		-	-
L- Investment Expense		(908,496,485)	(790,634,623)
1- Investment Management Expenses (Inc. interest)	4.2	(6,557,821)	(21,358,775)
2- Diminution in Value of Investments		-	-
3- Loss from Disposal of Financial Assets		-	(110,085)
4- Investment Income Transferred to Non-Life Technical Section	4.2	(612,806,880)	(629,517,714)
5- Loss from Derivative Transactions		-	-
6- Foreign Exchange Losses	4.2	(236,806,070)	(107,301,128)
7- Depreciation and Amortization Expenses	4.2, 6,7 and 8	(23,737,666)	(15,763,988)
8- Other Investment Expenses	4.2	(28,588,048)	(16,582,933)
M- Income and Expenses from Other and Extraordinary Operations		(163,070,363)	(109,066,503)
1- Provisions	47	(118,930,779)	(98,117,106)
2- Rediscounts		(3,456,170)	10,059,447
3- Monetary Gains and Losses		-	-
4- Inflation Adjustment Account		-	-
5- Deferred Taxation (Deferred Tax Assets)	21	(20,037,721)	(22,608,072)
6- Deferred Taxation (Deferred Tax Liabilities)	21	(9,365,716)	-
7- Other Income		-	1,599,228
8- Other Expenses and Losses		(11,279,977)	-
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
N- Net Profit for the Year	37	1,153,019,269	828,378,599
1- Profit for the Year		1,429,447,457	1,030,839,346
2- Corporate Tax Provision and Other Fiscal Liabilities		(276,428,188)	(202,460,747)
3- Net Profit for the Year		1,153,019,269	828,378,599
4- Monetary Gains and Losses		-	-

(*) Explained in note 2.

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

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

	Notes	Audited 1 January - 31 December 2020	Restated (*) Audited 1 January - 31 December 2019
A. CASH GENERATED FROM MAIN OPERATIONS			
1. Cash provided from insurance activities		10,463,196,342	6,351,931,911
2. Cash provided from reinsurance activities		-	-
3. Cash provided from pension business		-	-
4. Cash used in insurance activities		(9,467,768,564)	(5,560,781,323)
5. Cash used in reinsurance activities		-	-
6. Cash used in pension business		-	-
7. Cash Provided from Operating Activities		995,427,778	791,150,588
8. Interest paid		-	-
9. Income taxes paid		(165,571,222)	(159,430,975)
10. Other cash inflows		7,058,317	100,039,238
11. Other cash outflows		(144,339,419)	(205,198,229)
12. Net Cash Provided from Operating Activities		692,575,454	526,560,622
B. CASH FLOWS FROM INVESTING OPERATIONS			
1. Disposal of tangible and intangible assets		4,882,413	484,319
2. Acquisition of tangible and intangible assets		(28,624,724)	(33,017,171)
3. Acquisition of financial assets		(208,217,189)	(1,315,328,252)
4. Disposal of financial assets		421,665,989	1,242,991,682
5. Interests received		640,954,339	839,324,485
6. Dividends received		106,088,223	29,655,061
7. Other cash inflows		12,738,577	52,439,993
8. Other cash outflows		(35,135,535)	(110,054,717)
9. Net Cash Provided by Investing Activities		914,352,093	706,495,400
C. CASH FLOWS FROM FINANCING OPERATIONS			
1. Equity shares issued		-	276,266,611
2. Cash provided from loans and borrowings		-	557,576
3. Finance lease payments	20	(7,833,647)	(2,233,888)
4. Dividends paid	15 and 45	(560,858,135)	(300,000,000)
5. Other cash inflows		-	-
6. Other cash outflows		-	(411,679)
7. Net Cash Used in Financing Activities		(568,691,782)	(25,821,380)
D. EFFECT OF EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS			
		46,641,371	28,597,460
E. Net increase/(decrease) in cash and cash equivalents			
		1,084,877,136	1,235,832,102
F. Cash and cash equivalents at the beginning of the period			
	14	4,389,595,297	3,153,763,195
G. Cash and cash equivalents at the end of the period			
	14	5,474,472,433	4,389,595,297

(*) Explained in note 2.

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

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

	Statements of Changes in Equity - Restated ^(*) (Audited)			
	Share Capital	Value Own Shares of the Company (-)	Inflation Increase/ (Decrease) In Assets	Adjustment Differences In Shareholders
PREVIOUS PERIOD				
I - Balance at the Prior Period End - 31 December 2018 (Previously Reported)	270,000,000	-	529,808,797	-
Restated Effect (Note 2.1.1)	330,000,000	-	2,405	-
II - Balance At The Prior Period End - 31 December 2018 (Restated)	600,000,000	-	529,811,202	-
A - Capital Increase (A1+A2)	339,000,000	-	-	-
1- Cash	270,000,000	-	-	-
2- Internal Resources	69,000,000	-	-	-
B - Own Shares of The Company	-	-	-	-
C - Gain and Losses Not Recognized In the Statement of Income	-	-	85,484,228	-
D - Change In The Value of Financial Assets	-	-	-	-
E - Currency Translation Adjustments	-	-	-	-
F - Other Gains or Losses	-	-	-	-
G - Inflation Adjustment Differences	-	-	-	-
H - Net Profit For The Period	-	-	-	-
I - Dividends Paid	-	-	-	-
J - Transfer	-	-	-	-
IV- Balance at - 31 December 2019	939,000,000	-	615,295,430	-
CURRENT PERIOD				
I - Balance at the Prior Period End 31 December 2019 (Previously Reported)	540,000,000	-	615,259,947	-
Restated Effect (Note 2.1.1)	399,000,000	-	35,483	-
II - Balance At The Prior Period End - 31 December 2019 (Restated)	939,000,000	-	615,295,430	-
A - Capital Increase (A1+A2)	222,523,363	-	-	-
1- Cash	-	-	-	-
2- Internal Resources	222,523,363	-	-	-
B - Own Shares of The Company	-	-	-	-
C - Gain And Losses Not Recognized In The Statement of Income	-	-	395,419,718	-
D - Change In The Value of Financial Assets	-	-	-	-
E - Currency Translation Adjustments	-	-	-	-
F - Other Gains or Losses	-	-	-	-
G - Inflation Adjustment Differences	-	-	-	-
H - Net Profit For The Period	-	-	-	-
I - Dividends Paid	-	-	-	-
J - Transfer	-	-	-	-
IV- Balance at - 31 December 2020	1,161,523,363	-	1,010,715,148	-

^(*) Explained in note 2.

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

Statements of Changes in Equity -Restated (*) (Audited)

Currency Translation Adjustments	Legal Reserves	Other Statutory Reserve	Reserves and Retained Profit	Net Profit/(Loss) For the Period	Retained Earnings	Total
-	4,949,441	-	242,526,626	10,871,374	(255,871,878)	802,284,360
-	61,613,685	-	259,947,427	367,642,788	(229,945,448)	789,260,857
-	66,563,126	-	502,474,053	378,514,162	(485,817,326)	1,591,545,217
-	-	-	6,266,611	(69,000,000)	-	276,266,611
-	-	-	6,266,611	-	-	276,266,611
-	-	-	-	(69,000,000)	-	-
-	-	-	-	-	-	-
-	-	-	(2,060,071)	-	-	83,424,157
-	-	-	5,343,919	-	-	5,343,919
-	-	-	-	-	-	-
-	-	-	(1,112,219)	-	404,989	(707,230)
-	-	-	-	-	-	-
-	-	-	-	828,378,599	-	828,378,599
-	-	-	-	-	(300,000,000)	(300,000,000)
-	33,396,242	-	-	(33,431,049)	(309,514,162)	309,548,969
-	99,959,368	-	477,481,244	828,378,599	(475,863,368)	2,484,251,273
-	4,949,441	-	252,290,455	123,559,154	(245,917,920)	1,290,141,077
-	95,009,927	-	225,190,789	704,819,445	(229,945,448)	1,194,110,196
-	99,959,368	-	477,481,244	828,378,599	(475,863,368)	2,484,251,273
-	-	-	(222,523,363)	-	-	-
-	-	-	-	-	-	-
-	-	-	(222,523,363)	-	-	-
-	-	-	-	-	-	-
-	-	-	(2,562,780)	-	-	392,856,938
-	-	-	(9,768,313)	-	-	(9,768,313)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,153,019,269	-	1,153,019,269
-	-	-	-	-	(560,858,135)	(560,858,135)
-	65,650,758	-	224,848,069	(828,378,599)	537,879,772	-
-	165,610,126	-	467,474,857	1,153,019,269	(498,841,731)	3,459,501,032

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE NOTES TO THE STATEMENTS OF PROFIT DISTRIBUTION FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

	Notes	Current Period ^{(*) (**)}	Restated * Prior Period ^(***)
I. DISTRIBUTION OF PROFIT FOR THE PERIOD			
1.1. PROFIT FOR THE PERIOD		1,437,885,803	1,030,839,346
1.2. TAXES PAYABLE AND LEGAL LIABILITIES		(276,428,188)	(202,460,747)
1.2.1. Corporate Tax (Income Tax)		(276,428,188)	(202,460,747)
1.2.2. Income Tax Deduction		-	-
1.2.3. Other Taxes and Legal Liabilities		-	-
A. NET PROFIT FOR THE PERIOD (1.1 - 1.2)		1,161,457,615	828,378,599
1.3. PREVIOUS YEARS' LOSSES (-)		(498,841,731)	-
1.4. FIRST LEGAL RESERVE		(32,708,877)	(11,559,944)
1.5. LEGAL FUNDS TO BE KEPT IN THE COMPANY (-)		-	-
B. NET DISTRIBUTABLE - PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5)]		629,907,007	816,818,655
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	19,950,000
1.6.1. To common shareholders		-	19,950,000
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 (-)		-	540,908,135
1.10.1. To common shareholders		-	540,908,135
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 AKÇE (-)		-	54,090,813
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	201,869,707
1.14. OTHER RESERVES		-	-
1.15. SPECIAL FUNDS		-	-
II. DISTRIBUTION FROM RESERVES			
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVE (-)		-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1. To common shareholders		-	-
2.3.2. To preferred shareholders		-	-
2.3.3. To owners of participating redeemed shares		-	-
2.3.4. To owners of profit-sharing securities		-	-
2.3.5. To owners of profit and loss sharing securities		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO THE BOARD OF DIRECTORS (-)		-	-
III. PROFIT PER SHARE			
3.1. TO COMMON SHAREHOLDERS		1.00	-
3.2. TO COMMON SHAREHOLDERS (%)		100%	-
3.3. TO PREFERRED SHAREHOLDERS		-	-
3.4. TO PREFERRED SHAREHOLDERS (%)		-	-
IV. DIVIDENDS PER SHARE			
4.1. TO COMMON SHAREHOLDERS		-	-
4.2. TO COMMON SHAREHOLDERS (%)		-	-
4.3. TO PREFERRED SHAREHOLDERS		-	-
4.4. TO PREFERRED SHAREHOLDERS (%)		-	-

(*) The Company's authorized body regarding the distribution of the period profit is the General Assembly. The General Assembly meeting for the accounting period between 1 January - 31 December 2020 was not held as of the preparation date of the financial statements.

(**) In accordance with the relevant legislation, the Company's consolidated profit is included in the current period profit distribution table.

(***) While preparing the profit distribution table for the previous period, since the companies that are subject to the merger and distributing profits do not have any previous year losses, no deduction was made from the net profit for the period. In addition, since the merger was recognized by restating the previous period financial statements, earnings per share and dividends per share were not calculated for the previous period (Note 2.1.1).

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY '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)

1. GENERAL INFORMATION

1.1 Name of the Company and the ultimate parent of the group

As of December 31, 2020 Türkiye Sigorta A.Ş. (the former title of Güneş Sigorta A.Ş.) ('the Company'), the dominant partner with a 81.10% shareholding TVF Finansal Yatırımlar A.Ş. ("TVF Finansal Yatırımlar A.Ş."); Türkiye Varlık Fonu is the ultimate partner of the T.C Cumhurbaşkanlığı Türkiye Varlık Fonu. (31 December 2019: The major shareholder of Türkiye Sigorta A.Ş. (the 'Company') is Türkiye Vakıflar Bankası TAO ('Vakıflar Bankası') (Note 2.13). As of 31 December 2020, 18.90% of the company's share are publicly traded at Borsa İstanbul.

Vakıfbank made a share sale transaction with a total nominal value of TRY 27,000,000, which corresponds to 5% of the Company's capital on 15 January 2020, and Vakıfbank's share in the Company's capital decreased to 51.10%.

A share transfer agreement was signed between TVF Finansal Yatırımlar A.Ş. and Groupama Holding Filiales Et Participations on February 7, 2020, in order to transfer the shares representing 10% of the company's capital to TVF Finansal Yatırımlar A.Ş. at a unit price of TRY 1.63 per share; Share transfer was completed as of February 14, 2020. As a result of the said transaction, the share of TVF Finansal Yatırımlar A.Ş. in the Company's capital has become 10%.

As stated in the special circumstances disclosure dated December 13, 2019, the share transfer negotiations between Vakıfbank and TVF Finansal Yatırımlar A.Ş. have been completed, and in order to transfer the shares owned by Vakıfbank and representing 51.10% of the Company's capital to TVF Finansal Yatırımlar A.Ş., A share transfer agreement was signed between the parties on April 22, 2020 and the share transfer was completed as of the same date.

In addition, Türkiye Vakıflar Bankası T.A.O Employees Retirement and Health Assistance Fund Foundation and Vakıf Bank Personnel Private Social Security Services Foundation, one of the shareholders of the Company, started to sell the shares with a nominal value of TRY 25,804,000 and TRY 52,400,000, respectively, on the Company on December 31, 2019. Following the completion of the share sales made by the mentioned partners in the stock exchange, all shares of the Company were classified under public shares as of 31 March 2020.

Based on the text of the announcement approved by the Sigortacılık ve Özel Emeklilik Düzenleme ve Denetleme Kurumu with the letter dated 23 June 2020 and numbered 97354901-010.99-01/41 and approved by the Sermaye Piyasası Kurulu's decision dated 16 July 2020; With the decision taken at the Extraordinary General Assembly dated 27 August 2020, the Company has been signed by Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş. by dissolution without liquidation through with the takeover as a whole with all its assets and liabilities and Türkiye Sigorta A.Ş. received the title. In addition, with the decision taken at the Extraordinary General Assembly dated August 27, 2020, the capital of the Company was increased to TRY 1,161,523,363 and the said capital increase was carried out by Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş., together with all its assets and liabilities as a whole, through dissolution without liquidation. The decision of the Extraordinary General Assembly dated 27 August 2020. It was announced in the Trade Registry Gazette dated 3 September 2020, where it was registered on August 31, 2020. As a result of these transactions, the share of TVF Finansal Yatırımlar A.Ş. in the Company's capital increased to 81.10%.

The merger, Public Oversight, the Accounting and Auditing Standards ("KGK") 2018-1 number and October 11, 2018 dated Turkey Financial Reporting Principles decision for the Implementation of Standards ("Resolution") pursuant evaluated as a merger under common control business. According to the Principle Decision, the mergers subject to joint control should be recognized by the "Combining Rights" method, by restating the previous period financial statements from the date of joint control. In this context, the acquired Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş.'s balance sheets and income and cash flow statements have been included in the financial statements of the Company as of December 31, 2018, which is the beginning of the period presented comparatively (Note 2.1.1).

TÜRKİYE SİGORTA A.Ş. (FORMERLY '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)

1. GENERAL INFORMATION (Continued)

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 Istanbul, 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 Istanbul - Headquarter office, the Company has regional offices, Istanbul Anatolia, Istanbul Europe, Middle Anatolia, Marmara, Aegean, Mediterranean, Cukurova, Blacksea, East and Southeast Anatolia, and Turkish Republic of Northern Cyprus, the Company has bancassurance regional offices, Istanbul Anatolia, Istanbul Europe, Middle Anatolia, Aegean, Cukurova, Blacksea, East and Southeast Anatolia. The Company has also representative offices in Kayseri and Samsun and a liaison office in the Eastern Black Sea. As at 31 December 2020, the Company has 3,059 agencies (31 December 2019: 2,337 authorized agencies).

1.3 Nature of operations

The Company operates in non-life insurance branches consisting of automotive and non-automotive accident, fire, marine, 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'). The insurance legislation before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was published by the Ministry of Treasury and Finance ("Ministry of Treasury and Finance").

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 2020	1 January - 31 December 2019
Senior Management (*)	12	33
Other personnel	1,039	1,017
Total	1,051	1,050

(*) 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.

TÜRKİYE SİGORTA A.Ş. (FORMERLY '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)

1. GENERAL INFORMATION (Continued)

1.6 The total amount of the salaries and similar benefits provided to the senior management including General Manager, and Assistant General Managers:

Provided to senior executives short term benefits	1 January - 31 December 2020	1 January - 31 December 2019
Salaries	4,135,349	3,716,664
Bonuses	1,388,186	1,075,025
Paid severance, notice and severance pay	1,315,731	528,119
Performance bonus payment (gross)	398,790	-
Group and individual pension contributions	114,601	76,370
Exit leave payments	41,781	23,254
Transportation, food and fuel contributions	35,735	30,984
Title and license compensations	13,268	102,381
Other paid benefits	363,806	828,120
Total benefits provided to senior management	7,807,247	6,380,917
Provision for employment termination benefits	59,274	234,909

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 (Türkiye Sigorta A.Ş.). As explained in note 1; with the decision taken at the Extraordinary General Assembly dated 27 August 2020, which was registered on 31 August 2020, Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş. has been merged with all of its assets and liabilities as a whole by dissolution without liquidation. The merger in question has been evaluated as a business combination subject to joint control in accordance with the Principle Resolution. According to the Principle Decision, mergers subject to joint control should be accounted by the "Combining of Rights" method, by restating the previous period financial statements starting from the date of joint control. In this context, the acquired Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş.'s balance sheets and income and cash flow statements were included in the financial statements of the Company as of 31 December 2018, the beginning of the period presented comparatively.

TÜRKİYE SİGORTA A.Ş. (FORMERLY '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)

1. GENERAL INFORMATION (Continued)

1.7 Name or other identity information about the reporting entity and the changes in this information after previous reporting date

Name of the Company	: Türkiye 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.turkiyesigorta.com.tr

1.8 Subsequent Events

Financial statements of 1 January - 31 December 2020 are approved by Board of Directors at 1 March 2021 and signed by General Manager Atilla Benli and Deputy General Murat Süzer and the company's actuary Aslıhan Duymaz. Explanations related to subsequent events are disclosed in detail in Note 46.

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 and SEDDK. The insurance legislation before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was published by the Ministry of Treasury and Finance ("Ministry of Treasury and Finance").

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

The financial statements were prepared as in a TRY and historical cost basis, 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 accounts and recognizes its insurance technical provisions in its not financial statements as of December 31, 2020 in accordance with the 'Regulation Regarding the Technical Reserves of Insurance, Reinsurance and Pension Companies and the Assets to which These Reserves Are Invested,' ('Regulation on Technical Reserves') dated July 28, 2010 and published in official gazette numbered 27655 and published in Official Gazette dated July 17, 2012 numbered 28356 effective and the regulations issued for insurance and reinsurance companies by the Treasury and Finance Ministry (Notes 2.22, 2.23, 2.24 and 2.25).

TÜRKİYE SİGORTA A.Ş. (FORMERLY '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 (Continued)

2.1 Basis of Preparation (Continued)

2.1.1. Information about the principles and the special accounting policies used in the preparation of the financial statements (Continued)

Comparative Information and Restatement of Prior Period Financial Statements

The financial statements of the Company are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is revised when necessary and significant differences are disclosed.

As explained in note 1; With the decision taken at the Extraordinary General Assembly held on 27 August 2020, the Company has become a subsidiary of Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş. with all its assets and liabilities as a whole by taking over it. The merger in question has been evaluated as a business combination subject to joint control in accordance with the Principle decision. According to the Principle Decision, mergers subject to joint control should be accounted by the "Combining of Rights" method, by restated the previous period financial statements starting from the date of joint control. In this context, Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş.'s balance sheets and income and cash flow statements were included in the financial statements of the Company as of 31 December 2018, the beginning of the period presented comparatively. In this context; The balance sheets dated December 31, 2019 and 2018 and the income statement for the accounting period of 1 January - 31 December 2019 were restated. The effects of the relevant regulations are presented on the following page:

	Reported Previous Period 31 December 2019	Restated Effects	Restated * Previous Period 31 December 2019
Current Assets	2,700,474,756	4,923,189,886	7,623,664,642
Cash and Cash Equivalents	1,689,062,336	3,706,212,646	5,395,274,982
Financial Assets and Financial Investments with Risks on Policy Holders	122,817,105	275,847,433	398,664,538
Receivables from Main Operations	688,927,359	628,714,306	1,317,641,665
Due from Related Parties	-	54,764	54,764
Other Receivables	1,802,349	16,039,038	17,841,387
Prepaid Expenses and Income Accruals	178,900,267	296,539,415	475,439,682
Other Current Assets	18,965,340	(217,716)	18,747,624
Non-Current Assets	962,767,604	118,178,821	1,080,946,425
Other Receivables	73,792	1,438,190	1,511,982
Financial Assets	703,729,404	3,495,680	707,225,084
Tangible Fixed Assets	249,123,182	18,973,244	268,096,426
Intangible Fixed Assets	9,841,226	6,992,632	16,833,858
Deferred Tax Asset	-	87,279,075	87,279,075
TOTAL ASSETS	3,663,242,360	5,041,368,707	8,704,611,067

TÜRKİYE SİGORTA A.Ş. (FORMERLY '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 (Continued)

2.1. Basis of Preparation (Continued)

2.1.1. Information about the principles and the special accounting policies used in the preparation of the financial statements (Continued)

	Reported Previous Period 31 December 2019	Restated Effects	Restated Previous Period 31 December 2019
Short Term Liabilities	2,290,734,650	3,781,035,775	6,071,770,425
Financial Liabilities	478,051	11,305,880	11,783,931
Payables from Main Operations	413,919,636	318,412,609	732,332,245
Due to Related Parties	104,142	2,789,233	2,893,375
Other Payables	52,607,892	88,642,265	141,250,157
Unearned Premiums Reserve - Net	688,698,936	1,212,235,655	1,900,934,591
Unexpired Risk Reserves - Net	5,924,936	14,434,134	20,359,070
Outstanding Claims Reserve - Net	929,848,348	1,867,491,051	2,797,339,399
Other Technical Reserves - Net	52,337,235	-	52,337,235
Provision for Bonus and Discounts - Net	-	6,967,573	6,967,573
Taxes and Other Liabilities and Relevant Provisions	38,427,676	83,967,658	122,395,334
Provisions for Other Risks	20,201,145	30,506,872	50,708,017
Deferred Income and Expense Accruals	88,186,653	144,282,845	232,469,498
Long Term Liabilities	82,366,633	66,222,736	148,589,369
Financial Liabilities	508,373	3,625,440	4,133,813
Other Payables	3,920,571	-	3,920,571
Other Technical Reserves - Net	39,278,506	52,537,048	91,815,554
Other Liabilities and Provisions	-	3,343,226	3,343,226
Provisions for Other Risks	18,297,942	6,717,022	25,014,964
Deferred Tax Liability	20,361,241	-	20,361,241
Shareholders' Equity	1,290,141,077	1,194,110,196	2,484,251,273
Paid in Capital	540,000,000	399,000,000	939,000,000
Capital Reserves	87,000,311	98,952	87,099,263
Profit Reserves	785,499,532	320,137,247	1,105,636,779
Previous Years' Profits (-)	(245,917,920)	(229,945,448)	(475,863,368)
Net Profit of the Period	123,559,154	704,819,445	828,378,599
TOTAL LIABILITIES	3,663,242,360	5,041,368,707	8,704,611,067

TÜRKİYE SİGORTA A.Ş. (FORMERLY '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 (Continued)

2.1. Basis of Preparation (Continued)

2.1.1. Information about the principles and the special accounting policies used in the preparation of the financial statements (Continued)

	Reported Previous Period 31 December 2018	Restated Effects	Restated Previous Period 31 December 2018
Current Assets	1,767,164,825	3,849,948,002	5,617,112,827
Cash and Cash Equivalents	1,071,969,768	2,770,423,919	3,842,393,687
Financial Assets and Financial Investments with Risks on Policy Holders	22,241,849	256,492,746	278,734,595
Receivables from Main Operations	531,686,102	566,046,045	1,097,732,147
Due from Related Parties	-	16,724	16,724
Other Receivables	1,937,498	11,165,843	13,103,341
Prepaid Expenses and Income Accruals	122,294,652	232,776,081	355,070,733
Other Current Assets	17,034,956	13,026,644	30,061,600
Non-Current Assets	843,294,543	110,595,004	953,889,547
Other Receivables	153,399	1,261,234	1,414,633
Financial Assets	612,901,553	2,275,441	615,176,994
Tangible Fixed Assets	223,734,594	4,514,974	228,249,568
Intangible Fixed Assets	6,504,997	6,628,252	13,133,249
Deferred Tax Asset	-	95,915,103	95,915,103
TOTAL ASSETS	2,610,459,368	3,960,543,006	6,571,002,374

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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 (Continued)

2.1. Basis of Preparation (Continued)

2.1.1. Information about the principles and the special accounting policies used in the preparation of the financial statements (Continued)

	Reported Previous Period 31 December 2018	Restated Effects	Restated Previous Period 31 December 2018
Short Term Liabilities	1,755,552,671	3,120,194,547	4,875,747,218
Financial Liabilities	-	411,679	411,679
Payables from Main Operations	288,616,766	292,713,273	581,330,039
Due to Related Parties	67,161	1,712,094	1,779,255
Other Payables	27,328,499	76,008,491	103,336,990
Unearned Premiums Reserve - Net	514,508,898	976,398,683	1,490,907,581
Unexpired Risk Reserves - Net	17,999,626	16,924,123	34,923,749
Outstanding Claims Reserve - Net	757,657,673	1,579,989,871	2,337,647,544
Other Technical Reserves - Net	44,029,675	-	44,029,675
Bonus and Discount Reserve - Net	-	2,929,186	2,929,186
Taxes and Other Liabilities and Relevant Provisions	31,148,209	43,584,575	74,732,784
Provisions for Other Risks	3,676,606	15,260,785	18,937,391
Deferred Income and Expense Accruals	70,519,558	114,261,787	184,781,345
Long Term Liabilities	52,622,337	51,087,602	103,709,939
Financial Liabilities	-	-	-
Other Payables	3,419,421	-	3,419,421
Other Technical Reserves - Net	33,855,634	42,029,817	75,885,451
Other Liabilities and Provisions	-	3,509,920	3,509,920
Provisions for Other Risks	14,225,735	5,547,865	19,773,600
Deferred Tax Liability	1,121,547	-	1,121,547
Shareholders' Equity	802,284,360	789,260,857	1,591,545,217
Paid in Capital	270,000,000	330,000,000	600,000,000
Capital Reserves	79,411,294	98,952	79,510,246
Profit Reserves	697,873,570	321,464,565	1,019,338,135
Previous Years' Profits (-)	(255,871,878)	(229,945,448)	(485,817,326)
Net Profit of the Period	10,871,374	367,642,788	378,514,162
TOTAL LIABILITIES	2,610,459,368	3,960,543,006	6,571,002,374

TÜRKİYE SİGORTA A.Ş. (FORMERLY '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 (Continued)

2.1. Basis of Preparation (Continued)

2.1.1. Information about the principles and the special accounting policies used in the preparation of the financial statements (Continued)

	Reported Previous Period 31 December 2018	Restated Effects	Restated * Previous Period 31 December 2018
Non-Life Technical Income	1,335,911,280	2,622,032,439	3,957,943,719
Written Premiums (Net of Reinsurer Share)	1,264,900,214	2,385,114,562	3,650,014,776
Change in Unearned Premiums Reserve (Net of Reinsurers Shares and Reserves Carried Forward)	(174,190,038)	(235,836,973)	(410,027,011)
Changes in Unexpired Risks Reserve (Net of Reinsurer Share and Reserves Carried Forward)	12,074,690	2,489,989	14,564,679
Investment Income Transferred from Non-Technical Part	183,277,699	446,240,015	629,517,714
Other Technical Income (Net of Reinsurer Share)	3,414,793	567	3,415,360
Accrued Subrogation and Salvage Income	46,433,922	24,024,279	70,458,201
Non-Life Technical Expense	(1,183,119,754)	(1,859,662,939)	(3,042,782,693)
Claims Paid (Net of Reinsurer Share)	(687,696,578)	(1,110,395,529)	(1,798,092,107)
Changes in Outstanding Claims Reserve (Net of Reinsurer Share and Reserves Carried Forward)	(172,190,675)	(287,501,180)	(459,691,855)
Changes in Bonus and Discount Reserve (Net of Reinsurer Share and Reserves Carried Forward)	-	(4,038,387)	(4,038,387)
Changes in Other Technical Reserves (Net of Reinsurer Share and Reserves Carried Forward)	(5,422,872)	(10,507,231)	(15,930,103)
Operating Expenses	(317,809,629)	(447,220,612)	(765,030,241)
Investment Income	344,613,556	670,765,890	1,015,379,446
Investment Expenses	(286,381,203)	(504,253,420)	(790,634,623)
Income and Expenses from Other and Extraordinary Operations	(74,955,363)	(34,111,140)	(109,066,503)
Net Profit/(Loss)	136,068,516	894,770,830	1,030,839,346
Corporate Tax Liability Provision	(12,509,362)	(189,951,385)	(202,460,747)
Net Profit/(Loss)	123,559,154	704,819,445	828,378,599

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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 (Continued)

2.1. Basis of Preparation (Continued)

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

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 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.

2.1.8 Business Combinations

It is explained in Note 2.1.1.

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 will also publish the consolidated financial statements to be prepared as of December 31, 2020.

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.

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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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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

	Estimated Useful Lives (Years)	Depreciation Rates (%)
Buildings (Land and buildings held for utilisation)	50	2
Machinery and equipment	4 - 50	25 - 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).

TÜRKİYE SİGORTA A.Ş. (FORMERLY '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 (Continued)

2.5 Tangible Assets (Continued)

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:

- The amount of the initial measurement of lease liability,
- Any lease payments made at or before the commencement date less any lease incentives received
- 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

On adaption of TFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principle of TAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of December 31, 2020. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on December 31, 2020 was 17% for local currency liabilities (December 31, 2019: 19%).

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).

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).

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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 (Continued)

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 favourable 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.

Receivables from pension operations; Pension business receivables consist of 'receivable from pension investment funds for fund management fees', 'entry fee receivable from participants' and 'receivables from clearing house on behalf of the participants'. 'Receivables from Pension Operations' classified within non-current assets are composed of the receivables from the custodian company and shows the receivables on fund-basis from the custodian company on behalf of the participants and it operates together with the payables to the participants account under the debts from the retirement activities where the fund-basis obligations belonging to the participants are presented under liabilities. Individual Retirement government participation share is the amount paid to the individual retirement account of the participant by the government in compliance with the additional 1st article of the Law no 4632. Twenty-five percent of the contribution share paid on the basis of participants on behalf of the citizens of Turkish Republic and those who are Turkish Republic citizens and lost Turkish citizenship by taking permission for ceasing to be a citizen according to the 28th article of Turkish Citizenship Law no 5901 dated 29 May 2009 and their descendants and transferred as cash to the company accounts, is paid by the government as the government share to the participant's individual retirement account in compliance with the additional 1st article of the Law no 4632, on condition not to exceed the annual total gross minimum wage determined for the relevant calendar year.

Financial Assets Held For Trading (Financial assets classified as fair value through profit/loss); If a financial instrument is held for trading purposes, or if it is to be held for trading in this way after being registered for the first time, this financial instrument is classified as financial assets at fair value through profit or loss. If the company manages the said investments and decides to buy and sell these investments at the fair value in line with the risk management and investment strategies of the Company, the said financial assets are recorded as financial assets whose fair value is reflected to profit/loss. After the first recording, all transaction costs are reflected directly in profit or loss. Financial assets whose fair value is reflected to profit/loss are valued with their fair values and changes in their fair values are recorded in the income statement. In determining the fair values, the expected best purchase price occurred as of the balance sheet date was taken as basis. Fair value is based on the best buy orders among the current orders pending at Borsa İstanbul A.Ş., the price of the most recent transaction in their absence, and, in their absence, the effective interest (future cash flows of the financial asset or liability to the current net book value). It expresses the cost price advanced with the equalizing rate method.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial Assets (Continued)

Available-for-sale financial assets, consists of financial assets classified under tied securities. Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. For investments whose shares are traded on the stock exchange, the prices formed in the stock exchange as of the balance sheet date are taken into account. 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.

Capital Commitments to Joint Ventures (Jointly controlled partnerships); Including joint ventures and ordinary partnerships, it refers to partnerships established in Turkey or abroad that the parent company controls together with other companies within the framework of a partnership agreement. The Company's investment, which is accounted for under the 'Joint Ventures' account item, is carried at cost in the balance sheet within the scope of TAS 27, 'Individual Financial Statements' standard (Note 9).

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.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of Assets (Continued)

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 2019: 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Share Capital

As of 31 December 2020, 2019 and 2018, the share capital and ownership structure of the Company is as follows:

Name of Shareholders	31 December 2020		31 December 2019		31 December 2018	
	Share Amount (TRY)	Share (%)	Share Amount (TRY)	Share (%)	Share Amount (TRY)	Share (%)
TVF Finansal Yatırımlar A.Ş.	942,015,415	81.10	-	-	-	-
Publicly held companies	219,507,948	18.90	104,856,303	19.42	45,830,156	16.97
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
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 Sağlık Yardım Sandığı Vakfı	-	-	25,804,000	4.78	13,527,000	5.01
Registered capital	1,161,523,363	100.00	540,000,000	100.00	270,000,000	100.00
Previous period merger effect	-	-	399,000,000	-	330,000,000	-
Paid-in Capital	1,161,523,363	-	939,000,000	-	600,000,000	-

Vakıfbank made a share sale transaction with a total nominal value of TRY 27,000,000, which corresponds to 5% of the Company's capital on 15 January 2020, and Vakıfbank's share in the Company's capital decreased to 51.10%.

A share transfer agreement was signed between TVF Finansal Yatırımlar A.Ş. and Groupama Holding Filiales Et Participations on February 7, 2020, in order to transfer the shares representing 10% of the company's capital to TVF Finansal Yatırımlar A.Ş. at a unit price of TRY 1.63 per share; Share transfer was completed as of February 14, 2020. As a result of the said transaction, the share of TVF Finansal Yatırımlar A.Ş. in the Company's capital has become 10%.

As stated in the material event disclosure dated December 13, 2019, the share transfer negotiations between Vakıfbank and TVF Finansal Yatırımlar A.Ş. have been completed, and in order to transfer the shares owned by Vakıfbank and representing 51.10% of the Company's capital to TVF Finansal Yatırımlar A.Ş., A share transfer agreement was signed between the parties on April 22, 2020 and the share transfer was completed as of the same date.

However, Turkey from the Company's shareholders Foundations Bank TAO Officers and the Pension and Health Fund Foundation Foundation Bank staff Private Social Security Services Foundation, December 31, 2019 date on which they are respectively TRY 25,804,000 have on the Company and TRY 52,400,000 nominal value shares stock exchange also began selling. Following the completion of the share sales made by the said partners in the stock exchange, all shares of the Company were classified under public shares as of 31 March 2020.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Share Capital (Continued)

As explained in note 1; With the decision taken at the Extraordinary General Assembly dated 27 August 2020, which was registered on 31 August 2020, Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş., together with all of its assets and liabilities, Güneş Sigorta A.Ş. has been merged by taking over by; The merger in question has been evaluated as a business combination subject to joint control in accordance with the Principle Resolution. According to the Principle Decision, mergers subject to joint control should be accounted by the "Combining of Rights" method, by restated the previous period financial statements starting from the date of joint control. In this context, the acquired Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş.'s balance sheets and income and cash flow statements were included in the financial statements of the Company as of 31 December 2018, the beginning of the period presented comparatively. Accordingly, within the scope of the aforementioned reorganization, Ziraat Sigorta A.Ş. with its capital; Halk Sigorta A.Ş. with an amount of TRY 349,000,000 (31 December 2018: TRY 280,000,000) its capital is shown in the 'Paid-in Capital' item in the balance sheet.

With the decision taken at the Extraordinary General Assembly dated 27 August 2020, the capital of the Company was increased to TRY 1,161,523,363 and the said capital increase was changed to Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş., together with all its assets and liabilities, as a whole by dissolution without liquidation. It was announced in the Trade Registry Gazette dated 3 September 2020, where the decision of the Extraordinary General Assembly dated 27 August 2020 was registered on 31 August 2020. As a result of this transaction, the share of TVF Finansal Yatırımlar A.Ş. in the Company's capital increased to 81.10%.

The Company's registered share capital

The Capital Markets Board's letter dated 17 July 2020 and numbered 7303, the Insurance and Private Pension Regulation and Supervision Agency's letter dated 27 July 2020 and numbered 331, the Ministry of Commerce General Directorate of Domestic Trade dated 27 July 2020 and 500035491-431.02 In line with the permissions granted based on the letter E.-00056175174 and the decision of the Presidency of the Republic of Turkey dated 15 July 2020 and numbered 2772; With the decision taken at the Extraordinary General Assembly meeting held on 27 August 2020, the registered capital ceiling of the Company from TRY 540,000,000 to TRY 5,000,000,000, the registered capital ceiling validity period was determined as 2020-2024 (5 years). As of December 31, 2020, the Company consists of 1,161,523,363 fully paid shares.

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

In 2020 and 2019, 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%. The deferred tax assets and liabilities in the financial statements as of December 31, 2020 are calculated by calculating the part of temporary differences that will create tax effects with 20% tax rate effective from 2021.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Taxes (Continued)

Corporate tax (Continued)

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.

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).

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 2020, the applicable ceiling amount as at TRY7,117.17 (31 December 2019: TRY6,379.86).

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 TRY7,638.96 which is applicable starting from 1 January 2021, as it is adjusted yearly (1 January 2019: TRY6,730.15)

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 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Discount rate	3.67%	3.70%
Expected rate of salary/limit increase	10.00%	8.00%
Estimated employee turnover rate	5.31%	4.77%

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).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

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 insure 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 part 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 TRY76,007,401 (31 December 2019: TRY73,055,698 and 31 December 2018: TRY67,976,723) net salvage and subrogation receivables in the receivables from main operations and provided TRY19,470,520 (31 December 2019: TRY38,601,346 and 31 December 2018: TRY21,346,795) allowance for salvage and subrogation receivables that are overdue as described in the related circular (Note 4.2 and 12).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Revenue Recognition (Continued)

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 TRY379,936,720 (31 December 2019: TRY297,983,111 and 31 December 2018: TRY178,120,136) 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 insure and the ownership of the related assets should be transferred to the Company. When the assets are transferred to the insure, 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 2020 and 2019, accrued salvage and subrogation income per-branches is as follows:

	31 December 2020	31 December 2019
Motor own damage	35,735,423	34,291,861
Motor third party liability	21,808,021	13,153,873
Fire	16,856,787	21,329,356
Other	1,607,170	4,280,608
Total	76,007,401	73,055,698

For the period 1 January - 31 December 2020 and 2019, salvage and subrogation collections are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Motor own damage	156,813,022	141,149,253
Motor third party liability	22,579,848	11,249,852
Fire	10,017,107	1,877,039
Other	7,937,570	5,883,365
Total	197,347,547	160,159,509

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Revenue Recognition (Continued)

Commission income and expense

As further detailed in Note 2.22, 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 Dividend distribution

Ziraat Sigorta A.Ş., which was merged within the Company with the decision taken at the Extraordinary General Assembly dated 27 August 2020, decided to distribute a dividend of TRY 360,000,000 to its shareholders on the said date at its General Assembly dated 16 April 2020.

Halk Sigorta A.Ş., which was merged within the Company with the decision taken at the Extraordinary General Assembly dated 27 August 2020, decided to distribute a dividend amounting to TRY 200,858,135 to its shareholders on the aforementioned date in its General Assembly dated 9 July 2020.

2.22 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 marine 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.

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).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 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 2020, 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 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. In the event that the gross loss premium rate calculated in other branches is over 95% for 2020, the gross ongoing risks provision is multiplied by the exceeding gross unearned premium provision; The net unearned risk reserve has been calculated by multiplying it with the net unearned premium reserve.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23. Reserve for unexpired risks (Continued)

As of 31 December 2020, the Company has calculated a net unexpired risk reserve of TRY5,133,217 and booked (31 December 2019: TRY20,359,070 and 31 December 2018: TRY34,923,749) (Note 17). The loss ratio (after discount) and gross and net provisions calculated by branches are presented on the following page:

Branch	31 December 2020			31 December 2019		31 December 2018	
	Claim/ Premium	Gross URR	Net URR	Gross URR	Net URR	Gross URR	Net URR
Medical malpractice	206%	2,846,997	2,846,997	-	-	-	-
General Liability	100%	17,666,699	2,286,220	36,923,428	7,085,081	50,193,907	7,187,778
Risky Insured's Pool	-	-	-	11,674,759	11,674,759	-	-
Compulsory Traffic	-	-	-	-	-	23,027,652	18,051,015
Water Vehicles	-	-	-	14,887,940	1,489,923	7,859,179	896,237
Financial Losses	-	-	-	295,621	109,307	-	-
Motor Vehicles	-	-	-	-	-	8,628,684	8,628,684
Breach of Trust	-	-	-	-	-	590,121	160,035
Total		20,513,696	5,133,217	63,781,748	20,359,070	90,299,543	34,923,749

2.24 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.

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 2020, 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 the actuarial method on the basis of the actuarial opinion and the related methods are explained in Note 17.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Provision for outstanding claims (Continued)

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 2020, 2019 and 2018 are explained in the Note 17.

In accordance with the circular numbered 2011/18 of the Ministry of Treasury and Finance; In the calculation of realized but not reported compensation amounts for Compulsory Traffic, Compulsory Road Transport Financial Liability and Bus Compulsory Seat Personal Accident branches made with the actuarial chain ladder method, all data on compensation for treatment expenses, outstanding claims and recourse, salvage and similar income collected excluded.

As of 31 December 2020, the gradual transition has ended and the Company has made a net additional incurred but not reported claims provisions amounting to TRY2,213,676,815 in its financial statements (31 December 2019: TRY2,029,962,989 and 31 December 2018: TRY1,618,979,125).

The "Circular on the Discounting of Net Cash Flows Arising from the Provision for Outstanding Claims" published by the Ministry of Treasury and Finance dated 10 June 2016 and numbered 2016/22 and the Ministry of Treasury and Finance dated 15 September 2017 and numbered 2017/7 "Net Cash Arising from Outstanding Claims Reserve In accordance with the Circular on the Amendment of the Circular No. 2016/22 on the Discounting of Flows, the Company has a net amount of TRY 791,610,290 as of 31 December 2020 (31 December 2019: TRY 695,749,641 and 31 December 2018: TRY 537,874,151) for the branches in the table below discount calculated.

As of December 31, 2020, 2019 and 2018, the Company's net outstanding indemnity provisions on the basis of branches are as follows before and after discount.

31 December 2020 Branch	Net outstanding claims before discount	Discount Amount	Discounted net outstanding claims provision
Motor Liability	3,333,129,809	(700,565,718)	2,632,564,091
General Liability	177,157,572	(47,145,019)	130,012,553
Motor own damage	166,419,384	(6,037,534)	160,381,850
Fire and Natural Accident	108,343,463	(11,241,115)	97,102,348
Health	62,239,313	(16,228,806)	46,010,507
General Losses	53,004,774	(1,263,171)	51,741,603
Logistic	44,017,906	(8,057,160)	35,960,746
Financial losses	10,608,059	-	10,608,059
Watercrafts	8,484,709	(495,761)	7,988,948
Indemnity	3,578,011	(427,895)	3,150,116
Legal Protection	748,208	(107,840)	640,368
Credit	264,485	(40,232)	224,253
	14,946	(39)	14,907
Total	3,968,010,639	(791,610,290)	3,176,400,349

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.24 Provision for outstanding claims (Continued)**

31 December 2019 Branch	Net outstanding claims before discount	Discount Amount	Discounted net outstanding claims provision
Motor Liability	3,013,371,667	(641,734,968)	2,371,636,699
General Liability	123,470,632	(27,304,095)	96,166,537
Motor own damage	50,330,696	(1,571,364)	48,759,332
Fire and Natural	59,596,791	(6,923,080)	52,673,711
Accident	84,633,184	(14,581,978)	70,051,206
Health	14,458,206	(372,778)	14,085,428
General Losses	21,311,876	(1,235,434)	20,076,442
Marine	985,931	(1,676,369)	(690,438)
Financial losses	2,625,202	(108,359)	2,516,843
Watercrafts	177,966	(3,540)	174,426
Surety	296,892	(176,634)	120,258
Legal Protection	408,594	(59,113)	349,481
Credit	77,909	(1,929)	75,980
No discount	121,343,494	-	121,343,494
Total	3,493,089,040	(695,749,641)	2,797,339,399

31 December 2018 Branch	Net outstanding claims before discount	Discount Amount	Discounted net outstanding claims provision
Motor Liability	2,449,208,886	(498,811,296)	1,950,397,590
Accident	90,693,117	(18,278,822)	72,414,295
General Liability	88,950,397	(15,980,027)	72,970,370
Fire and Natural	72,234,654	(3,395,619)	68,839,035
Motor own damage	21,149,378	(290,820)	20,858,558
General Losses	17,099,359	(892,661)	16,206,698
Health	4,027,639	(51,279)	3,976,360
Financial losses	2,443,408	(106,476)	2,336,932
Logistic	999,185	(20,301)	978,884
Credit	522,059	(17,809)	504,250
Watercrafts	361,569	(3,709)	357,860
Surety	135,199	(24,918)	110,281
Legal Protection	8,320	(414)	7,906
Undiscounted	127,688,525	-	127,688,525
Total	2,875,521,695	(537,874,151)	2,337,647,544

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Provision for outstanding claims (Continued)

As of December 31, 2020, 2019 and 2018, the Company's net outstanding indemnity provisions on the basis of branches are as follows before and after discount.

31 December 2020 Branch	Methods Applied	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Motor Liability	Table 57	812,059,998	575,654,752	497,590,990	425,569,827	354,332,848	281,712,592	203,253,185	121,987,951	49,733,797	11,233,869	3,333,129,809
Motor Own Damage	Table 57	145,768,049	8,708,740	5,520,250	3,633,477	1,834,912	824,380	156,694	210,609	(202,267)	(35,460)	166,419,384
Fire and Natural	Table 57	73,104,501	9,644,799	6,331,109	5,125,677	3,716,618	3,051,506	2,306,258	2,336,592	2,040,503	685,900	108,343,463
Health	Table 57	50,555,923	1,423,286	377,672	222,157	235,718	180,657	9,249	112	-	-	53,004,774
General Liability	Table 57	21,583,239	25,379,265	24,339,167	29,196,904	15,918,695	22,681,236	19,501,964	15,411,052	3,108,784	37,266	177,157,572
General Losses	Table 57	19,686,602	5,097,191	3,432,096	2,832,917	2,633,265	2,631,714	2,598,489	2,560,082	2,544,132	1,418	44,017,906
Accident	Table 57	9,941,050	7,905,422	8,227,943	8,140,986	8,048,504	7,347,503	6,095,832	3,918,131	2,093,219	520,723	62,239,313
Logistic	Table 57	9,308,151	1,707,917	(324,040)	125,327	(60,522)	(45,318)	(19,686)	(35,766)	(48,549)	545	10,608,059
Financial losses	Table 57	6,820,770	1,438,973	104,910	73,896	26,719	11,559	7,882	-	-	-	8,484,709
Watercrafts	Table 57	2,328,083	574,951	241,192	231,799	164,717	33,645	3,470	154	-	-	3,578,011
Indemnity	Table 57	223,906	214,764	187,154	88,805	28,025	5,355	199	-	-	-	748,208
Legal Protection	Table 57	71,881	82,567	50,173	33,854	17,125	7,061	1,354	470	-	-	264,485
Credit	Table 57	10,994	3,856	98	(2)	-	-	-	-	-	-	14,946

31 December 2019 Branch	Methods Applied	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
Motor Liability	Table 57	810,595,926	543,436,961	454,482,123	367,072,755	296,600,716	220,492,157	144,482,491	102,397,384	61,552,474	12,258,680	3,013,371,667
Motor Own Damage	Table 57	45,248,160	2,060,092	1,197,009	837,494	531,329	119,747	85,362	93,830	133,745	23,928	50,330,696
Fire and Natural	Table 57	40,036,924	5,499,684	2,275,071	2,386,426	1,542,092	1,217,800	1,171,549	1,279,257	3,557,862	630,126	59,596,791
Accident	Table 57	28,782,005	15,070,945	10,889,585	10,073,989	9,293,001	6,796,268	3,604,845	117,387	5,159	-	84,633,184
General Liability	Table 57	20,859,406	18,040,339	21,058,561	28,589,367	15,842,840	12,387,279	4,931,620	1,561,817	185,697	13,706	123,470,632
General Losses	Table 57	16,625,350	2,834,120	1,169,561	396,006	245,085	12,365	7,233	8,632	9,696	3,828	21,311,876
Health	Table 57	13,425,049	691,953	315,050	25,654	500	-	-	-	-	-	14,458,206
Financial losses	Table 57	2,335,257	174,586	57,569	54,332	3,396	62	-	-	-	-	2,625,202
Indemnity	Table 57	287,737	9,155	-	-	-	-	-	-	-	-	296,892
Watercrafts	Table 57	169,612	2,047	4,915	1,392	-	-	-	-	-	-	177,966
Legal Protection	Table 57	146,436	84,988	48,375	128,795	-	-	-	-	-	-	408,594
Credit	Table 57	74,007	3,980	287	(389)	24	-	-	-	-	-	77,909
Logistic	Table 57	(5,076,347)	710,063	898,136	2,199,816	462,570	225,835	304,499	1,083,115	178,244	-	985,931

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Provision for outstanding claims (Continued)

31 December 2018 Branch	Methods Applied	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Motor Liability	Table 57	750,258,817	496,263,251	408,203,835	311,951,837	232,871,139	146,770,691	64,988,316	24,745,692	11,394,187	1,761,121	2,449,208,886
Fire and Natural	Table 57	61,406,630	6,475,643	1,805,650	1,289,590	718,258	231,175	214,924	57,674	30,867	4,243	72,234,654
General Liability	Table 57	21,850,561	18,403,987	17,737,752	14,671,059	9,145,786	5,735,914	1,314,518	51,832	38,988	-	88,950,397
Motor Own Damage	Table 57	20,738,941	194,933	28,463	18,614	190,900	(20,137)	(2,336)	-	-	-	21,149,378
Accident	Table 57	20,290,182	16,189,614	13,836,915	13,564,553	14,598,069	9,739,304	2,258,984	212,737	2,759	-	90,693,117
General Losses	Table 57	13,745,808	2,245,397	906,187	123,016	42,183	14,541	18,176	3,379	340	332	17,099,359
Health	Table 57	3,916,972	85,349	13,803	11,337	178	-	-	-	-	-	4,027,639
Financial losses	Table 57	1,901,342	368,087	76,233	74,721	22,741	284	-	-	-	-	2,443,408
Marine	Table 57	1,014,015	27,819	(57,119)	9,182	5,245	43	-	-	-	-	999,185
Credit	Table 57	482,308	36,900	2,752	99	-	-	-	-	-	-	522,059
Watercrafts	Table 57	360,896	70	132	379	92	-	-	-	-	-	361,569
Surety	Table 57	39,839	27,129	13,865	13,592	25,796	14,003	975	-	-	-	135,199
Legal Protection	Table 57	7,858	462	-	-	-	-	-	-	-	-	8,320

In accordance with the Circular No. 2011/23, it is possible to calculate a winning rate over the amounts of the lawsuits filed against the Company according to the realizations of the last five years according to the realizations of the last five years, and according to the calculated win rate, it is possible to make a discount from the outstanding claims reserves accrued for the files in the litigation process. As of December 31, 2018, the company calculated the winning rates by sub-branches by proportioning the amount of the claims, whose all judicial processes were completed in the last five years, to the total amount of the files. In the calculation of the winning ratio, only the principal amounts related to the compensation are included in the calculation, and the interest and other expenses are not taken into account. In accordance with the Circular numbered 2011/23 for the branches with a winning ratio of over 25%, a discount was made from the outstanding claims reserve amount by using 25% for those with sufficient previous files and 15% for other branches. The company made the said calculations on the gross amounts and the reinsurance shares of the discount amount were determined by taking into account the reinsurance share of the related files. As of 31 December 2020, the net deduction amount of the Company's earning rates calculated on the basis of sub-branches and the provision for outstanding claims accrued is TRY 372,213,222 (31 December 2019: TRY 233,356,581 and 31 December 2018: TRY 149,377,011) (Note 17). The winning rates used on a branch basis as of 31 December 2020, 2019 and 2018 are as follows:

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Provision for outstanding claims

	31 December 2020	31 December 2019	31 December 2018
Branch	Used Winning Ratio (%)	Used Winning Ratio (%)	Used Winning Ratio (%)
Fire	24.67%	25.00%	25.00%
Loss of Profit	25.00%	-	-
Marine Cargo	25.00%	25.00%	25.00%
Marine Hull and Machinery	25.00%	25.00%	-
Compulsory Financial Liability Insurance for Transportation on Road	25.00%	25.00%	25.00%
Compulsory Traffic (Excluding Green Card)	25.00%	19.23%	13.61%
MTPL - facultative	25.00%	25.00%	25.00%
Motor vehicles - own damage	25.00%	25.00%	25.00%
MTPL Facultative	25.00%	25.00%	25.00%
Employer financial liability	23.36%	23.60%	23.69%
Third party financial liability	25.00%	25.00%	25.00%
Robbery	25.00%	25.00%	25.00%
Compulsory Product Liability for LPG	25.00%	17.41%	3.00%
Dangerous Materials And Hazerdous Waste	4.86%	4.86%	-
Aircraft Financial Liability	25.00%	25.00%	-
ZMSS on Medical Malpractice	25.00%	25.00%	25.00%
Private Security Financial Liability	25.00%	25.00%	25.00%
Occupational responsibility	25.00%	25.00%	25.00%
Optional Earthquake	25.00%	25.00%	25.00%
Flood	21.80%	20.65%	13.50%
Landslide	25.00%	25.00%	-
Personal Accident	25.00%	25.00%	-
Loss of Rent and Income	11.82%	25.00%	25.00%
Legal Protection	25.00%	25.00%	25.00%
Machinery breakdown	18.38%	20.37%	20.61%
Erection All Risks	25.00%	25.00%	25.00%
Construction	25.00%	25.00%	25.00%
Electronic Equipment	23.48%	21.34%	17.90%
Health	25.00%	25.00%	19.07%
Travel Health	25.00%	25.00%	25.00%

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 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 TRY109,273,628 (31 December 2019: TRY91,815,554 and 31 December 2018: TRY75,885,451) is presented under 'Other Technical Reserves' under the long term-liabilities in the accompanying financial statements (Note 17).

2.26 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).

2.27 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. Therefore, the weighted average number of shares used in the calculation of earnings per share is obtained by applying the bonus issue of shares retrospectively from the beginning of the previous reporting period (Note 37).

2.28 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 New standards and interpretations

a. Standards, amendments and interpretations applicable as at 31 December 2020:

The Company evaluated the effects of the standards and changes mentioned below on the financial statements and concluded that the changes made do not have a material effect on the financial statements.

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:
 - i. Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
 - ii. Clarify the explanation of the definition of material; and
 - iii. Incorporate some of the guidance in IAS 1 about immaterial information.
- **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- **Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.
- **Amendment to IFRS 16, 'Leases' - Covid-19 related rent concessions;** effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

b. Standards, amendments and interpretations that are issued but not effective as at 31 December 2020:

The Company has evaluated the changes in the standards that have been published but have not yet become effective, and started work on the TFRS 17 standard and its effects. The Company management is of the opinion that the changes made, except for the TFRS 17 standard, do not have a material impact on the financial statements.

- **IFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Amendments to IAS 1, Presentation of financial statements on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 New standards and interpretations (Continued)

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

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

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.
- **Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

2.30 COVID-19

Measures taken and strategy changes

The company has been carefully monitoring the international development of Coronavirus ('Covid-19') cases, which affect the whole world, since the beginning of February 2020 and has been gradually implementing the highest level of measures from the beginning.

With regard to the Covid-19 outbreak, the company has taken the necessary precautions for the safety of both its customers and the society, prioritizing the health of its employees. It evaluates the developments instantly and shares all the decisions it takes and revises with its employees and customers in the most transparent way.

Since the company has a strong technological infrastructure that will support all employees to work from home, the remote working practice has been started as of March 19, 2020 and it has carried out its insurance activities without interruption. As of June 1, 2020, the company has started to gradually return to the office.

In line with the Business Continuity Plan, customers for transactions and requests related to contracts and policies; Turkey Insurance mobile app, Turkey online transactions and customer relationships in the insurance unit's website continues to serve. The company aims to produce solutions for the needs of its customers within the scope of its customer-oriented service strategy and ensures that the necessary actions are taken on time.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.30 COVID-19 (Continued)

Covid-19 Legal Regulation

With the Law 'Reducing the Effects of 7244 New Coronavirus (Covid-19) Epidemic on Economic and Social Life' and amending certain laws published in the Official Gazette on 17 April 2020,

According to the amendment made in the Turkish Commercial Law, only twenty-five percent of the net profit of 2019 can be distributed until 31 December 2020. If the General Assembly has decided to distribute dividends for the accounting period of 2019, but the shareholders have not yet been paid or partial payments have been made, the payments for the exceeding part of twenty-five percent of the net profit for 2019 will be postponed until the end of the specified period

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.

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

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

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.

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; It includes excess of excess, quota share, excess of risk loss and catastrophic excess of loss according to the characteristics of the branch.

Generally, the Company has agreements of fire and natural disasters, marine, 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 2020, QBE and XL Re is the leader reinsurers of the Company in branches such as fire and engineering, excess loss-shared and catastrophe-cover agreements. Other following reinsurers are Everest Re, Milli Re, Odyssey Re and Swiss Re.

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.1. Management of insurance risk (Continued)

The last credit-scaling notes prepared by AM BEST as follows in the table

Reinsurer	Scale	Outlook	Date
QBE Re	A	AM Best	14 August 2020
XL Re Europe	A+	AM Best	29 September 2020
Everest Re	A+	AM Best	29 May 2020
Swiss Re	A+	AM Best	17 July 2020
Odyssey Re	A	AM Best	10 July 2020
China Re.	A	AM Best	19 November 2020
Mapfre Re	A	AM Best	21 October 2020
Milli Reasürans T.A.Ş.	A+	S&P	19 October 2020

The company has annual excess treaty in fire, marine, engineering and miscellaneous accident branches, as for quota share agreements for marine, commodity, farming, building completion and credit branches as of the date 31 December 2020.

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 communiqué 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 Marine', '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 2020 account period as TRY106,879,013 under the account of 'premiums transferred to SSI' (1 January - 31 December 2019: TRY138,313,876).

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.1. Management of insurance risk (Continued)

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 2020, the Company has transferred TRY379,089,674 premium and TRY11,446,669 paid compensation and TRY283,038,144 recovery income to the Pool. TRY81,341,609 premium, TRY55,827,310 commission, TRY138,184,632 paid as compensation 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 claims 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 claims 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 2020, The Company has ceded TRY7,690,843 premium to the Pool and accounted TRY5,001,510 premium, TRY328,574 compensation and TRY922,628 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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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2. Management of financial risk (Continued)

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.

	31 December 2020	31 December 2019	31 December 2018
Cash equivalents (Note 14)	6,535,388,952	5,395,274,982	3,842,393,687
Reinsurer's share in provision for outstanding claims (Note 10)	2,298,935,077	1,749,624,967	1,568,040,199
Receivables from operating activities (Note 12)	1,984,823,396	1,317,641,665	1,097,732,147
Financial assets (Note 11)	187,246,920	398,664,538	278,734,595
Other receivables (Note 12)	62,144,976	19,353,369	14,517,974
Prepaid taxes and funds (Note 12)	688,411	18,516,745	29,190,572
Advances given to personnel	216,830	61,590	96,337
Total	11,069,444,562	8,899,137,856	6,830,705,511

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2. Management of financial risk (Continued)

Credit risk (Continued)

Details of guarantees and securities taken for the receivables are as follows:

	31 December 2020	31 December 2019	31 December 2018
Notes received	63,100,501	66,910,201	67,985,301
Letter of guarantee	55,099,142	40,117,745	40,886,820
Treasury and government bonds taken as guarantee	22,373,970	8,627,119	2,088,745
Cash guarantees	245,796	389,213	3,517,803
Other guarantee and commitments	14,099,733	6,616,199	2,421,094
Total	154,919,142	122,660,477	116,899,763

As at 31 December 2019 and 2018, the aging of the receivables from operating activities and related provisions are as follows:

	31 December 2020		31 December 2019	
	Gross amount	Provision	Gross amount	Provision
Undue receivables	1,593,319,317	-	1,029,544,985	-
Past due 0-30 days	220,276,300	-	70,013,324	-
Past due 31-60 days	43,415,344	-	109,925,550	-
Past due 61-180 days	38,906,962	-	18,951,834	-
More than 181 days receivables	93,159,537	(60,790,945)	116,371,212	(61,619,592)
	1,989,077,460	(60,790,945)	1,344,806,905	(61,619,592)
Subrogation and salvage receivables	76,007,401	(19,470,520)	73,055,698	(38,601,346)
Doubtful receivables from main operations- subrogation receivables	379,936,720	(379,936,720)	297,983,111	(297,983,111)
Total	2,445,021,581	(460,198,185)	1,715,845,714	(398,204,049)

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2. Management of financial risk (Continued)

Credit risk (Continued)

The movement in the allowance for impairment in respect of premium receivables during the period is as follows:

	2020	2019
Beginning of the period - 1 January	(398,204,049)	(312,005,762)
Change in provision from recovery Receivables under management bias (Note 47)	20,150,714	(4,583,216)
Change in provision for premium receivables under legal follow-up	(191,241)	(5,640,058)
Change in provision for recovery receivables under legal follow-up (Note 47)	(81,953,609)	(72,599,134)
Other	-	(3,375,879)
Period ending - December 31	(460,198,185)	(398,204,049)

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.

Due to the worldwide COVID-19 outbreak, the company develops and follows strategies, policies and procedures that will ensure that the liquidity risk is managed effectively in line with the liquidity risk appetite and that sufficient liquidity is continuously available.

The table below shows the distribution of the Company's financial and insurance liabilities as of the balance sheet dates, based on contractual or expected terms:

As of December 31, 2020, the maturity distribution of the Company's unreduced commercial debts and financial debts are as follows, and there is no liquidity risk for the balance sheet date and subsequent periods.

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

Monetary asset and liabilities' remaining periods to maturity:

31 December 2020	Book value	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years
Assets						
Cash and cash equivalents	6,535,388,952	4,123,986,050	2,062,151,396	349,251,506	-	-
Financial assets	187,246,920	-	54,938,551	50,499,599	34,195,605	47,613,165
Receivables from operating activities	1,984,823,396	467,128,043	331,957,293	981,802,806	203,935,254	-
Other receivables	62,144,976	49,832,031	4,267,510	2,813,143	5,232,292	-
Total monetary assets	8,769,604,244	4,640,946,124	2,453,314,750	1,384,367,054	243,363,151	47,613,165
Liabilities						
Payables from operating activities	1,256,119,167	391,907,711	213,321,206	650,890,250	-	-
Due to related parties	6,669,798	240,068	2,470,622	3,959,108	-	-
Other payables	115,842,581	27,016,761	69,323,631	8,791,525	10,710,664	-
Provision for outstanding claims, net	3,176,400,349	170,444,689	590,874,925	2,290,087,962	113,629,794	11,362,979
Provision for tax and Other similar liabilities	124,446,447	63,713,961	-	60,732,486	-	-
Financial liabilities	10,197,272	522,600	1,067,515	2,814,378	5,792,779	-
Total monetary liabilities	4,689,675,614	653,845,790	877,057,899	3,017,275,709	130,133,237	11,362,979

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

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
Assets						
Cash and cash equivalents	5,395,274,982	2,847,043,897	1,127,338,980	1,420,892,105	-	-
Receivables from operating activities	1,317,641,665	255,912,179	298,386,849	748,377,713	14,964,924	-
Financial assets	398,664,538	-	219,942,936	162,554,532	-	16,167,070
Other receivables	19,353,369	16,868,309	575,006	398,072	1,511,982	-
Total monetary assets	7,130,934,554	3,119,824,385	1,646,243,771	2,332,222,422	16,476,906	16,167,070
Liabilities						
Payables from operating activities	732,332,245	167,207,151	347,958,937	211,631,605	5,534,552	-
Due to related parties	2,893,375	104,142	1,071,762	1,717,471	-	-
Other payables	145,170,728	30,473,459	106,318,097	4,458,601	3,920,571	-
Provision for outstanding claims, net	2,797,339,399	139,477,252	483,521,141	2,072,057,688	92,984,835	9,298,483
Provision for tax and Other similar liabilities	122,395,334	95,152,496	2,844,897	24,397,941	-	-
Financial liabilities	15,917,744	811,317	495,928	10,476,686	4,133,813	-
Total monetary liabilities	3,816,048,825	433,225,817	942,210,762	2,324,739,992	106,573,771	9,298,483

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

31 December 2018	Book value	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years
Assets						
Cash and cash equivalents	3,842,393,687	1,227,227,139	1,402,508,638	1,212,657,910	-	-
Receivables from operating activities	1,097,732,147	222,038,422	252,950,413	609,819,027	10,074,538	2,849,747
Financial assets	278,734,595	45,932,864	177,012,060	33,547,822	22,241,849	-
Other receivables	14,517,974	11,934,455	701,516	467,370	1,414,633	-
Total monetary assets	5,233,378,403	1,507,132,880	1,833,172,627	1,856,492,129	33,731,020	2,849,747
Liabilities						
Payables from operating activities	581,330,039	189,746,307	258,486,315	130,341,987	2,755,430	-
Due to related parties	1,779,255	67,161	470	1,711,624	-	-
Other payables	106,756,411	21,089,345	80,471,961	1,775,684	3,419,421	-
Provision for outstanding claims, net	2,337,647,544	113,648,651	393,981,990	1,830,016,903	-	-
Provision for tax and Other similar liabilities	74,732,784	56,083,240	2,197,167	16,452,377	-	-
Total monetary liabilities	3,102,246,033	380,634,704	735,137,903	1,980,298,575	6,174,851	-

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.

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.

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

The Company's exposure to foreign currency risk is as follows:

31 December 2020	USD	EUR	Other currencies	Total
Assets:				
Cash and cash equivalents	306,590,697	31,494,221	575,267	338,660,185
Receivables from operating activities	784,003,786	126,634,266	78,420	910,716,472
Total foreign currency assets	1,090,594,483	158,128,487	653,687	1,249,376,657
Liabilities:				
Payables arising from operating activities	897,839,163	82,151,760	-	979,990,923
Provision for outstanding claims	25,128,771	16,210,834	2,153,297	43,492,902
Deposits and collaterals received	8,954,008	2,503,826	-	11,457,834
Total foreign currency liabilities	931,921,942	100,866,420	2,153,297	1,034,941,659
Balance sheet position	158,672,541	57,262,067	(1,499,610)	214,434,998
31 December 2019	USD	EUR	Other currencies	Total
Assets:				
Cash and cash equivalents	141,654,621	31,390,114	93,294	173,138,029
Receivables from operating activities	441,042,573	117,007,272	1,572,288	559,622,133
Total foreign currency assets	582,697,194	148,397,386	1,665,582	732,760,162
Liabilities:				
Payables arising from operating activities	256,338,782	5,518,910	247,524	262,105,216
Provision for outstanding claims	340,512	1,102,842	1,616,798	3,060,152
Deposits and collaterals received	1,567,905	426,331	-	1,994,236
Total foreign currency liabilities	258,247,199	7,048,083	1,864,322	267,159,604
Balance sheet position	324,449,995	141,349,303	(198,740)	465,600,558

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

31 December 2018	USD	EUR	Other currencies	Total
Assets:				
Cash and cash equivalents	97,223,023	40,345,809	834	137,569,666
Receivables from operating activities	298,756,435	63,721,074	1,606,616	364,084,125
Total foreign currency assets	395,979,458	104,066,883	1,607,450	501,653,791
Liabilities:				
Payables arising from operating activities	242,196,638	47,093,378	451,016	289,741,032
Provision for outstanding claims	7,288,437	2,447,640	106,996	9,843,073
Deposits and collaterals received	1,166,195	292,483	-	1,458,678
Total foreign currency liabilities	250,651,270	49,833,501	558,012	301,042,783
Balance sheet position	145,328,188	54,233,382	1,049,438	200,611,008

TRY equivalents of the related monetary amounts denominated in foreign currencies are presented above.

Foreign currency rates used for the translation of foreign currency denominated monetary assets and liabilities as at 31 December 2020, 2019 and 2018 are as follows:

	USD	EUR
31 December 2020	7.3405	9.0079
31 December 2019	5.9402	6.6506
31 December 2018	5.2609	6.0280

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

Exposure to currency risk

20 percent devaluation of the TRY against the following currencies as at 31 December 2020, 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 2020		1 January - 31 December 2019		1 January - 31 December 2018	
	Profit or loss	Equity	Profit or loss	Equity	Profit or loss	Equity
USD	31,734,508	31,734,508	64,889,999	64,889,999	29,065,638	29,065,638
EUR	11,452,413	11,452,413	28,269,861	28,269,861	10,846,676	10,846,676
Other currencies	(299,922)	(299,922)	(39,748)	(39,748)	209,888	209,888
Total, net	42,886,999	42,886,999	93,120,112	93,120,112	40,122,202	40,122,202

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 2020, 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 2020	31 December 2019	31 December 2018
Financial assets with fixed interest rate:			
Deposits in banks (Note 14)	6,085,543,299	4,855,051,234	3,448,075,741
Financial assets held for trading (Note 11)	149,813,209	122,817,105	28,846,351
Financial assets will be kept till maturity (Note 11)	37,396,299	275,810,021	249,883,910
Financial assets with floating interest rate:			
Liabilities to credit institutions	-	557,576	411,679
Liabilities from financial leasing transactions (Note 20)	10,197,272	15,360,168	-

The Company does not have any interest sensitive financial instrument as of 31 December 2020, 2019 and 2018.

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

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.

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 priorities 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 2020	Level 1	Level 2	Level 3	Total
Financial assets held for trading (Note 11)	-	149,813,209	-	149,813,209
Investment in equity shares (*)	172,113,743	-	944,893,519	1,117,007,262
Properties held for use (Note 6)	-	187,918,000	-	187,918,000
Investment Properties (Note 7)	-	33,799,258	-	33,799,258
	172,113,743	371,530,467	944,893,519	1,488,537,729

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets held for trading (Note 11)	-	122,817,105	-	122,817,105
Investment in equity shares (*)	47,211,475	-	653,837,796	701,049,271
Properties held for use (Note 6)	-	208,770,637	-	208,770,637
Investment Properties (Note 7)	-	18,168,576	-	18,168,576
	47,211,475	349,756,318	653,837,796	1,050,805,589
31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets held for trading (Note 11)	6,604,502	22,241,849	-	28,846,351
Investment in equity shares (*)	34,898,933	-	576,197,588	611,096,521
Properties held for use (Note 6)	-	204,355,637	-	204,355,637
Investment Properties (Note 7)	-	17,887,586	-	17,887,586
	41,503,435	244,485,072	576,197,588	862,186,095

(*) There are no investments carried out from the cost value in the investment in equity shares.

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 'BİST') 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:

	Change in Index	31 December 2020 Equity	31 December 2019 Equity	31 December 2018 Equity
BİST - 100	20%	34,422,749	9,442,295	6,979,787

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

Capital Management

The Company's major capital management policies include the following:

- To comply with the insurance capital requirements required by insurance legislation
- To safeguard the Company's ability to continue as going concern and
- 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 TRY1,672,466,244. As of 31 December 2020, the Company's total equity calculated in accordance with the related communiqué which is more than the minimum capital requirement by TRY1,874,073,363

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.

Information about earnings from financial assets is indicated in Note 26. The details of financial expenses are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Investment income transferred to non-life technical section	(612,806,880)	(629,517,714)
Foreign exchange losses	(236,806,070)	(107,301,128)
Amortization expenses	(23,737,666)	(15,763,988)
Investment management expenses - including interest	(6,557,821)	(21,468,860)
Other financial expenses	(28,588,048)	(16,582,933)
Financial expenses	(908,496,485)	(790,634,623)

The details of financial gains and losses recognized in equity are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Changes in fair value of Investments at associates (Note 15)	395,419,718	85,484,228
	395,419,718	85,484,228

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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 segment.

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.

Motor Vehicles Insurance

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.

Since the performance measurement and follow-up of the operating segments does not require a separate follow-up of assets and liabilities, an analysis on assets and liabilities is not presented.

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5. SEGMENT REPORTING (Continued)

As of 1 January - 31 December 2020 segment results are as follows:

	Motor Third Party Liability	Motor Vehicles	Health	Fire	Other	Undistri- buted	Total
Technical Income	1,291,796,217	928,638,335	559,577,538	638,523,795	952,083,410	-	4,370,619,295
1- Earned premiums (net off reinsurers' share)	1,185,758,629	783,846,764	430,374,829	517,132,899	768,872,928	-	3,685,986,049
1.1 - Written premiums (net off reinsurers' share)	912,766,062	818,642,910	579,007,609	526,255,125	828,117,206	-	3,664,788,912
1.2 - Change in reserve for unearned premiums	261,317,808	(34,796,146)	(148,632,780)	(9,122,226)	(62,795,372)	-	5,971,284
1.3 - Change in reserve for unexpired risk	11,674,759	-	-	-	3,551,094	-	15,225,853
2- Other technical incomes and accrued salvage and Subrogation receivables (net off reinsurer's share)	51,149,745	23,423,265	(148,450)	8,143,266	(10,741,460)	-	71,826,366
3- Investment Income Transferred from Non-Technical Part	54,887,843	121,368,306	129,351,159	113,247,630	193,951,942	-	612,806,880
Technical Expense	(1,174,450,689)	(710,358,316)	(345,760,943)	(356,347,018)	(443,081,726)	-	(3,029,998,692)
1- Claims accrued (net off reinsurers' share)	(998,128,893)	(496,355,211)	(170,103,860)	(183,949,193)	(238,541,003)	-	(2,087,078,160)
1.1 - Claims paid (net off reinsurers' share)	(737,201,500)	(428,344,058)	(163,037,321)	(162,070,920)	(217,363,411)	-	(1,708,017,210)
1.2 - Change in provision for outstanding claims (net off reinsurers' share and deferred part) (+/-)	(260,927,393)	(68,011,153)	(7,066,539)	(21,878,273)	(21,177,592)	-	(379,060,950)
2- Change in other technical provisions	(153,321)	(3,063,778)	(48,866)	(15,650,987)	(1,602,869)	-	(20,519,821)
3- Operating expenses	(176,168,475)	(210,939,327)	(175,608,217)	(156,746,838)	(202,937,854)	-	(922,400,711)
Technical Profit	117,345,528	218,280,019	213,816,595	282,176,777	509,001,684	-	1,340,620,603
Investment income	1,160,393,702						1,160,393,702
Investment expenses	(884,758,819)						(884,758,819)
Amortization expense	(23,737,666)						(23,737,666)
Other operating expenses	(133,666,926)						(133,666,926)
Tax expense	(305,831,625)						(305,831,625)
Net period profit	(187,601,334)						1,153,019,269

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5. SEGMENT REPORTING (Continued)

As of 1 January - 31 December 2019 segment results are as follows:

	Motor Third Party Liability	Motor Vehicles	Health	Fire	Other	Undistri- buted	Total
Technical Income	1,514,511,488	785,814,790	342,973,808	538,167,869	776,475,764	-	3,957,943,719
1- Earned premiums (net off reinsurers' share)	1,238,136,141	686,765,184	271,063,695	428,722,233	629,865,191	-	3,254,552,444
1.1- Written premiums (net off reinsurers' share)	1,307,795,338	758,472,992	351,427,782	487,458,768	744,859,896	-	3,650,014,776
1.2- Change in reserve for unearned premiums	(76,035,454)	(71,707,808)	(80,364,087)	(58,736,535)	(123,183,127)	-	(410,027,011)
1.3- Change in reserve for unexpired risk	6,376,257	-	-	-	8,188,422	-	14,564,679
2- Other technical incomes and accrued salvage and Subrogation receivables (net off reinsurer's share)	48,260,694	14,545,624	1,074,188	5,670,982	4,322,073	-	73,873,561
3- Investment Income Transferred from Non-Technical Part	228,114,653	84,503,982	70,835,925	103,774,654	142,288,500	-	629,517,714
Technical Expense	(1,460,267,921)	(681,587,312)	(270,523,618)	(290,860,195)	(339,543,647)	-	(3,042,782,693)
1- Claims accrued (net off reinsurers' share)	(1,264,232,729)	(483,358,250)	(171,222,750)	(133,162,146)	(205,808,087)	-	(2,257,783,962)
1.1- Claims paid (net off reinsurers' share)	(842,993,620)	(484,568,782)	(153,887,511)	(143,621,752)	(173,020,442)	-	(1,798,092,107)
1.2- Change in provision for outstanding claims (net off reinsurers' share and deferred part) (+/-)	(421,239,109)	1,210,532	(17,335,239)	10,459,606	(32,787,645)	-	(459,691,855)
2- Change in other technical provisions	229,707	(3,106,578)	(68,324)	(15,266,182)	(1,757,113)	-	(19,968,490)
3- Operating expenses	(196,264,899)	(195,122,484)	(99,232,544)	(142,431,867)	(131,978,447)	-	(765,030,241)
Technical Profit	54,243,567	104,227,478	72,450,190	247,307,674	436,932,117	-	915,161,026
Investment income	1,015,379,446						1,015,379,446
Investment expenses	(774,870,635)						(774,870,635)
Amortization Expense	(15,763,988)						(15,763,988)
Other operating expenses	(86,458,431)						(86,458,431)
Tax Expense	(225,068,819)						(225,068,819)
Net period profit	(86,782,427)						828,378,599

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6. TANGIBLE ASSETS

Movements of tangible assets in the period from 1 January to 31 December 2020:

	1 January 2020	Additions	Valuation Disposals	Increase	Transfers	31 December 2020
Cost:						
Real estate property held for use	208,770,637	-	-	(16,652,637)	(4,200,000)	187,918,000
Machinery and equipment	22,283,125	12,396,053	(9,146)	-	-	34,670,032
Furniture and fixtures	15,039,504	2,383,579	(2,090,394)	-	-	15,332,689
Motor vehicles	11,403,174	-	-	-	-	11,403,174
Other tangibles (include leasehold improvements)	3,531,014	3,777	(935,512)	-	-	2,599,279
Leased assets	28,779,885	4,922,858	(6,434,811)	-	-	27,267,932
	289,807,339	19,706,267	(9,469,863)	(16,652,637)	(4,200,000)	279,191,106
Accumulated depreciation:						
Real estate property held for use	(26,023)	(1,503,100)	-	1,529,123	-	-
Machinery and equipment	(9,494,275)	(4,572,492)	7,355	-	-	(14,059,412)
Furniture and fixtures	(12,684,279)	(904,737)	1,840,708	-	-	(11,748,308)
Motor vehicles	(755,545)	(2,252,395)	-	-	-	(3,007,940)
Other tangibles (include leasehold improvements)	(2,803,840)	(180,273)	902,680	-	-	(2,081,433)
Leased assets	(13,937,036)	(6,433,730)	1,836,707	-	-	(18,534,059)
	(39,700,998)	(15,846,727)	4,587,450	1,529,123	-	(49,431,152)
Net book value	250,106,341					229,759,954

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6. TANGIBLE ASSETS (Continued)

Movements of tangible assets in the period from 1 January to 31 December 2019:

	1 January 2019	Additions	Valuation Disposals	Increase	Transfers	31 December 2019
Cost:						
Real estate property held for use	204,355,637	-	-	4,415,000	-	208,770,637
Machinery and equipment	10,959,831	11,382,550	(59,256)	-	-	22,283,125
Furniture and fixtures	14,012,979	1,026,525	-	-	-	15,039,504
Motor vehicles	501,765	11,180,679	(279,270)	-	-	11,403,174
Other tangibles (include leasehold improvements)	2,865,572	676,640	(11,198)	-	-	3,531,014
Leased assets	8,819,487	20,039,673	(79,275)	-	-	28,779,885
	241,515,271	44,306,067	(428,999)	4,415,000	-	289,807,339
Accumulated depreciation:						
Real estate property held for use	(17,341)	(1,342,589)	-	1,333,907	-	(26,023)
Machinery and equipment	(7,553,095)	(1,982,812)	41,632	-	-	(9,494,275)
Furniture and fixtures	(12,237,760)	(691,493)	244,974	-	-	(12,684,279)
Motor vehicles	(463,176)	(571,639)	279,270	-	-	(755,545)
Other tangibles (include leasehold improvements)	(2,714,669)	(100,367)	11,196	-	-	(2,803,840)
Leased assets	(8,001,536)	(6,012,141)	76,641	-	-	(13,937,036)
	(30,987,577)	(10,701,041)	653,713	1,333,907	-	(39,700,998)
Net book value	210,527,694					250,106,341

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6. TANGIBLE ASSETS (Continued)

The Company's properties held for use is recognized at fair value. As of 31 December 2020, 2019 and 2018 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:

	31 December 2020	31 December 2019 ⁽³⁾	31 December 2018 ⁽³⁾
Güneş Plaza ⁽¹⁾	171,300,000	195,000,000	190,000,000
Ankara Bina ⁽¹⁾	7,755,000	3,750,000	4,895,000
Antalya Bina ⁽²⁾	3,700,000	2,675,000	3,050,000
Trabzon Bina ⁽²⁾	1,600,000	1,150,000	900,000
Adana Bina ⁽²⁾	1,600,000	1,175,000	780,000
Samsun Bina ⁽²⁾	603,000	285,000	445,000
Erzurum Bina ⁽²⁾	360,000	300,000	300,000
Kabataş Bina ⁽²⁾	-	4,200,000	3,750,000
Other ⁽²⁾	1,000,000	235,637	235,637
Total	187,918,000	208,770,637	204,355,637

⁽¹⁾ As of 31 December 2020, the related real estates are valued using the 'income discount approach' method.

⁽²⁾ As of 31 December 2020, the related real estates have been valued using the 'peer comparison approach' method.

⁽³⁾ As of 31 December 2019 and 2018, all real estates were valued using the 'peer comparison approach' method.

The expertise reports of the Company prepared as of December 31, 2020 are prepared by Denge Gayrimenkul Değerleme ve Danışmanlık A.Ş. The expertise reports of 31 December 2019 and 2018 were prepared by Avrupa Gayrimenkul Değerleme ve Danışmanlık A.Ş.

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 increase for the land and buildings accounted for using revaluation model is below:

	2020	2019
Beginning - 1 January	153,130,787	148,899,087
Increase in value arising (decreasing) from revaluation	(15,149,552)	5,748,908
Deferred tax arising from revaluation difference	5,381,239	(1,112,219)
Depreciation differences recognized in losses of previous year	(574,195)	(404,989)
Period ending - 31 December (Note 15)	142,788,279	153,130,787

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6. TANGIBLE ASSETS (Continued)

As of 31 December 2020, 2019 and 2018, reconciliation between net book value, calculated by costs of properties held for own use and revalued amounts are as follows:

	31 December 2020	31 December 2019	31 December 2018
Cost	51,743,389	56,179,026	56,179,026
Accumulated depreciation	(18,871,599)	(18,204,369)	(17,266,750)
Net book value	32,871,790	37,974,657	38,912,276

As of 31 December 2020, 2019 and 2018, reconciliation between net book value, calculated by costs of properties held for own use and revalued amounts are as follows:

	31 December 2020	31 December 2019	31 December 2018
Revaluated amount	187,918,000	208,744,614	204,338,296
Net book values calculated on cost values	(32,871,790)	(37,974,657)	(38,912,276)
Revaluation fund before tax	155,046,210	170,769,957	165,426,020
Calculated deferred tax liability (Note 21)	(12,257,931)	(17,639,170)	(16,526,933)
Revaluation fund, (net) (Note 15)	142,788,279	153,130,787	148,899,087

There is no commitment on the properties held for use (31 December 2019: None).

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7. INVESTMENT PROPERTY

As at 31 December 2020 and 2019, movements of the investment properties are as follows:

	1 January 2020	Additions	Disposals	Valuation Increase	Transfers	31 December 2020
Cost:						
Investment properties	18,168,576	-	-	11,430,682	4,200,000	33,799,258
Accumulated Amortization:						
Investment properties	(178,491)	(19,672)	-	198,163	-	-
Net book value	17,990,085	(19,672)	-	11,628,845	4,200,000	33,799,258

	1 January 2019	Additions	Disposals	Valuation Increase	Transfers	31 December 2020
Cost:						
Investment properties	17,887,586	475,000	(210,000)	15,990	-	18,168,576
Accumulated Amortization:						
Investment properties	(165,712)	(12,779)	-	-	-	(178,491)
Net book value	17,721,874	462,221	(210,000)	15,990	-	17,990,085

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 2020, 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 2020	31 December 2019 ⁽³⁾	31 December 2018 ⁽³⁾
İzmir Konak Land ⁽¹⁾	15,588,972	11,285,990	11,100,000
Tekirdağ Farm ⁽²⁾	6,300,000	4,550,000	4,720,000
Other land and buildings ⁽²⁾	11,910,286	2,332,586	2,067,586
Total	33,799,258	18,168,576	17,887,586

⁽¹⁾ As of 31 December 2020, the related real estate has been valued using the 'peer comparison approach' method.

⁽²⁾ As of December 31, 2020, the relevant real estates were valued using the 'Equivalent comparison approach' and 'Cost approach' methods.

⁽³⁾ As of 31 December 2019 and 2018, all real estates were valued using the 'peer comparison approach' method.

Rental income is TRY1,083,708 from investment properties (31 December 2019: TRY1,134,008). There are no pledges on the investment properties (31 December 2019: None).

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8. INTANGIBLE ASSETS

Movements in intangible assets in the period from 1 January to 31 December 2020 and 2019 are as follows:

	1 January 2020	Additions	Disposals	Transfers	31 December 2020
Cost:					
Rights	21,952,016	7,819,887	-	-	29,771,903
Computer software	37,043,903	1,098,570	-	96,466	38,238,939
Advances related to intangible assets	96,466	-	-	(96,466)	-
	59,092,385	8,918,457	-	-	68,010,842
Accumulated amortization:					
Rights	(13,030,436)	(4,424,142)	-	-	(17,454,578)
Computer software	(29,228,091)	(3,447,125)	-	-	(32,675,216)
	(42,258,527)	(7,871,267)	-	-	(50,129,794)
Net book value	16,833,858				17,881,048
	1 January 2019	Additions	Disposals	Transfers	31 December 2019
Cost:					
Rights	15,921,245	6,030,771	-	-	21,952,016
Computer software	34,323,897	2,720,006	-	-	37,043,903
Advances related to intangible assets	96,466	-	-	-	96,466
	50,341,608	8,750,777	-	-	59,092,385
Accumulated amortization:					
Rights	(11,263,947)	(1,766,489)	-	-	(13,030,436)
Computer software	(25,944,412)	(3,283,679)	-	-	(29,228,091)
	(37,208,359)	(5,050,168)	-	-	(42,258,527)
Net book value	13,133,249				16,833,858

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9. INVESTMENT IN EQUITY SHARES

	31 December 2020			31 December 2019			31 December 2018		
	Share (%)	Cost	Carrying Value	Share (%)	Cost	Carrying Value	Share (%)	Cost	Carrying Value
Vakıf Finansal Kiralama A.Ş.	15.65	31,298,041	133,329,345	15.65	13,614,690	32,947,375	15.65	13,614,690	24,234,019
Vakıf Menk. Kıy. Yat. Ort. A.Ş.	11.00	3,300,000	24,287,998	11.00	2,200,000	5,104,000	11.00	2,200,000	3,322,000
Vakıf Gayrimenkul Yatı. Ort. A.Ş.	0.87	8,356,505	14,496,400	0.87	8,060,517	9,160,100	1.74	8,060,517	7,342,914
Publicly traded investment in equity shares		42,954,546	172,113,743		23,875,207	47,211,475		23,875,207	34,898,933
Türkiye Hayat ve Emeklilik A.Ş. ⁽¹⁾	7.36	27,260,175	849,546,160	37.10	27,260,175	602,031,606	37.10	27,260,175	533,464,441
Vakıf Finans Faktoring A.Ş. ⁽²⁾	14.00	7,229,553	77,454,461	14.00	7,229,553	38,290,782	13.71	7,229,553	29,755,128
Vakıf Pazarlama Sanayi ve Ticaret A.Ş. ^{(2)(*)}	9.76	13,989,682	8,008,222	9.76	13,989,682	5,797,099	9.76	13,989,682	4,831,293
Taksim Otelcilik A.Ş. ⁽²⁾	1.43	5,628,206	6,834,564	1.43	5,628,206	6,502,172	1.43	5,628,206	6,187,125
Vakıf Yatırım Menkul Değerler A.Ş. ⁽²⁾	0.25	130,801	1,492,429	0.25	130,801	734,982	0.25	130,801	661,437
Türk P ve I Sigorta A.Ş. ⁽³⁾	-	-	-	33.34	3,625,000	3,625,000	33.34	2,750,000	2,750,000
Other ^(*)		11,303,329	2,332,689		11,397,928	3,031,968		11,053,089	2,628,637
Other investments in equity shares		65,541,746	945,668,525		69,261,345	660,013,609		68,041,506	580,278,061
Türk P ve I Sigorta A.Ş. ⁽³⁾	50.00	12,403,553	12,403,553	-	-	-	-	-	-
Investments in Joint Ventures		12,403,553	12,403,553		-	-		-	-
Financial assets total		120,899,845	1,130,185,821		93,136,552	707,225,084		91,916,713	615,176,994

⁽¹⁾ Vakıf Emeklilik ve Hayat A.Ş., with the decision taken at the Extraordinary General Assembly dated 24 August 2020, Ziraat Hayat ve Emeklilik A.Ş. ('Ziraat Hayat') and Halk Hayat ve Emeklilik A.Ş. ('People of Life') and by the acquisition through dissolution without liquidation with all assets and liabilities as a whole, united and Turkey Hayat ve Emeklilik A.Ş. received the title. In addition, with the decision taken in the Extraordinary General Assembly dated 24 August 2020, the capital of the bonded securities was increased to TRY 755,752,390 and the said capital increase was taken over by Ziraat Hayat and Halk Hayat together with all their assets and liabilities as a whole by dissolution without liquidation. has been met. As a result of these transactions, the share of TVF Finansal Yatırımlar A.Ş. in the capital of the linked securities increased to 92.64%; The share rate of the company has been determined as 7.36%. Enterprise, Turkey has been classified as securities depending on its investment in Life and Retirement Inc. financial statements and accounted at fair value. As of 31 December 2020, the fair value of the investment was determined on the basis of the valuation study conducted by a CMB licensed valuation company on January 15, 2021. Within the scope of the mentioned valuation study, the fair value of the relevant investment; The Gordon Growth Model was calculated by weighting (35%, 30% and 35% respectively) according to the Reduced Dividend Model and Market Multipliers methods. If the discount rate used in the valuation study was decreased by 1%, the fair value of the investment would increase by TRY 51,029,213; If it was increased by 1%, it would decrease by TRY 44,107,502.

⁽²⁾ As at 31 December 2020, 2019 and 2018 the fair value determined based on valuation reports held.

⁽³⁾ The company, Türk P ve I Sigorta A.Ş. 16.67% of the capital which corresponds to the People's Bank of Turkey has purchased shares are owned as of December 29, 2020. As a result of this transaction, the Company's Türk P ve I Sigorta A.Ş. The investment in the capital has reached 50% and the said investment has been classified under the 'Joint Ventures' item in the balance sheet as of 31 December 2020. The Company's investment in Türk P ve I Sigorta A.Ş. is carried at cost in the balance sheet within the scope of TAS 27, 'Individual Financial Statements' standard.

^(*) As of 31 December 2020, the Company has allocated TRY15,046,834 provision for related investments. (31 December 2019 TRY17,459,384 and 31 December 2018: TRY19,200,885).

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9. INVESTMENT IN EQUITY SHARES (Continued)

Movements of financial assets during the period as follows:

	2020	2019
Beginning of the period - 1 January	707,225,084	615,176,994
Fair value increases, recognized in equity (Note 15)	414,183,105	90,143,326
Purchase share	6,861,886	345,236
Other	1,915,746	1,559,528
Period ending - 31 December	1,130,185,821	707,225,084

As of 31 December 2020, and 2019 there are no financial assets given as a guarantee.

10. REINSURANCE ASSETS AND LIABILITIES

As a ceding company, outstanding reinsurance assets and liabilities of the Company shown in detail as follows:

	31 December 2020	31 December 2019	31 December 2018
Reinsurance Assets/(Liabilities)			
Provision for outstanding claims, ceded (Note 17)	2,298,935,077	1,749,624,967	1,568,040,199
Reserve for unearned premiums, ceded (Note 17)	2,521,703,248	1,643,350,355	1,311,678,809
Unearned premiums SSI share (Note 17)	52,350,367	78,504,002	66,408,514
Reserve for unexpired risks reinsurance share (Note 17)	15,380,479	43,422,678	55,375,794
Deferred commission income (Note 19)	331,867,997	232,469,498	184,781,345
Current account net debts of reinsurance companies (Note 19)	1,075,346,328	506,776,716	414,462,876

As of 31 December 2019, the Company accounted for a provision amounting to TRY135,985,444 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 2019: TRY52,337,235 31 December 2018: TRY44,029,675) (Note 17).

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10. REINSURANCE ASSETS AND LIABILITIES (Continued)

	1 January - 31 December 2020	1 January - 31 December 2019
Reinsurance Income/(Expenses)		
Change in Unearned premium reserve- Reinsurer Share	878,352,893	331,671,546
Paid Claims - Reinsurer Share	731,334,113	704,032,830
Commissions received from reinsurers, net	570,849,232	460,214,891
Outstanding claim provision- Reinsurer Share	549,310,110	181,584,768
Ceded premiums to reinsurers	(5,115,460,204)	(3,378,673,060)
Ceded premiums to SSI	(106,879,013)	(138,313,876)
Unexpired risk Reserve - Reinsurer Share	(28,042,199)	(11,953,116)
Change in Unearned premium reserve SSI Share	(26,153,635)	12,095,488

Detailed explanations about reinsurance agreements are disclosed in Note 2.14

11. FINANCIAL ASSETS

	31 December 2020	31 December 2019	31 December 2018
Available-for-Sale Financial Asset	37,412	37,412	4,334
Held to Maturity Investments	37,396,299	275,810,021	249,883,910
Financial assets held for trading	149,813,209	122,817,105	28,846,351
	187,246,920	398,664,538	278,734,595

As of 31 December 2020, 2019 and 2018 the details of the Company's trading financial assets are as follows:

31 December 2020	Nominal Value	Cost	Fair Value	Book Value
<i>Held to Maturity Investments; Savings Bonds - TRY</i>	25,835,112	26,567,174	37,396,299	37,396,299
<i>Financial assets held for trading;</i>				
Private sector bond	149,359,377	147,103,520	149,813,209	149,813,209
<i>Available-for-Sale Financial Asset;</i>				
Stocks	-	1,929	37,412	37,412
	175,194,489	173,672,623	187,246,920	187,246,920

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11. FINANCIAL ASSETS (Continued)

31 December 2019	Nominal Value	Cost	Fair Value	Book Value
<i>Held to Maturity Investments;</i>				
Savings Bonds - TRY	267,935,112	263,426,538	275,553,769	275,810,021
<i>Financial assets held for trading;</i>				
Private sector bond	118,000,000	118,000,000	122,817,105	122,817,105
<i>Available-for-Sale Financial Asset;</i>				
Stocks	-	1,929	37,412	37,412
	385,935,112	381,428,467	398,408,286	398,664,538
31 Aralık 2018				
<i>Held to Maturity Investments;</i>				
Savings Bonds - TRY	247,535,112	225,357,644	244,066,725	249,883,910
<i>Financial assets held for trading;</i>				
Private sector bond	27,285,134	27,365,484	28,846,351	28,846,351
<i>Available-for-Sale Financial Asset;</i>				
Stocks	-	1,929	4,334	4,334
	274,820,246	252,725,057	272,917,410	278,734,595

Movements of financial assets during the period as follows:

	1 January 2020	Purchase	Sales/ Amortizations	Valuation increase/ (decrease)	31 December 2020
Held to Maturity Investments	275,810,021	-	(249,242,847)	10,829,125	37,396,299
Financial assets held for trading	122,817,105	201,355,303	(172,423,142)	(1,936,057)	149,813,209
Available-for-Sale Financial Asset	37,412	-	-	-	37,412
Total	398,664,538	201,355,303	(421,665,989)	8,893,068	187,246,920

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11. FINANCIAL ASSETS (Continued)

	1 January 2019	Purchase	Sales/ Amortizations	Valuation increase/ (decrease)	31 December 2019
Held to Maturity Investments	249,883,910	1,111,993,252	(1,135,656,682)	49,589,541	275,810,021
Financial assets held for trading	28,846,351	203,335,000	(113,939,502)	4,575,256	122,817,105
Available-for-Sale Financial Assets	4,334	-	-	33,078	37,412
Total	278,734,595	1,315,328,252	(1,249,596,184)	54,197,875	398,664,538

12. LOANS AND RECEIVABLES

	31 December 2020	31 December 2019	31 December 2018
Receivables from operating activities (Note 4.2)	1,984,823,396	1,317,641,665	1,097,732,147
Prepaid taxes and funds (Note 4.2)	688,411	18,516,745	29,190,572
Other receivables (Note 4.2)	62,144,976	19,353,369	14,517,974
	2,047,656,783	1,355,511,779	1,141,440,693
Short - term receivables	2,042,424,491	1,353,999,797	1,140,026,060
Medium and long-term receivables	5,232,292	1,511,982	1,414,633
	2,047,656,783	1,355,511,779	1,141,440,693

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12. LOANS AND RECEIVABLES (Continued)

As at 31 December 2020, 2019 and 2018, receivables from operating activities are detailed as follows:

	31 December 2020	31 December 2019	31 December 2018
Receivables from operating activities (Note 4.2)	1,409,216,186	1,175,329,739	850,096,554
Receivables from policyholders	452,101,238	55,593,804	193,646,350
Receivables from reinsurance	94,339,185	80,585,497	43,127,538
Salvage and subrogation (Note 2.20)	76,007,401	73,055,698	67,976,723
Total receivables from main insurance operations	2,031,664,010	1,384,564,738	1,154,847,165
Provision for salvage and subrogation receivables (Note 2.20)	(19,470,520)	(38,601,346)	(21,346,795)
Provision for premium receivables	(31,172,546)	(32,192,434)	(40,023,530)
Provisions for receivables from insurance operations	(50,643,066)	(70,793,780)	(61,370,325)
Total receivables from main insurance operations - net	1,981,020,944	1,313,770,958	1,093,476,840
Salvage and subrogation receivables under administrative and legal follow up - net	379,936,720	297,983,111	178,120,136
Doubtful receivables from main operations	33,420,851	33,297,865	76,770,608
Doubtful receivables from main operations	413,357,571	331,280,976	254,890,744
Receivables from main operations - gross	2,394,378,515	1,645,051,934	1,348,367,584
Provisions for salvage and subrogation receivables under administrative and legal follow up	(379,936,720)	(297,983,111)	(178,120,136)
Provisions for doubtful receivables from main operations	(29,618,399)	(29,427,158)	(72,515,301)
Allowances for doubtful receivables from main operating activities	(409,555,119)	(327,410,269)	(250,635,437)
Receivables from main operations	1,984,823,396	1,317,641,665	1,097,732,147

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12. LOANS AND RECEIVABLES (Continued)

Details of salvage and subrogation receivables are as follows:

	31 December 2020	31 December 2019	31 December 2018
Salvage and subrogation receivables - gross	750,842,105	563,473,435	379,238,589
Salvage and subrogation receivables - reinsurance share	(294,897,984)	(192,434,626)	(133,141,730)
Salvage and subrogation	455,944,121	371,038,809	246,096,859
Provisions for salvage and subrogation receivables under administrative and legal follow up	(379,936,720)	(297,983,111)	(178,120,136)
Provision of salvage and subrogation receivables	(19,470,520)	(38,601,346)	(21,346,795)
Accruals of net salvage and subrogation receivables	56,536,881	34,454,352	46,629,928

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

13. DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2020, 2019 and 2018, the Company does not have any derivative financial instruments.

14. CASH AND CASH EQUIVALENT ASSETS

As of 31 December 2020, 2019 and 2018, cash and cash equivalents are as follows

	31 December 2020		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	at the end of the period	at the beginning of the period
Cash	-	-	-	1,744	1,744	2,291
Banks	6,135,755,564	4,886,595,601	4,886,595,601	3,462,536,393	3,462,536,393	2,597,185,903
Receivables from Credit Cards	399,633,388	508,679,381	508,679,381	379,855,550	379,855,550	325,347,398
Mail Cheques	-	-	-	-	-	13,255
Blocked amounts	(989,284,093)	(861,277,126)	(861,277,126)	(633,213,449)	(633,213,449)	(482,287,108)
Accrued interest on bank deposits	(71,632,426)	(144,402,559)	(144,402,559)	(55,417,043)	(55,417,043)	(18,095,442)
Cash and cash equivalents in the statement of cash flows	5,474,472,433	4,389,595,297	4,389,595,297	3,153,763,195	3,153,763,195	2,422,166,297

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14. CASH AND CASH EQUIVALENT ASSETS (Continued)

	31 December 2020	31 December 2019	31 December 2018
Foreign currency denominated bank deposit			
- Time deposit	335,057,123	170,955,515	136,515,770
- Demand deposit	3,603,062	2,182,514	1,053,896
Bank deposit in Turkish Lira			
- Time deposit	5,749,463,390	4,684,095,719	3,311,559,971
- Demand deposit	47,631,989	29,361,853	13,406,756
Banks	6,135,755,564	4,886,595,601	3,462,536,393

As of 31 December 2020, the Company has blocked bank deposits in favour of Ministry of Treasury and Finance in the amount of TRY765,041,111 (31 December 2019: TRY685,052,076), Tarım Sigortaları Havuz İşletmeleri A.Ş.'s (TARSİM) the amount of TRY217,571,394 (31 December 2019: TRY169,918,940), and Central Bank of Turkish Republic of Northern Cyprus in the amount of TRY6,671,588 (31 December 2019: TRY6,306,110).

As of 31 December 2020, maturity distributions of time deposits are between 2 days and 92 days (31 December 2019: 2-92 days). Interest rates of time deposits are as follows.

	31 December 2020	31 December 2019
TRY	10.45% - 17.58%	10.00% - 13.00%
USD	3.25%	1.30%
EUR	0.75%	0.15%

15. SHAREHOLDERS EQUITY

Paid in capital

The Company's paid-in capital as of December 31, 2020 is TRY 1,161,523,363; It is divided into 1,161,523,363 shares, each with a nominal value of TRY 1. As of 31 December 2020, the capital group controlled directly concerned with 81.10% share capital by TVF Finansal Yatırımlar A.Ş. on the Company.

There are no privileges to any class of shares. There are no treasury shares held by the Company itself or by its subsidiaries or associates.

There are no shares issued which will be subject to sale in accordance with forward transactions and contracts.

Other information on capital structure and changes in capital structure in the current period are explained in note 2.13.

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15. SHAREHOLDERS EQUITY (Continued)

Capital reserves

	31 December 2020	31 December 2019	31 December 2018
Funds of profit from sale of properties	80,135,867	80,078,708	78,756,302
Premium on issued shares	7,020,555	7,020,555	753,944
Capital Reserves	87,156,422	87,099,263	79,510,246

Movements of Funds of profit from sale of properties during the period as follows:

	2020	2019
Beginning of the period - 1 January	80,078,708	78,756,302
Increase in the period	57,159	1,322,406
Period ending - 31 December	80,135,867	80,078,708

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 TRY104,608,403 sales gain amounting to TRY78,756,302 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 TRY80,078,707, including TRY1,322,405, corresponding to 50% of the building sales profit of TRY2,644,810 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

With the decision taken at the Extraordinary General Assembly held on 27 August 2020, the Company has become a subsidiary of Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş., together with all of its assets and liabilities, Güneş Sigorta A.Ş. by taking over it. The merger in question has been evaluated as a business combination subject to joint control in accordance with the Principle Decision. According to the Principle Decision, mergers subject to joint control should be accounted by the "Combining of Rights" method, by restated the previous period financial statements starting from the date of joint control. In this context, the acquired Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş.'s balance sheets and income and cash flow statements were included in the financial statements of the Company as of 31 December 2018, the beginning of the period presented comparatively. In addition, with the decision taken at the Extraordinary General Assembly dated 27 August 2020, the capital of the Company was increased to TRY 1,161,523,363 and the said capital increase was increased by Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş., together with all its assets and liabilities, as a whole by dissolution without liquidation. The difference between the total capital of the companies subject to the merger and the capital increased as a result of the merger amounting to TRY 222,523,363; In order to eliminate the asset-liability incompatibility caused by the business combination subject to joint control, it was first classified as 'Other Capital Reserves' in the balance sheet as 'The Effect of Mergers Involving Entities Subject to Common Control' within the framework of the Principle Decision; Due to the fact that the enterprises acquired as a result of the business combination subject to joint control are included in the Company in the current period; According to Article III.11 of the Principle Decision, the entire amount in the item 'Effect of Mergers Including Undertaking or Enterprises Subject to Common Control' has been closed as of 31 December 2020 by transferring it to the 'Previous Years Losses' account.

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15. SHAREHOLDERS EQUITY (Continued)

Previous year's losses

As of 31 December 2020 and 2019, Movements of Previous years' losses account as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Beginning of the period - 1 January (Prior - reported)	(245,917,920)	(255,871,878)
<i>Adjustment affect (2.1.1 dipnot)</i>	(229,945,448)	(229,945,448)
Beginning of the period - 1 January (Restated)	(475,863,368)	(485,817,326)
Declared dividend	(560,858,135)	(300,000,000)
Retained earnings transfer	828,378,599	378,514,162
Transfer to the legal reserve	(65,650,758)	(33,396,242)
Transfer of the effect of mergers involving undertakings or businesses subject to joint control to previous years' losses	(222,523,363)	-
Other transfers, net	(2,324,706)	(35,163,962)
Period ending - 31 December	(498,841,731)	(475,863,368)

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.

	31 December 2020	31 December 2019	31 December 2018
Legal Reserves	165,610,126	99,959,368	66,563,126
	165,610,126	99,959,368	66,563,126

Valuation of financial assets

As at 31 December 2020, 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 2020	31 December 2019	31 December 2018
Investment in equity shares	1,010,715,148	615,295,430	529,811,202
Valuation of financial assets	1,010,715,148	615,295,430	529,811,202

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15. SHAREHOLDERS EQUITY (Continued)

The movements of change in fair value of investment in equity shares are given below:

	2020	2019
Beginning of the period - 1 January	615,295,430	529,811,202
Fair value increase (Note 9)	414,183,105	90,143,326
Tax effect on fair value increase (Note 21)	(18,763,387)	(4,659,098)
Period ending - 31 December	1,010,715,148	615,295,430

Other profit reserves

Details of other profit reserves are as follows:

	31 December 2020	31 December 2019	31 December 2018
Revaluation fund (Note 6)	142,788,279	153,130,787	148,899,087
Earthquake claim provision transferred to shareholder's equity	19,490,473	19,490,473	18,579,454
Transferred reserves from profits of prior years'	6,592,946	6,592,946	6,592,946
Actuarial loss	(11,094,664)	(8,531,888)	(5,560,797)
Other profit reserves	157,777,034	170,682,318	168,510,690

The movement of the revaluation funds is as follows:

	2020	2019
Beginning of the period - 1 January	153,130,787	148,899,087
Increase/(decrease) from the revaluation	(15,149,552)	5,748,908
Deferred tax from revaluation difference	5,381,239	(1,112,219)
Amortization difference from prior years' losses	(574,195)	(404,989)
End of the period - 31 December (Note 6)	142,788,279	153,130,787

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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15. SHAREHOLDERS EQUITY (Continued)

Dividends

Ziraat Sigorta A.Ş., which was merged within the Company with the decision taken at the Extraordinary General Assembly dated 27 August 2020, decided to distribute a dividend of TRY 360,000,000 to its shareholders on the said date at its General Assembly dated 16 April 2020.

Halk Sigorta A.Ş., which was merged within the Company with the decision taken at the Extraordinary General Assembly dated 27 August 2020, decided to distribute a dividend amounting to TRY 200,858,135 to its shareholders on the aforementioned date in its General Assembly dated 9 July 2020.

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 2020, 2019, and 2018, details of technical provisions are as follows:

	31 December 2020	31 December 2019	31 December 2018
Reserve for unearned premiums, gross	4,469,016,922	3,622,788,948	2,868,994,904
Reserve for unearned premiums, ceded (Note 10)	(2,521,703,248)	(1,643,350,355)	(1,311,678,809)
Reserve for unearned premiums, SSI ceded (Note 10)	(52,350,367)	(78,504,002)	(66,408,514)
Reserve for unearned premiums, net	1,894,963,307	1,900,934,591	1,490,907,581
Provision for outstanding claims, gross	5,475,335,426	4,546,964,366	3,905,687,743
Provision for outstanding claims, ceded (Note 10)	(2,298,935,077)	(1,749,624,967)	(1,568,040,199)
Provision for outstanding claims, net	3,176,400,349	2,797,339,399	2,337,647,544
Reserve for unexpired risks, net	5,133,217	20,359,070	34,923,749
Equalization provision, net	109,273,628	91,815,554	75,885,451
Bonuses and discounts provision, net	10,029,321	6,967,573	2,929,186
Other technical provisions, net	135,985,444	52,337,235	44,029,675
Total technical provisions, net	5,331,785,266	4,869,753,422	3,986,323,186

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

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. In addition, development and tail factors has been determined by using statistical methods and implemented to ACLM triangles in accordance with 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:

	Method Used	31 December 2020	
		Provision Gross Add	Provision Net Add
Compulsory Traffic	Standard/Frequency Intensity	2,431,702,502	2,082,009,227
General Liability	Claim Premium/Standard	396,571,751	74,173,215
Air Vehicles	Claim Premium/Standard	145,770,644	-
Fire and Natural Disasters	Standard	99,115,360	11,979,338
Air vehicles Liability	CapeCod	75,894,732	-
Facultative Financial Liability	Standard	25,685,413	25,559,805
General Loses	Standard	21,158,620	2,329,537
Accident	Standard/Frequency Intensity	18,262,368	13,514,422
Financial Losses	Standard	4,359,628	618,444
Marine	Standard	4,872,336	1,450,886
Water Vehicles	Standard	3,729,754	436,070
Health	Standard	3,430,301	3,430,301
Surety	Standard	978,351	53,304
Legal Protection	Standard	216,684	123,159
Credit	Standard	11,239	716
Motor Vehicles	Standard/Bornhuetter Ferguson	(1,758,926)	(2,001,609)
Total		3,230,000,757	2,213,676,815

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

	Method Used	31 December 2019	
		Provision Gross Add	Provision Net Add
Compulsory Traffic	Standard/Frequency Intensity	2,189,917,657	1,922,458,652
General Liability	Claim Premium/Standard	308,037,135	46,655,184
Air Vehicles	Claim Premium/Standard	164,375,127	(11,150)
Fire and Natural Disasters	Standard	20,619,110	9,001,284
Air vehicles Liability	Cape Cod/Standard	51,549,656	-
Facultative Financial Liability	Standard/Bornheutter Ferguson	24,183,564	21,335,144
General Loses	Standard	33,712,448	3,995,946
Accident	Standard	34,995,314	30,883,962
Financial Losses	Standard	5,879,214	826,551
Marine	Standard	3,515,000	1,302,195
Water Vehicles	Standard	3,688,082	490,171
Health	Standard	18,380,436	8,549,357
Surety	Standard	9,307,955	287,082
Legal Protection	Standard	609,574	471,621
Credit	Standard	19,571	1,949
Motor Vehicles	Standard	(16,317,252)	(16,284,959)
Total		2,852,472,591	2,029,962,989

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

	Method Used	31 December 2018	
		Provision Gross Add	Provision Net Add
Compulsory Traffic	Standard/Frequency Intensity	1,710,402,336	1,525,212,079
General Liability	Claim Premium/Standard	267,824,843	40,163,622
Air Vehicles	Claim Premium/Standard	129,372,671	30,909
Fire and Natural Disasters	Standard	32,397,464	19,360,058
Air vehicles Liability	CapeCod/Standard	38,558,435	-
Facultative Financial Liability	Standard	18,277,151	18,116,963
General Loses	Standard	31,950,980	3,362,248
Accident	Standard	35,709,257	31,721,161
Financial Losses	Standard	14,856,435	1,238,398
Marine	Standard	(1,252,558)	(309,914)
Water Vehicles	Standard	2,141,685	373,441
Health	Standard	772,746	(40,012)
Surety	Standard	7,573,453	476,892
Legal Protection	Standard	1,059,613	946,562
Credit	Standard	5,536,874	365,627
Motor Vehicles	Standard/Bornheutter Ferguson	(22,095,929)	(22,038,909)
Total		2,273,085,456	1,618,979,125

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

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 incurred claims in incurred period
General Liability	Conservation rate of incurred claims in incurred period
Air Vehicles	Conservation rate of incurred claims in incurred period
Fire and Natural Disasters	Conservation rate of incurred claims in incurred period (after large claim elimination)
Air vehicles Liability	Conservation rate of incurred claims in incurred period
Facultative Financial Liability	Conservation rate of incurred claims in incurred period
General Loses	Conservation rate of incurred claims in incurred period (after large claim elimination)
Accident	Conservation rate of incurred claims in incurred period
Financial Losses	Conservation rate of incurred claims in incurred period
Marine	Conservation rate of incurred claims in incurred period
Water Vehicles	Conservation rate of incurred claims in incurred period
Health	Conservation rate of incurred claims in incurred period
Legal Protection	Conservation rate of incurred claims in incurred period
Breach of Trust	Conservation rate of incurred claims in incurred period
Motor Vehicles	Conservation rate of incurred claims in incurred period

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. As a result of these investigations, it has intervened in the end claims that are thought to have a misleading effect on the claim developments in the Safety Abuse, General Losses, Financial Losses, Water Vehicles and Fire branches. The large loss limits used for the Compulsory Traffic branch were used for the development coefficients selections and the files exceeding these limits were not subjected to elimination. No end claim elimination has been made for other branches.

Branches	31 December 2020
General Loses	3,754,625
Fire and Natural Disasters	549,401
Breach of Trust	Manuel
Water Vehicles	Manuel
Financial Losses	Manuel

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

As of 31 December 2020, 2019, and 2018, movements of insurance liabilities and reinsurance assets are as follows:

Reserve for unearned premiums:

	2020			Net
	Gross	Reinsurer's Share	SSI Ceded	
Beginning of the period - 1 January	3,622,788,948	(1,643,350,355)	(78,504,002)	1,900,934,591
Written premium during the period	8,887,128,129	(5,115,460,204)	(106,879,013)	3,664,788,912
Earned premiums during the period	(8,040,900,155)	4,237,107,311	133,032,648	(3,670,760,196)
Period ending - 31 December	4,469,016,922	(2,521,703,248)	(52,350,367)	1,894,963,307

	2019			Net
	Gross	Reinsurer's Share	SSI Ceded	
Beginning of the period - 1 January	2,868,994,903	(1,311,678,809)	(66,408,514)	1,490,907,580
Written premium during the period	7,167,001,712	(3,378,673,060)	(138,313,876)	3,650,014,776
Earned premiums during the period	(6,413,207,667)	3,047,001,514	126,218,388	(3,239,987,765)
Period ending - 31 December	3,622,788,948	(1,643,350,355)	(78,504,002)	1,900,934,591

Provision for outstanding claims:

	2020		
	Gross	Reinsurer's Share	Net
Beginning of the period - 1 January	2,931,784,648	(1,235,302,016)	1,696,482,632
Notified claims during the period and changes in estimates regarding the outstanding claims reserve at the beginning of the period	1,956,432,870	(1,044,959,810)	911,473,060
Claims paid during the period	(724,295,577)	242,886,931	(481,408,646)
Total reported claims end of the period	4,163,921,941	(2,037,374,895)	2,126,547,046
Deduction amount calculated in accordance with winning ratio	(632,661,649)	260,448,427	(372,213,222)
Incurred but not reported claims	3,230,000,757	(1,016,323,942)	2,213,676,815
Discount adjustment for outstanding claim reserve	(1,285,925,623)	494,315,333	(791,610,290)
Period ending - 31 December	5,475,335,426	(2,298,935,077)	3,176,400,349

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

	2019		
	Gross	Reinsurer's Share	Net
Beginning of the period - 1 January	1,867,131,765	(1,008,518,848)	858,612,917
Notified claims during the period and changes in estimates regarding the outstanding claims reserve at the beginning of the period	1,628,893,642	(492,952,628)	1,135,941,014
Claims paid during the period	(564,240,759)	266,169,460	(298,071,299)
Total reported claims end of the period	2,931,784,648	(1,235,302,016)	1,696,482,632
Deduction amount calculated in accordance with winning ratio	(340,074,202)	106,717,621	(233,356,581)
Incurred but not reported claims	2,852,472,591	(822,509,602)	2,029,962,989
Discount adjustment for outstanding claim reserve	(897,218,671)	201,469,030	(695,749,641)
Period ending - 31 December	4,546,964,366	(1,749,624,967)	2,797,339,399
Equalization provision			
	2020		
	Gross	Reinsurer's Share	Net
Beginning of the period - 1 January	295,180,083	(203,364,529)	91,815,554
Net change	92,442,006	(74,983,932)	17,458,074
Period ending - 31 December	387,622,089	(278,348,461)	109,273,628
	2019		
	Gross	Reinsurer's Share	Net
Beginning of the period - 1 January	213,032,498	(137,147,047)	75,885,451
Net change	82,147,585	(66,217,482)	15,930,103
Period ending - 31 December	295,180,083	(203,364,529)	91,815,554

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)**Unexpired Risk Provision:**

	2020		Net
	Gross	Reinsurer's Share	
Beginning of the period - 1 January	63,781,748	(43,422,678)	20,359,070
Net change	(43,268,052)	28,042,199	(15,225,853)
Period ending - 31 December	20,513,696	(15,380,479)	5,133,217
	2019		Net
	Gross	Reinsurer's Share	
Beginning of the period - 1 January	90,299,543	(55,375,794)	34,923,749
Net change	(26,517,795)	11,953,116	(14,564,679)
Period ending - 31 December	63,781,748	(43,422,678)	20,359,070

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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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

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,

31 December 2020

Claim Period	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	1 January - 31 December 2020	Total
Claim year								
1 year later	884,007,282	1,086,575,354	1,177,948,848	1,497,880,058	1,884,015,865	1,828,489,239	2,244,934,820	10,603,851,466
2 year later	447,866,345	574,484,969	591,267,520	877,253,569	1,038,594,291	809,223,429	-	4,338,690,123
3 year later	281,084,907	370,026,270	373,480,863	536,738,471	896,060,910	-	-	2,457,391,421
4 year later	250,881,609	353,774,493	344,422,637	466,068,455	-	-	-	1,415,147,194
5 year later	246,462,423	334,913,026	331,028,411	-	-	-	-	912,403,860
6 year later	226,909,191	347,330,950	-	-	-	-	-	574,240,141
7 year later	229,611,919	-	-	-	-	-	-	229,611,919
Total incurred Los- gross	2,566,823,676	3,067,105,062	2,818,148,279	3,377,940,553	3,818,671,066	2,637,712,668	2,244,934,820	20,531,336,124

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
Claim year								
1 year later	740,628,544	884,007,282	1,086,575,353	1,177,948,849	1,497,880,060	1,884,015,865	1,828,489,239	9,099,545,192
2 year later	293,295,020	447,866,347	574,484,969	591,267,521	877,253,570	1,038,594,291	-	3,822,761,718
3 year later	175,926,654	281,084,908	370,026,270	373,480,863	536,738,468	-	-	1,737,257,163
4 year later	178,542,071	250,881,609	353,774,493	344,422,637	-	-	-	1,127,620,810
5 year later	176,148,772	246,462,423	334,913,026	-	-	-	-	757,524,221
6 year later	181,854,519	226,909,191	-	-	-	-	-	408,763,710
7 year later	174,848,331	-	-	-	-	-	-	174,848,331
Total incurred Los- gross	1,921,243,911	2,337,211,760	2,719,774,111	2,487,119,870	2,911,872,098	2,922,610,156	1,828,489,239	17,128,321,145

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

31 Aralık 2018

Claim Period	1 January - 31 December 2012	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	Total
Claim year								
1 year later	611,518,976	740,628,544	884,006,235	1,086,575,354	1,177,948,848	1,497,880,060	1,884,016,985	7,882,575,002
2 year later	231,982,902	293,295,020	447,866,345	574,484,969	591,267,520	877,252,450	-	3,016,149,206
3 year later	120,785,277	175,926,654	281,084,908	370,026,270	373,480,863	-	-	1,321,303,972
4 year later	120,758,162	178,542,071	250,881,609	353,774,493	-	-	-	903,956,335
5 year later	126,805,968	176,148,772	246,462,423	-	-	-	-	549,417,163
6 year later	126,197,535	181,854,519	-	-	-	-	-	308,052,054
7 year later	126,646,534	-	-	-	-	-	-	126,646,534
Total incurred	1,464,695,354	1,746,395,580	2,110,301,520	2,384,861,086	2,142,697,231	2,375,132,510	1,884,016,985	14,108,100,266
Los- gross								

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 2020		31 December 2019		31 December 2018	
	Should be Placed (*)	Placed	Should be Placed (*)	Placed	Should be Placed (*)	Placed
Non-life:						
Banks deposits	-	765,041,111	-	685,052,076	-	432,924,637
	557,488,748	765,041,111	400,835,285	685,052,076	344,459,196	432,924,637

(*) 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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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

Total amount of insurance risk on a branch basis

	31 December 2020	31 December 2019	31 December 2018
Motor Vehicles Liability	8,002,264,475,452	7,991,272,111,794	8,019,480,293,375
Fire and Natural Disasters	3,011,194,820,093	2,811,992,046,129	2,193,798,546,967
General Losses	805,286,465,486	444,988,761,759	377,406,241,537
Health	447,397,175,220	465,320,722,084	265,890,027,056
Accident	240,137,144,056	311,837,412,370	224,606,344,779
General Liability	167,757,556,546	123,440,309,591	115,997,195,180
Motor Vehicles	140,428,375,447	191,028,418,788	100,136,357,601
Air Vehicles Liability	52,980,195,975	39,479,425,605	35,678,433,869
Financial Losses	35,919,377,648	33,513,272,271	27,411,323,319
Marine	29,138,955,711	24,442,302,165	17,374,569,941
Air Vehicles	17,019,024,556	10,762,738,517	9,807,073,511
Water Vehicles	13,258,987,769	10,701,918,015	9,095,479,427
Legal Protection	4,970,659,331	4,034,979,507	3,923,995,729
Credit	695,491,950	198,550,041	108,737,309
Surety	504,669,851	508,456,902	539,386,095
Total	12,968,953,375,091	12,463,521,425,538	11,401,254,005,695

Company's number of life insurance policies, additions, disposals during the year and the related mathematical reserves

None (31 December 2019: 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 2019: 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 2019: 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 TRY539,918,929 (31 December 2019: TRY475,439,682 and 31 December 2018 TRY355,070,733) is composed of deferred commission expenses amounting to TRY511,545,993 (31 December 2019: TRY448,575,869 and 31 December 2018: TRY335,827,452) and other prepaid expenses amounting to TRY28,372,936 (31 December 2019: TRY26,765,910 31 December 2018: TRY19,168,470)

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

As at 31 December 2020 and 2019, the movements of deferred commission expenses are presented below:

	2020	2019
Deferred production commissions beginning of the period -1 January	448,575,869	335,827,452
Commissions accrued during the period	1,052,056,363	937,470,317
Commissions expensed during the period (Note 32)	(989,086,239)	(824,721,900)
Deferred production commissions Period ending - 31 December	511,545,993	448,575,869

Individual pension funds

None (31 December 2019: None)

18. INVESTMENT CONTRACT LIABILITIES

None (31 December 2019: None)

19. TRADE AND OTHER PAYABLES DEFERRED INCOME

	31 December 2020	31 December 2019	31 December 2018
Payables arising from operating activities	1,256,119,167	732,332,245	581,330,039
Deferred Commission Incomes (Note 10)	331,867,997	232,469,498	184,781,345
Payables to SSI	23,139,760	41,393,564	31,111,782
Other payables	78,572,443	97,235,649	70,714,904
Other various payables discounts	-	(211,902)	(265,380)
	1,689,699,367	1,103,219,054	867,672,690

Other various payables

	31 December 2020	31 December 2019	31 December 2018
Payables to suppliers and contracted institutions	47,020,459	86,218,618	63,125,757
DASK and TARSİM current accounts	30,646,802	7,169,300	5,924,800
Other	905,182	3,847,731	1,664,347
	78,572,443	97,235,649	70,714,904

As of 31 December 2020, payables arising from operating activities are debts to reinsurance companies amounting to TRY1,075,346,328 (31 December 2019: TRY506,776,716, 31 December 2018: TRY414,462,876) (Note 10).

Total amount of investment discount for the current and future periods

None (31 December 2019: None)

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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 2020	31 December 2019
Short - term leases liabilities	4,508,672	11,363,450
Long - term lease liabilities	6,196,455	4,614,165
Alternative borrowing rate and discount amount	(507,855)	(617,447)
Total Lease Liabilities	10,197,272	15,360,168
	2020	2019
Total lease obligation as of January 1	15,360,168	-
Rent payments	(7,833,647)	(2,233,888)
New adding and interest cost	2,670,751	1,257,150
TFRS 16 transition effect	-	16,336,906
Total lease liabilities as of 31 December	10,197,272	15,360,168

The company does not have any debts to credit institutions as of 31 December 2020 (31 December 2019: TRY 557,576, 31 December 2018: TRY 411,679).

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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.

As 31 December 2020, 2019 and 2018, the temporary giving rise to deferred income tax assets and liabilities with using enacted tax rates are follows.

	Deferred tax Assets/(liabilities)		
	31 December 2020	31 December 2019	31 December 2018
Deferred Tax Assets			
Provision for reinsurance receivables	29,916,798	11,514,192	9,686,529
Equalization provision	20,917,024	17,828,981	14,573,379
Provision for various expense	17,645,335	16,936,042	5,551,387
Provision for doubtful receivables	11,141,475	15,574,632	13,501,471
Provision for Severance	6,170,740	5,002,993	3,954,720
Actual but not reported compensation provision	-	43,570,333	64,856,409
Other	6,627,048	8,359,983	30,980,386
Total Deferred Tax Assets	92,418,420	118,787,156	143,104,281
Deferred Tax Liabilities (-)			
Traded securities fair value differences	(51,348,403)	(32,585,016)	(27,925,918)
Properties held for use (Note 6)	(12,257,931)	(17,639,170)	(16,526,933)
Investment properties	(1,726,670)	(276,779)	(1,190,811)
Other	(2,326,969)	(1,368,357)	(2,667,063)
Total Deferred Tax Liabilities (-)	(67,659,973)	(51,869,322)	(48,310,725)
Net Deferred Tax Assets	24,758,447	66,917,834	94,793,556

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21. DEFERRED TAXES (Continued)

The movement of deferred tax (liabilities)/assets during the period are as follows:

	2020	2019
Beginning of the period -1 January	66,917,834	94,793,556
Deferred tax income (-)	(29,403,437)	(22,608,072)
Deferred tax, recognized in equity over the revaluation fund of properties held for own use (Note 6)	5,381,239	(1,112,219)
Deferred tax effect of actuarial loss	626,198	503,667
Deferred tax, recognized in equity over the revaluation differences of financial assets (Note 15)	(18,763,387)	(4,659,098)
Period ending - 31 December	24,758,447	66,917,834

22. RETIREMENT BENEFIT OBLIGATIONS

None (31 December 2019: None).

23. PROVISIONS FOR OTHER LIABILITIES AND EXPENSES

As at 31 December 2020, 2019 and 2018, the details of the provisions for other liabilities and expenses are as follows:

	31 December 2020	31 December 2019	31 December 2018
Personnel bonus provisions	34,660,324	21,721,546	4,180,257
Provisions for agency commission	30,951,288	5,250,000	-
Provision for case	7,251,367	15,625,492	9,671,824
Provision for unused vacations	5,216,138	3,979,950	2,051,863
Other Provisions	2,126,949	4,131,029	3,033,447
Provision for accrued expenses	80,206,066	50,708,017	18,937,391
Provision for severance pay	30,853,702	25,014,964	19,773,600

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23. PROVISIONS FOR OTHER LIABILITIES AND EXPENSES (Continued)

Movements of provision for cost expense during the period are presented below:

	Personnel bonus provisions	Provisions for agency commission	Other	Total
Beginning of the period - 1 January	21,721,546	5,250,000	23,736,471	50,708,017
Changes during the period	12,938,778	25,701,288	(9,142,017)	29,498,049
At the end of the period - 31 December 2020	34,660,324	30,951,288	14,594,454	80,206,066
Beginning of the period - 1 January	4,180,257	-	14,757,134	18,937,391
Changes during the period	17,541,289	5,250,000	8,979,337	31,770,626
At the end of the period - 31 December 2020	21,721,546	5,250,000	23,736,471	50,708,017

Movements of provision for severance pay during the period are presented below:

	2020	2019
Beginning of the period - 1 January	25,014,964	19,773,600
Interest cost	3,101,910	2,226,994
Service cost	3,021,989	3,288,069
Payments during the period	(3,488,635)	(2,837,439)
Actuarial loss/(gain)	3,203,474	2,563,740
At the end of the period - 31 December	30,853,702	25,014,964

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24. NET INSURANCE PREMIUM INCOME

As of 1 January - 31 December 2020 and 2019 details of written premiums are as follows:

	1 January - 31 December 2020				1 January - 31 December 2019			
	Gross	Re- Share	SSI Ceded	Net	Gross	Re- Share	SSI Ceded	Net
General Loses	3,276,311,168	(2,879,512,944)	-	396,798,224	2,061,036,916	(1,744,002,870)	-	317,034,046
Fire and Natural Disasters	1,727,821,680	(1,201,566,555)	-	526,255,125	1,324,104,044	(836,645,292)	-	487,458,752
Motor Vehicles Liability	1,403,676,104	(384,042,951)	(106,867,090)	912,766,063	1,704,938,349	(258,837,239)	(138,305,772)	1,307,795,338
Motor Vehicles Health	824,106,337	(5,463,427)	-	818,642,910	766,855,578	(8,382,587)	-	758,472,991
Accident	582,209,518	(3,201,909)	-	579,007,609	360,044,329	(8,616,548)	-	351,427,781
General Liability	405,591,022	(48,859,243)	(11,923)	356,719,856	382,420,463	(55,487,636)	(8,104)	326,924,723
Air Vehicles	207,891,369	(183,091,956)	-	24,799,413	122,428,000	(99,098,926)	-	23,329,074
Air vehicles Liability	141,423,625	(141,423,625)	-	-	114,380,994	(114,380,994)	-	-
Water Vehicles	114,641,836	(114,641,836)	-	-	145,782,372	(145,782,372)	-	-
Marine	84,664,890	(75,425,458)	-	9,239,432	56,638,418	(52,239,052)	-	4,399,366
Credit	39,415,913	(26,100,580)	-	13,315,333	36,418,086	(23,669,637)	-	12,748,449
Financial Losses	29,631,833	(29,427,327)	-	204,506	12,908,875	(12,807,972)	-	100,903
Legal Protection	27,216,799	(20,008,166)	-	7,208,633	56,611,553	(10,525,289)	-	46,086,264
Surety	16,948,532	38,302	-	16,986,834	13,891,034	(1,122,637)	-	12,768,397
Other	5,575,575	(2,732,529)	-	2,843,046	8,384,035	(7,074,009)	-	1,310,026
Other	1,928	-	-	1,928	158,666	-	-	158,666
Total	8,887,128,129	(5,115,460,204)	(106,879,013)	3,664,788,912	7,167,001,712	(3,378,673,060)	(138,313,876)	3,650,014,776

25. SUBSCRIPTION FEE REVENUE

None (31 December 2019: None).

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26. INVESTMENT INCOME

	1 January - 31 December 2020	1 January - 31 December 2019
Income from financial investments	669,039,715	831,668,920
<i>Interest income from time deposit</i>	638,419,295	757,870,208
<i>Interest income from debt instrument</i>	30,620,420	73,798,712
Foreign exchange gains	327,794,684	138,345,016
<i>Fx gains from current accounts transactions</i>	266,170,032	81,808,712
<i>Fx gains from cash and cash equivalent transactions</i>	61,624,652	56,536,304
Dividend income from linked securities	106,088,223	30,735,989
Valuation of financial investments	44,722,169	12,700,471
Rent and Valuation incomes	12,738,577	1,205,318
Other Investments	10,334	723,732
Total	1,160,393,702	1,015,379,446

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 2019: None).

TÜRKİYE SİGORTA A.Ş. (FORMERLY '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)

31. OTHER EXPENSES

The allocation of the expenses with respect to their nature or function is presented in Note 32.

32. EXPENSE BY NATURE

Details of operating expenses included in the income statement are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Commission expenses (Note 17)	989,086,239	824,721,900
Employee benefit expense (Note 33)	249,678,823	194,993,944
Management expenses	69,365,698	53,993,987
Advertising expenses	55,161,418	24,871,279
External benefits and services	44,064,906	46,646,888
Acquired commission incomes from reinsurer (Note 10)	(570,849,232)	(460,214,891)
Other operating expenses	85,892,859	80,017,134
Total	922,400,711	765,030,241

33. EMPLOYEE BENEFIT EXPENSES

The details of employee benefit expenses are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Wages and salaries	198,706,274	148,184,930
Employer's share in social security premiums	23,778,820	18,318,250
Other fringe benefits	13,224,214	17,099,021
Other benefits	13,969,515	11,391,743
	249,678,823	194,993,944

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.

TÜRKİYE SİGORTA A.Ş. (FORMERLY '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)

35. INCOME TAXES

Income tax expense in the accompanying financial statements is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Corporate tax liability:		
Calculated corporate tax provision	(276,428,188)	(202,460,747)
Deferred tax:		
Tax arising from Change of deductible and taxable temporary differences	(29,403,437)	(22,608,072)
Total income tax expense recognized in statement of income (-)	(305,831,625)	(225,068,819)

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 2020 and 2019 is as follows:

	2020	2019
Before Tax Profit	1,458,850,894	1,053,447,418
Income Tax Provision at statutory tax rate	(320,947,197)	(231,758,432)
Income not subject to tax	23,339,409	6,761,918
Disallowable expenses other adjustments effect	(8,223,837)	(72,305)
Total income tax expense accounted in the statement of income	(305,831,625)	(225,068,819)

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 2020	1 January - 31 December 2019
Net income for the period	1,153,019,269	828,378,599
Weighted average number of shares	1,161,523,363	1,161,523,363
Earnings/(loss) per share (TRY)	0.99	0.71

Weighted average shares used in calculation for earnings per shares has been obtained by applying the non-paid up share retrospectively from the beginning of the previous reporting period.

TÜRKİYE SİGORTA A.Ş. (FORMERLY '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

Information on dividend distribution is explained in notes 15 and 45.

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 2019: None).

41. REDEEMABLE PREFERENCE SHARES

None (31 December 2019: 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 2020, 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 TRY2,562,007,228 (31 December 2019: TRY1,936,832,006). Provision for all these cases is recognized under provision for outstanding claim account in the related financial statements.

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 TRY1,343,490 for 2007 and TRY1,921,964 for 2008 on 20 December 2013. The company was notified of penalties of TRY2,158,478 for 2009 on 28 November 2014 and TRY6,334,772 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.

43. TAAHHÜTLER

The details of the guarantees which are given by the Company in favour or the Ministry of Treasury and Finance for insurance operations are presented in Note 17.

44. BUSINESS COMBINATIONS

Business combinations are presented in Note 2.1.1.

TÜRKİYE SİGORTA A.Ş. (FORMERLY '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)

45. RELATED PARTY TRANSACTIONS

Türkiye Varlık Fonu Group companies are considered as related parties.

As at 31 December 2020,2019 and 2018, related party balances are as follows:

	31 December 2020	31 December 2019	31 December 2018
Bank Deposits			
Türkiye Halk Bankası A.Ş.	2,590,924,050	2,260,311,744	1,474,062,711
T.C. Ziraat Bankası A.Ş.	1,586,978,304	997,885,476	573,131,739
Vakıfbank	1,046,916,439	667,007,842	629,162,040
Other	625,325,568	93,659,729	29,407,861
	5,850,144,361	4,018,864,791	2,705,764,351
Receivables from main activities			
T.C. Ziraat Bankası A.Ş.	328,611,177	224,443,030	197,880,285
Vakıfbank	302,794,871	346,657,887	86,828,236
Türkiye Halk Bankası A.Ş.	107,535,569	78,319,803	68,673,735
Other	34,090,490	24,908,157	179,747,417
	773,032,107	674,328,877	533,129,673
Payables from main activities			
Vakıfbank	13,381,540	-	-
Türkiye Halk Bankası A.Ş.	7,907,762	1,163,002	1,847,663
Ziraat Katılım Bankası A.Ş.	2,991,248	86,468	127,194
Other	3,312,130	2,478,369	3,339,158
	27,592,680	3,727,839	5,314,015
Other payables to related parties			
Dividend payables to shareholders	5,377,481	1,458,120	1,483,221
Other	681,106	1,071,762	-
	6,058,587	2,529,882	1,483,221

No guarantee has been received for receivables from related parties. There are no doubtful receivables and debts allocated for receivables from partners and subsidiaries. There are no obligations such as guarantees, commitments, sureties, advances and endorsements given in favor of shareholders and subsidiaries.

TÜRKİYE SİGORTA A.Ş. (FORMERLY '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)

45. RELATED PARTY TRANSACTIONS (Continued)

The operations performed with related party in organizations are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Written premiums		
Türk Hava Yolları Anonim Ortaklığı	208,534,080	236,456,667
Türksat Uydu Haberleşme Kablo TV ve İşletme A.Ş.	16,959,129	2,860
Turkish Petroleum International Company Ltd.	5,198,170	8,250
Eti Maden İşletmeleri Genel Müdürlüğü	4,482,297	16,118
Borsa İstanbul A.Ş.	2,521,505	-
Türkiye Petrolleri Anonim Ortaklığı	2,180,634	17,357
Other	1,808,560	832,195
	241,684,375	237,333,447

The company also paid TRY 866,547,799, TC Ziraat Bankası A.Ş. through its branches TRY 3,080,795,311 and T. Halk Bankası A.Ş. TRY 637,299,395 premium was written through its branches. (The company also wrote a premium of TRY 717,224,483 through Vakıfbank branches, TRY 2,488,908,856 through branches of TC Ziraat Bankası A.Ş. and TRY 537,176,945 through branches of T. Halk Bankası A.Ş. between 1 January - 31 December 2019.)

	1 January - 31 December 2020	1 January - 31 December 2019
Commission paid		
Türk Telekomünikasyon A.Ş.	264,286	7
Other	191,439	96,869
	455,725	96,876

TÜRKİYE SİGORTA A.Ş. (FORMERLY '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)

45. RELATED PARTY TRANSACTIONS (Continued)

The Company has also paid TRY 185,256,242, TC Ziraat Bankası A.Ş. TRY 366,764,350 and T. Halk Bankası A.Ş. The Company paid a commission of TRY 78,117,390 to the related banks for the premiums written through its branches, and T. Halk Bankası A.Ş. (The company also paid TRY 120,698,255 for premiums written through Vakıfbank branches, TRY 319,894,992 for premiums written through branches of TC Ziraat Bankası A.Ş. and T. Halk Bankası A.Ş. paid a commission to the relevant banks in the amount of TRY 69,958,198)

Rent income

Vakıfbank	1,083,708	1,134,008
	1,083,708	1,134,008

Rent expenses

Türkiye Hayat ve Emeklilik A.Ş.	197,992	181,755
T. Halk Bankası A.Ş.	72,545	83,409
	270,537	265,164

Finance income

T. Halk Bankası A.Ş. (Deposit income)	440,400,226	321,891,628
T.C. Ziraat Bankası A.Ş.	108,542,835	156,769,303
Vakıfbank	108,304,193	98,652,511
T. Halk Bankası A.Ş. (Financial asset sales income)	12,953,636	46,080,329
Ziraat Katılım Bankası A.Ş.	2,121,285	2,605,367
Halk Finansal Kiralama A.Ş.	471	3,818,195
	672,322,646	629,817,333

Finance expense

T. Halk Bankası A.Ş.	2,413,841	-
Vakıfbank	883,403	1,541,999
	3,297,244	1,541,999

TÜRKİYE SİGORTA A.Ş. (FORMERLY '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)

45. RELATED PARTY TRANSACTIONS (Continued)

	1 January - 31 December 2020	1 January - 31 December 2019
Service commission expense		
Halk Yatırım Menkul Değerler A.Ş.	47,200	70,800
Vakıf Yatırım Menkul Değerler A.Ş.	-	340,968
	47,200	411,768
Dividend income		
Türkiye Emeklilik ve Hayat A.Ş.	103,949,707	30,735,989
Other	2,138,516	-
	106,088,223	30,735,989
Dividend distributed		
<i>Before the merger, Ziraat Sigorta A.Ş. dividend distributed by</i>		
T.C. Ziraat Bankası A.Ş.	359,892,000	299,910,000
Other	108,000	90,000
	360,000,000	300,000,000
<i>Before the merger, Halk Sigorta A.Ş. dividend distributed by</i>		
TVF Finansal Yatırımlar A.Ş.	191,460,568	-
Other	9,397,567	-
	200,858,135	-

46. SUBSEQUENT EVENTS

None

TÜRKİYE SİGORTA A.Ş. (FORMERLY '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)

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	31 December 2020	31 December 2019	31 December 2018
DASK and TARSİM current accounts	52,415,128	16,262,717	12,300,324
Other Receivables	4,495,831	1,600,253	508,224
	56,910,959	17,862,970	12,808,548
Other Liabilities			
Payables to suppliers and contracted institutions	47,020,459	86,218,618	63,125,757
DASK and TARSİM current accounts	30,646,802	7,169,300	5,924,800
Other	905,182	3,847,731	1,664,347
	78,572,443	97,235,649	70,714,904

TÜRKİYE SİGORTA A.Ş. (FORMERLY '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)

47. OTHER (Continued)

'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 2019: None).

Subrogation receivables followed under the off-balance sheet accounts

None (31 December 2019: None).

Description and amount of rights in real on property

None (31 December 2019: None).

Descriptive disclosure in relation to amounts and resources of income, expenses, and losses for the prior periods

None (31 December 2019: None).

For the years ended 31 December 2020 and 2019, details of rediscount and provision expenses are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Doubtful receivables provision from reinsurance operations	(83,648,209)	(8,307,560)
Provision for recovery Receivable under legal follow-up (Note 4.2)	(81,953,609)	(72,599,134)
Provision for premium receivable and recovery receivable Under legal follow-up (Note 4.2)	20,150,714	(4,583,216)
Other	26,520,325	(12,627,196)
Provisions Account	(118,930,779)	(98,117,106)

**TÜRKİYE SİGORTA A.Ş.
(FORMERLY 'GÜNEŞ SİGORTA A.Ş.')**

**CONVENIENCE TRANSLATION OF STATUTORY
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020
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 Türkiye Sigorta A.Ş. (Formerly "Güneş Sigorta A.Ş.")

A. Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Türkiye Sigorta A.Ş. (Formerly "Güneş Sigorta A.Ş.") (the "Company") which comprise the consolidated balance sheet as at 31 December 2020 and the consolidated statement of income, consolidated statement of changes in shareholders' equity, statement of consolidated cash flows and profit distribution for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2020, and its consolidated 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 consolidated 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	How our audit addressed the matter
<p>Estimation of provision for claims incurred but not reported</p> <p>As explained in Notes 2 and 17, the Company has accounted for incurred but not reported claims provision amounting to TRY 2,214 million on a net basis as of 31 December 2020.</p> <p>Abovementioned provision has been calculated with respect to the best estimation methods determined in accordance with the opinion of the Company's actuary in the context of "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 consolidated financial statements and the significant actuarial judgments and estimates required by the nature of provision in the consolidated financial statements.</p>	<p>We tested the design and operational effectiveness of the key controls implemented by the Company's management in relation to the incurred losses used in the calculation of incurred but not reported claims provision.</p> <p>During our audit, the information used in the calculation of incurred but not reported claims provision has been reconciled to the information included in the consolidated financial statements for selected branches. In addition, for selected branches, estimated loss ratios and expected claim developments accompanied with selected actuarial methods, historical claim experience and sectoral developments adopted by the Company actuary in the calculation of incurred but not reported claims provision have been evaluated by our own actuaries using actuarial techniques. Besides, actuarial calculations have been performed and reasonable reserve ranges for the incurred but not reported claims provision of selected branches as of the reporting date have been determined; and compared to the amounts included in Company's accounting records.</p> <p>Additionally, the compliance and consistency of the disclosures in the consolidated financial statements related to such provisions in the context of Regulation on Insurance Accounting and Financial Reporting Principles have been checked.</p>

INDEPENDENT AUDITOR'S REPORT



Key audit matters	How our audit addressed the matter
<p>Accounting of the business combination</p> <p>As explained in Notes 1 and 2, the Company legally merged with Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş. by dissolution without liquidation as a whole with all assets and liabilities and title of the Company was changed to Türkiye Sigorta A.Ş. in accordance with the decision taken at the Extraordinary General Assembly dated 27 August 2020 which was registered on 31 August 2020. The mentioned merger has been treated as a business combination under common control in accordance with the Principle Decision regarding Implementation of the Turkish Financial Reporting Standards numbered 2018-1 and dated 11 October 2018 as legislated by Public Oversight, Accounting and Auditing Standards Authority (the "Principle Decision"). Accordingly, the prior period consolidated financial statements have been restated using the "Pooling of Interests" method and the merger is accounted for as of the date that the common control is established as required by the Principle Decision. Therefore; prior period consolidated financial statements starting from 31 December 2018 are presented as including the financial statements of Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş..</p> <p>The reason we focussed on this area during our audit is the significance of the amounts of merger related adjustments to the consolidated financial statements; and that the business combination includes significant accounting judgements related to application of the Principle Decision and alignment of insurance technical provisions and other accounting policies due to the nature of the transaction.</p>	<p>During our audit, we have performed the following procedures with respect to the accounting of business combination:</p> <ul style="list-style-type: none"> • Understanding the details of the business combination through discussion with the Company management, • Obtaining and reviewing the general assembly resolution, valuation and merger reports, • Evaluating the consistency and compliance of insurance technical provision applications and other accounting policies adopted in the merged consolidated financial statements with the Regulation on Insurance Accounting and Financial Reporting Principles, • Checking the appropriateness of merger related adjustments to the accompanying consolidated financial statements in accordance with the Principle Decision and the Regulation on Insurance Accounting and Financial Reporting Principles; and mathematical accuracy of related accounting entries, • Evaluating the adequacy of the disclosures in the consolidated financial statements related to the merger and its accounting treatment.

4. Other Issues

The financial statements of Halk Sigorta A.Ş. and Ziraat Sigorta A.Ş. for the period between 1 January - 31 December 2019, as included in the prior period financial statements in accordance with the Principle Decision referred to in the 3rd paragraph, were audited by other independent audit firms whose audit reports dated 14 February 2020 and 13 March 2020 expressed an unmodified opinion on those statements, respectively.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated 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.

6. Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 and 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 consolidated 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 2020 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 1 March 2021.

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, 1 March 2021

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

We confirm that the consolidated financial statements, related disclosures and footnotes as at 31 December 2020 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.

Türkiye Sigorta A.Ş.

1 March 2021

Atilla BENLİ
Chairman of the Board,
General Manager



Murat SÜZER
Assistant General Manager



Aslıhan DUYMAZ
Actuary
Register Number: 61



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TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE CONSOLIDATED BALANCE SHEETS ON 31 DECEMBER 2020, 2019 AND 2018

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

ASSETS	Notes	Audited Current Period 31 December 2020	Restated (*) Audited Prior Period 31 December 2019	Restated (*) Audited Prior Period 31 December 2018
I- Current Assets				
A- Cash and Cash Equivalents	4.2 and 14	6,535,388,952	5,395,274,982	3,842,393,687
1- Cash	14	-	-	1,744
2- Cheques Received		-	-	-
3- Cash at Banks	14	6,135,755,564	4,886,595,601	3,462,536,393
4- Cheques Given and Payment Orders		-	-	-
5- Bank Warranted and Shorter Than 3 Months Credit Card Receivables	14	399,633,388	508,679,381	379,855,550
6- Other Cash and Cash Equivalents		-	-	-
B- Financial Assets and Financial Investments with Risks on Policyholders	4.2 and 11	187,246,920	398,664,538	278,734,595
1- Available-for-Sale Financial Asset	11	37,412	37,412	4,334
2- Held to Maturity Investments	4.2 and 11	37,396,299	275,810,021	249,883,910
3- Financial Assets Held for Trading	4.2 and 11	149,813,209	122,817,105	28,846,351
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 (-)		-	-	-
C- Receivables from Main Operations	4.2 and 12	1,984,823,396	1,317,641,665	1,097,732,147
1- Receivables from Insurance Operations	12	1,937,324,825	1,303,979,241	1,111,719,627
2- Provision for Receivables from Insurance Operations (-)	12	(50,643,066)	(70,793,780)	(61,370,325)
3- Receivables from Reinsurance Operations	12	94,339,185	80,585,497	43,127,538
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	413,357,571	331,280,976	254,890,744
10- Provision for Doubtful Receivables from Main Operations	12	(409,555,119)	(327,410,269)	(250,635,437)
D- Due from Related Parties		112,955	54,764	16,724
1- Due from Shareholders		-	-	-
2- Due from Associates		-	-	-
3- Due from Subsidiaries		-	-	-
4- Due from Joint Ventures		-	-	-
5- Due from Personnel		-	3,106	2,831
6- Due from Other Related Parties		112,955	51,658	13,893
7- Rediscount on Receivables from Related Parties (-)		-	-	-
8- Doubtful Receivables from Related Parties		-	-	-
9- Provision for Doubtful Receivables from Related Parties (-)		-	-	-
E- Other Receivables	4.2 and 12	56,912,684	17,841,387	13,103,341
1- Finance Lease Receivables		-	-	-
2- Unearned Finance Lease Interest Income (-)		-	-	-
3- Deposits and Guarantees Given		1,725	1,725	397,547
4- Other Miscellaneous Receivables	47.1	56,910,959	17,862,970	12,808,548
5- Rediscount on Other Miscellaneous Receivables (-)		-	(23,308)	(102,754)
6- Other Doubtful Receivables		423,504	423,504	421,964
7- Provision for Other Doubtful Receivables (-)		(423,504)	(423,504)	(421,964)
F- Prepaid Expenses and Income Accruals	17	539,918,929	475,439,682	355,070,733
1- Deferred Acquisition Costs	17	511,545,993	448,575,869	335,827,452
2- Accrued Interest and Rent Income		-	-	-
3- Income Accruals		-	97,903	74,811
4- Other Prepaid Expenses	17	28,372,936	26,765,910	19,168,470
G- Other Current Assets		1,468,672	18,747,624	30,061,600
1- Stocks to be used in the Following Months		-	-	-
2- Prepaid Taxes and Funds	4.2 and 12	688,411	18,516,745	29,190,572
3- Deferred Tax Assets		-	-	-
4- Business Advances		7,502	(271,327)	(63,192)
5- Advances Given to Personnel	4.2	216,830	61,590	96,337
6- Inventory Count Deficiency		-	-	-
7- Other Miscellaneous Current Assets		555,929	440,616	837,883
8- Provision for Other Miscellaneous Current Assets (-)		-	-	-
I- Total Current Assets		9,305,872,508	7,623,664,642	5,617,112,827

(*) Explained in note 2.

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE CONSOLIDATED BALANCE SHEETS ON 31 DECEMBER 2020, 2019 AND 2018

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

ASSETS	Notes	Audited Current Period 31 December 2020	Restated (*) Audited Prior Period 31 December 2019	Restated (*) Audited Prior Period 31 December 2018
II- Non-Current Assets				
A- Receivables from Main Operations		-	-	-
1- Receivables from Insurance Operations		-	-	-
2- Provision for Receivables from Insurance Operations (-)		-	-	-
3- Receivables from Reinsurance Operations		-	-	-
4- Provision for Receivables from Reinsurance Operations (-)		-	-	-
5- Cash Deposited for Insurance 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- Due from Related Parties		-	-	-
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 (-)		-	-	-
C- Other Receivables		-	-	-
1- Finance Lease Receivables	4.2 and 12	5,232,292	1,511,982	1,414,633
2- Unearned Finance Lease Interest Income (-)		-	-	-
3- Deposits and Guarantees Given	4.2 and 12	5,232,292	1,511,982	1,414,633
4- Other Miscellaneous Receivables		-	-	-
5- Rediscount on Other Miscellaneous Receivables (-)		-	-	-
6- Other Doubtful Receivables		-	-	-
7- Provision for Other Doubtful Receivables (-)		-	-	-
D- Financial Assets		-	-	-
1- Investments in Equity Shares	9	1,138,624,167	707,225,084	615,176,994
2- Investments in Associates	9	1,132,829,102	724,684,468	634,377,879
3- Capital Commitments to Associates (-)		-	-	-
4- Investments in Subsidiaries		-	-	-
5- Capital Commitments to Subsidiaries (-)		-	-	-
6- Investments in Joint Ventures	9	20,841,899	-	-
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	(15,046,834)	(17,459,384)	(19,200,885)
E- Tangible Assets		-	-	-
1- Investment Property	7	33,799,258	18,168,576	17,887,586
2- Impairment in Value of Investment Properties (-)		-	-	-
3- Land and Buildings Held for Utilization	6	187,918,000	208,770,637	204,355,637
4- Machinery and Equipments	6	34,670,032	22,283,125	10,959,831
5- Furnitures and Fixtures	6	15,332,689	15,039,504	14,012,979
6- Motor vehicles	6	11,403,174	11,403,174	501,765
7- Other Tangible Assets, Including Leasehold Improvements	6	2,599,279	3,531,014	2,865,572
8- Tangible Assets Acquired Through Finance Leases	6	27,267,932	28,779,885	8,819,487
9- Accumulated Amortizations	6	(49,431,152)	(39,879,489)	(31,153,289)
10- Advances for Tangible Assets, Including Construction in Progress		-	-	-
F- Intangible Assets		-	-	-
1- Rights	8	29,771,903	21,952,016	15,921,245
2- Goodwill		-	-	-
3- Pre-operating Expenses		-	-	-
4- Research and Development Costs		-	-	-
5- Other Intangible Assets	8	38,238,939	37,043,903	34,323,897
6- Accumulated Amortization (-)	8	(50,129,794)	(42,258,527)	(37,208,359)
7- Advances Paid for Intangible Assets		-	96,466	96,466
G- Prepaid Expenses and Income Accruals		-	-	-
1- Deferred Acquisition Expenses		-	-	-
2- Income Accruals		-	-	-
3- Other Prepaid Expenses and Income Accruals		-	-	-
H- Other Non-Current Assets		-	-	-
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		-	-	-
6- Other Miscellaneous Non-Current Assets	21	24,758,447	87,279,075	95,915,103
7- Amortization on Other Non-Current Assets (-)		-	-	-
8- Provision for Other Non-Current Assets (-)		-	-	-
II- Total Non-Current Assets		-	-	-
TOTAL ASSETS		1,450,055,166	1,080,946,425	953,889,547
		10,755,927,674	8,704,611,067	6,571,002,374

(*) Explained in note 2.

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE CONSOLIDATED BALANCE SHEETS ON 31 DECEMBER 2020, 2019 AND 2018

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

LIABILITIES	Notes	Audited Current Period 31 December 2020	Restated (*) Audited Prior Period 31 December 2019	Restated (*) Audited Prior Period 31 December 2018
III- Short-Term Liabilities				
A- Financial Liabilities	4.2	4,404,493	11,783,931	411,679
1- Borrowings to Financial Institutions		-	557,576	411,679
2- Finance Lease Payables	20	4,508,672	11,363,450	-
3- Deferred Leasing Costs (-)	20	(104,179)	(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- Payables Arising from Main Operations	4.2 and 19	1,256,119,167	732,332,245	581,330,039
1- Payables Arising from Insurance Operations		1,252,264,601	597,866,635	484,039,193
2- Payables Arising from Reinsurance Operations		-	-	-
3- Cash Deposited by Insurance and Reinsurance Companies		141	141	141
4- Payables Arising from Individual Pension Business		-	-	-
5- Payables Arising from Other Main Operations		3,854,425	135,587,047	98,096,475
6- Discount on Payables from Other Main Operations (-)		-	(1,121,578)	(805,770)
C- Due to Related Parties	4.2	6,669,798	2,893,375	1,779,255
1- Due to Shareholders	45	5,377,481	1,458,120	1,483,221
2- Due to Associates		-	-	-
3- Due to Subsidiaries		-	-	-
4- Due to Joint Ventures		-	-	-
5- Due to Personnel		611,211	363,493	296,034
6- Due to Other Related Parties	45	681,106	1,071,762	-
D- Other Payables	4.2	105,131,917	141,250,157	103,336,990
1- Deposits and Guarantees Received		3,419,714	2,832,846	1,775,684
2- Debts to SSI for treatment expenses	19	23,139,760	41,393,564	31,111,782
3- Other Miscellaneous Payables	19 and 47	78,572,443	97,235,649	70,714,904
4- Discount on Other Miscellaneous Payables (-)	19	-	(211,902)	(265,380)
E- Insurance Technical Provisions		5,222,511,638	4,777,937,868	3,910,437,735
1- Reserve for Unearned Premiums - Net	17	1,894,963,307	1,900,934,591	1,490,907,581
2- Reserve for Unexpired Risks- Net	2.23 and 17	5,133,217	20,359,070	34,923,749
3- Life Mathematical Provisions - Net		-	-	-
4- Provision for Outstanding Claims - Net	4.2 and 17	3,176,400,349	2,797,339,399	2,337,647,544
5- Provision for Bonus and Discounts - Net	17	10,029,321	6,967,573	2,929,186
6- Other Technical Provisions - Net	10 and 17	135,985,444	52,337,235	44,029,675
F- Provisions for Taxes and Other Similar Obligations	4.2	124,446,447	122,395,334	74,732,784
1- Taxes and Funds Payable		102,691,667	60,972,232	54,862,466
2- Social Security Premiums Payable		5,105,857	4,433,275	3,417,941
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-	-
4- Other Taxes and Liabilities Payable		-	-	-
5- Corporate Tax Liability Provision on Period Profit		125,230,318	202,460,747	109,203,285
6- Prepaid Taxes and Other Liabilities on Period Profit (-)		(108,581,395)	(145,470,920)	(92,750,908)
7- Provisions for Other Taxes and Liabilities		-	-	-
G- Provisions for Other Risks		80,206,066	50,708,017	18,937,391
1- Provision for Termination Indemnities		-	-	-
2- Provision for Pension Fund Deficits		-	-	-
3- Provisions for Costs	23	80,206,066	50,708,017	18,937,391
H- Deferred Income and Expense Accruals		331,867,997	232,469,498	184,781,345
1- Deferred Commission Income	10 and 19	331,867,997	232,469,498	184,781,345
2- Expense Accruals		-	-	-
3- Other Deferred Income and Expense Accruals		-	-	-
I- Other Short-Term Liabilities		-	-	-
1- Deferred Tax Liabilities		-	-	-
2- Inventory Count Differences		-	-	-
3- Other Various Short-Term Liabilities		-	-	-
III - Total Short-Term Liabilities		7,131,357,523	6,071,770,425	4,875,747,218

(*) Explained in note 2.

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE CONSOLIDATED BALANCE SHEETS ON 31 DECEMBER 2020, 2019 AND 2018

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

LIABILITIES	Notes	Audited Current Period 31 December 2020	Restated (*) Audited Prior Period 31 December 2019	Restated (*) Audited Prior Period 31 December 2018
IV- Long-Term Liabilities				
A- Financial Liabilities	4.2 and 20	5,792,779	4,133,813	-
1- Borrowings to Financial Institutions		-	-	-
2- Finance Lease Payables	20	6,196,455	4,614,165	-
3- Deferred Leasing Costs (-)	20	(403,676)	(480,352)	-
4- Bonds Issued		-	-	-
5- Other Financial Assets Issued		-	-	-
6- Valuation Differences of Other Financial Assets Issued (-)		-	-	-
7- Other Financial Liabilities		-	-	-
B- Payables Arising from Main Operations		-	-	-
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 (-)		-	-	-
C- Due to Related Parties		-	-	-
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		-	-	-
D- Other Payables	4.2 and 19	10,710,664	3,920,571	3,419,421
1- Deposits and Guarantees Received	4.2 and 19	10,710,664	3,920,571	3,419,421
2- Debts to SSI for treatment expenses		-	-	-
3- Other Miscellaneous Payables		-	-	-
4- Discount on Other Miscellaneous Payables (-)		-	-	-
E- Insurance Technical Provisions	2.25 and 17	109,273,628	91,815,554	75,885,451
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	2.25 and 17	109,273,628	91,815,554	75,885,451
F- Other Liabilities and Relevant Accruals		-	3,343,226	3,509,920
1- Other Liabilities		-	-	-
2- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-	-
3- Other Liabilities and Expense Accruals		-	3,343,226	3,509,920
G- Provisions for Other Risks		30,853,702	25,014,964	19,773,600
1- Provisions for Severance Pay	23	30,853,702	25,014,964	19,773,600
2- Provisions for Employee Pension Funds Deficits		-	-	-
H- Deferred Income and Expense Accruals		-	-	-
1- Deferred Income		-	-	-
2- Expense Accruals		-	-	-
3- Other Deferred Income and Expense Accruals		-	-	-
I- Other Long-Term Liabilities		-	20,361,241	1,121,547
1- Deferred Tax Liabilities	21	-	20,361,241	1,121,547
2- Other Long-Term Liabilities		-	-	-
IV- Total Long-Term Liabilities		156,630,773	148,589,369	103,709,939

(*) Explained in note 2.

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')**CONVENIENCE TRANSLATION OF THE CONSOLIDATED BALANCE SHEETS ON 31 DECEMBER 2020, 2019 AND 2018**

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

SHAREHOLDERS' EQUITY	Notes	Audited Current Period 31 December 2020	Restated (*) Audited Prior Period 31 December 2019	Restated (*) Audited Prior Period 31 December 2018
V- Shareholders' Equity				
A- Paid in Capital	2.13 and 15	1,161,523,363	939,000,000	600,000,000
1- (Nominal) Capital	2.13 and 15	1,161,523,363	939,000,000	600,000,000
2- Unpaid Capital (-)		-	-	-
3- Positive Capital Restatement Differences		-	-	-
4- Negative Capital Restatement Differences (-)		-	-	-
5- Capital to Be Registered		-	-	-
B- Capital Reserves	15	87,156,422	87,099,263	79,510,246
1- Share Premium	15	7,020,555	7,020,555	753,944
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	80,135,867	80,078,708	78,756,302
C- Profit Reserves		1,556,643,709	1,105,636,779	1,019,338,135
1- Legal Reserves	15	165,610,126	99,959,368	66,563,126
2- Statutory Reserves		-	-	-
3- Extraordinary Reserves		222,541,401	219,699,663	254,453,117
4- Special Funds, Reserves		-	-	-
5- Revaluation of Financial Assets	15	1,010,715,148	615,295,430	529,811,202
6- Other Profit Reserves	15	157,777,034	170,682,318	168,510,690
D- Retained Earnings		-	-	-
1- Retained Earnings		-	-	-
E- Accumulated Losses (-)		(498,841,731)	(475,863,368)	(485,817,326)
1- Accumulated Losses	15	(498,841,731)	(475,863,368)	(485,817,326)
F- Net Profit/(Loss) for the Period	37	1,161,457,615	828,378,599	378,514,162
1- Net Profit for the Year		1,161,457,615	828,321,439	377,191,757
2- Net Loss for the Year (-)		-	-	-
3- Net Profit That Is Not Subject to Distribution		-	57,160	1,322,405
Total Equity		3,467,939,378	2,484,251,273	1,591,545,217
Total Equity and Liabilities		10,755,927,674	8,704,611,067	6,571,002,374

(*) Explained in note 2.

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

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

I- TECHNICAL PART	Notes	Audited 1 January - 31 December 2020	Restated (*) Audited 1 January - 31 December 2019
A- Non-Life Technical Income		4,370,619,295	3,957,943,719
1- Earned Premiums (Net of Reinsurer Share)	5	3,685,986,049	3,254,552,444
1.1- Written Premiums (Net of Reinsurer Share)	5,17, 24	3,664,788,912	3,650,014,776
1.1.1- Written Premiums, gross	17, 24	8,887,128,129	7,167,001,712
1.1.2- Written Premiums, ceded	10, 17, 24	(5,115,460,204)	(3,378,673,060)
1.1.3- Premiums transferred to SSI	10, 17, 24	(106,879,013)	(138,313,876)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Share and Provision Carried Forward)	5 and 17	5,971,284	(410,027,011)
1.2.1- Reserve for Unearned Premiums, gross	17	(846,227,974)	(753,794,045)
1.2.2- Reserve for Unearned Premiums, ceded	10, 17	878,352,893	331,671,546
1.2.3- SSI Share of Reserve for Unearned Premium	10, 17	(26,153,635)	12,095,488
1.3- Changes in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	5 and 17	15,225,853	14,564,679
1.3.1- Reserve for Unexpired Risks, gross	17	43,268,052	26,517,795
1.3.2- Reserve for Unexpired Risks, ceded	10 and 17	(28,042,199)	(11,953,116)
2- Investment Income - Transferred from Non-Technical Section	5	612,806,880	629,517,714
3- Other Technical Income (Net of Reinsurer Share)		3,646,689	3,415,360
3.1- Other Technical Income, gross		3,646,689	3,415,360
3.2- Other Technical Income, ceded		-	-
4- Accrued salvage and subrogation income		68,179,677	70,458,201
B- Non-Life Technical Expense		(3,029,998,692)	(3,042,782,693)
1- Incurred Losses (Net of Reinsurer Share)	5	(2,087,078,160)	(2,257,783,962)
1.1- Claims Paid (Net of Reinsurer Share)	5	(1,708,017,210)	(1,798,092,107)
1.1.1- Claims Paid, gross		(2,439,351,323)	(2,502,124,937)
1.1.2- Claims Paid, ceded	10	731,334,113	704,032,830
1.2- Change in Provisions for Outstanding Claims, (Net of Reinsurer Share and Provision Carried Forward)	5	(379,060,950)	(459,691,855)
1.2.1- Change in Provisions for Outstanding Claims, gross		(928,371,060)	(641,276,623)
1.2.2- Change in Provisions for Outstanding Claims, ceded	10	549,310,110	181,584,768
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Provision Carried Forward)		(3,061,747)	(4,038,387)
2.1- Provision for Bonus and Discounts, gross		(3,061,747)	(4,038,387)
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	(17,458,074)	(15,930,103)
4- Operating Expenses	5, 32	(922,400,711)	(765,030,241)
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		-	-
C- Net Technical Income-Non-Life (A - B)		1,340,620,603	915,161,026

(*) Explained in note 2.

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

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

I- TECHNICAL PART	Notes	Audited 1 January - 31 December 2020	Restated (*) Audited 1 January - 31 December 2019
D- Life Technical Income		-	-
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		-	-
E- Life Technical Expense		-	-
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		-	-

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

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

I- TECHNICAL PART	Notes	Audited 1 January - 31 December 2020	Restated (*) Audited 1 January - 31 December 2019
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		-	-
F- Net Technical Income- Life (D - E)		-	-
G- Pension Business Technical Income		-	-
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		-	-
H- Pension Business Technical Expense		-	-
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
I- Net Technical Income - Pension Business (G - H)		-	-

(*) Explained in note 2.

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')**CONVENIENCE TRANSLATION OF THE CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019**

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

II- NON-TECHNICAL PART	Notes	Audited 1 January - 31 December 2020	Restated (*) Audited 1 January - 31 December 2019
C- Net Technical Income - Non-Life (A-B)		1,340,620,603	915,161,026
F- Net Technical Income - Life (D-E)		-	-
I- Net Technical Income - Pension Business (G-H)		-	-
J- Total Net Technical Income (C+F+I)		1,340,620,603	915,161,026
K- Investment Income	26	1,168,832,048	1,015,379,446
1- Income from Financial Assets	26	655,374,529	776,051,261
2- Income from Disposal of Financial Assets	26	13,665,186	55,617,659
3- Valuation of Financial Assets	26	44,722,169	12,700,471
4- Foreign Exchange Gains	26	327,794,684	138,345,016
5- Income from Associates	26 and 45	106,088,223	30,735,989
6- Income from Subsidiaries and Joint Ventures	9 and 26	8,438,346	-
7- Income from Property, Plant and Equipment	26	12,738,577	1,205,318
8- Income from Derivative Transactions	26	-	6,129
9- Other Investments	26	10,334	717,603
10- Income Transferred from Life Section		-	-
L- Investment Expense		(908,496,485)	(790,634,623)
1- Investment Management Expenses (Inc. interest)	4.2	(6,557,821)	(21,358,775)
2- Diminution in Value of Investments		-	-
3- Loss from Disposal of Financial Assets		-	(110,085)
4- Investment Income Transferred to Non-Life Technical Section	4.2	(612,806,880)	(629,517,714)
5- Loss from Derivative Transactions		-	-
6- Foreign Exchange Losses	4.2	(236,806,070)	(107,301,128)
7- Depreciation and Amortization Expenses	4.2, 6,7 and 8	(23,737,666)	(15,763,988)
8- Other Investment Expenses	4.2	(28,588,048)	(16,582,933)
M- Income and Expenses from Other and Extraordinary Operations		(163,070,363)	(109,066,503)
1- Provisions	47	(118,930,779)	(98,117,106)
2- Rediscounts		(3,456,170)	10,059,447
3- Monetary Gains and Losses		-	-
4- Inflation Adjustment Account		-	-
5- Deferred Taxation (Deferred Tax Assets)	21	(20,037,721)	(22,608,072)
6- Deferred Taxation (Deferred Tax Liabilities)	21	(9,365,716)	-
7- Other Income		-	1,599,228
8- Other Expenses and Losses		(11,279,977)	-
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
N- Net Profit for the Year	37	1,161,457,615	828,378,599
1- Profit for the Year		1,437,885,803	1,030,839,346
2- Corporate Tax Provision and Other Fiscal Liabilities		(276,428,188)	(202,460,747)
3- Net Profit for the Year		1,161,457,615	828,378,599
4- Monetary Gains and Losses		-	-

(*) Explained in note 2.

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

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

	Notes	Audited 1 January - 31 December 2020	Restated (*) Audited 1 January - 31 December 2019
A. CASH GENERATED FROM MAIN OPERATIONS			
1. Cash provided from insurance activities		10,463,196,342	6,351,931,911
2. Cash provided from reinsurance activities		-	-
3. Cash provided from pension business		-	-
4. Cash used in insurance activities		(9,467,768,564)	(5,560,781,323)
5. Cash used in reinsurance activities		-	-
6. Cash used in pension business		-	-
7. Cash Provided from Operating Activities		995,427,778	791,150,588
8. Interest paid		-	-
9. Income taxes paid		(165,571,222)	(159,430,975)
10. Other cash inflows		7,058,317	100,039,238
11. Other cash outflows		(144,339,419)	(205,198,229)
12. Net Cash Provided from Operating Activities		692,575,454	526,560,622
B. CASH FLOWS FROM INVESTING OPERATIONS			
1. Disposal of tangible and intangible assets		4,882,413	484,319
2. Acquisition of tangible and intangible assets		(28,624,724)	(33,017,171)
3. Acquisition of financial assets		(208,217,189)	(1,315,328,252)
4. Disposal of financial assets		421,665,989	1,242,991,682
5. Interests received		640,954,339	839,324,485
6. Dividends received		106,088,223	29,655,061
7. Other cash inflows		12,738,577	52,439,993
8. Other cash outflows		(35,135,535)	(110,054,717)
9. Net Cash Provided by Investing Activities		914,352,093	706,495,400
C. CASH FLOWS FROM FINANCING OPERATIONS			
1. Equity shares issued		-	276,266,611
2. Cash provided from loans and borrowings		-	557,576
3. Finance lease payments	20	(7,833,647)	(2,233,888)
4. Dividends paid	15 and 45	(560,858,135)	(300,000,000)
5. Other cash inflows		-	-
6. Other cash outflows		-	(411,679)
7. Net Cash Used in Financing Activities		(568,691,782)	(25,821,380)
D. EFFECT OF EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS			
E. Net increase/(decrease) in cash and cash equivalents		1,084,877,136	1,235,832,102
F. Cash and cash equivalents at the beginning of the period	14	4,389,595,297	3,153,763,195
G. Cash and cash equivalents at the end of the period	14	5,474,472,433	4,389,595,297

(*) Explained in note 2.

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')**CONVENIENCE TRANSLATION OF THE STATEMENT OF CONSOLIDATED CHANGES IN EQUITY FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019**

(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
PRIOR PERIOD				
I - Balance at the Prior Period End - 31 December 2018 (Previously Reported)	270,000,000	-	529,808,797	-
Restated Effect (Note 2.1.1)	330,000,000	-	2,405	-
II - Balance at the Prior Period End - 31 December 2018 (Restated)	600,000,000	-	529,811,202	-
A - Capital Increase (A1+A2)	339,000,000	-	-	-
1- Cash	270,000,000	-	-	-
2- Internal Resources	69,000,000	-	-	-
B - Own Shares of the Company	-	-	-	-
C - Gain and losses not recognized in the statement of income	-	-	85,484,228	-
D - Change in the value of financial assets	-	-	-	-
E - Currency translation adjustments	-	-	-	-
F - Other gains or losses	-	-	-	-
G - Inflation adjustment differences	-	-	-	-
H - Net profit for the period	-	-	-	-
I - Dividends paid	-	-	-	-
J - Transfer	-	-	-	-
IV - Balance at - 31 December 2019	939,000,000	-	615,295,430	-
CURRENT PERIOD				
I - Balance at the Prior Period End - 31 December 2019 (Previously Reported)	540,000,000	-	615,259,947	-
Restated Effect (Note 2.1.1)	399,000,000	-	35,483	-
II - Balance at the Prior Period End - 31 December 2019 (Restated)	939,000,000	-	615,295,430	-
A - Capital Increase (A1+A2)	222,523,363	-	-	-
1- Cash	-	-	-	-
2- Internal Resources	222,523,363	-	-	-
B - Own Shares of the Company	-	-	-	-
C - Gain and losses not recognized in the statement of income	-	-	395,419,718	-
D - Change in the value of financial assets	-	-	-	-
E - Currency translation adjustments	-	-	-	-
F - Other gains or losses	-	-	-	-
G - Inflation adjustment differences	-	-	-	-
H - Net profit for the period	-	-	-	-
I - Dividends paid	-	-	-	-
J - Transfer	-	-	-	-
IV - Balance at - 31 December 2020	1,161,523,363	-	1,010,715,148	-

(*) Explained in note 2.

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

Statements of Changes in Equity - Audited (*)

Currency Translation Adjustments	Legal Reserves	Statutory Reserve	Other Reserves and Retained Profit	Net Profit/(Loss) For the Period	Retained Earnings	Total
-	4,949,441	-	242,526,626	10,871,374	(255,871,878)	802,284,360
-	61,613,685	-	259,947,427	367,642,788	(229,945,448)	789,260,857
-	66,563,126	-	502,474,053	378,514,162	(485,817,326)	1,591,545,217
-	-	-	6,266,611	(69,000,000)	-	276,266,611
-	-	-	6,266,611	-	-	276,266,611
-	-	-	-	(69,000,000)	-	-
-	-	-	-	-	-	-
-	-	-	(2,060,071)	-	-	83,424,157
-	-	-	5,343,919	-	-	5,343,919
-	-	-	-	-	-	-
-	-	-	(1,112,219)	-	404,989	(707,230)
-	-	-	-	-	-	-
-	-	-	-	828,378,599	-	828,378,599
-	-	-	-	-	(300,000,000)	(300,000,000)
-	33,396,242	-	(33,431,049)	(309,514,162)	309,548,969	-
-	99,959,368	-	477,481,244	828,378,599	(475,863,368)	2,484,251,273
-	4,949,441	-	252,290,455	123,559,154	(245,917,920)	1,290,141,077
-	95,009,927	-	225,190,789	704,819,445	(229,945,448)	1,194,110,196
-	99,959,368	-	477,481,244	828,378,599	(475,863,368)	2,484,251,273
-	-	-	(222,523,363)	-	-	-
-	-	-	-	-	-	-
-	-	-	(222,523,363)	-	-	-
-	-	-	-	-	-	-
-	-	-	(2,562,780)	-	-	392,856,938
-	-	-	(9,768,313)	-	-	(9,768,313)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,161,457,615	-	1,161,457,615
-	-	-	-	-	(560,858,135)	(560,858,135)
-	65,650,758	-	224,848,069	(828,378,599)	537,879,772	-
-	165,610,126	-	467,474,857	1,161,457,615	(498,841,731)	3,467,939,378

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONSOLIDATED STATEMENTS OF PROFIT DISTRIBUTION

FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2020 AND 2019

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

	Notes	Current Period ^(*) ^(**)	Restated Prior Period ^(***)
I. DISTRIBUTION OF PROFIT FOR THE PERIOD			
1.1. PROFIT FOR THE PERIOD		1,437,885,803	1,030,839,346
1.2. TAXES PAYABLE AND LEGAL LIABILITIES		(276,428,188)	(202,460,747)
1.2.1. Corporate Tax (Income Tax)		(276,428,188)	(202,460,747)
1.2.2. Income Tax Deduction		-	-
1.2.3. Other Taxes and Legal Liabilities		-	-
A. NET PROFIT FOR THE PERIOD (1.1 - 1.2)		1,161,457,615	828,378,599
1.3. PREVIOUS YEARS' LOSSES (-)		(498,841,731)	-
1.4. FIRST LEGAL RESERVE		(32,708,877)	(11,559,944)
1.5. LEGAL FUNDS TO BE KEPT IN THE COMPANY (-)		-	-
B. NET DISTRIBUTABLE PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5))]		629,907,007	816,818,655
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	19,950,000
1.6.1. To common shareholders		-	19,950,000
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 (-)		-	540,908,135
1.10.1. To common shareholders		-	540,908,135
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 (-)		-	54,090,813
1.12. STATUTORY RESERVES (-)		-	-
1.13. EXTRAORDINARY RESERVES		-	201,869,707
1.14. EXTRAORDINARY RESERVES		-	-
1.15. SPECIAL FUNDS		-	-
II. DISTRIBUTION FROM Reserves			
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVE (-)		-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1. To common shareholders		-	-
2.3.2. To preferred shareholders		-	-
2.3.3. To owners of participating redeemed shares		-	-
2.3.4. To owners of profit-sharing securities		-	-
2.3.5. To owners of profit and loss sharing securities		-	-
2.4. DIVIDENDS TO PERSONNEL (-)		-	-
2.5. DIVIDENDS TO THE BOARD OF DIRECTORS (-)		-	-
III. PROFIT PER SHARE			
3.1. TO COMMON SHAREHOLDERS		1.00	-
3.2. TO COMMON SHAREHOLDERS (%)		100%	-
3.3. TO PREFERRED SHAREHOLDERS		-	-
3.4. TO PREFERRED SHAREHOLDERS (%)		-	-
IV. DIVIDENDS PER SHARE			
4.1. TO COMMON SHAREHOLDERS		-	-
4.2. TO COMMON SHAREHOLDERS (%)		-	-
4.3. TO PREFERRED SHAREHOLDERS		-	-
4.4. TO PREFERRED SHAREHOLDERS (%)		-	-

(*) The Company's authorized body regarding the distribution of the period profit is the General Assembly. The General Assembly meeting for the accounting period between 1 January - 31 December 2020 was not held as of the preparation date of the consolidated financial statements.

(**) In accordance with the relevant legislation, the Company's consolidated profit is included in the current period profit distribution table.

(***) While preparing the profit distribution table for the previous period, since the companies that are subject to the merger and distributing profits do not have any previous year losses, no deduction was made from the net profit for the period. In addition, since the merger was recognized by restating the previous period financial statements, earnings per share and dividends per share were not calculated for the previous period (Note 2.1.1).

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

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

1. GENERAL INFORMATION

1.1. Name of the Company and the ultimate parent of the group

As of December 31, 2020 Türkiye Sigorta A.Ş. (the former title of Güneş Sigorta A.Ş.) ('the Company'), the dominant partner with a 81.10% shareholding TVF Finansal Yatırımlar A.Ş. ("TVF Finansal Yatırımlar A.Ş."); Asset Fund is the ultimate partner of the T.C Presidential Turkey Wealth Funds. (31 December 2019: The major shareholder of Türkiye Sigorta A.Ş. (the 'Company') is Türkiye Vakıflar Bankası TAO ('Vakıflar Bankası') (Note 2.13). As of 31 December 2020, 18.90% of the company's share are publicly traded at Borsa İstanbul.

Vakıfbank made a share sale transaction with a total nominal value of TRY 27,000,000, which corresponds to 5% of the Company's capital on 15 January 2020, and Vakıfbank's share in the Company's capital decreased to 51.10%.

A share transfer agreement was signed between TVF Finansal Yatırımlar A.Ş. and Groupama Holding Filiales Et Participations on February 7, 2020, in order to transfer the shares representing 10% of the company's capital to TVF Finansal Yatırımlar A.Ş. at a unit price of TRY 1.63 per share; Share transfer was completed as of February 14, 2020. As a result of the said transaction, the share of TVF Finansal Yatırımlar A.Ş. in the Company's capital has become 10%.

As stated in the special circumstances disclosure dated December 13, 2019, the share transfer negotiations between Vakıfbank and TVF Finansal Yatırımlar A.Ş. have been completed, and in order to transfer the shares owned by Vakıfbank and representing 51.10% of the Company's capital to TVF Finansal Yatırımlar A.Ş., A share transfer agreement was signed between the parties on April 22, 2020 and the share transfer was completed as of the same date.

In addition, Türkiye Vakıflar Bankası T.A.O Employees Retirement and Health Assistance Fund Foundation and Vakıf Bank Personnel Private Social Security Services Foundation, one of the Shareholders of the Company, started to sell the shares with a nominal value of TRY 25,804,000 and TRY 52,400,000, respectively, on the Company on December 31, 2019. Following the completion of the share sales made by the mentioned partners in the stock exchange, all shares of the Company were classified under public shares as of 31 March 2020.

Based on the text of the announcement approved by the Sigortacılık ve Özel Emeklilik Düzenleme ve Denetleme Kurumu with the letter dated 23 June 2020 and numbered 97354901-010.99-01/41 and approved by the Sermaye Piyasası Kurulu's decision dated 16 July 2020; With the decision taken at the Extraordinary General Assembly dated 27 August 2020, the Company has been signed by Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş. by dissolution without liquidation through with the takeover as a whole with all its assets and liabilities and Türkiye Sigorta A.Ş. received the title. In addition, with the decision taken at the Extraordinary General Assembly dated August 27, 2020, the capital of the Company was increased to TRY 1,161,523,363 and the said capital increase was carried out by Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş., together with all its assets and liabilities as a whole, through dissolution without liquidation. The decision of the Extraordinary General Assembly dated 27 August 2020. It was announced in the Trade Registry Gazette dated 3 September 2020, where it was registered on August 31, 2020. As a result of these transactions, the share of TVF Finansal Yatırımlar A.Ş. in the Company's capital increased to 81.10%.

The merger, Public Oversight, the Accounting and Auditing Standards ("KGK") 2018-1 number and October 11, 2018 dated Turkey Financial Reporting Principles decision for the Implementation of Standards ("Resolution") pursuant evaluated as a merger under common control business. According to the Principle Decision, the mergers subject to joint control should be recognized by the "Combining Rights" method, by restating the previous period financial statements from the date of joint control. In this context, the acquired Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş.'s balance sheets and income and cash flow statements have been included in the financial statements of the Company as of December 31, 2018, which is the beginning of the period presented comparatively (Note 2.1.1).

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

1. GENERAL INFORMATION (Continued)

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 Istanbul, 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 Istanbul - Headquarter office, the Company has regional offices, Istanbul Anatolia, Istanbul Europe, Middle Anatolia, Marmara, Aegean, Mediterranean, Cukurova, Blacksea, East and Southeast Anatolia, and Turkish Republic of Northern Cyprus, the Company has bancassurance regional offices, Istanbul Anatolia, Istanbul Europe, Middle Anatolia, Aegean, Cukurova, Blacksea, East and Southeast Anatolia. The Company has also representative offices in Kayseri and Samsun and a liaison office in the Eastern Black Sea. As at 31 December 2020, the Company has 3,059 agencies (31 December 2019: 2,337 authorized agencies).

1.3 Nature of operations

The Company operates in non-life insurance branches consisting of automotive and non-automotive accident, fire, marine, 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'). The insurance legislation before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was published by the Ministry of Treasury and Finance ('Ministry of Treasury and Finance').

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 2020	1 January - 31 December 2019
Senior Management (*)	12	33
Other personnel	1,039	1,017
Total	1,051	1,050

(*) 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.

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CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

1. GENERAL INFORMATION (Continued)

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 2020	1 January - 31 December 2019
Provided to senior executives short term benefits		
Salaries	4,135,349	3,716,664
Bonuses	1,388,186	1,075,025
Paid severance, notice and severance pay	1,315,731	528,119
Performance bonus payment (gross)	398,790	-
Group and individual pension contributions	114,601	76,370
Exit leave payments	41,781	23,254
Transportation, food and fuel contributions	35,735	30,984
Title and license compensations	13,268	102,381
Other paid benefits	363,806	828,120
Total benefits provided to senior management	7,807,247	6,380,917
Provision for employment termination benefits	59,274	234,909

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 consolidated financial statements

Procedures and principles related to keys used in the distribution of investment income and operating expenses in the consolidated 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 consolidated financial statements as to whether they comprise an individual company or a group of companies

The consolidated financial statements of one company (Turkey Insurance Inc.) contains. As explained in note 1; with the decision taken at the Extraordinary General Assembly dated August 27, 2020, which was registered on August 31, 2020, Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş. has been merged with all its assets and liabilities as a whole by dissolution without liquidation. The merger in question has been evaluated as a business combination subject to joint control in accordance with the Principle Decision. According to the Principle Decision, the mergers subject to joint control should be recognized by the "Combining Rights" method, by restating the previous period financial statements from the date of joint control. In this context, the acquired Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş.'s balance sheets and income and cash flow statements were included in the financial statements of the Company as of December 31, 2018, the beginning of the period presented comparatively. In addition, the Company has accounted for its investment in Türk P and I Sigorta A.Ş., a joint venture, in the consolidated financial statements prepared as of December 31, 2020, within the framework of the accounting policies specified in Note 2, using the equity method.

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

1. GENERAL INFORMATION (Continued)

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 : Türkiye 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.turkiyesigorta.com.tr

1.10 Subsequent Events

Consolidated financial statements of 1 January - 31 December 2020 are approved by Board of Directors at 1 March 2021 and signed by General Manager Atilla Benli and Deputy General Murat Süzer and the company's actuary Aslihan Duymaz. Explanations related to subsequent events are disclosed in detail in Note 46.

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 consolidated financial statements

The Company prepares its consolidated financial statements in accordance with the Insurance Law and SEDDK. The insurance legislation before the establishment of SEDDK and the initiation of regulatory activities regarding the insurance sector was published by the Ministry of Treasury and Finance ('Ministry of Treasury and Finance').

The consolidated financial statements are prepared in accordance with the Insurance Chart of Accounts included in the communiqué issued by 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, 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 accounts and recognizes its insurance technical reserves in its financial statements as of 31 December 2020 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 2.22, 2.23, 2.24 and 2.25).

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

2.1.1. Information about the principles and the special accounting policies used in the preparation of the consolidated financial statements (Continued)

Comparative Information and Restatement of Prior Period Financial Statements

The financial statements of the Company are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is revised when necessary and significant differences are disclosed.

As explained in note 1; With the decision taken at the Extraordinary General Assembly held on 27 August 2020, the Company has become a subsidiary of Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş. with all its assets and liabilities as a whole by taking over it. The merger in question has been evaluated as a business combination subject to joint control in accordance with the Principle decision. According to the Principle Decision, mergers subject to joint control should be accounted by the "Combining of Rights" method, by restated the previous period financial statements starting from the date of joint control. In this context, Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş.'s balance sheets and income and cash flow statements were included in the financial statements of the Company as of 31 December 2018, the beginning of the period presented comparatively. In this context; The balance sheets dated December 31, 2019 and 2018 and the income statement for the accounting period of 1 January - 31 December 2019 were restated. The effects of the relevant regulations are presented on the following page:

	Audited Prior Period 31 December 2019	Restated	Restated Prior Period 31 December 2019
Current Assets	2,700,474,756	4,923,189,886	7,623,664,642
Cash and Cash Equivalents	1,689,062,336	3,706,212,646	5,395,274,982
Financial Assets and Financial Investments with Risks on Policyholders	122,817,105	275,847,433	398,664,538
Receivables from Main Operations	688,927,359	628,714,306	1,317,641,665
Due from Related Parties	-	54,764	54,764
Other Receivables	1,802,349	16,039,038	17,841,387
Prepaid Expenses and Income Accruals	178,900,267	296,539,415	475,439,682
Other Current Assets	18,965,340	(217,716)	18,747,624
Non-Current Assets	962,767,604	118,178,821	1,080,946,425
Other Receivables	73,792	1,438,190	1,511,982
Financial Assets	703,729,404	3,495,680	707,225,084
Tangible Assets	249,123,182	18,973,244	268,096,426
Intangible Assets	9,841,226	6,992,632	16,833,858
Deferred Tax Assets	-	87,279,075	87,279,075
TOTAL ASSETS	3,663,242,360	5,041,368,707	8,704,611,067

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

2.1.1. Information about the principles and the special accounting policies used in the preparation of the consolidated financial statements (Continued)

	Audited Prior Period 31 December 2019	Restated	Restated Prior Period 31 December 2019
Short-Term Liabilities	2,290,734,650	3,781,035,775	6,071,770,425
Financial Liabilities	478,051	11,305,880	11,783,931
Payables from Main Operations	413,919,636	318,412,609	732,332,245
Due to Related Parties	104,142	2,789,233	2,893,375
Other Payables	52,607,892	88,642,265	141,250,157
Unearned Premiums Reserve - Net	688,698,936	1,212,235,655	1,900,934,591
Unexpired Risk Reserves - Net	5,924,936	14,434,134	20,359,070
Outstanding Claims Reserve - Net	929,848,348	1,867,491,051	2,797,339,399
Other Technical Reserves - Net	52,337,235	-	52,337,235
Provision for Bonus and Discounts - Net	-	6,967,573	6,967,573
Taxes and Other Liabilities and Relevant Provisions	38,427,676	83,967,658	122,395,334
Provisions for Other Risks	20,201,145	30,506,872	50,708,017
Deferred Income and Expense Accruals	88,186,653	144,282,845	232,469,498
Long-Term Liabilities	82,366,633	66,222,736	148,589,369
Financial Liabilities	508,373	3,625,440	4,133,813
Other Payables	3,920,571	-	3,920,571
Other Technical Provisions - Net	39,278,506	52,537,048	91,815,554
Other Liabilities and Provisions	-	3,343,226	3,343,226
Provisions for Other Risks	18,297,942	6,717,022	25,014,964
Deferred Tax Liabilities	20,361,241	-	20,361,241
Shareholders' Equity	1,290,141,077	1,194,110,196	2,484,251,273
Paid in Capital	540,000,000	399,000,000	939,000,000
Capital Reserves	87,000,311	98,952	87,099,263
Profit Reserves	785,499,532	320,137,247	1,105,636,779
Accumulated Losses (-)	(245,917,920)	(229,945,448)	(475,863,368)
Net Profit for the Period	123,559,154	704,819,445	828,378,599
TOTAL EQUITY AND LIABILITIES	3,663,242,360	5,041,368,707	8,704,611,067

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.1 Basis of Preparation (Continued)****2.1.1. Information about the principles and the special accounting policies used in the preparation of the consolidated financial statements (Continued)**

	Audited Prior Period 31 December 2018	Restated	Restated Prior Period 31 December 2018
Current Assets	1,767,164,825	3,849,948,002	5,617,112,827
Cash and Cash Equivalents	1,071,969,768	2,770,423,919	3,842,393,687
Financial Assets and Financial Investments with Risks on Policyholders	22,241,849	256,492,746	278,734,595
Receivables from Main Operations	531,686,102	566,046,045	1,097,732,147
Due from Related Parties	-	16,724	16,724
Other Receivables	1,937,498	11,165,843	13,103,341
Prepaid Expenses and Income Accruals	122,294,652	232,776,081	355,070,733
Other Current Assets	17,034,956	13,026,644	30,061,600
Non-Current Assets	843,294,543	110,595,004	953,889,547
Other Receivables	153,399	1,261,234	1,414,633
Financial Assets	612,901,553	2,275,441	615,176,994
Tangible Assets	223,734,594	4,514,974	228,249,568
Intangible Assets	6,504,997	6,628,252	13,133,249
Deferred Tax Assets	-	95,915,103	95,915,103
TOTAL ASSETS	2,610,459,368	3,960,543,006	6,571,002,374

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

2.1.1. Information about the principles and the special accounting policies used in the preparation of the consolidated financial statements (Continued)

	Audited Prior Period 31 December 2018	Restated	Restated Prior Period 31 December 2018
Short-Term Liabilities	1,755,552,671	3,120,194,547	4,875,747,218
Financial Liabilities	-	411,679	411,679
Payables from Main Operations	288,616,766	292,713,273	581,330,039
Due to Related Parties	67,161	1,712,094	1,779,255
Other Payables	27,328,499	76,008,491	103,336,990
Unearned Premiums Reserve - Net	514,508,898	976,398,683	1,490,907,581
Unexpired Risk Reserves - Net	17,999,626	16,924,123	34,923,749
Outstanding Claims Reserve - Net	757,657,673	1,579,989,871	2,337,647,544
Other Technical Reserves - Net	44,029,675	-	44,029,675
Provision for Bonus and Discounts - Net	-	2,929,186	2,929,186
Provisions for Taxes and Other Similar Obligations	31,148,209	43,584,575	74,732,784
Provisions for Other Risks	3,676,606	15,260,785	18,937,391
Deferred Income and Expense Accruals	70,519,558	114,261,787	184,781,345
Long-Term Liabilities	52,622,337	51,087,602	103,709,939
Financial Liabilities	-	-	-
Other Payables	3,419,421	-	3,419,421
Other Technical Provisions - Net	33,855,634	42,029,817	75,885,451
Other Liabilities and Provisions	-	3,509,920	3,509,920
Provisions for Other Risks	14,225,735	5,547,865	19,773,600
Deferred Tax Liabilities	1,121,547	-	1,121,547
Shareholders' Equity	802,284,360	789,260,857	1,591,545,217
Paid in Capital	270,000,000	330,000,000	600,000,000
Capital Reserves	79,411,294	98,952	79,510,246
Profit Reserves	697,873,570	321,464,565	1,019,338,135
Accumulated Losses (-)	(255,871,878)	(229,945,448)	(485,817,326)
Net Profit for the Period	10,871,374	367,642,788	378,514,162
TOTAL EQUITY AND LIABILITIES	2,610,459,368	3,960,543,006	6,571,002,374

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

2.1.1. Information about the principles and the special accounting policies used in the preparation of the consolidated financial statements (Continued)

	Audited Prior Period 31 December 2019	Restated	Restated Prior Period 31 December 2019
Non-Life Technical Income	1,335,911,280	2,622,032,439	3,957,943,719
Written Premiums (Net of Reinsurer Share)	1,264,900,214	2,385,114,562	3,650,014,776
Change in Reserve for Unearned Premiums (Net of Reinsurer Share and Provision Carried Forward)	(174,190,038)	(235,836,973)	(410,027,011)
Changes in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	12,074,690	2,489,989	14,564,679
Investment Income Transferred from Non-Technical Part	183,277,699	446,240,015	629,517,714
Other Technical Income (Net of Reinsurer Share))	3,414,793	567	3,415,360
Accrued subrogation income	46,433,922	24,024,279	70,458,201
Non-Life Technical Expense	(1,183,119,754)	(1,859,662,939)	(3,042,782,693)
Claims Paid (Net of Reinsurer Share)	(687,696,578)	(1,110,395,529)	(1,798,092,107)
Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Provision Carried Forward)	(172,190,675)	(287,501,180)	(459,691,855)
Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Provision Carried Forward)	-	(4,038,387)	(4,038,387)
Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	(5,422,872)	(10,507,231)	(15,930,103)
Operating Expenses	(317,809,629)	(447,220,612)	(765,030,241)
Investment Income	344,613,556	670,765,890	1,015,379,446
Investment Expense	(286,381,203)	(504,253,420)	(790,634,623)
Income and Expenses from Other and Extraordinary Operations	(74,955,363)	(34,111,140)	(109,066,503)
Profit for the Year	136,068,516	894,770,830	1,030,839,346
Corporate Tax Provision and Other Fiscal Liabilities	(12,509,362)	(189,951,385)	(202,460,747)
Net Profit for the Year	123,559,154	704,819,445	828,378,599

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')

CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

2.1.2 Other related accounting policies for the understanding of financial statements

2.1.3 Functional and presentation currency

The accompanying consolidated financial statements are presented in TRY, which is the Company's functional currency.

2.1.4 Rounding of the amounts presented in the consolidated 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 consolidated financial statements

The accompanying consolidated financial statements are prepared on the historical cost basis, 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 consolidated financial statements for the current period.

2.1.8 Business Combinations

It is explained in Note 2.1.1.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Enterprises Subject to Joint Management (Jointly controlled partnerships); Including joint ventures and ordinary partnerships, it refers to partnerships established domestically or abroad that the parent company controls together with other companies within the framework of a partnership agreement. The company's investment in the joint venture is accounted for using the equity method.

Under the equity method, investment in a joint venture is initially recognized at cost. The carried value of the investment is adjusted to account for the changes in the share of the Company in the net assets of the joint venture since the date of purchase. Goodwill associated with the joint venture is included in the carried value of the investment and is not redeemed or individually tested for impairment. The profit or loss statement reflects the share of the Company in the operating results of the enterprise subject to joint management. Any change in the income statement of the invested companies is shown as a part of the company's income. In addition, when there is a change in the equity of the joint venture, the Company accounts for its share of any change in the statement of changes in equity. Unrealized gains and losses arising from the transactions between the company and the joint venture are eliminated to the extent of the share in the joint venture. Financial statements of joint ventures are prepared in the same reporting period as the Company. When necessary, adjustments are made to make the accounting policies the same with the accounting policies of the Company. The company determines whether it is necessary to recognize an impairment loss on its investment in joint ventures after the equity method is applied. The company decides at each reporting date whether there is objective evidence that the investment in the joint venture is impaired. If there is such an indicator, the Company calculates the depreciation amount as the difference between the recoverable value and the carried value of the joint venture and accounts the loss in the income statement (Note 9).

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.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

	Estimated Useful Lives (Years)	Depreciation Rates (%)
Buildings (Land and buildings held for utilisation)	50	2
Machinery and equipment	4 - 50	25 - 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).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Tangible Assets (Continued)

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

At the commencement date of the lease, the Company measures the lease liability over the present value of the unrealized lease payments at that date. Lease payments, if the interest rate implied in the lease can be easily determined, by using this rate; If the implied interest rate cannot be determined easily, it is discounted using the lessee's alternative borrowing interest rate. The weighted average of the alternative borrowing rates used by the Company for Turkish Lira leases as of December 31, 2020 is 17% (31 December 2019: 19%).

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).

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).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Held to Maturity Investments; which are held with the intention of keeping to maturity and include the fixed or determinable payments with fixed or determinable payments, except for loans and receivables and reasonable value during the initial recognition. These are financial assets that are not classified as financial assets, the difference of which is reflected in the income statement and are not shown ready for sale in the records. These assets are first recorded at acquisition cost and this value is accepted as reasonable value. The fair value of the assets held to maturity is determined on the basis of the market price of similar instruments or the market prices of similar financial instruments. Financial assets held to maturity are valued at their 'discounted value'. Contribution income from assets held to maturity is reflected in the income statement. The Company does not allocate impairment based on short-term market fluctuations, provided that there is no collection risk in securities representing the borrowing classified under financial assets held to maturity. In the event of a collection risk, the amount of the said impairment is the difference between the book value of the financial asset and the value of the cash flows still expected to be collected from the financial asset, if any, based on the original effective rate of return.

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.

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.

Capital Commitments to Joint Ventures (Jointly controlled partnerships); Including joint ventures and ordinary partnerships, it refers to partnerships established domestically or abroad that the parent company controls together with other companies within the framework of a partnership agreement. The Company's investment, which is accounted for in the account item "Joint Ventures", is carried in the balance sheet at cost within the scope of TMS 27, "Individual Financial Tables" standard (note 9).

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2019: 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

2.13 Share Capital

As of 31 December 2020, 2019, and 2018, the share capital and ownership structure of the Company is as follows:

Name of Shareholders	31 December 2020		31 December 2019		31 December 2018	
	Share Amount (TRY)	Share (%)	Share Amount (TRY)	Share (%)	Share Amount (TRY)	Share (%)
TVF Finansal Yatırımlar A.Ş.	942,015,415	81.10	-	-	-	-
Public shares	219,507,948	18.90	104,856,303	19.42	45,830,156	16.97
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
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 Sağlık Yardım Sandığı Vakfı	-	-	25,804,000	4.78	13,527,000	5.01
Registered Capital	1,161,523,363	100.00	540,000,000	100.00	270,000,000	100.00
Previous period merger effect	-	-	399,000,000	-	330,000,000	-
Paid-in Capital	1,161,523,363	-	939,000,000	-	600,000,000	-

Vakıfbank made a share sale transaction with a total nominal value of TRY 27,000,000, which corresponds to 5% of the Company's capital on 15 January 2020, and Vakıfbank's share in the Company's capital decreased to 51.10%.

A share transfer agreement was signed between TVF Finansal Yatırımlar A.Ş. and Groupama Holding Filiales Et Participations on February 7, 2020, in order to transfer the shares representing 10% of the company's capital to TVF Finansal Yatırımlar A.Ş. at a unit price of TRY 1.63 per share; Share transfer was completed as of February 14, 2020. As a result of the said transaction, the share of TVF Finansal Yatırımlar A.Ş. in the Company's capital has become 10%.

As stated in the material event disclosure dated December 13, 2019, the share transfer negotiations between Vakıfbank and TVF Finansal Yatırımlar A.Ş. have been completed, and in order to transfer the shares owned by Vakıfbank and representing 51.10% of the Company's capital to TVF Finansal Yatırımlar A.Ş., A share transfer agreement was signed between the parties on April 22, 2020 and the share transfer was completed as of the same date.

In addition, Türkiye Vakıflar Bankası T.A.O Employees Retirement and Health Assistance Fund Foundation and Vakıf Bank Personnel Private Social Security Services Foundation, one of the shareholders of the Company, started to sell the shares with a nominal value of TRY 25,804,000 and TRY 52,400,000, respectively, on the Company on December 31, 2019. Following the completion of the share sales made by the mentioned partners in the stock exchange, all shares of the Company were classified under public shares as of 31 March 2020.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Share Capital (Continued)

As explained in note 1; With the decision taken at the Extraordinary General Assembly dated 27 August 2020, which was registered on 31 August 2020, Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş., together with all of its assets and liabilities, Güneş Sigorta A.Ş. has been merged by taking over by; The merger in question has been evaluated as a business combination subject to joint control in accordance with the Principle Resolution. According to the Principle Decision, mergers subject to joint control should be accounted by the "Combining of Rights" method, by restated the previous period financial statements starting from the date of joint control. In this context, the acquired Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş.'s balance sheets and income and cash flow statements were included in the financial statements of the Company as of 31 December 2018, the beginning of the period presented comparatively. Accordingly, within the scope of the aforementioned reorganization, Ziraat Sigorta A.Ş. with its capital; Halk Sigorta A.Ş. with an amount of TRY 349,000,000 (31 December 2018: TRY 280,000,000) its capital is shown in the 'Paid-in Capital' item in the balance sheet.

With the decision taken at the Extraordinary General Assembly dated 27 August 2020, the capital of the Company was increased to TRY 1,161,523,363 and the said capital increase was changed to Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş., together with all its assets and liabilities, as a whole by dissolution without liquidation. It was announced in the Trade Registry Gazette dated 3 September 2020, where the decision of the Extraordinary General Assembly dated 27 August 2020 was registered on 31 August 2020. As a result of this transaction, the share of TVF Finansal Yatırımlar A.Ş. in the Company's capital increased to 81.10%.

The Company's registered share capital

The Capital Markets Board's letter dated 17 July 2020 and numbered 7303, the Insurance and Private Pension Regulation and Supervision Agency's letter dated 27 July 2020 and numbered 331, the Ministry of Commerce General Directorate of Domestic Trade dated 27 July 2020 and 500035491-431.02 In line with the permissions granted based on the letter E.-00056175174 and the decision of the Presidency of the Republic of Turkey dated 15 July 2020 and numbered 2772; With the decision taken at the Extraordinary General Assembly meeting held on 27 August 2020, the registered capital ceiling of the Company from TRY 540,000,000 to TRY 5,000,000,000, the registered capital ceiling validity period was determined as 2020-2024 (5 years). As of December 31, 2020, the Company consists of 1,161,523,363 fully paid shares.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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%. The deferred tax assets and liabilities in the consolidated financial statements as of December 31, 2020 are calculated by calculating the part of temporary differences that will create tax effects with 20% tax rate effective from 2021.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Taxes (Continued)

Corporate tax (Continued)

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.

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.

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.

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).

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 2020, the applicable ceiling amount as at TRY7,117.17 (31 December 2019: TRY6,379.86.)

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 TRY7,638.96 which is applicable starting from 1 January 2021, as it is adjusted yearly (1 January 2020: TRY6,730.15).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Employee benefits (Continued)

Reserve for severance indemnity: (Continued)

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 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Discount rate	3.67%	3.70%
Expected rate of salary/Limit increase	10.00%	8.00%
Estimated employee turnover rate	5.31%	4.77%

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Revenue Recognition (Continued)

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 insure 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 part 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 TRY76,007,401 (31 December 2019: TRY73,055,698 and 31 December 2018: TRY67,976,723) net salvage and subrogation receivables in the receivables from main operations and provided TRY19,470,520 (31 December 2019: TRY38,601,346 and 31 December 2018: TRY21,346,795) 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 TRY379,936,720 (31 December 2019: TRY297,983,111 and 31 December 2018: TRY178,120,136) 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Revenue Recognition (Continued)

For the years ended 31 December 2020 and 2019, accrued salvage and subrogation income per branches is as follows:

	31 December 2020	31 December 2019
Motor own damage	35,735,423	34,291,861
Motor third party liability	21,808,021	13,153,873
Fire	16,856,787	21,329,356
Other	1,607,170	4,280,608
Total	76,007,401	73,055,698

For the period 1 January - 31 December 2020 and 2019, salvage and subrogation collections are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Motor own damage	156,813,022	141,149,253
Motor third party liability	22,579,848	11,249,852
Fire	10,017,107	1,877,039
Other	7,937,570	5,883,365
Total	197,347,547	160,159,509

Commission income and expense

As further detailed in Note 2.22, 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Revenue Recognition (Continued)

Dividend

Dividend income is accounted when related dividend right arises.

2.21 Dividend distribution

Ziraat Sigorta A.Ş., which was merged within the Company with the decision taken at the Extraordinary General Assembly dated 27 August 2020, decided to distribute a dividend of TRY 360,000,000 to its shareholders on the said date at its General Assembly dated 16 April 2020.

Halk Sigorta A.Ş., which was merged within the Company with the decision taken at the Extraordinary General Assembly dated 27 August 2020, decided to distribute a dividend amounting to TRY 200,858,135 to its shareholders on the aforementioned date in its General Assembly dated 9 July 2020.

2.22 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 marine 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.

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).

2.23 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Reserve for unexpired risks (Continued)

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. In the event that the gross loss premium rate calculated in other branches is over 95% for 2020, the gross ongoing risks provision is multiplied by the exceeding gross unearned premium provision; The net unearned risk reserve has been calculated by multiplying it with the net unearned premium reserve.

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 2020, the Company has calculated a net unexpired risk reserve of TRY5,133,217 and booked (31 December 2019: TRY20,359,070 and 31 December 2018: TRY34,923,749) (Note 17).

The loss ratio (after discount) and gross and net provisions calculated by branches are presented on the following page:

Branch	31 December 2020			31 December 2019		31 December 2018	
	Claim/Premium	Gross URR	Net URR	Gross URR	Net URR	Gross URR	Net URR
Medical Malpractice	206%	2,846,997	2,846,997	-	-	-	-
General Liability	100%	17,666,699	2,286,220	36,923,428	7,085,081	50,193,907	7,187,778
Risky Insurance Pool	-	-	-	11,674,759	11,674,759	-	-
Compulsory Traffic	-	-	-	-	-	23,027,652	18,051,015
Water Vehicles	-	-	-	14,887,940	1,489,923	7,859,179	896,237
Financial Losses	-	-	-	295,621	109,307	-	-
Motor Vehicles	-	-	-	-	-	8,628,684	8,628,684
Breach of Trust	-	-	-	-	-	590,121	160,035
Total		20,513,696	5,133,217	63,781,748	20,359,070	90,299,543	34,923,749

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 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.

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 2020, 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 the actuarial method on the basis of the actuarial opinion and the related methods are explained 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 of the Ministry of Treasury and Finance; In the calculation of realized but not reported compensation amounts for Compulsory Traffic, Compulsory Road Transport Financial Liability and Bus Compulsory Seat Personal Accident branches made with the actuarial chain ladder method, all data on compensation for treatment expenses, outstanding claims and recourse, salvage and similar income collected excluded.

As of 31 December 2020, the gradual transition has ended and the Company has made a net additional incurred but not reported claims provisions amounting to TRY2,213,676,815 in its consolidated financial statements (31 December 2019: TRY2,029,962,989 and 31 December 2018: TRY1,618,979,125)

The "Circular on the Discounting of Net Cash Flows Arising from the Provision for Outstanding Claims" published by the Ministry of Treasury and Finance dated 10 June 2016 and numbered 2016/22 and the Ministry of Treasury and Finance dated 15 September 2017 and numbered 2017/7 "Net Cash Arising from Outstanding Claims Reserve In accordance with the Circular on the Amendment of the Circular No. 2016/22 on the Discounting of Flows, the Company has a net amount of TRY 791,610,290 as of 31 December 2020 (31 December 2019: TRY 695,749,641 and 31 December 2018: TRY 537,874,151) for the branches in the table below discount calculated.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.24 Provision for outstanding claims (Continued)**

As of December 31, 2020, 2019, and 2018, the Company's net outstanding indemnity provisions on the basis of branches are as follows before and after discount.

31 December 2020 Branch	Net outstanding claims before discount	Discount amount	Discounted net Outstanding claims provisions
Motor Third Party Liability	3,333,129,809	(700,565,718)	2,632,564,091
General Liability	177,157,572	(47,145,019)	130,012,553
Motor own damage	166,419,384	(6,037,534)	160,381,850
Fire and Natural Disasters	108,343,463	(11,241,115)	97,102,348
Accident	62,239,313	(16,228,806)	46,010,507
Health	53,004,774	(1,263,171)	51,741,603
General Losses	44,017,906	(8,057,160)	35,960,746
Marine	10,608,059	-	10,608,059
Financial Losses	8,484,709	(495,761)	7,988,948
Water Vehicles	3,578,011	(427,895)	3,150,116
Surety	748,208	(107,840)	640,368
Legal Protection	264,485	(40,232)	224,253
Credit	14,946	(39)	14,907
Total	3,968,010,639	(791,610,290)	3,176,400,349
31 December 2019 Branch	Net outstanding claims before discount	Discount amount	Discounted net Outstanding claims provisions
Motor Third Party Liability	3,013,371,667	(641,734,968)	2,371,636,699
General Liability	123,470,632	(27,304,095)	96,166,537
Motor own damage	50,330,696	(1,571,364)	48,759,332
Fire and Natural Disasters	59,596,791	(6,923,080)	52,673,711
Accident	84,633,184	(14,581,978)	70,051,206
Health	14,458,206	(372,778)	14,085,428
General Losses	21,311,876	(1,235,434)	20,076,442
Marine	985,931	(1,676,369)	(690,438)
Financial Losses	2,625,202	(108,359)	2,516,843
Water Vehicles	177,966	(3,540)	174,426
Surety	296,892	(176,634)	120,258
Legal Protection	408,594	(59,113)	349,481
Credit	77,909	(1,929)	75,980
No discount	121,343,494	-	121,343,494
Total	3,493,089,040	(695,749,641)	2,797,339,399

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.24 Provision for outstanding claims (Continued)**

31 December 2018 Branch	Net outstanding claims before discount	Discount amount	Discounted net Outstanding claims provisions
Motor Third Party Liability	2,449,208,886	(498,811,296)	1,950,397,590
Accident	90,693,117	(18,278,822)	72,414,295
General Liability	88,950,397	(15,980,027)	72,970,370
Fire and Natural Disasters	72,234,654	(3,395,619)	68,839,035
Motor own damage	21,149,378	(290,820)	20,858,558
General Losses	17,099,359	(892,661)	16,206,698
Health	4,027,639	(51,279)	3,976,360
Financial Losses	2,443,408	(106,476)	2,336,932
Marine	999,185	(20,301)	978,884
Credit	522,059	(17,809)	504,250
Water Vehicles	361,569	(3,709)	357,860
Bail	135,199	(24,918)	110,281
Legal Protection	8,320	(414)	7,906
No discount	127,688,525	-	127,688,525
Total	2,875,521,695	(537,874,151)	2,337,647,544

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CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Provision for outstanding claims (Continued)

The methods applied to estimate the net cash flows of the Company as at 31 December 2020, 2019 and 2018 and the estimated net cash flows for each major branch are as follows.

31 December 2020 Branch	Methods Applied	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Motor vehicles Liability	Table 57	812,059,998	575,654,752	497,590,990	425,569,827	354,332,848	281,712,592	203,253,185	121,987,951	49,733,797	11,233,869	3,333,129,809
Motor Own Damage	Table 57	145,768,049	8,708,740	5,520,250	3,633,477	1,834,912	824,380	156,694	210,609	(202,267)	(35,460)	166,419,384
Fire and Natural Disasters	Table 57	73,104,501	9,644,799	6,331,109	5,125,677	3,716,618	3,051,506	2,306,258	2,336,592	2,040,503	685,900	108,343,463
Health	Table 57	50,555,923	1,423,286	377,672	222,157	235,718	180,657	9,249	112	-	-	53,004,774
General Liability	Table 57	21,583,239	25,379,265	24,339,167	29,196,904	15,918,695	22,681,236	19,501,964	15,411,052	3,108,784	37,266	177,157,572
General Loses	Table 57	19,686,602	5,097,191	3,432,096	2,832,917	2,633,265	2,631,714	2,598,489	2,560,082	2,544,132	1,418	44,017,906
Accident	Table 57	9,941,050	7,905,422	8,227,943	8,140,986	8,048,504	7,347,503	6,095,832	3,918,131	2,093,219	520,723	62,239,313
Marine	Table 57	9,308,151	1,707,917	(324,040)	125,327	(60,522)	(45,318)	(19,686)	(35,766)	(48,549)	545	10,608,059
Financial Losses	Table 57	6,820,770	1,438,973	104,910	73,896	26,719	11,559	7,882	-	-	-	8,484,709
Water Vehicles	Table 57	2,328,083	574,951	241,192	231,799	164,717	33,645	3,470	154	-	-	3,578,011
Surety	Table 57	223,906	214,764	187,154	88,805	28,025	5,355	199	-	-	-	748,208
Legal Protection	Table 57	71,881	82,567	50,173	33,854	17,125	7,061	1,354	470	-	-	264,485
Credit	Table 57	10,994	3,856	98	(2)	-	-	-	-	-	-	14,946

31 December 2019 Branch	Methods Applied	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
Motor vehicles Liability	Table 57	810,595,926	543,436,961	454,482,123	367,072,755	296,600,716	220,492,157	144,482,491	102,397,384	61,552,474	12,258,680	3,013,371,667
Motor Own Damage	Table 57	45,248,160	2,060,092	1,197,009	837,494	531,329	119,747	85,362	93,830	133,745	23,928	50,330,696
Fire and Natural Disasters	Table 57	40,036,924	5,499,684	2,275,071	2,386,426	1,542,092	1,217,800	1,171,549	1,279,257	3,557,862	630,126	59,596,791
Accident	Table 57	28,782,005	15,070,945	10,889,585	10,073,989	9,293,001	6,796,268	3,604,845	117,387	5,159	-	84,633,184
General Liability	Table 57	20,859,406	18,040,339	21,058,561	28,589,367	15,842,840	12,387,279	4,931,620	1,561,817	185,697	13,706	123,470,632
General Loses	Table 57	16,625,350	2,834,120	1,169,561	396,006	245,085	12,365	7,233	8,632	9,696	3,828	21,311,876
Health	Table 57	13,425,049	691,953	315,050	25,654	500	-	-	-	-	-	14,458,206
Financial Losses	Table 57	2,335,257	174,586	57,569	54,332	3,396	62	-	-	-	-	2,625,202
Surety	Table 57	287,737	9,155	-	-	-	-	-	-	-	-	296,892
Water Vehicles	Table 57	169,612	2,047	4,915	1,392	-	-	-	-	-	-	177,966
Legal Protection	Table 57	146,436	84,988	48,375	128,795	-	-	-	-	-	-	408,594
Credit	Table 57	74,007	3,980	287	(389)	24	-	-	-	-	-	77,909
Marine	Table 57	(5,076,347)	710,063	898,136	2,199,816	462,570	225,835	304,499	1,083,115	178,244	-	985,931

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Provision for outstanding claims (Continued)

31 December 2018 Branch	Methods Applied	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Motor vehicles Liability	Table 57	750,258,817	496,263,251	408,203,835	311,951,837	232,871,139	146,770,691	64,988,316	24,745,692	11,394,187	1,761,121	2,449,208,886
Fire and Natural Disasters	Table 57	61,406,630	6,475,643	1,805,650	1,289,590	718,258	231,175	214,924	57,674	30,867	4,243	72,234,654
General Liability	Table 57	21,850,561	18,403,987	17,737,752	14,671,059	9,145,786	5,735,914	1,314,518	51,832	38,988	-	88,950,397
Motor Own Damage	Table 57	20,738,941	194,933	28,463	18,614	190,900	(20,137)	(2,336)	-	-	-	21,149,378
Accident	Table 57	20,290,182	16,189,614	13,836,915	13,564,553	14,598,069	9,739,304	2,258,984	212,737	2,759	-	90,693,117
General Loses	Table 57	13,745,808	2,245,397	906,187	123,016	42,183	14,541	18,176	3,379	340	332	17,099,359
Health	Table 57	3,916,972	85,349	13,803	11,337	178	-	-	-	-	-	4,027,639
Financial Losses	Table 57	1,901,342	368,087	76,233	74,721	22,741	284	-	-	-	-	2,443,408
Marine	Table 57	1,014,015	27,819	(57,119)	9,182	5,245	43	-	-	-	-	999,185
Credit	Table 57	482,308	36,900	2,752	99	-	-	-	-	-	-	522,059
Water Vehicles	Table 57	360,896	70	132	379	92	-	-	-	-	-	361,569
Surety	Table 57	39,839	27,129	13,865	13,592	25,796	14,003	975	-	-	-	135,199
Legal Protection	Table 57	7,858	462	-	-	-	-	-	-	-	-	8,320

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 TRY372,213,222 (31 December 2019: TRY233,356,581 and 31 December 2018: TRY 149,377,011) (Note 17).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Provision for outstanding claims (Continued)

The calculated and used winning ratios as at 31 December 2020, 2019 and 2018 are as follows

Branch	31 December 2020 Used Winning Ratio (%)	31 December 2019 Used Winning Ratio (%)	31 December 2018 Used Winning Ratio (%)
Fire	24.67	25.00	25.00
Loss of profit	25.00	-	-
Construction All Risk	25.00	25.00	25.00
Marine Hull and Machinery	25.00	25.00	-
Compulsory Financial Liability			
Insurance for Transportation on Road	25.00	25.00	25.00
Compulsory Traffic (Excluding Green Card)	25.00	19.23	13.61
MTPL - facultative	25.00	25.00	25.00
Motor vehicles - own damage	25.00	25.00	25.00
Karayolu Yolcu Taşımacılığı Zor. Koltuk F.K.	25.00	25.00	25.00
Employer financial liability	23.36	23.60	23.69
Third party financial liability	25.00	25.00	25.00
Robbery	25.00	25.00	25.00
Compulsory Product Liability for LPG	25.00	17.41	3.00
Compulsory Third Party Liability for Dangerous Materials and Hazardous Waste	4.86	4.86	-
Aircraft Financial Liability	25.00	25.00	-
ZMSS on Medical Malpractice	25.00	25.00	25.00
Private Security Financial Liability	25.00	25.00	25.00
Occupational responsibility	25.00	25.00	25.00
Optional Earthquake	25.00	25.00	25.00
Flood	21.80	20.65	13.50
Landslide	25.00	25.00	-
Personal Accident	25.00	25.00	-
Loss of Rent and Income	11.82	25.00	25.00
Legal Protection	25.00	25.00	25.00
Machinery breakdown	18.38	20.37	20.61
Erection All Risks	25.00	25.00	25.00
Construction	25.00	25.00	25.00
Electronic Equipment	23.48	21.34	17.90
Health	25.00	25.00	19.07
Travel Health	25.00	25.00	25.00

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 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 2020, equalization provision amounting to TRY 109,273,62 (31 December 2019: TRY91,815,554 and 31 December 2018: TRY75,885,451) is presented under 'Other Technical Reserves' under the long term-liabilities in the accompanying financial statements (Note 17).

2.26 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).

2.27 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. Therefore, the weighted average number of shares used in the calculation of earnings per share is obtained by applying the bonus issue of shares retrospectively from the beginning of the previous reporting period (Note 37).

2.28 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 consolidated financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

2.29 New standards and interpretations

a. Standards, amendments and interpretations applicable as at 31 December 2020:

The Company evaluated the effects of the standards and changes mentioned below on the financial statements and concluded that the changes made do not have a material effect on the financial statements.

- Amendments to IAS 1 and IAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:
 - i) Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
 - ii) Clarify the explanation of the definition of material; and
 - iii) Incorporate some of the guidance in IAS 1 about immaterial information.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 New standards and interpretations (Continued)

a. Standards, amendments and interpretations applicable as at 31 December 2020: (Continued)

- **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- **Amendments to 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.
- **Amendment to IFRS 16, 'Leases' - Covid-19 related rent concessions;** effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

b. Standards, amendments and interpretations that are issued but not effective as at 31 December 2020:

The Company has evaluated the changes in the standards that have been published but have not yet become effective, and started work on the TFRS 17 standard and its effects. The Company management is of the opinion that the changes made, except for the TFRS 17 standard, do not have a material impact on the financial statements.

- **IFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
- **Amendments to IFRS 3, 'Business combinations'** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to IAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 New standards and interpretations (Continued)

b. Standards, amendments and interpretations that are issued but not effective as at 31 December 2020: (Continued)

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

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.
- **Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

2.30 COVID-19

Measures taken and strategy changes

The company has been carefully monitoring the international development of Coronavirus ('Covid-19') cases, which affect the whole world, since the beginning of February 2020 and has been gradually implementing the highest level of measures from the beginning.

With regard to the Covid-19 outbreak, the company has taken the necessary precautions for the safety of both its customers and the society, prioritizing the health of its employees. It evaluates the developments instantly and shares all the decisions it takes and revises with its employees and customers in the most transparent way.

Since the company has a strong technological infrastructure that will support all employees to work from home, the remote working practice has been started as of March 19, 2020 and it has carried out its insurance activities without interruption. As of June 1, 2020, the company has started to gradually return to the office.

In line with the Business Continuity Plan, customers for transactions and requests related to contracts and policies; Turkey Insurance mobile app, Turkey online transactions and customer relationships in the insurance unit's website continues to serve. The company aims to produce solutions for the needs of its customers within the scope of its customer-oriented service strategy and ensures that the necessary actions are taken on time.

Covid-19 Legal Regulation

With the Law 'Reducing the Effects of 7244 New Coronavirus (Covid-19) Epidemic on Economic and Social Life' and amending certain laws published in the Official Gazette on 17 April 2020,

According to the amendment made in the Turkish Commercial Law, only twenty-five percent of the net profit of 2019 can be distributed until 30/9/2020. If the General Assembly has decided to distribute dividends for the accounting period of 2019, but the shareholders have not yet been paid or partial payments have been made, the payments for the exceeding part of twenty-five percent of the net profit for 2019 will be postponed until the end of the specified period

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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 consolidated 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 consolidated 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

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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.

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, marine, 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 2020, QBE and XL Re is the leader reinsurers of the Company in branches such as fire and engineering, excess loss-shared and catastrophe-cover agreements. Other following reinsurers are Everest Re, Milli Re, Odyssey Re and Swiss Re.

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK Mİ (Continued)

4.1 Management of insurance risk (Continued)

The last credit-scaling notes as follows in the table;

Reinsurer	Scale	Outlook	Date
QBE Re	A	AM Best	14 August 2020
XL Re Europe	A+	AM Best	29 September 2020
Everest Re	A+	AM Best	29 May 2020
Swiss Re	A+	AM Best	17 July 2020
Odyssey Re	A	AM Best	10 July 2020
China Re	A	AM Best	19 November 2020
Mapfre Re	A	AM Best	21 October 2020
Milli Reasürans T.A.Ş.	A+	S&P	19 October 2020

The company has annual excess treaty in fire, marine, engineering and miscellaneous accident branches, as for quota share agreements for marine, commodity, farming, building completion and credit branches as of the date 31 December 2020.

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 communiqué 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 Marine', '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 2020 account period as TRY106,879,013 under the account of 'premiums transferred to SSI' (1 January - 31 December 2019: TRY138,313,876).

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK Mİ (Continued)

4.1 Management of insurance risk (Continued)

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 2020, the Company has transferred TRY379,089,674 premium and TRY11,446,669 paid compensation and recovery income to the Pool. TRY283,038,144 premium, TRY55,827,310 commission, TRY138,184,632 paid as compensation and 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 claims 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 claims 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 2020, The Company has ceded TRY7,690,843 premium to the Pool and accounted TRY5,001,510 premium, TRY328,574 compensation and TRY922,628 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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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

Introduction and overview (Continued)

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.

	31 December 2020	31 December 2019	31 December 2018
Cash equivalents (Note 14)	6,535,388,952	5,395,274,982	3,842,393,687
Reinsurer's share in provision for outstanding claims (Note 10)	2,298,935,077	1,749,624,967	1,568,040,199
Receivables from operating activities (Note 12)	1,984,823,396	1,317,641,665	1,097,732,147
Financial liabilities (Note 11)	187,246,920	398,664,538	278,734,595
Other receivables (Notes 12)	62,144,976	19,353,369	14,517,974
Prepaid taxes and funds (Note 12)	688,411	18,516,745	29,190,572
Advances given to personnel	216,830	61,590	96,337
Total	11,069,444,562	8,899,137,856	6,830,705,511

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

Details of guarantees and securities taken for the receivables are as follows:

	31 December 2020	31 December 2019	31 December 2018
Notes received	63,100,501	66,910,201	67,985,301
Letter of guarantee	55,099,142	40,117,745	40,886,820
Treasury and government bonds taken as guarantee	22,373,970	8,627,119	2,088,745
Cash guarantees	245,796	389,213	3,517,803
Other guarantee and commitments	14,099,733	6,616,199	2,421,094
Total	154,919,142	122,660,477	116,899,763

As at 31 December 2020 and 2019, the aging of the receivables from operating activities and related provisions are as follows:

	31 December 2020		31 December 2019	
	Gross amount	Provision	Gross amount	Provision
Undue receivables	1,593,319,317	-	1,029,544,985	-
Past due 0-30 days	220,276,300	-	70,013,324	-
Past due 31-60 days	43,415,344	-	109,925,550	-
Past due 61-180 days	38,906,962	-	18,951,834	-
More than 181 days receivables	93,159,537	(60,790,945)	116,371,212	(61,619,592)
	1,989,077,460	(60,790,945)	1,344,806,905	(61,619,592)
Subrogation and salvage receivables	76,007,401	(19,470,520)	73,055,698	(38,601,346)
Doubtful receivables from main operations recovery receivables	379,936,720	(379,936,720)	297,983,111	(297,983,111)
Total	2,445,021,581	(460,198,185)	1,715,845,714	(398,204,049)

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

The movement in the allowance for impairment in respect of premium receivables during the period is as follows:

	2020	2019
Beginning of the period - 1 January	(398,204,049)	(312,005,762)
Change in provision from recovery Receivables under management bias (Note 47)	20,150,714	(4,583,216)
Change in provision for premium receivables Doubtful receivables under legal follow-up	(191,241)	(5,640,058)
Change in provision for recovery receivables under legal follow-up (Note 47))	(81,953,609)	(72,599,134)
Other	-	(3,375,879)
Period ending - December 31	(460,198,185)	(398,204,049)

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.

Due to the worldwide COVID-19 outbreak, the company develops and follows strategies, policies and procedures that will ensure that the liquidity risk is managed effectively in line with the liquidity risk appetite and that sufficient liquidity is continuously available.

The table below shows the distribution of the Company's financial and insurance liabilities as of the balance sheet dates, based on contractual or expected terms:

As of December 31, 2020, the maturity distribution of the Company's unreduced commercial debts and financial debts are as follows, and there is no liquidity risk for the balance sheet date and subsequent periods.

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

Monetary asset and liabilities' remaining periods to maturity:

31 December 2020	Book value	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years
Assets						
Cash and cash equivalents	6,535,388,952	4,123,986,050	2,062,151,396	349,251,506	-	-
Financial assets	187,246,920	-	54,938,551	50,499,599	34,195,605	47,613,165
Receivables from operating activities	1,984,823,396	467,128,043	331,957,293	981,802,806	203,935,254	-
Other receivables	62,144,976	49,832,031	4,267,510	2,813,143	5,232,292	-
Total monetary assets	8,769,604,244	4,640,946,124	2,453,314,750	1,384,367,054	243,363,151	47,613,165
Liabilities						
Payables from operating activities	1,256,119,167	391,907,711	213,321,206	650,890,250	-	-
Due to related parties	6,669,798	240,068	2,470,622	3,959,108	-	-
Other payables	115,842,581	27,016,761	69,323,631	8,791,525	10,710,664	-
Provision for outstanding claims, net	3,176,400,349	170,444,689	590,874,925	2,290,087,962	113,629,794	11,362,979
Provision for tax and other similar liabilities	124,446,447	63,713,961	-	60,732,486	-	-
Financial liabilities	10,197,272	522,600	1,067,515	2,814,378	5,792,779	-
Total monetary liabilities	4,689,675,614	653,845,790	877,057,899	3,017,275,709	130,133,237	11,362,979

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)**4.2 Management of financial risk (Continued)**

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
Assets						
Cash and cash equivalents	5,395,274,982	2,847,043,897	1,127,338,980	1,420,892,105	-	-
Receivables from operating activities	1,317,641,665	255,912,179	298,386,849	748,377,713	14,964,924	-
Financial assets	398,664,538	-	219,942,936	162,554,532	-	16,167,070
Other receivables	19,353,369	16,868,309	575,006	398,072	1,511,982	-
Total monetary assets	7,130,934,554	3,119,824,385	1,646,243,771	2,332,222,422	16,476,906	16,167,070
Liabilities						
Payables from operating activities	732,332,245	167,207,151	347,958,937	211,631,605	5,534,552	-
Due to related parties	2,893,375	104,142	1,071,762	1,717,471	-	-
Other payables	145,170,728	30,473,459	106,318,097	4,458,601	3,920,571	-
Provision for outstanding claims, net	2,797,339,399	139,477,252	483,521,141	2,072,057,688	92,984,835	9,298,483
Provision for tax and other similar liabilities	122,395,334	95,152,496	2,844,897	24,397,941	-	-
Financial liabilities	15,917,744	811,317	495,928	10,476,686	4,133,813	-
Total monetary liabilities	3,816,048,825	433,225,817	942,210,762	2,324,739,992	106,573,771	9,298,483

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

31 December 2018	Book value	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years
Assets						
Cash and cash equivalents	3,842,393,687	1,227,227,139	1,402,508,638	1,212,657,910	-	-
Receivables from operating activities	1,097,732,147	222,038,422	252,950,413	609,819,027	10,074,538	2,849,747
Financial assets	278,734,595	45,932,864	177,012,060	33,547,822	22,241,849	-
Other receivables	14,517,974	11,934,455	701,516	467,370	1,414,633	-
Total monetary assets	5,233,378,403	1,507,132,880	1,833,172,627	1,856,492,129	33,731,020	2,849,747
Liabilities						
Payables from operating activities	581,330,039	189,746,307	258,486,315	130,341,987	2,755,430	-
Due to related parties	1,779,255	67,161	470	1,711,624	-	-
Other payables	106,756,411	21,089,345	80,471,961	1,775,684	3,419,421	-
Provision for outstanding claims, net	2,337,647,544	113,648,651	393,981,990	1,830,016,903	-	-
Provision for tax and other similar liabilities	74,732,784	56,083,240	2,197,167	16,452,377	-	-
Total monetary liabilities	3,102,246,033	380,634,704	735,137,903	1,980,298,575	6,174,851	-

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

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.

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 2020	USD	EUR	Other Currencies	Total
Assets:				
Cash and cash equivalents	306,590,697	31,494,221	575,267	338,660,185
Receivables from operating activities	784,003,786	126,634,266	78,420	910,716,472
Total foreign currency assets	1,090,594,483	158,128,487	653,687	1,249,376,657
Liabilities:				
Payables arising from operating activities	897,839,163	82,151,760	-	979,990,923
Provision for outstanding claims	25,128,771	16,210,834	2,153,297	43,492,902
Deposits and collaterals received	8,954,008	2,503,826	-	11,457,834
Total foreign currency liabilities	931,921,942	100,866,420	2,153,297	1,034,941,659
Balance sheet position	158,672,541	57,262,067	(1,499,610)	214,434,998

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

Currency risk (Continued)

31 December 2019	USD	EUR	Other Currencies	Total
Assets:				
Cash and cash equivalents	141,654,621	31,390,114	93,294	173,138,029
Receivables from operating activities	441,042,573	117,007,272	1,572,288	559,622,133
Total foreign currency assets	582,697,194	148,397,386	1,665,582	732,760,162
Liabilities:				
Payables arising from operating activities	256,338,782	5,518,910	247,524	262,105,216
Provision for outstanding claims	340,512	1,102,842	1,616,798	3,060,152
Deposits and collaterals received	1,567,905	426,331	-	1,994,236
Total foreign currency liabilities	258,247,199	7,048,083	1,864,322	267,159,604
Balance sheet position	324,449,995	141,349,303	(198,740)	465,600,558
31 December 2018				
	USD	EUR	Other Currencies	Total
Assets:				
Cash and cash equivalents	97,223,023	40,345,809	834	137,569,666
Receivables from operating activities	298,756,435	63,721,074	1,606,616	364,084,125
Total foreign currency assets	395,979,458	104,066,883	1,607,450	501,653,791
Liabilities:				
Payables arising from operating activities	242,196,638	47,093,378	451,016	289,741,032
Provision for outstanding claims	7,288,437	2,447,640	106,996	9,843,073
Deposits and collaterals received	1,166,195	292,483	-	1,458,678
Total foreign currency liabilities	250,651,270	49,833,501	558,012	301,042,783
Balance sheet position	145,328,188	54,233,382	1,049,438	200,611,008

TRY equivalents of the related monetary amounts denominated in foreign currencies are presented above.

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

Currency risk (Continued)

Foreign currency rates used for the translation of foreign currency denominated monetary assets and liabilities as at 31 December 2020, 2019 and 2018 are as follows:

	USD	EUR
31 December 2020	7.3405	9.0079
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 2020, 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 2020		1 January - 31 December 2019		1 January - 31 December 2018	
	Profit or loss	Equity	Profit or loss	Equity	Profit or loss	Equity
USD	31,734,508	31,734,508	64,889,999	64,889,999	29,065,638	29,065,638
EUR	11,452,413	11,452,413	28,269,861	28,269,861	10,846,676	10,846,676
Other currencies	(299,922)	(299,922)	(39,748)	(39,748)	209,888	209,888
Total, net	42,886,999	42,886,999	93,120,112	93,120,112	40,122,202	40,122,202

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.

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

Exposure to interest rate risk (Continued)

As at 31 December 2020, 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 2020	31 December 2019	31 December 2018
Financial assets with fixed interest rate:			
Deposits in banks (Note 14)	6,085,543,299	4,855,051,234	3,448,075,741
Financial assets held for trading (Note 11)	149,813,209	122,817,105	28,846,351
Financial assets held to maturity (Note 11)	37,396,299	275,810,021	249,883,910
Financial assets with floating interest rate:			
Borrowings to Financial Institutions	-	557,576	411,679
Liabilities from financial leasing transactions (Note 20)	10,197,272	15,360,168	-

The Company does not have any interest sensitive financial instrument as of 31 December 2020, 2019 and 2018.

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.

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 priorities 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.

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

Classification of fair value measurement (Continued)

Classification of financial assets and liabilities' fair values is as follows:

31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets held for trading (Note 11)	-	149,813,209	-	149,813,209
Investment in equity shares (*)	172,113,743	-	944,893,519	1,117,007,262
Properties held for use (Note 6)	-	187,918,000	-	187,918,000
Investment Properties (Note 7)	-	33,799,258	-	33,799,258
	172,113,743	371,530,467	944,893,519	1,488,537,729
31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets held for trading (Note 11)	-	122,817,105	-	122,817,105
Investment in equity shares (*)	47,211,475	-	653,837,796	701,049,271
Properties held for use	-	208,770,637	-	208,770,637
Investment Properties	-	18,168,576	-	18,168,576
	47,211,475	349,756,318	653,837,796	1,050,805,589
31 December 2018	1 Level 1	Level 2	Level 3	Total
Financial assets held for trading (Note 11)	6,604,502	22,241,849	-	28,846,351
Investment in equity shares (*)	34,898,933	-	576,197,588	611,096,521
Properties held for use	-	204,355,637	-	204,355,637
Investment Properties	-	17,887,586	-	17,887,586
	41,503,435	244,485,072	576,197,588	862,186,095

(*) There are no investments carried out from the cost value in the investment in equity shares.

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.

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

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 'BİST') 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:

	Change in Index	31 December 2020 Equity	31 December 2019 Change in Index	31 December 2018 Equity
BİST - 100	20%	34,422,749	9,442,295	6,979,787

Capital Management

The Company's major capital management policies include the following:

- To comply with the insurance capital requirements required by insurance legislation,
- 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 2020, the Company measured its minimum capital requirement as TRY1,672,466,244. As of 31 December 2020, the Company's total equity calculated in accordance with the related communiqué is equal to which is more than the minimum capital requirement by TRY1,874,073,363.

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.

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4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (Continued)

4.2 Management of financial risk (Continued)

Capital Management (Continued)

Information about earnings from financial assets is indicated in Note 26. The details of financial expenses are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Investment income transferred to non-life technical section	(612,806,880)	(629,517,714)
Foreign exchange losses	(236,806,070)	(107,301,128)
Amortization expenses	(23,737,666)	(15,763,988)
Investment management expenses - including interest	(6,557,821)	(21,468,860)
Other financial expenses	(28,588,048)	(16,582,933)
Financial expenses	(908,496,485)	(790,634,623)

The details of financial gains and losses recognized in equity are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Changes in fair value of Investments at associates (Note 15)	395,419,718	85,484,228
	395,419,718	85,484,228

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.

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.

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5. SEGMENT REPORTING (Continued)

Motor Vehicles Insurance

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 damage 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.

Since the performance measurement and follow-up of the operating segments does not require a separate follow-up of assets and liabilities, an analysis on assets and liabilities is not presented.

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5. SEGMENT REPORTING (Continued)

As of 1 January - 31 December 2020 segment results are as follows:

	Motor Third Party Liability	Motor Vehicles	Health	Fire	Other	Undistri- buted	Total
Technical Income	1,291,796,217	928,638,335	559,577,538	638,523,795	952,083,410	-	4,370,619,295
1 - Earned premiums (net off reinsurers' share)	1,185,758,629	783,846,764	430,374,829	517,132,899	768,872,928	-	3,685,986,049
1.1 - Written premiums (net off reinsurers' share)	912,766,062	818,642,910	579,007,609	526,255,125	828,117,206	-	3,664,788,912
1.2 - Change in reserve for unearned premiums	261,317,808	(34,796,146)	(148,632,780)	(9,122,226)	(62,795,372)	-	5,971,284
1.3 - Change in reserve for unexpired risk	11,674,759	-	-	-	3,551,094	-	15,225,853
2 - Other technical incomes and accrued salvage and Subrogation receivables (net off reinsurer's share)	51,149,745	23,423,265	(148,450)	8,143,266	(10,741,460)	-	71,826,366
3 - Investment Income Transferred from Non-Technical Part	54,887,843	121,368,306	129,351,159	113,247,630	193,951,942	-	612,806,880
Technical Expense	(1,174,450,689)	(710,358,316)	(345,760,943)	(356,347,018)	(443,081,726)	-	(3,029,998,692)
1 - Claims accrued (net off reinsurers' share)	(998,128,893)	(496,355,211)	(170,103,860)	(183,949,193)	(238,541,003)	-	(2,087,078,160)
1.1 - Claims paid (net off reinsurers' share)	(737,201,500)	(428,344,058)	(163,037,321)	(162,070,920)	(217,363,411)	-	(1,708,017,210)
1.2 - Claims paid (net off reinsurers' share (net off reinsurers' share and deferred part) (+/-)	(260,927,393)	(68,011,153)	(7,066,539)	(21,878,273)	(21,177,592)	-	(379,060,950)
2 - Change in other technical provisions	(153,321)	(3,063,778)	(48,866)	(15,650,987)	(1,602,869)	-	(20,519,821)
3 - Operating expenses	(176,168,475)	(210,939,327)	(175,608,217)	(156,746,838)	(202,937,854)	-	(922,400,711)
Technical profit	117,345,528	218,280,019	213,816,595	282,176,777	509,001,684	-	1,340,620,603
Investment income	1,168,832,048						1,168,832,048
Investment expenses	(884,758,819)						(884,758,819)
Amortization expenses	(23,737,666)						(23,737,666)
Other operating expenses	(133,666,926)						(133,666,926)
Tax expense	(305,831,625)						(305,831,625)
Net period profit	(179,162,988)						1,161,457,615

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5. SEGMENT REPORTING (Continued)

As of 1 January - 31 December 2019 segment results are as follows:

	Motor Third Party Liability	Motor Vehicles	Health	Fire	Other	Undistributed	Total
Technical Income	1,514,511,488	785,814,790	342,973,808	538,167,869	776,475,764	-	3,957,943,719
1 - Earned premiums (net off reinsurers' share)	1,238,136,141	686,765,184	271,063,695	428,722,233	629,865,191	-	3,254,552,444
1.1 - Written premiums (net off reinsurers' share)	1,307,795,338	758,472,992	351,427,782	487,458,768	744,859,896	-	3,650,014,776
1.2 - Change in reserve for unearned premiums	(76,035,454)	(71,707,808)	(80,364,087)	(58,736,535)	(123,183,127)	-	(410,027,011)
1.3 - Change in reserve for unexpired risk	6,376,257	-	-	-	8,188,422	-	14,564,679
2 - Other technical incomes and accrued salvage and Subrogation receivables (net off reinsurer's share)	48,260,694	14,545,624	1,074,188	5,670,982	4,322,073	-	73,873,561
3 - Investment Income Transferred from Non-Technical Part	228,114,653	84,503,982	70,835,925	103,774,654	142,288,500	-	629,517,714
Technical Expense	(1,460,267,921)	(681,587,312)	(270,523,618)	(290,860,195)	(339,543,647)	-	(3,042,782,693)
1 - Claims accrued (net off reinsurers' share)	(1,264,232,729)	(483,358,250)	(171,222,750)	(133,162,146)	(205,808,087)	-	(2,257,783,962)
1.1 - Claims paid (net off reinsurers' share)	(842,993,620)	(484,568,782)	(153,887,511)	(143,621,752)	(173,020,442)	-	(1,798,092,107)
1.2 - Claims paid (net off reinsurers' share (net off reinsurers' share and deferred part) (+/-))	(421,239,109)	1,210,532	(17,335,239)	10,459,606	(32,787,645)	-	(459,691,855)
2 - Change in other technical provisions	229,707	(3,106,578)	(68,324)	(15,266,182)	(1,757,113)	-	(19,968,490)
3 - Operating expenses	(196,264,899)	(195,122,484)	(99,232,544)	(142,431,867)	(131,978,447)	-	(765,030,241)
Technical profit	54,243,567	104,227,478	72,450,190	247,307,674	436,932,117	-	915,161,026
Investment income	1,015,379,446						1,015,379,446
Investment expenses	(774,870,635)						(774,870,635)
Amortization expenses	(15,763,988)						(15,763,988)
Other operating expenses	(86,458,431)						(86,458,431)
Tax expense	(225,068,819)						(225,068,819)
Net period profit	(86,782,427)						828,378,599

TÜRKİYE SİGORTA A.Ş. (FORMERLY 'GÜNEŞ SİGORTA A.Ş.')**CONVENIENCE TRANSLATION OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020**

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

6. TANGIBLE ASSETS

Movements of tangible assets in the period from 1 January to 31 December 2020:

	1 January 2020	Additions	Disposals	Valuation Increase	Transfer	31 December 2020
Cost:						
Real estate property held for use	208,770,637	-	-	(16,652,637)	(4,200,000)	187,918,000
Machinery and equipment	22,283,125	12,396,053	(9,146)	-	-	34,670,032
Furniture and fixtures	15,039,504	2,383,579	(2,090,394)	-	-	15,332,689
Motor vehicles	11,403,174	-	-	-	-	11,403,174
Other tangibles (include leasehold improvements)	3,531,014	3,777	(935,512)	-	-	2,599,279
Leased assets	28,779,885	4,922,858	(6,434,811)	-	-	27,267,932
	289,807,339	19,706,267	(9,469,863)	(16,652,637)	(4,200,000)	279,191,106
Accumulated depreciation:						
Real estate property held for use	(26,023)	(1,503,100)	-	1,529,123	-	-
Machinery and equipment	(9,494,275)	(4,572,492)	7,355	-	-	(14,059,412)
Furniture and fixtures	(12,684,279)	(904,737)	1,840,708	-	-	(11,748,308)
Motor vehicles	(755,545)	(2,252,395)	-	-	-	(3,007,940)
Other tangibles (include leasehold improvements)	(2,803,840)	(180,273)	902,680	-	-	(2,081,433)
Leased assets	(13,937,036)	(6,433,730)	1,836,707	-	-	(18,534,059)
	(39,700,998)	(15,846,727)	4,587,450	1,529,123	-	(49,431,152)
Net book value	250,106,341					229,759,954

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6. TANGIBLE ASSETS (Continued)

Movements of tangible assets in the period from 1 January to 31 December 2019:

	1 January 2019	Additions	Disposals	Valuation Increase	Transfer	31 December 2019
Cost:						
Real estate property held for use	204,355,637	-	-	4,415,000	-	208,770,637
Machinery and equipment	10,959,831	11,382,550	(59,256)	-	-	22,283,125
Furniture and fixtures	14,012,979	1,026,525	-	-	-	15,039,504
Motor vehicles	501,765	11,180,679	(279,270)	-	-	11,403,174
Other tangibles (include leasehold improvements)	2,865,572	676,640	(11,198)	-	-	3,531,014
Leased assets	8,819,487	20,039,673	(79,275)	-	-	28,779,885
	241,515,271	44,306,067	(428,999)	4,415,000	-	289,807,339
Accumulated depreciation:						
Real estate property held for use	(17,341)	(1,342,589)	-	1,333,907	-	(26,023)
Machinery and equipment	(7,553,095)	(1,982,812)	41,632	-	-	(9,494,275)
Furniture and fixtures	(12,237,760)	(691,493)	244,974	-	-	(12,684,279)
Motor vehicles	(463,176)	(571,639)	279,270	-	-	(755,545)
Other tangibles (include leasehold improvements)	(2,714,669)	(100,367)	11,196	-	-	(2,803,840)
Leased assets	(8,001,536)	(6,012,141)	76,641	-	-	(13,937,036)
	(30,987,577)	(10,701,041)	653,713	1,333,907	-	(39,700,998)
Net book value	210,527,694					250,106,341

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6. TANGIBLE ASSETS (Continued)

The Company's properties held for use is recognized at fair value. As of 31 December 2020, 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:

	31 December 2020	31 December 2019 ⁽³⁾	31 December 2018 ⁽³⁾
Güneş Plaza ⁽¹⁾	171,300,000	195,000,000	190,000,000
Ankara Bina ⁽¹⁾	7,755,000	3,750,000	4,895,000
Antalya Bina ⁽²⁾	3,700,000	2,675,000	3,050,000
Trabzon Bina ⁽²⁾	1,600,000	1,150,000	900,000
Adana Bina ⁽²⁾	1,600,000	1,175,000	780,000
Samsun Bina ⁽²⁾	603,000	285,000	445,000
Erzurum Bina ⁽²⁾	360,000	300,000	300,000
Kabataş Bina ⁽²⁾	-	4,200,000	3,750,000
Other ⁽²⁾	1,000,000	235,637	235,637
Total	187,918,000	208,770,637	204,355,637

⁽¹⁾ As of 31 December 2020, the related real estates are valued using the 'income discount approach' method.

⁽²⁾ As of 31 December 2020, the related real estates have been valued using the 'peer comparison approach' method.

⁽³⁾ As of 31 December 2019 and 2018, all real estates were valued using the 'peer comparison approach' method.

The expertise reports of the Company prepared as of December 31, 2020 are prepared by Denge Gayrimenkul Değerleme ve Danışmanlık A.Ş. The expertise reports of 31 December 2019 and 2018 were prepared by Avrupa Gayrimenkul Değerleme ve Danışmanlık A.Ş.

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 increase for the land and buildings accounted for using revaluation model is below:

	2020	2019
Beginning - 1 January	153,130,787	148,899,087
Increase/Decrease in value arising from revaluation	(15,149,552)	5,748,908
Deferred tax arising from revaluation difference	5,381,239	(1,112,219)
Depreciation differences recognized in losses of previous year	(574,195)	(404,989)
Period ending - 31 December (Note 15)	142,788,279	153,130,787

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6. TANGIBLE ASSETS (Continued)

Cost and accumulated depreciations of the buildings as at 31 December 2020, 2019 and 2018 are as follows::

	31 December 2020	31 December 2019	31 December 2018
Cost	51,743,389	56,179,026	56,179,026
Accumulated depreciation	(18,871,599)	(18,204,369)	(17,266,750)
Net book value	32,871,790	37,974,657	38,912,276

The movements of the revaluation increase for the land and buildings accounted for using revaluation model is below:

	31 December 2020	31 December 2019	31 December 2018
Revaluated amount	187,918,000	208,744,614	204,338,296
Net book values calculated on cost values	(32,871,790)	(37,974,657)	(38,912,276)
Revaluation fund before tax	155,046,210	170,769,957	165,426,020
Calculated deferred tax liability (Note 21)	(12,257,931)	(17,639,170)	(16,526,933)
Revaluation fund, (net) (Note 15)	142,788,279	153,130,787	148,899,087

There is no commitment on the properties held for use (31 December 2019: None).

7. INVESTMENT PROPERTY

As at 31 December 2020, 2019 and 2018, movements of the investment properties are as follows:

	1 January 2020	Additions	Disposals	Valuation Increase	Transfer	31 December 2020
Cost:						
Investment properties	18,168,576	-	-	11,430,682	4,200,000	33,799,258
Accumulated depreciation:						
Investment properties	(178,491)	(19,672)	-	198,163	-	-
Net book value	17,990,085	(19,672)	-	11,628,845	4,200,000	33,799,258

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7. INVESTMENT PROPERTY (Continued)

	1 January 2019	Additions	Disposals	Valuation Increase	Transfer	31 December 2019
Cost:						
Investment properties	17,887,586	475,000	(210,000)	15,990	-	18,168,576
Accumulated depreciation:						
Investment properties	(165,712)	(12,779)	-	-	-	(178,491)
Net book value	17,721,874	462,221	(210,000)	15,990	-	17,990,085

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 2020, 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 2020	31 December 2019 ⁽³⁾	31 December 2018 ⁽³⁾
İzmir Konak Land ⁽¹⁾	15,588,972	11,285,990	11,100,000
Tekirdağ Farm ⁽²⁾	6,300,000	4,550,000	4,720,000
Other land and buildings ⁽²⁾	11,910,286	2,332,586	2,067,586
Total	33,799,258	18,168,576	17,887,586

⁽¹⁾ As of 31 December 2020, the related real estate has been valued using the 'peer comparison approach' method.

⁽²⁾ As of December 31, 2020, the relevant real estates were valued using the 'Equivalent comparison approach' and 'Cost approach' methods.

⁽³⁾ As of 31 December 2019 and 2018, all real estates were valued using the 'peer comparison approach' method.

Rental income is TRY1,083,708 from investment properties (31 December 2019: TRY1,134,008). There are no pledges on the investment properties (31 December 2019: None).

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8. INTANGIBLE ASSETS

Movements in intangible assets in the period from 1 January to 31 December 2020, 2019 and 2018 are as follows:

	1 January 2020	Additions	Disposals	Transfer	31 December 2020
Cost:					
Rights	21,952,016	7,819,887	-	-	29,771,903
Computer software	37,043,903	1,098,570	-	96,466	38,238,939
Advances related to intangible assets	96,466	-	-	(96,466)	-
	59,092,385	8,918,457	-	-	68,010,842
Accumulated amortization:					
Rights	(13,030,436)	(4,424,142)	-	-	(17,454,578)
Computer software	(29,228,091)	(3,447,125)	-	-	(32,675,216)
	(42,258,527)	(7,871,267)	-	-	(50,129,794)
Net book value	16,833,858				17,881,048
	1 January 2019	Additions	Disposals	Transfer	31 December 2019
Cost:					
Rights	15,921,245	6,030,771	-	-	21,952,016
Computer software	34,323,897	2,720,006	-	-	37,043,903
Advances related to intangible assets	96,466	-	-	-	96,466
	50,341,608	8,750,777	-	-	59,092,385
Accumulated amortization:					
Rights	(11,263,947)	(1,766,489)	-	-	(13,030,436)
Computer software	(25,944,412)	(3,283,679)	-	-	(29,228,091)
	(37,208,359)	(5,050,168)	-	-	(42,258,527)
Net book value	13,133,249				16,833,858

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9. INVESTMENT IN EQUITY SHARES

	31 December 2020			31 December 2019			31 December 2018		
	Participation Rate (%)	Cost	Carrying Value	Participation Rate (%)	Cost	Carrying Value	Participation Rate (%)	Cost	Carrying Value
Vakıf Finansal Kiralama A.Ş.	15.65	31,298,041	133,329,345	15.65	13,614,690	32,947,375	15.65	13,614,690	24,234,019
Vakıf Menk. Kıy. Yat. Ort. A.Ş.	11.00	3,300,000	24,287,998	11.00	2,200,000	5,104,000	11.00	2,200,000	3,322,000
Vakıf Gayrimenkul Yatı. Ort. A.Ş.	0.87	8,356,505	14,496,400	0.87	8,060,517	9,160,100	1.74	8,060,517	7,342,914
Publicly traded investment in equity shares		42,954,546	172,113,743		23,875,207	47,211,475		23,875,207	34,898,933
Türkiye Hayat ve Emeklilik A.Ş. ⁽¹⁾	7.36	27,260,175	849,546,160	37.10	27,260,175	602,031,606	37.10	27,260,175	533,464,441
Vakıf Finans Faktoring A.Ş. ⁽²⁾	14.00	7,229,553	77,454,461	14.00	7,229,553	38,290,782	13.71	7,229,553	29,755,128
Vakıf Pazarlama Sanayi ve Ticaret A.Ş. ^{(2)(*)}	9.76	13,989,682	8,008,222	9.76	13,989,682	5,797,099	9.76	13,989,682	4,831,293
Taksim Otelcilik A.Ş. ⁽²⁾	1.43	5,628,206	6,834,564	1.43	5,628,206	6,502,172	1.43	5,628,206	6,187,125
Vakıf Yatırım Menkul Değerler A.Ş. ⁽²⁾	0.25	130,801	1,492,429	0.25	130,801	734,982	0.25	130,801	661,437
Türk P ve I Sigorta A.Ş.	-	-	-	33.34	3,625,000	3,625,000	33.34	2,750,000	2,750,000
Other ^(*)		11,303,329	2,332,689		11,397,928	3,031,968		11,053,089	2,628,637
Other investments in equity shares		65,541,746	945,668,525		69,261,345	660,013,609		68,041,506	580,278,061
Financial assets total		108,496,292	1,117,782,268		93,136,552	707,225,084		91,916,713	615,176,994

⁽¹⁾ Vakıf Emeklilik ve Hayat A.Ş., with the decision taken at the Extraordinary General Assembly dated 24 August 2020, Ziraat Hayat ve Emeklilik A.Ş. ('Ziraat Hayat') and Halk Hayat ve Emeklilik A.Ş. ('People of Life') and by the acquisition through dissolution without liquidation with all assets and liabilities as a whole, united and Turkey Hayat ve Emeklilik A.Ş. received the title. In addition, with the decision taken in the Extraordinary General Assembly dated 24 August 2020, the capital of the bonded securities was increased to TRY 755,752,390 and the said capital increase was taken over by Ziraat Hayat and Halk Hayat together with all their assets and liabilities as a whole by dissolution without liquidation. has been met. As a result of these transactions, the share of TVF Finansal Yatırımlar A.Ş. in the capital of the linked securities increased to 92.64%; The share rate of the company has been determined as 7.36%. Enterprise, Turkey has been classified as securities depending on its investment in Life and Retirement Inc. financial statements and accounted at fair value. As of 31 December 2020, the fair value of the investment was determined on the basis of the valuation study conducted by a CMB licensed valuation company on January 15, 2021. Within the scope of the mentioned valuation study, the fair value of the relevant investment; The Gordon Growth Model was calculated by weighting (35%, 30% and 35% respectively) according to the Reduced Dividend Model and Market Multipliers methods. If the discount rate used in the valuation study was decreased by 1%, the fair value of the investment would increase by TRY 51,029,213; If it was increased by 1%, it would decrease by TRY 44,107,502.

⁽²⁾ As at 31 December 2020, 2019 and 2018 the fair value determined based on valuation reports held.

^(*) As of 31 December 2020, the Company has allocated TRY15,046,834 provision for related investments. (31 December 2019: TRY17,459,384 and 31 December 2018: TRY19,200,885).

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9. INVESTMENT IN EQUITY SHARES (Continued)

Movements of financial assets during the period as follows

	2020	2019
Beginning of the period - 1 January	707,225,084	615,176,994
Fair value increases, recognized in equity (Note 15)	414,183,105	90,143,326
Share purchase	-	345,236
Transfer	(3,625,000)	-
Other	(921)	1,559,528
Period ending - 31 December	1,117,782,268	707,225,084

As of 31 December 2020, and 2019 there are no financial assets given as a guarantee.

Joint ventures

In its consolidated financial statements prepared as of December 31, 2020, the company accounted for its investment in Türk P and I Sigorta A.Ş., a joint venture, using the equity method within the framework of the accounting policies specified in Note 2. The investment in question has been accounted for at cost in the previous period's financial statements.

Name of Shareholders	31 December 2020		31 December 2019	
	Share Amount	Share (%)	Share Amount	Share (%)
Türk P ve I Sigorta A.Ş.	20,841,899	50.00	3,625,000	33.34
	20,841,899		3,625,000	

Movement of the joint venture during the period is as follows:

	2020
Beginning of the period - 1 January	3,625,000
Share purchase (*)	6,861,886
Shares received from the profit of joint ventures	8,438,346
Other	1,916,667
Period ending - 31 December	20,841,899

(*) Türkiye Sigorta A.Ş., purchased Türk P ve I Sigorta A.Ş.'s shares corresponding to 16.67% of its capital. Shares belonged to Halkbank. As a result of this transaction, the Company's share in the capital of Türk P ve I Sigorta A.Ş. has reached 50%.

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9. INVESTMENT IN EQUITY SHARES (Continued)

The summary financial statement information regarding the joint venture of the Company as of December 31, 2020 is as follows:

Name of Shareholders	Total Assets	Profit Equity	for the Period
Türk P ve I Sigorta A.Ş.	168,178,471	41,683,798	15,575,455

10. REINSURANCE ASSETS AND LIABILITIES

As a ceding company, outstanding reinsurance assets and liabilities of the Company shown in details as follows:

	31 December 2020	31 December 2019	31 December 2018
Reinsurance Assets/(Liabilities)			
Provision for outstanding claims, ceded (Note 17)	2,298,935,077	1,749,624,967	1,568,040,199
Reserve for unearned premiums, ceded (Note 17)	2,521,703,248	1,643,350,355	1,311,678,809
Unearned premiums SSI share (Note 17)	52,350,367	78,504,002	66,408,514
Reserve for unexpired risks reinsurance share	15,380,479	43,422,678	55,375,794
Deferred commission income (Note 19)	331,867,997	232,469,498	184,781,345
Current account net debts of reinsurance companies	1,075,346,328	506,776,716	414,462,876

As of 31 December 2020, the Company accounted for a provision amounting to TRY135,985,444 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 2019: TRY52,337,235 and 31 December 2018: TRY44,029,675) (Note 17).

	1 January - 31 December 2020	1 January - 31 December 2019
Reinsurance Income/(Expenses)		
Change in Unearned premium reserve- Reinsurer Share	878,352,893	331,671,546
Paid Claims - Reinsurer Share	731,334,113	704,032,830
Commissions received from reinsurers, net	570,849,232	460,214,891
Outstanding claim provision- Reinsurer Share	549,310,110	181,584,768
Ceded premiums to reinsurers	(5,115,460,204)	(3,378,673,060)
Ceded premiums to SSI	(106,879,013)	(138,313,876)
Unexpired risk Reserve - Reinsurer Share	(28,042,199)	(11,953,116)
Change in Unearned premium reserve SSI Share	(26,153,635)	12,095,488

Detailed explanations about reinsurance agreements are disclosed in Note 2.14.

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11. FINANCIAL ASSETS

	31 December 2020	31 December 2019	31 December 2018
Available for sale financial assets	37,412	37,412	4,334
Financial assets held to maturity	37,396,299	275,810,021	249,883,910
Financial assets held for trading	149,813,209	122,817,105	28,846,351
	187,246,920	398,664,538	278,734,595

As of 31 December 2020, 2019 and 2018, the details of the Company's trading financial assets are as follows:

31 December 2020	Nominal Value	Cost	Fair Value	Book Value
<i>Financial Assets Held to Maturity;</i>				
Debt Securities - TRY	25,835,112	26,567,174	37,396,299	37,396,299
<i>Financial Assets Held for Trading;</i>				
Private sector bonds	149,359,377	147,103,520	149,813,209	149,813,209
<i>Available for sale financial assets;</i>				
Stocks	-	1,929	37,412	37,412
	175,194,489	173,672,623	187,246,920	187,246,920
31 December 2019	Nominal Value	Cost	Fair Value	Book Value
<i>Financial Assets Held to Maturity;</i>				
Debt Securities - TRY	267,935,112	263,426,538	275,553,769	275,810,021
<i>Financial Assets Held for Trading;</i>				
Private sector bonds	118,000,000	118,000,000	122,817,105	122,817,105
<i>Available for sale financial assets;</i>				
Stocks	-	1,929	37,412	37,412
	385,935,112	381,428,467	398,408,286	398,664,538

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11. FINANCIAL ASSETS (Continued)

31 December 2018	Nominal Value	Cost	Fair Value	Book Value
<i>Financial Assets Held to Maturity;</i>				
Debt Securities - TRY	247,535,112	225,357,644	244,066,725	249,883,910
<i>Financial Assets Held for Trading;</i>				
Private sector bonds	27,285,134	27,365,484	28,846,351	28,846,351
<i>Available for sale financial assets;</i>				
Stocks	-	1,929	4,334	4,334
	274,820,246	252,725,057	272,917,410	278,734,595

Movements of financial assets during the period are presented below:

	1 January 2020	Additions	Disposals	Valuation increase/(decrease)	31 December 2020
Financial assets held to maturity	275,810,021	-	(249,242,847)	10,829,125	37,396,299
Financial assets held for trading	122,817,105	201,355,303	(172,423,142)	(1,936,057)	149,813,209
Available for sale financial assets	37,412	-	-	-	37,412
Total	398,664,538	201,355,303	(421,665,989)	8,893,068	187,246,920
	1 January 2019	Additions	Disposals	Valuation increase	31 December 2019
Financial assets held to maturity	249,883,910	1,111,993,252	(1,135,656,682)	49,589,541	275,810,021
Financial assets held for trading	28,846,351	203,335,000	(113,939,502)	4,575,256	122,817,105
Available for sale financial assets	4,334	-	-	33,078	37,412
Total	278,734,595	1,315,328,252	(1,249,596,184)	54,197,875	398,664,538

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12. LOANS AND RECEIVABLES

	31 December 2020	31 December 2019	31 December 2018
Receivables from operating activities (Note 4.2)	1,984,823,396	1,317,641,665	1,097,732,147
Prepaid taxes and funds (Note 4.2)	688,411	18,516,745	29,190,572
Other receivables (Note 4.2)	62,144,976	19,353,369	14,517,974
	2,047,656,783	1,355,511,779	1,141,440,693
Short - term receivables	2,042,424,491	1,353,999,797	1,140,026,060
Long-term receivables	5,232,292	1,511,982	1,414,633
	2,047,656,783	1,355,511,779	1,141,440,693

As at 31 December 2020, 2019 and 2018, receivables from operating activities are detailed as follows:

	31 December 2020	31 December 2019	31 December 2018
Receivables from agencies, brokers and intermediaries	1,409,216,186	1,175,329,739	850,096,554
Receivables from policyholders	452,101,238	55,593,804	193,646,350
Receivables from reinsurers	94,339,185	80,585,497	43,127,538
Salvage and subrogation (Note 2.20)	76,007,401	73,055,698	67,976,723
Total receivables from main insurance operations	2,031,664,010	1,384,564,738	1,154,847,165
Provision for salvage and subrogation receivables (Note 2.20)	(19,470,520)	(38,601,346)	(21,346,795)
Provision for premium receivables	(31,172,546)	(32,192,434)	(40,023,530)
Provisions for receivables from insurance operations	(50,643,066)	(70,793,780)	(61,370,325)
Total receivables from main insurance operations-net	1,981,020,944	1,313,770,958	1,093,476,840
Salvage and subrogation receivables under administrative and legal follow up - net	379,936,720	297,983,111	178,120,136
Doubtful receivables from main operations	33,420,851	33,297,865	76,770,608
Doubtful receivables from main operations	413,357,571	331,280,976	254,890,744
Es Receivables from main operations - gross	2,394,378,515	1,645,051,934	1,348,367,584
Provisions for salvage and subrogation receivables under administrative and legal follow up	(379,936,720)	(297,983,111)	(178,120,136)
Provisions for doubtful receivables from main operations	(29,618,399)	(29,427,158)	(72,515,301)
Allowances for doubtful receivables from main operating activities	(409,555,119)	(327,410,269)	(250,635,437)
Receivables from main operations	1,984,823,396	1,317,641,665	1,097,732,147

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12. LOANS AND RECEIVABLES (Continued)

Details of salvage and subrogation receivables are as follows:

	31 December 2020	31 December 2019	31 December 2018
Salvage and subrogation receivables - gross	750,842,105	563,473,435	379,238,589
Salvage and subrogation receivables - reinsurance share	(294,897,984)	(192,434,626)	(133,141,730)
Salvage and subrogation	455,944,121	371,038,809	246,096,859
Provisions for salvage and subrogation receivables under administrative and legal follow up	(379,936,720)	(297,983,111)	(178,120,136)
Provision of salvage and subrogation receivables	(19,470,520)	(38,601,346)	(21,346,795)
Accruals of net salvage and subrogation receivables	56,536,881	34,454,352	46,629,928

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

13. DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2020, 2019 and 2018, the Company does not have any derivative financial instruments.

14. CASH AND CASH EQUIVALENT ASSETS

As of 31 December 2020, 2019 and 2018, cash and cash equivalents are as follows

	31 December 2020		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	At the end of the period	At the beginning of the period
Cash	-	-	-	1,744	1,744	2,291
Bank	6,135,755,564	4,886,595,601	4,886,595,601	3,462,536,393	3,462,536,393	2,597,185,903
Receivables from Credit Cards	399,633,388	508,679,381	508,679,381	379,855,550	379,855,550	325,347,398
Mail Cheques	-	-	-	-	-	13,255
Blocked amounts	(989,284,093)	(861,277,126)	(861,277,126)	(633,213,449)	(633,213,449)	(482,287,108)
Accrued interest on bank deposits	(71,632,426)	(144,402,559)	(144,402,559)	(55,417,043)	(55,417,043)	(18,095,442)
Cash and cash equivalents in the statement of cash flows	5,474,472,433	4,389,595,297	4,389,595,297	3,153,763,195	3,153,763,195	2,422,166,297

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14. CASH AND CASH EQUIVALENT ASSETS (Continued)

	31 December 2020	31 December 2019	31 December 2018
Foreign currency denominated bank deposit			
- Time deposit	335,057,123	170,955,515	136,515,770
- Demand deposit	3,603,062	2,182,514	1,053,896
Bank deposit in Turkish Lira			
- Time deposit	5,749,463,390	4,684,095,719	3,311,559,971
- Demand deposit	47,631,989	29,361,853	13,406,756
Banks	6,135,755,564	4,886,595,601	3,462,536,393

As of 31 December 2020, the Company has blocked bank deposits in favor of SEDDK in the amount of TRY765,041,111 (31 December 2019: TR685,052,076), Tarım Sigortaları Havuz İşletmeleri A.Ş.'s (TARSİM) the amount of TRY217,571,394 (31 December 2019: TRY169,918,940), and Central Bank of Turkish Republic of Northern Cyprus in the amount of TRY6,671,588 (31 December 2019: TRY 6,306,110).

As of 31 December 2020, maturity distributions of time deposits are between 2 days and 92 days (31 December 2019: 2-92 days). Interest rates of time deposits are as follows.

	31 December 2020	31 December 2019
TRY	10.45% - 17.58%	10.00% - 13.00%
USD	3.25%	1.30%
EUR	0.75%	0.15%

15. SHAREHOLDERS EQUITY

Paid in capital

The Company's paid-in capital as of December 31, 2020 is TRY 1,161,523,363; It is divided into 1,161,523,363 shares, each with a nominal value of TRY 1. As of 31 December 2020, the capital group controlled directly concerned with 81.10% share capital by TVF Finansal Yatırımlar A.Ş. on the Company

There are no privileges to any class of shares. 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 information on capital structure and changes in capital structure in the current period are explained in note 2.13.

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15. SHAREHOLDERS EQUITY (Continued)**Other capital reserves**

	31 December 2020	31 December 2019	31 December 2018
Funds of profit from sale of properties	80,135,867	80,078,708	78,756,302
Premium on issued shares	7,020,555	7,020,555	753,944
Capital Reserves	87,156,422	87,099,263	79,510,246

Movements of Funds of profit from sale of properties during the period as follows:

	2020	2019
Beginning of the period - 1 January	80,078,708	78,756,302
Increase during the period	57,159	1,322,406
Period ending - 31 December	80,135,867	80,078,708

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 TRY78,756,302 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 TRY80,078,708, including TRY1,322,406, corresponding to 50% of the building sales profit of TRY2,644,810 calculated from the investment property owned by the Company and calculated according to the Tax Procedure Law. It is classified as of 31 December 2019 'Other Capital Reserves' in the 'Capital Reserves' accounting groups

With the decision taken at the Extraordinary General Assembly held on 27 August 2020, the Company has become a subsidiary of Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş., together with all of its assets and liabilities, Güneş Sigorta A.Ş. by taking over it. The merger in question has been evaluated as a business combination subject to joint control in accordance with the Principle Decision. According to the Principle Decision, mergers subject to joint control should be accounted by the "Combining of Rights" method, by restated the previous period financial statements starting from the date of joint control. In this context, the acquired Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş.'s balance sheets and income and cash flow statements were included in the financial statements of the Company as of 31 December 2018, the beginning of the period presented comparatively. In addition, with the decision taken at the Extraordinary General Assembly dated 27 August 2020, the capital of the Company was increased to TRY 1,161,523,363 and the said capital increase was increased by Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş., together with all its assets and liabilities, as a whole by dissolution without liquidation. The difference between the total capital of the companies subject to the merger and the capital increased as a result of the merger amounting to TRY 222,523,363; In order to eliminate the asset-liability incompatibility caused by the business combination subject to joint control, it was first classified as 'Other Capital Reserves' in the balance sheet as 'The Effect of Mergers Involving Entities Subject to Common Control' within the framework of the Principle Decision; Due to the fact that the enterprises acquired as a result of the business combination subject to joint control are included in the Company in the current period; According to Article III.11 of the Principle Decision, the entire amount in the item 'Effect of Mergers Including Undertaking or Enterprises Subject to Common Control' has been closed as of 31 December 2020 by transferring it to the 'Previous Years Losses' account.

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15. SHAREHOLDERS EQUITY (Continued)

Previous year's losses

As of 31 December 2020 and 2019, Movements of Previous year's losses account as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Beginning of the period - 1 January (Prior reported)	(245,917,920)	(255,871,878)
<i>Adjustment effect (Note 2.1.1)</i>	(229,945,448)	(229,945,448)
Beginning of the period - 1 January Restated)	(475,863,368)	(485,817,326)
Dividend decided to be distributed	(560,858,135)	(300,000,000)
Transfer of previous year net profit	828,378,599	378,514,162
Transfer to legal reserves	(65,650,758)	(33,396,242)
Transfer of the effect of mergers involving undertakings or businesses subject to joint control to previous years' losses	(222,523,363)	-
Other transfer, net	(2,324,706)	(35,163,962)
Period ending - 31 December December	(498,841,731)	(475,863,368)

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.

	31 December 2020	31 December 2019	31 December 2018
Legal Reserves	165,610,126	99,959,368	66,563,126
	165,610,126	99,959,368	66,563,126

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15. SHAREHOLDERS EQUITY (Continued)

Valuation of financial assets

As at 31 December 2020, 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 2020	31 December 2019	31 December 2018
Investment in equity shares	1,010,715,148	615,295,430	529,811,202
Valuation of financial assets	1,010,715,148	615,295,430	529,811,202

The movements of change in fair value of investment in equity shares are given below:

	2020	2019
Beginning of the period - 1 January	615,295,430	529,811,202
Ge Fair value increase (Note 9)	414,183,105	90,143,326
Tax effect on fair value increase (Note 21)	(18,763,387)	(4,659,098)
Period ending - 31 December	1,010,715,148	615,295,430

Other profit reserves

Details of other profit reserves are as follows:

	31 December 2020	31 December 2019	31 December 2018
Revaluation fund (Note 6)	142,788,279	153,130,787	148,899,087
Earthquake claim fund transferred to shareholder's equity	19,490,473	19,490,473	18,579,454
Transferred reserves from profits of prior years	6,592,946	6,592,946	6,592,946
Actuarial loss	(11,094,664)	(8,531,888)	(5,560,797)
Other profit reserves	157,777,034	170,682,318	168,510,690

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15. SHAREHOLDERS EQUITY (Continued)

The movement of the revaluation funds is as follows:

	2020	2019
Beginning of the period - 1 January	153,130,787	148,899,087
Increase/(decrease) from the revaluation	(15,149,552)	5,748,908
Deferred tax from revaluation difference	5,381,239	(1,112,219)
Amortization difference from prior years' losses	(574,195)	(404,989)
End of the period - 31 December (Note 6)	142,788,279	153,130,787

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.

Dividends

Ziraat Sigorta A.Ş., which was merged within the Company with the decision taken at the Extraordinary General Assembly dated 27 August 2020, decided to distribute a dividend of TRY 360,000,000 to its shareholders on the said date at its General Assembly dated 16 April 2020.

Halk Sigorta A.Ş., which was merged within the Company with the decision taken at the Extraordinary General Assembly dated 27 August 2020, decided to distribute a dividend amounting to TRY 200,858,135 to its shareholders on the aforementioned date in its General Assembly dated 9 July 2020.

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.

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS

As of 31 December 2020, 2019, and 2018, details of technical provisions are as follows:

	31 December 2020	31 December 2019	31 December 2018
Reserve for unearned premiums, gross	4,469,016,922	3,622,788,948	2,868,994,904
Reserve for unearned premiums, ceded (Note 10)	(2,521,703,248)	(1,643,350,355)	(1,311,678,809)
Reserve for unearned premiums, SSI ceded (Note 10)	(52,350,367)	(78,504,002)	(66,408,514)
Reserve for unearned premiums, net	1,894,963,307	1,900,934,591	1,490,907,581
Provision for outstanding claims, gross	5,475,335,426	4,546,964,366	3,905,687,743
Provision for outstanding claims, ceded (Note 10)	(2,298,935,077)	(1,749,624,967)	(1,568,040,199)
Provision for outstanding claims, net	3,176,400,349	2,797,339,399	2,337,647,544
Reserve for unexpired risks, net	5,133,217	20,359,070	34,923,749
Equalization provision, net	109,273,628	91,815,554	75,885,451
Bonuses and discounts provision, net	10,029,321	6,967,573	2,929,186
Other technical provisions, net	135,985,444	52,337,235	44,029,675
Total technical provisions, net	5,331,785,266	4,869,753,422	3,986,323,186

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. In addition, development has been determined by using statistical methods and implemented to ACLM triangles in accordance with 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 2020, 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

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

	Method Used	31 December 2020	
		Provision Gross Add	Provision Net Add
Compulsory Traffic	Standard	2,431,702,502	2,082,009,227
General Liability	Standard/Bornhuetter Ferguson	396,571,751	74,173,215
Air Vehicles	Claim/Premium	145,770,644	-
Fire and Natural Disasters	Standard	99,115,360	11,979,338
Water Vehicles Liability	CapeCod	75,894,732	-
Facultative Financial Liability	Standard	25,685,413	25,559,805
General Loses	Standard	21,158,620	2,329,537
Accident	Standard/Frequency Intensity	18,262,368	13,514,422
Financial Losses	Standard	4,359,628	618,444
Marine	Standard	4,872,336	1,450,886
Water Vehicles	Standard	3,729,754	436,070
Health	Standard	3,430,301	3,430,301
Surety	Standard	978,351	53,304
Legal Protection	Standard	216,684	123,159
Credit	Standard	11,239	716
Motor Vehicles	Standard/Bornhuetter Ferguson	(1,758,926)	(2,001,609)
Total		3,230,000,757	2,213,676,815

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

	Method Used	31 December 2019	
		Provision Gross Add	Provision Net Add
Compulsory Traffic	Standard/Frequency Intensity	2,189,917,657	1,922,458,652
General Liability	Claim Premium/Standard	308,037,135	46,655,184
Air Vehicles	Claim Premium/Standard	164,375,127	(11,150)
Fire and Natural Disasters	Standard	20,619,110	9,001,284
Air vehicles Liability	CapeCod/Standard	51,549,656	-
Facultative Financial Liability	Standard/Bornheutter Ferguson	24,183,564	21,335,144
General Loses	Standard	33,712,448	3,995,946
Accident	Standard	34,995,314	30,883,962
Financial Losses	Standard	5,879,214	826,551
Marine	Standard	3,515,000	1,302,195
Water Vehicles	Standard	3,688,082	490,171
Health	Standard	18,380,436	8,549,357
Surety	Standard	9,307,955	287,082
Financial Losses	Standard	609,574	471,621
Credit	Standard	19,571	1,949
Motor Vehicles	Standard	(16,317,252)	(16,284,959)
Total		2,852,472,591	2,029,962,989

	Method Used	31 December 2018	
		Provision Gross Add	Provision Net Add
Compulsory Traffic	Standard/Frequency Intensity	1,710,402,336	1,525,212,079
General Liability	Claim Premium/Standard	267,824,843	40,163,622
Air Vehicles	Claim Premium/Standard	129,372,671	30,909
Fire and Natural Disasters	Standard	32,397,464	19,360,058
Air vehicles Liability	CapeCod/Standard	38,558,435	-
Facultative Financial Liability	Standard	18,277,151	18,116,963
General Loses	Standard	31,950,980	3,362,248
Accident	Standard	35,709,257	31,721,161
Financial Losses	Standard	14,856,435	1,238,398
Marine	Standard	(1,252,558)	(309,914)
Water Vehicles	Standard	2,141,685	373,441
Health	Standard	772,746	(40,012)
Surety	Standard	7,573,453	476,892
Financial Losses	Standard	1,059,613	946,562
Credit	Standard	5,536,874	365,627
Motor Vehicles	Standard/Bornheutter Ferguson	(22,095,929)	(22,038,909)
Total		2,273,085,456	1,618,979,125

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

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 incurred claims in incurred period
General Liability	Conservation rate of incurred claims in incurred period
Air Vehicles	Conservation rate of incurred claims in incurred period
Fire and Natural Disasters	Conservation rate of incurred claims in incurred period (after large claim elimination)
Air vehicles Liability	Conservation rate of incurred claims in incurred period
Facultative Financial Liability	Conservation rate of incurred claims in incurred period
General Loses	Conservation rate of incurred claims in incurred period (after large claim elimination)
Accident	Conservation rate of incurred claims in incurred period
Financial Losses	Conservation rate of incurred claims in incurred period
Marine	Conservation rate of incurred claims in incurred period
Water Vehicles	Conservation rate of incurred claims in incurred period
Health	Conservation rate of incurred claims in incurred period
Legal Protection	Conservation rate of incurred claims in incurred period
Breach of Trust	Conservation rate of incurred claims in incurred period
Motor Vehicles	Conservation rate of incurred claims in incurred period

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. As a result of these investigations, it has intervened in the end claims that are thought to have a misleading effect on the claim developments in the Safety Abuse, General Losses, Financial Losses, Water Vehicles and Fire branches. The large loss limits used for the Compulsory Traffic branch were used for the development coefficients selections and the files exceeding these limits were not subjected to elimination. No end claim elimination has been made for other branches.

Branch	31 December 2020
General Loses	3,754,625
Fire and Natural Disasters	549,401
Breach of Trust	Manuel
Water Vehicles	Manuel
Financial Losses	Manuel

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

As of 31 December 2020, 2019, and 2018, movements of insurance liabilities and reinsurance assets are as follows:

Reserve for unearned premiums:

	2020			Net
	Gross	Reinsurer's Share	SSI Ceded	
Beginning of the period - 1 January	3,622,788,948	(1,643,350,355)	(78,504,002)	1,900,934,591
Written premium during the period	8,887,128,129	(5,115,460,204)	(106,879,013)	3,664,788,912
Earned premiums during the period	(8,040,900,155)	4,237,107,311	133,032,648	(3,670,760,196)
Period ending - 31 December	4,469,016,922	(2,521,703,248)	(52,350,367)	1,894,963,307

	2019			Net
	Gross	Reinsurer's Share	SSI Ceded	
Beginning of the period - 1 January	2,868,994,903	(1,311,678,809)	(66,408,514)	1,490,907,580
Written premium during the period	7,167,001,712	(3,378,673,060)	(138,313,876)	3,650,014,776
Earned premiums during the period	(6,413,207,667)	3,047,001,514	126,218,388	(3,239,987,765)
Period ending - 31 December	3,622,788,948	(1,643,350,355)	(78,504,002)	1,900,934,591

Provision for outstanding claims:

	2020			
	Gross	Reinsurer's Share	Net	
Beginning of the period - 1 January		2,931,784,648	(1,235,302,016)	1,696,482,632
Notified claims during the period and changes in estimates regarding the outstanding claims reserve at the beginning of the period		1,956,432,870	(1,044,959,810)	911,473,060
Claims paid during the period		(724,295,577)	242,886,931	(481,408,646)
Total reported claims end of the period		4,163,921,941	(2,037,374,895)	2,126,547,046
Deduction amount calculated in accordance with winning ratio		(632,661,649)	260,448,427	(372,213,222)
Incurred but not reported claims		3,230,000,757	(1,016,323,942)	2,213,676,815
Discount adjustment for outstanding claim reserve		(1,285,925,623)	494,315,333	(791,610,290)
Period ending - 31 December		5,475,335,426	(2,298,935,077)	3,176,400,349

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

	2019		
	Gross	Reinsurer's Share	Net
Beginning of the period - 1 January	1,867,131,765	(1,008,518,848)	858,612,917
Notified claims during the period and changes in estimates regarding the outstanding claims reserve at the beginning of the period	1,628,893,642	(492,952,628)	1,135,941,014
Claims paid during the period	(564,240,759)	266,169,460	(298,071,299)
Total reported claims end of the period	2,931,784,648	(1,235,302,016)	1,696,482,632
Deduction amount calculated in accordance with winning ratio	(340,074,202)	106,717,621	(233,356,581)
Incurred but not reported claims	2,852,472,591	(822,509,602)	2,029,962,989
Discount adjustment for outstanding claim reserve	(897,218,671)	201,469,030	(695,749,641)
Period ending - 31 December	4,546,964,366	(1,749,624,967)	2,797,339,399

Equalization provision:

	2020		
	Gross	Reinsurer's Share	Net
Beginning of the period - 1 January	295,180,083	(203,364,529)	91,815,554
Net change	92,442,006	(74,983,932)	17,458,074
Period ending - 31 December	387,622,089	(278,348,461)	109,273,628

	2019		
	Gross	Reinsurer's Share	Net
Beginning of the period - 1 January	213,032,498	(137,147,047)	75,885,451
Net change	82,147,585	(66,217,482)	15,930,103
Period ending - 31 December	295,180,083	(203,364,529)	91,815,554

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)**Reserve for Unexpired Risks:**

	2020		Net
	Gross	Reinsurer's Share	
Beginning of the period - 1 January	63,781,748	(43,422,678)	20,359,070
Net change	(43,268,052)	28,042,199	(15,225,853)
Period ending - 31 December	20,513,696	(15,380,479)	5,133,217
	2019		Net
	Gross	Reinsurer's Share	
Beginning of the period - 1 January	90,299,543	(55,375,794)	34,923,749
Net change	(26,517,795)	11,953,116	(14,564,679)
Period ending - 31 December	63,781,748	(43,422,678)	20,359,070

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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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

Claim Development Tables (Continued)

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.

31 December 2020

Claim Period	1 January 2014 - 31 December 2014	1 January 2015 - 31 December 2015	1 January 2016 - 31 December 2016	1 January 2017 - 31 December 2017	1 January 2018 - 31 December 2018	1 January 2019 - 31 December 2019	1 January 2020 - 31 December 2020	Total
Claim year								
1 year later	884,007,282	1,086,575,354	1,177,948,848	1,497,880,058	1,884,015,865	1,828,489,239	2,244,934,820	10,603,851,466
2 year later	447,866,345	574,484,969	591,267,520	877,253,569	1,038,594,291	809,223,429	-	4,338,690,123
3 year later	281,084,907	370,026,270	373,480,863	536,738,471	896,060,910	-	-	2,457,391,421
4 year later	250,881,609	353,774,493	344,422,637	466,068,455	-	-	-	1,415,147,194
5 year later	246,462,423	334,913,026	331,028,411	-	-	-	-	912,403,860
6 year later	226,909,191	347,330,950	-	-	-	-	-	574,240,141
7 year later	229,611,919	-	-	-	-	-	-	229,611,919
Total incurred Loss- gross	2,566,823,676	3,067,105,062	2,818,148,279	3,377,940,553	3,818,671,066	2,637,712,668	2,244,934,820	20,531,336,124

31 December 2019

Claim Period	1 January 2013 - 31 December 2013	1 January 2014 - 31 December 2014	1 January 2015 - 31 December 2015	1 January 2016 - 31 December 2016	1 January 2017 - 31 December 2017	1 January 2018 - 31 December 2018	1 January 2019 - 31 December 2019	Total
Claim year								
1 year later	740,628,544	884,007,282	1,086,575,353	1,177,948,849	1,497,880,060	1,884,015,865	1,828,489,239	9,099,545,192
2 year later	293,295,020	447,866,347	574,484,969	591,267,521	877,253,570	1,038,594,291	-	3,822,761,718
3 year later	175,926,654	281,084,908	370,026,270	373,480,863	536,738,468	-	-	1,737,257,163
4 year later	178,542,071	250,881,609	353,774,493	344,422,637	-	-	-	1,127,620,810
5 year later	176,148,772	246,462,423	334,913,026	-	-	-	-	757,524,221
6 year later	181,854,519	226,909,191	-	-	-	-	-	408,763,710
7 year later	174,848,331	-	-	-	-	-	-	174,848,331
Total incurred Loss- gross	1,921,243,911	2,337,211,760	2,719,774,111	2,487,119,870	2,911,872,098	2,922,610,156	1,828,489,239	17,128,321,145

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)**Claim Development Tables (Continued)****31 December 2018**

Claim Period	1 January 2012 - 31 December 2012	1 January 2013 - 31 December 2013	1 January 2014 - 31 December 2014	1 January 2015 - 31 December 2015	1 January 2016 - 31 December 2016	1 January 2017 - 31 December 2017	1 January 2018 - 31 December 2018	Total
Claim year								
1 year later	611,518,976	740,628,544	884,006,235	1,086,575,354	1,177,948,848	1,497,880,060	1,884,016,985	7,882,575,002
2 year later	231,982,902	293,295,020	447,866,345	574,484,969	591,267,520	877,252,450	-	3,016,149,206
3 year later	120,785,277	175,926,654	281,084,908	370,026,270	373,480,863	-	-	1,321,303,972
4 year later	120,758,162	178,542,071	250,881,609	353,774,493	-	-	-	903,956,335
5 year later	126,805,968	176,148,772	246,462,423	-	-	-	-	549,417,163
6 year later	126,197,535	181,854,519	-	-	-	-	-	308,052,054
7 year later	126,646,534	-	-	-	-	-	-	126,646,534
Total incurred								
Loss- gross	1,464,695,354	1,746,395,580	2,110,301,520	2,384,861,086	2,142,697,231	2,375,132,510	1,884,016,985	14,108,100,266

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 2020		31 December 2019		31 December 2018	
	Should be Placed (*)	Should be Placed	Should be Placed (*)	Placed	Placed (*)	Placed
Non-life::						
Banks deposits	-	765,041,111	-	685,052,076	-	432,924,637
	557,488,748	765,041,111	400,835,285	685,052,076	344,459,196	432,924,637

(*) 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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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)**Total amount of insurance risk on a branch basis**

	31 December 2020	31 December 2019	31 December 2018
Motor Vehicles Liability	8,002,264,475,452	7,991,272,111,794	8,019,480,293,375
Fire and Natural Disasters	3,011,194,820,093	2,811,992,046,129	2,193,798,546,967
General Losses	805,286,465,486	444,988,761,759	377,406,241,537
Health	447,397,175,220	465,320,722,084	265,890,027,056
Accident	240,137,144,056	311,837,412,370	224,606,344,779
General Liability	167,757,556,546	123,440,309,591	115,997,195,180
Motor Vehicles	140,428,375,447	191,028,418,788	100,136,357,601
Motor Vehicles Liability	52,980,195,975	39,479,425,605	35,678,433,869
Financial Losses	35,919,377,648	33,513,272,271	27,411,323,319
Marine	29,138,955,711	24,442,302,165	17,374,569,941
Air Vehicles	17,019,024,556	10,762,738,517	9,807,073,511
Water Vehicles	13,258,987,769	10,701,918,015	9,095,479,427
Legal Protection	4,970,659,331	4,034,979,507	3,923,995,729
Credit	695,491,950	198,550,041	108,737,309
Surety	504,669,851	508,456,902	539,386,095
Total	12,968,953,375,091	12,463,521,425,538	11,401,254,005,695

Company's number of life insurance policies, additions, disposals during the year and the related mathematical reserves

None (31 December 2019: 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 2019: 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 2019: 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 TRY539,918,929 (31 December 2019: TRY475,439,682 and 31 December 2018: TRY355,070,733) is composed of deferred commission expenses amounting to TRY511,545,993 (31 December 2019: TRY448,575,869 and 31 December 2018: TRY335,827,452) and other prepaid expenses amounting to TRY28,372,936 (31 December 2019: TRY26,765,910 and 31 December 2018: TRY26,765,910)

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17. INSURANCE LIABILITIES AND REINSURANCE ASSETS (Continued)

As at 31 December 2020, 2019 and 2018, the movements of deferred commission expenses are presented below:

	2020	2019
Beginning of the period - 1 January	448,575,869	335,827,452
Commissions accrued during the period	1,052,056,363	937,470,317
Commissions expensed during the period (Note 32)	(989,086,239)	(824,721,900)
Period ending - 31 December	511,545,993	448,575,869

Individual pension funds

None (31 December 2019: None).

18. INVESTMENT CONTRACT LIABILITIES

None (31 December 2019: None).

19. TRADE AND OTHER PAYABLES DEFERRED INCOME

	31 December 2020	31 December 2019	31 December 2018
Payables arising from operating activities	1,256,119,167	732,332,245	581,330,039
Deferred Commission Incomes (Note 10)	331,867,997	232,469,498	184,781,345
Payables to SSI	23,139,760	41,393,564	31,111,782
Other various payables	78,572,443	97,235,649	70,714,904
Other various payables, rediscount	-	(211,902)	(265,380)
	1,689,699,367	1,103,219,054	867,672,690

Other various payables

	31 December 2020	31 December 2019	31 December 2018
Payables to suppliers and contracted institutions	47,020,459	86,218,618	63,125,757
DASK and TARSİM current accounts	30,646,802	7,169,300	5,924,800
Other	905,182	3,847,731	1,664,347
	78,572,443	97,235,649	70,714,904

As of 31 December 2020, payables arising from operating activities are debts to reinsurance companies amounting to TRY1,075,346,328 (31 December 2019: TRY506,776,716 and 31 December 2018: TRY414,462,876) (Note 10).

Total amount of investment discount for the current and future periods

None (31 December 2019: None).

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20. FINANCIAL PROPERTIES

As of 31 December 2020 and 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 2020	31 December 2019
Short - term leases liabilities	4,508,672	11,363,450
Long - term leases liabilities	6,196,455	4,614,165
Alternative borrowing rate and discount amount	(507,855)	(617,447)
Total Lease Liabilities	10,197,272	15,360,168
	2020	2019
Total lease obligation as of January 1	15,360,168	-
Rent payments	(7,833,647)	(2,233,888)
New adding and interest cost	2,670,751	1,257,150
TFRS 16 transition effect	-	16,336,906
Total lease liabilities as of 31 December	10,197,272	15,360,168

The company does not have any debts to credit institutions as of 31 December 2020 (31 December 2019: TRY 557,576, 31 December 2018: TRY 411,679).

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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.

As 31 December 2020, 2019 and 2018, the temporary giving rise to deferred income tax assets and liabilities with using enacted tax rates are follows:

	Deferred tax Assets/(liabilities)		
	31 December 2020	31 December 2019	31 December 2018
Deferred Tax Assets			
Provision for reinsurances receivable	29,916,798	11,514,192	9,686,529
Equalization provision	20,917,024	17,828,981	14,573,379
Muhtelif maliyet giderleri karşılıkları	17,645,335	16,936,042	5,551,387
Provision for doubtful receivables	11,141,475	15,574,632	13,501,471
Provision for severance	6,170,740	5,002,993	3,954,720
Incurred but not reported compensation provisions	-	43,570,333	64,856,409
Other	6,627,048	8,359,983	30,980,386
Total deferred tax assets	92,418,420	118,787,156	143,104,281
Deferred tax Liabilities			
Traded securities fair value differences	(51,348,403)	(32,585,016)	(27,925,918)
Owner Occupied Properties (Note 6)	(12,257,931)	(17,639,170)	(16,526,933)
Investment properties	(1,726,670)	(276,779)	(1,190,811)
Other	(2,326,969)	(1,368,357)	(2,667,063)
Total deferred tax liabilities (-)	(67,659,973)	(51,869,322)	(48,310,725)
Net deferred tax assets	24,758,447	66,917,834	94,793,556

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21. DEFERRED TAXES (Continued)

The movement of deferred tax (liabilities)/assets during the period are as follows:

	2020	2019
Beginning of the period -1 January	66,917,834	94,793,556
Deferred tax income (-)	(29,403,437)	(22,608,072)
Deferred tax, recognized in equity over the revaluation fund of properties held for own use (Note 6)	5,381,239	(1,112,219)
Deferred tax effect of actuarial gain and loss	626,198	503,667
Deferred tax, recognized in equity over the revaluation differences of financial assets (Note 15)	(18,763,387)	(4,659,098)
Period ending - 31 December	24,758,447	66,917,834

22. RETIREMENT BENEFIT OBLIGATIONS

None (31 December 2019: None).

23. PROVISIONS FOR OTHER LIABILITIES AND EXPENSES

As at 31 December 2020, 2019 and 2018, the details of the provisions for other liabilities and expenses are as follows:

	31 December 2020	31 December 2019	31 December 2018
Personnel bonus provisions	34,660,324	21,721,546	4,180,257
Provision for agency commission	30,951,288	5,250,000	-
Provision for case	7,251,367	15,625,492	9,671,824
Provision for unused vacations	5,216,138	3,979,950	2,051,863
Other provisions	2,126,949	4,131,029	3,033,447
Provision for accrued expenses	80,206,066	50,708,017	18,937,391
Provision for severance pay	30,853,702	25,014,964	19,773,600

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23. PROVISIONS FOR OTHER LIABILITIES AND EXPENSES (Continued)

Movements of cost expenses the period are presented below:

	Personnel bonus provisions	Agency commission	Other	Total
Beginning of the period - 1 January 2020	21,721,546	5,250,000	23,736,471	50,708,017
Change during the period	12,938,778	25,701,288	(9,142,017)	29,498,049
At the end of the period - 31 December 2020	34,660,324	30,951,288	14,594,454	80,206,066
Beginning of the period - 1 January 2019	4,180,257	-	14,757,134	18,937,391
Change during the period	17,541,289	5,250,000	8,979,337	31,770,626
At the end of the period - 31 December 2019	21,721,546	5,250,000	23,736,471	50,708,017

Movements of provision for severance pay during the period are presented below:

	2020	2019
Beginning of the period - 1 January	25,014,964	19,773,600
Interest cost	3,101,910	2,226,994
Service cost	3,021,989	3,288,069
Payments during the period	(3,488,635)	(2,837,439)
Actuarial loss/(gain)	3,203,474	2,563,740
At the end of the period - 31 December	30,853,702	25,014,964

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24. NET INSURANCE PREMIUM INCOME

As of 1 January - 31 December 2020 and 2019 details of written premiums are as follows:

	1 January - 31 December 2020				1 January - 31 December 2019			
	Gross	Re- Share	SSI Ceded	Net	Gross	Re- Share	SSI Ceded	Net
General Loses	3,276,311,168	(2,879,512,944)	-	396,798,224	2,061,036,916	(1,744,002,870)	-	317,034,046
Fire and Natural								
Disasters	1,727,821,680	(1,201,566,555)	-	526,255,125	1,324,104,044	(836,645,292)	-	487,458,752
Motor Vehicles Liability	1,403,676,104	(384,042,951)	(106,867,090)	912,766,063	1,704,938,349	(258,837,239)	(138,305,772)	1,307,795,338
Motor Vehicles	824,106,337	(5,463,427)	-	818,642,910	766,855,578	(8,382,587)	-	758,472,991
Health	582,209,518	(3,201,909)	-	579,007,609	360,044,329	(8,616,548)	-	351,427,781
Accident	405,591,022	(48,859,243)	(11,923)	356,719,856	382,420,463	(55,487,636)	(8,104)	326,924,723
General Loses	207,891,369	(183,091,956)	-	24,799,413	122,428,000	(99,098,926)	-	23,329,074
Air vehicles	141,423,625	(141,423,625)	-	-	114,380,994	(114,380,994)	-	-
Air vehicles Liability	114,641,836	(114,641,836)	-	-	145,782,372	(145,782,372)	-	-
Water Vehicles	84,664,890	(75,425,458)	-	9,239,432	56,638,418	(52,239,052)	-	4,399,366
Marine	39,415,913	(26,100,580)	-	13,315,333	36,418,086	(23,669,637)	-	12,748,449
Credit	29,631,833	(29,427,327)	-	204,506	12,908,875	(12,807,972)	-	100,903
Financial Losses	27,216,799	(20,008,166)	-	7,208,633	56,611,553	(10,525,289)	-	46,086,264
Legal Protection	16,948,532	38,302	-	16,986,834	13,891,034	(1,122,637)	-	12,768,397
Surety	5,575,575	(2,732,529)	-	2,843,046	8,384,035	(7,074,009)	-	1,310,026
Other	1,928	-	-	1,928	158,666	-	-	158,666
Total	8,887,128,129	(5,115,460,204)	(106,879,013)	3,664,788,912	7,167,001,712	(3,378,673,060)	(138,313,876)	3,650,014,776

25. SUBSCRIPTION FEE REVENUE

None (31 December 2019: None).

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26. INVESTMENT INCOME

	1 January - 31 December 2020	1 January - 31 December 2019
Income from financial investments	669,039,715	831,668,920
<i>Interest income from time deposit</i>	638,419,295	757,870,208
<i>Interest income from debt instrument</i>	30,620,420	73,798,712
Foreign exchange gains	327,794,684	138,345,016
<i>Fx gains from current accounts transactions</i>	266,170,032	81,808,712
<i>Fx gains from cash and cash equivalent transactions</i>	61,624,652	56,536,304
Dividend income from linked securities	106,088,223	30,735,989
Valuation of financial investments	44,722,169	12,700,471
Rent and valuation income	12,738,577	1,205,318
Income from joint ventures	8,438,346	-
Other Investments	10,334	723,732
Total	1,168,832,048	1,015,379,446

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 2019: 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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32. EXPENSE BY NATURE

Details of operating expenses included in the income statement are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Commission expenses (Note 17)	989,086,239	824,721,900
Employee benefit expense (Note 33)	249,678,823	194,993,944
Management expenses	69,365,698	53,993,987
Advertising expenses	55,161,418	24,871,279
External benefits and services	44,064,906	46,646,888
Acquired commission incomes from reinsurer (Note 10)	(570,849,232)	(460,214,891)
Other operating expenses	85,892,859	80,017,134
Total	922,400,711	765,030,241

33. EMPLOYEE BENEFIT EXPENSES

The details of employee benefit expenses are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Wages and salaries	198,706,274	148,184,930
Employer's share in social security premiums	23,778,820	18,318,250
Other fringe benefits	13,224,214	17,099,021
Other benefits	13,969,515	11,391,743
Total	249,678,823	194,993,944

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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35. INCOME TAXES

Income tax expense in the accompanying consolidated financial statements is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Corporate tax liability:		
Calculated corporate tax provision	(276,428,188)	(202,460,747)
Deferred tax:		
Change of deductible and taxable temporary differences	(29,403,437)	(22,608,072)
Total income tax expense recognized in statement of income	(305,831,625)	(225,068,819)

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 2020 and 2019 is as follows:

	2020	2019
Before Tax Profit	1,467,289,240	1,053,447,418
Income Tax Expense at statutory tax rate	(322,803,633)	(231,758,432)
Effect of non-taxable income	25,195,845	6,761,918
Disallowable expenses effect of other fixes	(8,223,837)	(72,305)
Total income tax (expense)/income accounted in the statement of income (-)	(305,831,625)	(225,068,819)

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 2020	1 January - 31 December 2019
Net income/(loss) for the period	1,161,457,615	828,378,599
Weighted average number of shares	1,161,523,363	1,161,523,363
Earnings/(loss) per share (TRY)	1.00	0.71

Weighted average shares used in calculation for earnings per shares has been obtained by applying the non-paid up share retrospectively from the beginning of the previous reporting period.

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38. DIVIDENDS PER SHARE

Dividends per share are presented in Note 15 and 45.

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 2019: None).

41. REDEEMABLE PREFERENCE SHARES

None (31 December 2019: 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 2020, 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 TRY2,562,007,228 (31 December 2019: TRY1,936,832,006). Provision for all these cases is recognized under provision for outstanding claim account in the related financial statements

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.

43. COMMITMENTS

The details of the guarantees which are given by the Company in favor or the Ministry of Treasury and Finance for insurance operations are presented in Note 17.

44. BUSINESS COMBINATIONS

Business combinations are presented in Note 2.1.1.

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45. RELATED PARTY TRANSACTIONS

Türkiye Varlık Fonu Group companies are considered as related parties.

As at 31 December 2020, 2019 and 2018, related party balances are as follows:

	31 December 2020	31 December 2019	31 December 2018
Bank deposits			
Türkiye Halk Bankası A.Ş.	2,590,924,050	2,260,311,744	1,474,062,711
T.C. Ziraat Bankası A.Ş.	1,586,978,304	997,885,476	573,131,739
Vakıfbank	1,046,916,439	667,007,842	629,162,040
Other	625,325,568	93,659,729	29,407,861
	5,850,144,361	4,018,864,791	2,705,764,351
Receivables from main activities			
T.C. Ziraat Bankası A.Ş.	328,611,177	224,443,030	197,880,285
Vakıfbank	302,794,871	346,657,887	86,828,236
Türkiye Halk Bankası A.Ş.	107,535,569	78,319,803	68,673,735
Other	34,090,490	24,908,157	179,747,417
	773,032,107	674,328,877	533,129,673
Payables from main activities			
Vakıfbank	13,381,540	-	-
Türkiye Halk Bankası A.Ş.	7,907,762	1,163,002	1,847,663
Ziraat Katılım Bankası A.Ş.	2,991,248	86,468	127,194
Other	3,312,130	2,478,369	3,339,158
	27,592,680	3,727,839	5,314,015
Other payables to related parties			
Dividend payables to shareholders	5,377,481	1,458,120	1,483,221
Other	681,106	1,071,762	-
	6,058,587	2,529,882	1,483,221

No guarantee has been received for receivables from related parties. There are no doubtful receivables and debts allocated for receivables from partners and subsidiaries. There are no obligations such as guarantees, commitments, sureties, advances and endorsements given in favor of shareholders and subsidiaries.

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45. RELATED PARTY TRANSACTIONS (Continued)

The operations performed with related party in organizations are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Written Premium		
Türk Hava Yolları Anonim Ortaklığı	208,534,080	236,456,667
Türksat Uydu Haberleşme Kablo TV ve İşletme A.Ş.	16,959,129	2,860
Turkish Petroleum International Company Ltd.	5,198,170	8,250
Eti Maden İşletmeleri Genel Müdürlüğü	4,482,297	16,118
Borsa İstanbul A.Ş.	2,521,505	-
Türkiye Petrolleri Anonim Ortaklığı	2,180,634	17,357
Other	1,808,560	832,195
	241,684,375	237,333,447

The company also paid TRY 866,547,799, TC Ziraat Bankası A.Ş. through its branches TRY 3,080,795,311 and T. Halk Bankası A.Ş. TRY 637,299,395 premium was written through its branches. (The company also wrote a premium of TRY 717,224,483 through Vakıfbank branches, TRY 2,488,908,856 through branches of TC Ziraat Bankası A.Ş. and TRY 537,176,945 through branches of T. Halk Bankası A.Ş. between 1 January - 31 December 2019.)

	1 January - 31 December 2020	1 January - 31 December 2019
Commission paid		
Türk Telekomünikasyon A.Ş.	264,286	7
Other	191,439	96,869
	455,725	96,876

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45. RELATED PARTY TRANSACTIONS (Continued)

The Company has also paid TRY 185,256,242, TC Ziraat Bankası A.Ş. TRY 366,764,350 and T. Halk Bankası A.Ş. The Company paid a commission of TRY 78,117,390 to the related banks for the premiums written through its branches, and T. Halk Bankası A.Ş. (The company also paid TRY 120,698,255 for premiums written through Vakıfbank branches, TRY 319,894,992 for premiums written through branches of TC Ziraat Bankası A.Ş. and T. Halk Bankası A.Ş. paid a commission to the relevant banks in the amount of TRY 69,958,198)

Rent income

Vakıfbank	1,083,708	1,134,008
	1,083,708	1,134,008

Rent paid

Türkiye Hayat ve Emeklilik A.Ş.	197,992	181,755
T. Halk Bankası A.Ş.	72,545	83,409
	270,537	265,164

Finance income

T. Halk Bankası A.Ş. (Mevduat geliri)	440,400,226	321,891,628
T.C. Ziraat Bankası A.Ş.	108,542,835	156,769,303
Vakıfbank	108,304,193	98,652,511
T. Halk Bankası A.Ş. (Finansal varlık satış geliri)	12,953,636	46,080,329
Ziraat Katılım Bankası A.Ş.	2,121,285	2,605,367
Halk Finansal Kiralama A.Ş.	471	3,818,195
	672,322,646	629,817,333

Finance expense

T. Halk Bankası A.Ş.	2,413,841	-
Vakıfbank	883,403	1,541,999
	3,297,244	1,541,999

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45. RELATED PARTY TRANSACTIONS (Continued)

	1 January - 31 December 2020	1 January - 31 December 2019
Service commission expense		
Halk Yatırım Menkul Değerler A.Ş.	47,200	70,800
Vakıf Yatırım Menkul Değerler A.Ş.	-	340,968
	47,200	411,768
Dividend income		
Türkiye Emeklilik ve Hayat A.Ş.	103,949,707	30,735,989
Diğer	2,138,516	-
	106,088,223	30,735,989
Dividend distributed		
<i>Before the merger, Ziraat Sigorta A.Ş. dividend distributed by</i>		
T.C. Ziraat Bankası A.Ş.	359,892,000	299,910,000
Other	108,000	90,000
	360,000,000	300,000,000
<i>Before the merger, Halk Sigorta A.Ş. dividend distributed by</i>		
TVF Finansal Yatırımlar A.Ş.	191,460,568	-
Other	9,397,567	-
	200,858,135	-

46. SUBSEQUENT EVENTS

None.

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47. OTHER

Items and amounts classified under the 'other' account in consolidated 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

	31 December 2020	31 December 2019	31 December 2018
DASK and TARSİM current accounts	52,415,128	16,262,717	12,300,324
Other receivables	4,495,831	1,600,253	508,224
	56,910,959	17,862,970	12,808,548

Other Payables

Tedarikçiler ve anlaşmalı kurumlara borçlar	47,020,459	86,218,618	63,125,757
DASK ve TARSİM cari hesapları	30,646,802	7,169,300	5,924,800
Other	905,182	3,847,731	1,664,347
	78,572,443	97,235,649	70,714,904

'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 2019: None).

Subrogation receivables followed under the off-balance sheet accounts

None (31 December 2019: None).

Description and amount of rights in real on property

None (31 December 2019: None).

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47. OTHER (Continued)

Descriptive disclosure in relation to amounts and resources of income, expenses, and losses for the prior periods

None (31 December 2019: None).

For the years ended 31 December 2020 and 2019, details of rediscount and provision expenses are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Doubtful receivables provision from reinsurance operations	(83,648,209)	(8,307,560)
Provision for recovery Receivable under legal follow-up (Note 4.2)	(81,953,609)	(72,599,134)
Provision for premium receivable and recovery receivable Under legal follow-up (Note 4.2)	20,150,714	(4,583,216)
Other	26,520,325	(12,627,196)
Provisions Account	(118,930,779)	(98,117,106)

DIRECTORY

Türkiye Sigorta Head Office Contact Information

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	Health Insurance	(+90 212) 355 6873
	Customer Relations	(+90 212) 355 6876

Regional Offices and Representative Offices

Region	Address
Mediterranean Regional Office	Metin Kasapoğlu Cad. Ayhan Kadam İş Merkezi Kat: 1 A Blok No: 3-4-5 07100 Muratpaşa/ANTALYA
Çukurova Regional Office	Yeni Döşeme Mah. Karaisalı Cad. Baysan İş Merkezi A Blok Kat: 2 01120 Seyhan/ADANA
East and Southeast Anatolia Regional Office	Yukarı Mumcu Cad. Akçay Apt. No: 4 Kat: 5 25200 Yakutiye/ERZURUM
Aegean Regional Office	Şehit Fethibey Caddesi No: 55 Heris Tower İş Merkezi Kat: 10 35210 Pasaport/İZMİR
İstanbul Anatolian Side Regional Office	Barbaros Mah. Al Zambak Sok. Varyap Meridian Grand Tower A Blok K: 12 No: 117-120 Ataşehir/İSTANBUL
İstanbul European Side Regional Office	Hasekisultan Mah. Turgut Özal Millet Cad. No: 7 Aksaray, Fatih/İSTANBUL
Black Sea Regional Office	K. Maraş Cad. Bordo İşhanı No: 4 Kat: 3 61200 Merkez/TRABZON
TRNC Regional Office	Server Somuncuoğlu Sok. No: 14 Köşklüçiftlik Lefkoşa/TRNC
Marmara Regional Office	Konak Mah. Lefkoşe Cad. No: 42 Origami Flat Office Kat: 5 Nilüfer/BURSA
Central Anatolia Regional Office	Atatürk Bulv. No: 97 Gama İş Hanı Kat: 2 06650 Kızılay/ANKARA
Samsun Representative Office	Kazımpaşa Cad. No: 2 Adnan Kefeli İş Hanı Kat: 4 55030 İlkadım/SAMSUN
Kayseri Representative Office	Gevher Nesibe Mah. Gök Sok. System Hastanesi Yanı No: 17 Kat: 1/1 38010 Kocasinan/KAYSERİ

Bancassurance Regional Offices

Region	Address
Mediterranean Bancassurance Regional Office	Metin Kasapoğlu Cad. Ayhan Kadam İş Merkezi Kat: 1 A Blok No: 3-4-5 07100 Muratpaşa/ANTALYA
Çukurova Bancassurance Regional Office	Yeni Döşeme Mah. Karaisalı Cad. Baysan İş Merkezi A Blok Kat: 2 01120 Seyhan/ADANA
East And Southeast Anatolia Bancassurance Regional Office	Yukarı Mumcu Cad. Akçay Apt. No: 4 Kat: 5 25200 Yakutiye/ERZURUM
Aegean Bancassurance Regional Office	Şehit Fethibey Caddesi No: 55 Heris Tower İş Merkezi Kat: 10 35210 Pasaport/İZMİR
İstanbul Anatolian Side Bancassurance Regional Office	Barbaros Mah. Al Zambak Sok. Varyap Meridian Grand Tower A Blok K: 12 No: 117-120 Ataşehir/İSTANBUL
İstanbul European Side Bancassurance Regional Office	Hasekisultan Mah. Turgut Özal Millet Cad. No: 7 Aksaray, Fatih-İstanbul
Black Sea Bancassurance Regional Office	K. Maraş Cad. Bordo İşhanı No: 4 Kat: 3 61200 Merkez/TRABZON
TRNC Bancassurance Regional Office	Server Somuncuoğlu Sok. No: 14 Köşklüçiftlik Lefkoşa/TRNC
Marmara Bancassurance Regional Office	Konak Mah. Lefkoşe Cad. No: 42 Origami Flat Office Kat: 5 Nilüfer/BURSA
Central Anatolia Bancassurance Regional Office	Atatürk Bulv. No: 97 Gama İş Hanı Kat: 2 06650 Kızılay/ANKARA

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